

## 2009 - 2010 Annual Action Plan

Grantee: City of Modesto

Annual Action Plan covers: CDBG, HOME, and ESG

Period covered by Annual Action Plan: July 1, 2009 through June 30, 2010

### ***CITIZEN PARTICIPATION PLAN 91.105***

The City of Modesto is an entitlement community through the U.S. Department of Housing and Urban Development (HUD). Federal regulations require citizen participation be a key component of the consolidated planning process. The City of Modesto encourages participation to assist with the annual allocation of Community Development Block Grant (CDBG) Funds, Emergency Shelter Grant Funds (ESG) and HOME Investment Partnership Program Funds. The City of Modesto not only complies with Federal regulations, but actively encourages the participation of citizens through the Citizen Participation Plan. The Citizen Participation Plan is designed with the explicit intention of accommodating and encouraging participation by low- and moderate-income residents, members of minority groups and persons with limited English proficiency. A minimum of two (2) neighborhood meetings are held prior to the development of the Annual Action Plan and/Consolidated Plan, and one community meeting with service providers as the primary audience. Other neighborhood meetings are held during the year as the City identifies a need and seeks input from that neighborhood. These events are advertised in the local paper of general circulation, as well as the local Hispanic paper of general circulation at least one week prior. A press release is also submitted to the local newspaper, radio and television stations. In addition, notices are sent to neighborhood organizations, public housing resident groups, and agencies providing services to the residents of the community and neighborhoods.

The City held four (4) neighborhood and community meetings prior to the development of the Annual Action Plan for fiscal year 2009-2010. Neighborhood and community meetings are held in low-income census tract areas to encourage participation of low- and moderate-income persons. These meetings are held at public buildings that are accessible to persons with disabilities. Spanish translators are available at all meetings. If a request for other language translators is made, those translators are provided. The neighborhood meetings are held in the evenings to accommodate working families. The meeting for service providers is held during the day.

Public hearings are held during the regularly scheduled City Council meetings which are located at City Hall, also known as Tenth Street Place. This location is accessible to persons with disabilities. Each resident choosing to speak is allowed to make a verbal presentation.

Summary of Citizens Comments:

#### McHenry Museum

A public meeting was held on March 27, 2009 at 10:00 AM.

Comments received at the meeting included the need for long term housing for individuals enrolled in transitional housing programs who are on the verge of being evicted due to occupancy time limits. Request to have more money spent on extreme low income housing activities. Consider programs designed around homeless prevention for seniors. Offer a

program to educate youth on the how the illegal use of drugs can lead to homelessness. Make available a program which provides counseling for families as a means to prevent homelessness. Offer school grants for kids as an incentive program for furthering their education.

Neighborhood Center at Marshall Park

A public meeting was held on March 31, 2009 at 5:30 PM. No comments were received.

Senior Center

A public meeting was held on April 2, 2009 at 5:30 PM. Comments received at the meeting included the concern of the restrooms within the Senior Citizen's Center. While they met the ADA standards in the 1980's; which is the last time any work was done on the building, they don't adequately meet the needs of the citizen's utilizing the building. There are some safety concerns and privacy issues. The Senior Center Foundation is hoping to leverage CDBG funding through a Capital Improvement Project to renovate the restrooms.

City Hall Meeting

A public meeting was held at City Hall on April 8, 2009 at 10:00 AM. The comments received included support of the Neighborhood Revitalization of the Airport Neighborhood and appreciation of the programs that are provided.

**ACTION PLAN 91.220(a)**

The Standard SF424 form has been utilized and is attached.

**EXECUTIVE SUMMARY 91.220(b)**

The 2009 -2010 Annual Action Plan describes how the City of Modesto intends to use Community Development Block Grants (CDBG), HOME Investment Partnership funds, including American Dream Down Payment Initiative (ADDI), and Emergency Shelter Grants (ESG) funds received from the U.S. Department of Housing and Urban Development (HUD) to meet community needs.

The Action Plan describes the use of funds for the fifth year of the five-year Consolidated Plan, including activities and budgets that address the needs and priorities established in the Consolidated Plan. The City's overall priority is to increase economic opportunity and self-sufficiency for lower-income residents and individuals with special needs so they can achieve a reasonable standard of living. This priority can be achieved by investing in lower-income and deteriorating neighborhoods and facilities that serve lower-income populations; offering supportive services that will educate and provide technical skills that will allow individuals to obtain jobs paying self sufficiency wages and by addressing affordable and decent housing, homelessness, senior services and community development needs.

Specific priorities are described below:

***Affordable and Decent Housing***

According to the U.S. Census Bureau American Fact Finder (2005-2007), 11.1 percent of families in Modesto live below the poverty level. Many of these families live in older, deteriorated housing units. There are households that likely have significant housing problems such as excessive costs (relative to the family's income), overcrowding, and substandard physical conditions. These household types include large families, particularly those with low incomes; renters with incomes under 50 percent of the area median. Minority and disabled populations are particularly likely to have difficulty finding quality affordable housing to rent.

Strategies for addressing affordable housing needs in Fiscal Year 2009-2010 are:

- ✓ Working with local non-profit agencies to provide assistance in the development or rehabilitation of affordable housing units.
  - ✓ Increase rental housing by partnering with the Modesto Redevelopment Agency (RDA) to develop housing units.
  - ✓ Use HOME funds to leverage funding for the construction of new housing units.
  - ✓ Use Revolving Loan Funds to acquire land for affordable housing development or housing units for preservation of affordable housing or conversion to affordable housing.
  - ✓ Continue monitoring the Down Payment Assistance Program, along with the housing market, to ensure the program can benefit as many first-time homebuyers as possible while protecting the City's investment.
  - ✓ Continue housing rehabilitation program for the Airport Neighborhood, approved as Neighborhood Revitalization Area.
  - ✓ Preservation of affordable housing through rehabilitation programs for homeowners and property owners renting to low-income households.
  - ✓ Acquisition and rehabilitation when needed, of market rate housing to develop into affordable housing.
  - ✓ Promote the development, training and sustainability of Community Housing Development Organizations and Community Based Housing Organizations.
- **HOMELESS NEEDS:** The priorities for homelessness are based on the recognition that homelessness results from more than a lack of affordable housing, although providing housing is the ultimate objective. The City has participated in countywide planning to move individuals and families from homelessness to permanent housing and independent living, though a network of support services. The primary strategy document is the Continuum of Care. A collaborative community plan to end long-term homelessness has been approved by the City. Strategies for addressing homeless needs in Fiscal Year 2009-2010 are:
    - ✓ Enter into "Master Leasing" agreements with non-profit organizations and the County's Behavioral Health Department and Recovery services.
    - ✓ Continued support of the 10-year plan to end long-term homelessness, and identify the number of units and support services needed to assist the homeless.
    - ✓ Increase options for long-term transitional housing, especially for certain groups such as women with children, and those with mental health and chemical dependency issues.
    - ✓ Collaborate with support services and agencies listed in the Stanislaus County Continuum of Care application.
    - ✓ Provide support and assistance to homeless shelters and transitional living facilities.

Several non-profit agencies participate in the Continuum of Care and work on a day to day basis with the homeless population to address their needs. These agencies are able to leverage CDBG and ESG public service funding from the City of Modesto with private donations, United Way grants, Temporary Assistance for Needy Families (TANF), competitive McKinney-Vento Homeless Assistance Act funds, housing tax credits, coordination with other agencies, as well as other federal and state grants. These agencies have a direct link to the needs of the homeless community and strive to ensure

that their needs are met, and that assistance is provided to move toward permanent housing and self-sufficiency.

- **COMMUNITY DEVELOPMENT NEEDS:** To achieve the City's goals for economic opportunity leading to self-sufficiency, a suitable living environment, and decent housing, a network of support services is needed to ensure that lower-income residents are trained to promote their unique strengths and abilities to build upon education for their employment needs of today and tomorrow. Within the City there is significant need for services across most categories of special need; including seniors, at risk youth, working parents, persons with chronic illness, and persons with other conditions affecting their ability to function independently and/or productively. Strategies for addressing community development needs in 2009-2010 are:

- ✓ Continue to fund public services at the highest percentage allowed by HUD regulations.
- ✓ Combine housing and supportive services for homeless populations.
- ✓ Investigate the use of CDBG funds for addressing health care issues.
- ✓ Explore a Capital Improvement Project to rehabilitate the restrooms at the Senior Citizen Center to address the special needs of those utilizing the facility.

Further, infrastructure improvements are necessary to ensure all residents have access to the same services. This general neighborhood revitalization and improvement is an important component of community development. Strategies for Fiscal Year 2009-2010 are:

- ✓ Continue moving forward with the next phases in the Airport Neighborhood Revitalization Plan which includes
  - Code Enforcement
  - Housing Rehabilitation
  - Neighborhood clean-ups
  - Education of Services and Programs throughout the City of Modesto

A project that has been a great success for our community was a combined effort between the City of Modesto and the County of Stanislaus to clean up the Revitalization area. Located in a low-income census tract known for illegal dumping and blight as well as criminal activity; is a neighborhood mixture of City and County. Volunteer groups and representatives made up of individuals from both the City and the County came together and filled several dumpsters and cleaned out multiple alley ways and areas that had become dumping grounds.



The City of Modesto plans to continue clean up efforts in the Airport Neighborhood while focusing on the Neighborhood Revitalization in the neighborhood. The Airport Neighborhood is an area of Modesto that requires a great investment of time and resources and staff plans to continue to focus on the area to work on more economic development and revitalization. It has been proven that once you invest in an area and start bringing it back to life, that becomes contagious and the neighborhood will take pride in the area and take ownership of bringing it back to a place people want to call home.

To adequately address the community development needs, HUD funding will be leveraged with private donations and other forms of state and federal grants to carry out tasks. City staff monitors all projects and organizations funded through the various programs to ensure that they are in compliance with all regulations including matching of funding.

## EVALUATION OF PERFORMANCE

During the 2008-2009 year the City of Modesto completed many major projects. The City of Modesto administered a comprehensive array of services that included community based public services, emergency shelter services, and housing activities. The following highlights are among the most significant accomplishments.

The City of Modesto continued to work towards tackling the foreclosure issue head on by holding a homeownership event in collaboration with the Modesto Bee. Homeownership Modesto was co-sponsored by the Modesto Bee and promoted an understanding of what it means to be a homeowner. Panel discussions included understanding a mortgage, insurance requirements, and tax related issues. The event also included a tradeshow featuring home maintenance items and demonstrations. This event was a great way to showcase existing programs offered through Community Development Block Grant funds.



In 2008, the Housing Authority received \$1,000,000 in HOME funds for the acquisition of 40-units of existing housing known as Palm Valley Apartments. The apartments units were built in 2005. This project consists of 20-3 BR units with 897 square feet, 12-1 BR units with 628 square feet and 8-1 BR units with 467 square feet. All units have one bath. The apartment complex also features a laundry room for the residents. There are 39 covered parking stalls and 35 uncovered parking spaces. There are three handicapped spaces, two of which are uncovered and one

which is covered. The parking area is well lit and protected by surrounding buildings. The Housing Authority's is renting the units to low and very low-income households. The purchase of the Palm Valley Apartments helped preserve the affordable housing stock in Modesto. The units are close to shopping areas, public transportation and close to Doctors Medical Center and Memorial Hospital.

The cost of the acquisition for Palm Valley Apartments was \$3,900,000. The closing fees, bond cost, appraisal, and other transaction fees were \$70,000. The Housing Authority also received an allocation from the Redevelopment Agency of \$700,000 for acquisition of the complex and an additional \$125,000 in redevelopment funds to convert one unit to a disabled-accessible unit and to add a security gate; there are also other expenses of \$30,000 bringing the total estimated cost of the project to \$4,825,000 or \$138 per square feet. HOME funds were leveraged with private funds from Farmers and Merchant Bank, which provided the first mortgage loan in the amount of \$2,250,000, also the Housing Authority contributed with and equity contribution of \$20,000.

The City of Modesto purchased the property at 412 Downey Avenue adjacent to 416 Downey Avenue which is owned by the City of Modesto. Up to \$250,000 in HOME Investment Partnership (HOME) entitlement funds were allocated to be used for pre-development activities in the

development of affordable housing. Parks, Recreation and Neighborhood Department (PRND) staff began pre-development activities. Staff believes the combination of the two parcels would be beneficial to the development of affordable senior housing. The HOME funds utilized for this project are also being leveraged through Redevelopment Agency set-aside funding. Once a developer is selected to complete this project, they will be required to match the HOME funding to complete the project.

Habitat for Humanity received CHDO funds in past years for pre-development activities for The Hope Village project located at the end of Houser Lane in Southwest Modesto, North of Paradise Road. This parcel is also located in a low-income census tract. When completed, this project will bring an additional 20 affordable single family units to the Modesto area. Habitat for Humanity, in order to complete their permanent financing, has secured SHOP funds, CalHFA financing, Energy grants, lumber grants, and home sponsorships.



In fiscal year 2008-2009 staff developed plans and selected a contractor for the renovation of the restrooms at Dryden Golf Course to bring them into ADA compliance. The renovations of the facilities are expected to be completed in fiscal year 2009-2010.

Every year the City of Modesto Parks, Recreation and Neighborhoods Department works to increase its potential bidder list for general building contractors and subcontractors; particularly small, minority, and female contractors bidding on housing rehabilitation projects and capital improvement projects. The City of Modesto advertises a letter in the local news paper in English and Spanish to target contractors with expertise in the following areas: Heating & Air Conditioning, Roofing, Concrete, General, Pest Control, Street Improvements, Electrical, Plumbing, Demolition, and any other construction related expertise. The City takes many opportunities to target minority and female contractors to help ensure fair and viable opportunities exist for all. Also, for larger Capitol Improvement Projects (CIP) there is an attachment to the letter which clearly defines what a Minority and Women Business Enterprise is and the document outlines the disadvantages a Minority and Women Business Enterprise might face during the time of conducting business. Providing this information to the public helps target potential problems and allows any City funded CIP project to address issues as they arise. The City of Modesto is committed to providing fair opportunities for all businesses.

### ***RESOURCES AND OBJECTIVES 91.220(c)***

The City of Modesto will continue to increase the availability and accessibility of decent housing through the housing rehabilitation programs. The programs will preserve the existing housing stock and owner occupants will be the primary beneficiaries.

During this fiscal year, emphasis will continue to be placed in providing assistance for mobile home repairs. There are nine mobile home parks located in the City limits with over 1,500 spaces. In 2007, a survey within the City indicated that 40% of the mobile home owner households have an annual income under \$20,000. Households are rent burdened by their space rent, and had very few options available to them to finance the costs of repairs.

During fiscal year 2009-2010, the Housing Rehabilitation Program will offer the following programs that benefit low-income households at less than 80% of Median Area Income:

1. Provide financial and technical assistance to owner occupants through the **Emergency Home Repair Program/Disabled Access Assistance Program** to eliminate emergency conditions in homes and provide assistance for disabled persons in making their homes more accessible. This program is available for mobile homes, as well as single family residences.
2. Provide financial and technical assistance to property owners in the voluntary target area referred to as the Airport Neighborhood, through the **Housing Maintenance Program**. This neighborhood has recently been approved as a Neighborhood Revitalization Area. These projects will include major rehabilitation, some demolition and the possibility of temporary relocation for sub-standard housing, and could include rental housing.
3. Provide financial assistance and/or technical assistance to property owners under the **Rehabilitation Property Enhancement Program**. This could include rebates to property owners in low-income census tracts for exterior improvements or energy savings improvements to their homes, use of a tool bank program, and testing, stabilization and clearance of lead based paint hazards to homes in the Airport Neighborhood.



The following programs will benefit very low income households at less than 50% of Median Area Income.

4. Provide financial and technical assistance to households under the **Minor Home Repair Grant Program**. The grant program helps owner occupants pay for essential home repairs such as water heaters, leaking faucets, broken toilets, grab bars, ramp repair and other necessary repairs.



During fiscal year 2009-2010, the Housing Rehabilitation staff will continue outreach to low income households for the housing rehabilitation programs. Advertising will be done in the City's promotional materials circulated throughout the community to reach out to minority and women owned businesses and to participate in HUD programs as well. In 2007, the City passed a Mobile Home Rent Stabilization Ordinance and a Mobile Home Rental Assistance Program. These programs provide staff an opportunity to offer program outreach to mobile home owners as well.

During the 2008-2009 fiscal year, the number of contractors bidding on housing rehabilitation projects doubled. The downturn in the economy has increased the competitive process. This has brought down the cost of many projects which enables the City to assist more households with the same amount of funding.

A software program was purchased in fiscal year 2008-2009 to assist staff with cost estimating and work write-ups. Housing Developer Pro Version 3 (HDP3) is the software tool of choice for non-profit housing development corporations and City Housing departments who administer single family and small multi-family housing rehabilitation programs or housing development efforts. HDP3 uses the information entered about housing projects to produce the documents needed. HDP3 tracks program histories and project milestones and creates written specifications and cost estimates, tracks change order and construction draws, and maintains contacts. HDP3 also contains a comprehensive tutorial and includes a library of specifications with more than 1,500 pre-written and field-tested specifications for rehabilitation, from masonry to addressing lead-based paint. This program will assist the Rehabilitation staff in ensuring standardization and accurate procedures when preparing estimates and work write-ups for the rehabilitation programs.

**ACTIVITIES 91.220(d)**

A combined effort between the City of Modesto and the County of Stanislaus to clean up an area known as the Airport Neighborhood has been a huge success. This area is in a low-income census tract and is a mixture of City and County and is a known problem area for illegal dumping and blight. The effort to continue to clean up and revitalize the Airport Neighborhood will continue into the 2009-2010 year.

The City of Modesto teamed up with the Modesto Bee to host an event promoting responsible homeownership. Unfortunately, the central valley has been hit hard by the downturn in the housing market. CDBG funds were used to host the event. As the need arises in the 2009-2010 year the City of Modesto will continue to fight the foreclosure epidemic and do what is needed to keep our citizens in their homes and educate residents on what it means to be a responsible homeowner.

The Down Payment Assistance Program provides funding for gap financing in the form of loans of up to \$60,000 per household, to assist low-income persons and households with the down payment and/or closing costs on a first-time home purchase. The City continually monitors the Down Payment Assistance Program as well as the housing market, to ensure that the program will benefit low-income households purchasing their first home.

The American Dream Down Payment Initiative (ADDI) Program provides down payment assistance loans to low-income households; the loan cannot exceed the greatest of six percent of the purchase price of a single family housing unit or \$10,000.00. During fiscal year 2008-2009 the City provided five ADDI loans totaling \$54,474. The ADDI funds were leveraged with first mortgage loans totaling \$594,584.

Recreation and Neighborhood Services Division Rehabilitation staff developed a workbook to guide contractors through the process when lead-based paint is found or presumed to be present during construction. The workbook contains Federal requirements for paint and rehabilitation programs, a flowchart of assistance thresholds, and the documentation that is required and the timeframe to submit the documentation, and cost worksheets on a level of rehabilitation assistance. This workbook includes Lead Safe Housing Rule Checklist and Associated Guidance, which comply with Information Bulletin CPD-2003-017, August 2003.

The Housing Rehabilitation staff plans to sponsor an EPA-HUD certified class, "Lead Safety for Remodeling, Repair, & Painting". The instructor will be DHS Certified Inspector/Assessor. Most of the housing rehabilitation projects are subject to Federal regulations for Lead Based

Paint and contractors must be certified in safe work practices when completing the rehabilitation work. This effort in the past has resulted in more contractors being able to bid and participate in the projects that contain lead based paint.

The City has implemented a Lead-Based Paint Stabilization Grant Program for the mandatory targeted areas as well as a loan program to cover lead-based paint stabilization for our Emergency Home Repair Program. This program reimburses property owners for the cost of lead based paint inspection reports, clearance reports and paint stabilization work. This program is conducted as part of the City's Housing Rehabilitation Program and will continue into the 2009-2010 year.

The City of Modesto also plans to increase the amount of accessibility features at public buildings to ensure that ADA needs are met whenever a citizen has business in a public building. During the 2008-2009 fiscal year, staff began working on ADA accessible restrooms at Dryden Golf Course. For fiscal year 2009-2010, the City of Modesto plans to evaluate the process of bringing the Senior Citizen's Center restrooms up to current ADA standards.



The Neighborhood Stabilization Plan (NSP) was outlined in the amendment to the 2008-2009 Annual Action Plan and will be a key component in linking existing activities and ensuring that low/moderate and middle income households have a resource for affordable housing. The program will ensure that all participants have received HUD certified housing counseling and certify that the units are affordable and occupied by responsible households.

Also included in the amendment to the 2008-2009 Annual Action Plan, was a plan to address Homeless Prevention and Rapid Re-housing (HPRP). This program will assist individuals that are homeless or at risk for homelessness. There are serious problems with overcrowding and homeless families with children that will be serviced through this program.

There was also an additional allocation of CDBG funding through the American Reinvestment and Recovery Act (CDBG-R). This plan will focus on economic development and trying to bridge the new programs to create a complete package for services for low income households that include, housing and skills development which will ultimately lead to self sufficiency.

The funding provided by the Emergency Shelter Grant (ESG) is granted out to several non-profit organizations to provide shelter to homeless citizens. Organizations receiving funding through the ESG program are monitored annually to ensure that the funds are being leveraged, the proper documentation is in place for purchases and that the funding is being utilized in accordance with Federal regulations.

All activities being funded through public service grants are monitored on an annual basis. The agencies are required to submit monthly or quarterly reports that provide unduplicated counts and ethnic data on each household. Along with the monthly/quarterly report, the agencies are required to submit invoices and back up documentation for reimbursement of funds. This process provides a way for City staff to informally monitor the public service activities and ensure the timeliness of expenditures.

## ***GEOGRAPHIC DISTRIBUTUION 91.220(f)***

Modesto is a community dedicated to growth, progress and the quality of community life. Proud of its vibrant citizenry, great traditions, educational opportunities and multi-cultural lifestyles, Modesto is twice-blessed with mild weather year-round and some of the world's richest soil.

Modesto is located in the heart of one of the greatest agricultural areas of our nation – the San Joaquin Valley. Dairy products, almonds, apricots, melons, tomatoes, wine grapes, peaches, walnuts and poultry products are some of our top commodities. Roughly 110 miles from Yosemite National Park, 80 miles from Sacramento, California's capital city, and about 90 miles from both San Jose and San Francisco, Modesto is less than two hours from many prime locations in California. This proximity to major business centers has turned the agriculturally based city into a bedroom community.

### Modesto Community Profile

Modesto is the county seat of Stanislaus County. Current census estimates place the population at 205,721. As of the census of 2000, there were 188,856 people, 64,959 households, and 46,640 families residing in the city. The median income for a household in the city is \$49,047 compared to \$40,394 in 2000. About 11.1% of families were below the poverty line, including 21.9% of those under age 18 and 7.4% are age 65 or over.

Median resident age: 34 years.

Median household income in 2005: \$45,769 (it was \$40,394 in 2000).

Median Home Price as of May 2009: \$104,000 (\$336,900 in 2005) (\$126,000 in 2000).

Median gross rent in 2005: \$882.

Percentage of residents living in poverty in 2005: 11.8% (8.5% for White Non-Hispanic residents, 16.8% for Hispanic or Latino residents)

Ethnicity in Modesto:

- White Non-Hispanic (59.6%)
- Hispanic (25.6%)
- Other race (12.7%)
- Two or more races (5.9%)
- Black (4.0%)
- American Indian (2.6%)
- Other Asian (2.5%)
- Asian Indian (1.1%)
- Filipino (0.9%)
- Chinese (0.6%)
- Vietnamese (0.5%)
- Native Hawaiian and Other Pacific Islander (0.5%)
- 8% foreign born (7.8% Latin America, 5.1% Asia, 1.6% Europe)  
(Total can be greater than 100% because Hispanics could be counted in other races)

For population 25 years and over in Modesto

- High school or higher: 27.2%
- Bachelor's degree or higher: 50.2%
- Graduate or professional degree: 21.3%

- Unemployed: 14.6%
- Mean travel time to work: 25.7 minutes

For population 15 years and over in Modesto

- Never married: 25.6%
- Now married: 53.6%
- Separated: 2.5%
- Widowed: 6.4%
- Divorced: 11.8%

### ***AFFORDABLE HOUSING 91.220(g)***

Staff from the Parks, Recreation and Neighborhoods Department worked with the Housing Authority to utilize \$1,000,000 in HOME funds for the acquisition of 40-units of existing housing. The Palm Valley Apartments were built in 2005. This project consists of 20-3 BR units with 897 square feet, 12-1 BR units with 628 square feet and 8-1 BR units with 467 square feet. All units have one bath. The apartment complex also features a laundry room for the residents. There are 39 covered parking stalls and 35 uncovered parking spaces. There are three handicapped spaces, two of which are uncovered and one which is covered. The Housing Authority's intention is to rent the units to low and very low-income households. The purchase of the Palm Valley Apartments will help preserve the affordable housing stock in Modesto. The cost of the acquisition is \$3,900,000. The closing fees, bond cost, appraisal, and related items are \$70,000. The Housing Authority also obtained \$125,000 in Redevelopment Agency funds to convert one unit to a disabled-accessible unit and to add a security gate; there are also other expenses of \$30,000 bringing the total estimated cost of the project to \$4,825,000 or \$138 per square feet.

The City of Modesto currently owns property at 416 Downey Avenue, and has recently purchased the adjacent property at 412 Downey Avenue. In July 2007, City Council allocated up to \$250,000 in HOME Investment Partnership (HOME) entitlement funds to be used for pre-development activities in the development of affordable housing. Parks, Recreation and Neighborhood Department (PRND) staff has begun pre-development activities. Staff believes that the combination of the two parcels would be beneficial in regard to the development of affordable senior housing.

Hope Village is a project by Habitat for Humanity located at the end of Houser Lane in Southwest Modesto, North of Paradise Road. This parcel is also located in a low-income census tract. The 1.85 acre parcel was appraised at a market value of \$650,000. This project will bring an additional 20 affordable housing units to the Modesto area. The project has been funded through the HOME Investment Partnership program.

The City of Modesto provides technical assistance and monitoring of all HOME activities. All projects are reviewed by a sub-committee made up of members from the Citizen's Housing and Community Development Committee. The review committee ensures that projects have the appropriate leveraging and that they meet all of the affordability period requirements. The projects are monitored on a regular basis to certify that the units are being occupied by income eligible households and that they are being maintained to required standards.

To ensure long term compliance with regulations and housing codes, each year the City of Modesto develops a monitoring schedule of HOME Projects. The monitoring requires site visits for reviews on income verification, rent and other federal requirements, inspections of units are performed and technical assistance is also provided to the agencies carrying the projects.

***PUBLIC HOUSING 91.220(h)***

During the 2009-2010 year, the City of Modesto will continue to work with the Housing Authority of the County of Stanislaus to acquire new properties within the City of Modesto. In order to fund the Housing Authority Capital Fund Program, environmental review services are provided by the City of Modesto at no cost to the Housing Authority.

In the amendment to the 2008-2009 Annual Action Plan which outlined the Neighborhood Stabilization Program, the City allocated funding to the Housing Authority of the County of Stanislaus for an Incentive Transfer Program. This program will work with existing public housing programs to acquire foreclosed properties and move existing households with a positive track record into the next step in self sufficiency which will eventually lead to those households moving out of Public Housing. This program will also open up more room for other households in need of assistance.

***HOMELESS AND OTHER SPECIAL NEEDS ACTIVITIES 91.220(i)***

The City of Modesto has a growing homeless population, like many others in the nation. The City has worked with many public agencies and will continue to work with the agencies in the area that work with the Homeless as well as those with special needs. Through the public service granting process, as well as capital improvement projects, staff will assist these agencies in expanding their programs and reaching out to those that need help. During the 2008-2009 year the City of Modesto assisted the Salvation Army with their transitional shelter renovations.

The need for emergency and transitional shelters for the homeless continues to grow in our community. The City granted out all of its ESG funds to provide shelter needs to the homeless. Unfortunately, ESG funding can only provide for a minimum of the needs in our community, due to the small amount of funds received. With this funding, as well as significant leveraging by the partnership agencies, over 2,270 homeless residents received housing during the 2008-2009 winter season.

City staff continued to work closely with the Housing and Support Services Collaborative to bring more funding into our community to address both the short- and long-term needs of our homeless population. It is only through the collaborative efforts of the many agencies that real progress in the homeless arena can be made. The "Collaborative" has created a "10-year Plan to End Long-Term Homelessness" in response to HUD's mandate. Staff from the City of Modesto is active participants in the Collaborative and assist with the 10-year plan.

As part of the amendment to the 2008-2009 Annual Action Plan the Homeless Prevention and Rapid Re-housing Program (HPRP) will ensure the homeless population and those at risk of homelessness receive assistance to place them into permanent housing. This program will provide a comprehensive case management plan to assist participants in addressing

***BARRIERS TO AFFORDABLE HOUSING 91.220(j)***

Parks, Recreation and Neighborhoods Department staff, as well as the Community and Economic Development Department, are working together to create a tool kit for developers who are interested in building affordable housing. The City of Modesto is hoping that a complete package including a combination of fee waivers or deferrals, environmental review, zoning issues resolved, a fast track to entitlement and ways to leverage CDBG or HOME funding will help to bring developers with experience in developing affordable housing in to work with the City. The Neighborhood Stabilization Plan provides priority funding to organizations that provide decent affordable housing and that will work with local non-profit groups that serve the low income population that need affordable housing. Staff has also been working with the Redevelopment Agency to create a project that will provide affordable housing for seniors.