

# City of Modesto Housing Element (2015 - 2023)

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Adopted by XXXXXXXXXXXX  
Resolution No. XXXXXXXX  
XXXXXXXXXXXX

# City of Modesto Housing Element (2015-2023)

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# City of Modesto 2015-2023 Housing Element

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# 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.

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

Housing Element		General Plan Supporting Policies		
Policy	Element	Topic	Policy	
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.		

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

Housing Element		General Plan Supporting Policies		
Policy		Element	Topic	Policy
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.

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

Housing Element		General Plan Supporting Policies		
Policy		Element	Topic	Policy
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. 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. Attending **XXXXXXXXXX**. A public workshop on the draft Housing Element was held on December 7, 2015, attended by **XXXXXXXXXX**. City Council approved submitting the draft Housing Element to the State Department of Housing and Community Development for review and certification at its regularly scheduled meeting of **XXXXXXXXXX**, 2016.

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.

Staff received a letter dated **XXXXXXXXXX**, 2016, certifying the Housing Element. Planning Commission heard the item at its meeting of **XXXXXXXXXX**, 2016, and the Housing Element was scheduled for a public hearing and City Council consideration on **XXXXXXXXXX**, 2016.

# HOUSING NEEDS ASSESSMENT

## A. PURPOSE

Developing an appropriate and effective housing strategy relies on an accurate and dynamic characterization of the nature and extent of existing housing needs, as well as a projection of how those needs will change in the future. Housing needs are affected by local, regional, and to some extent, global economic and financial conditions. However, many variables that affect the supply of and demand for housing can be assessed and addressed at the local level. Such variables include employment and population growth, demographic composition, condition of the local housing stock, relative housing affordability, and the availability of housing-related programs and services.



The following presentation of housing needs is structured to assist in the development of programs and policies in the Housing Element.

- ***Community Context*** presents the primary characteristics of Modesto that influence housing needs and housing policy. A summary of local and regional issues introduces the more detailed sections that follow.
- ***Regional Population and Economic Context*** presents the demographic and employment characteristics and trends of the San Joaquin Valley and Stanislaus County communities, with a focus on the regional and interregional issues that could affect housing in Modesto.
- ***Local Population and Economic Characteristics*** distinguishes Modesto from the region, and presents detailed information on the population, household types and incomes, occupations held by residents, housing stock, special needs populations, inventory of affordable housing, and affordability gaps in the City.
- ***Future Housing Needs*** details the City's share of projected regional housing needs.

## B. COMMUNITY CONTEXT

Modesto is located in the northern part of the San Joaquin Valley in Stanislaus County along State Route 99 and between the Stanislaus and Tuolumne rivers (Figure 2-1). Modesto is the largest incorporated city in Stanislaus County and accounts for approximately 40 percent of the County’s population. The California Department of Finance estimates the Modesto’s population was 209,186 as of January 1, 2015. The population anticipated by the City’s Urban Area General Plan and its Master Environmental Impact Report is between 334,000 and 357,000 people by 2025, but approximately 325,000 by 2020, which is a greater population than suggested by current trends illustrated on Table 2-1 and Figure 2-2. The estimated capacity within the City’s General Plan boundary is approximately 428,000.

As the largest city in the County, Modesto serves as Stanislaus County’s retail, government, medical, and employment center. Surrounded by smaller cities and farmland, Modesto is located approximately 90 miles east of San Francisco, 80 miles south of Sacramento, 110 miles west of Yosemite National Park, and 95 miles northwest of Fresno.

**Table 2-1  
Modesto Population Change, 1990-2025**

Year	Population	Change Compared to Prior Benchmark (%)
1990	164,730	---
1995	177,791	7.9
2000	188,856	6.2
2005	201,980	6.9
2010	201,165	-0.4
2015	209,186	4.0
2020	223,996 (est)	7.1
2025	236,119 (est)	5.4

U.S. Census, 1990, 2000, and 2010; California Department of Finance, 2015; StanCOG estimates

The housing stock in Modesto grew somewhat during the past decade. An examination of Figure 2-3 shows that housing construction reflects lending practices and economic conditions. From 2009 to 2014, building permit activity for multi-family and attached housing construction accounted for almost 58 percent of all housing units constructed (see Figure 2-3), well above the 38-year average of 29 percent. A total of 316 units were constructed, 147 of those were detached single family houses for above moderate-income households. This trend is overlaid on a regional market severely affected by the recent mortgage lending crisis, prior to which mortgage lending practices created a market for house loans that enlarged the market for houses. Ultimately, many of the households to whom mortgage loans were made were unable to repay those loans, resulting in radical declines in real estate values and an increase in poverty (Table 2-23), overcrowding (Table 2-18), and the demand for rental housing (Table 2-4).

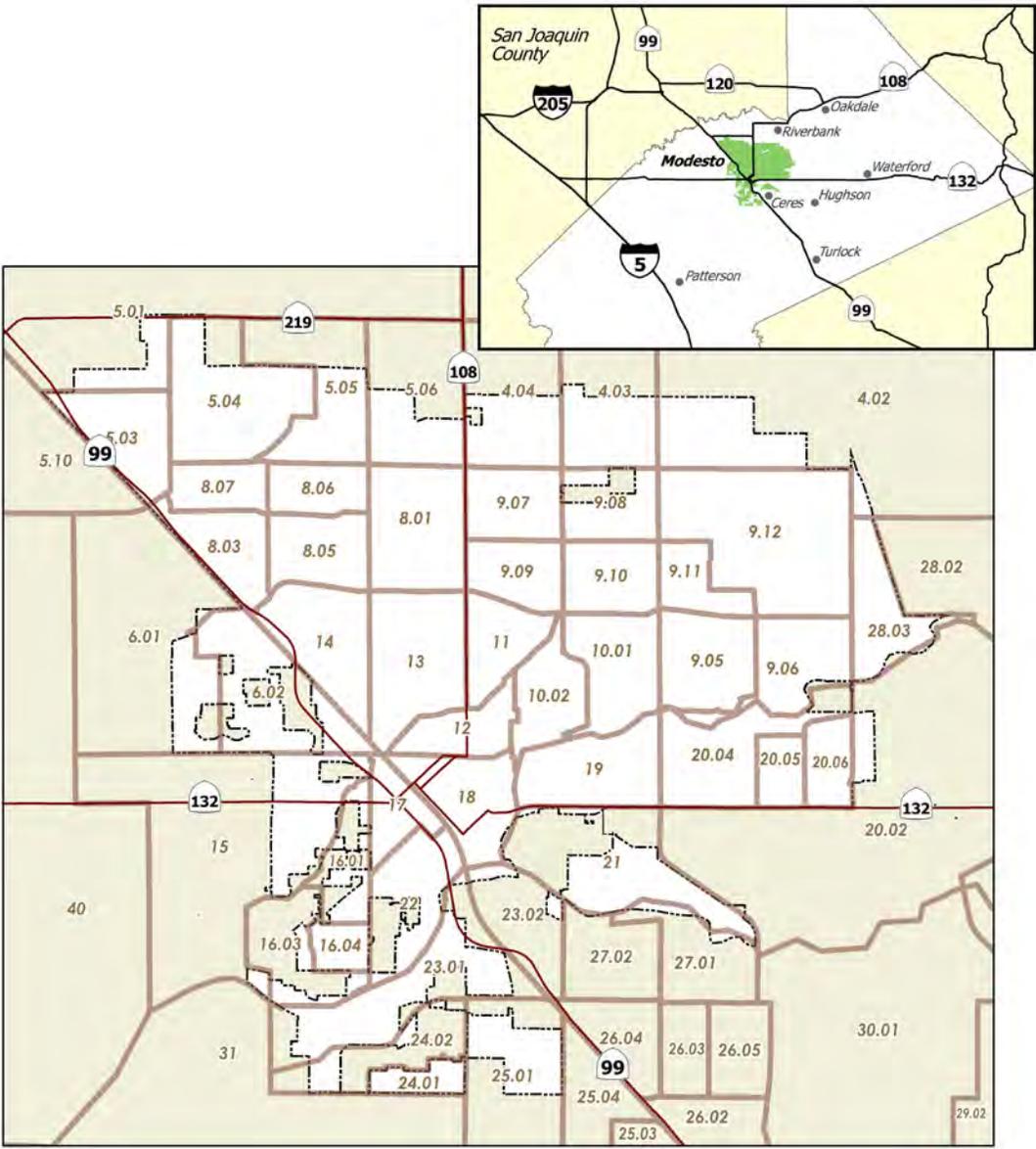
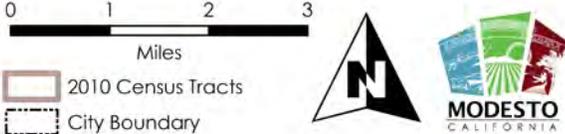
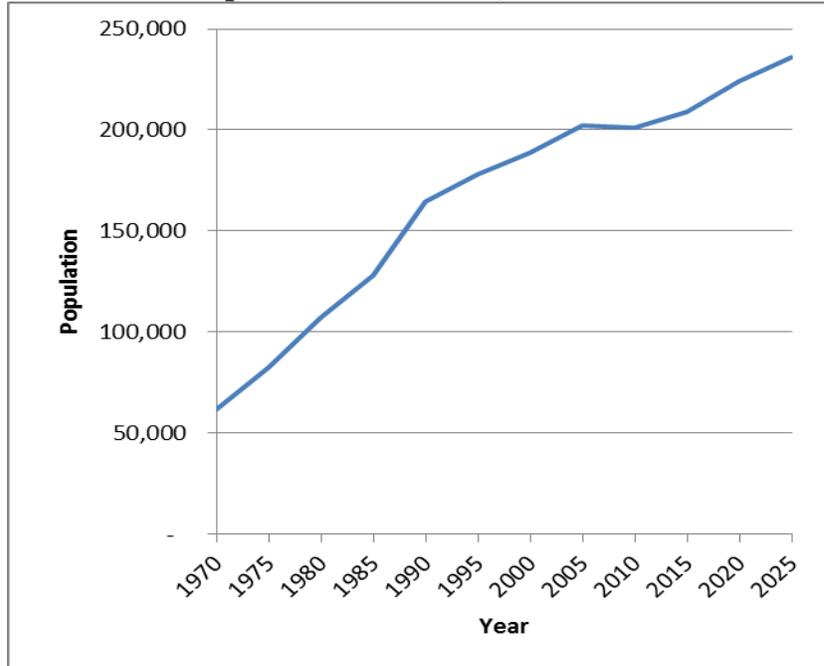


Figure 2-1  
**Regional and Local  
Vicinity Map**

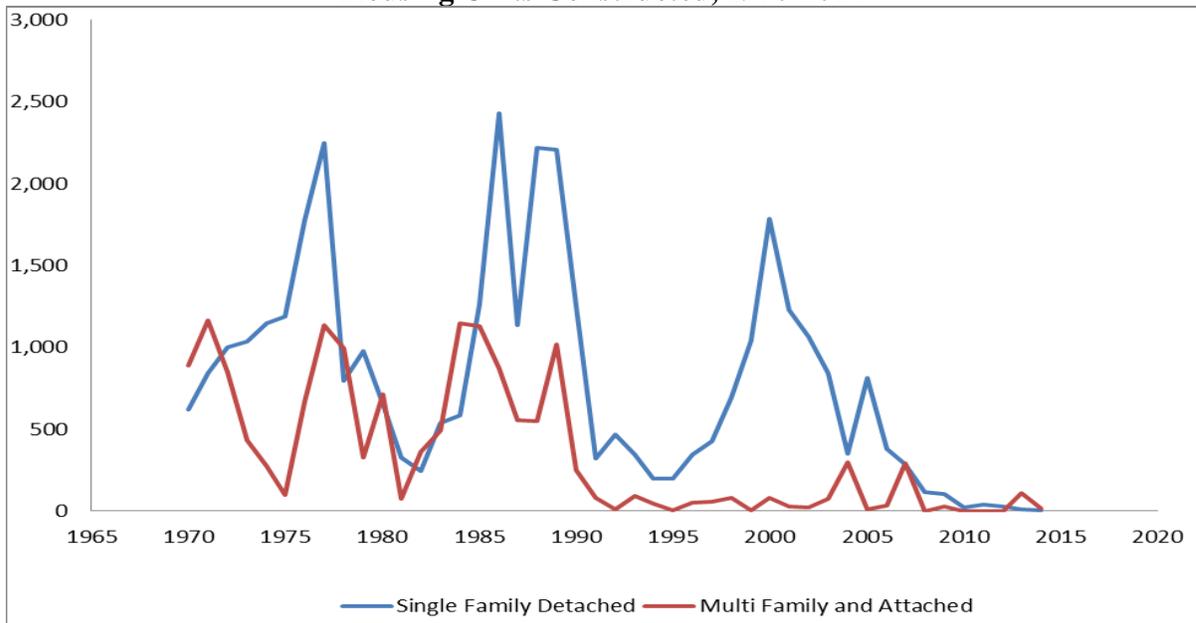


**Figure 2-2  
Population of Modesto, 1970-2025**



Sources: U.S. Census, California Department of Finance, StanCOG.

**Figure 2-3  
Housing Units Constructed, 1970-2014**



Employment growth during the previous housing cycle was robust, due to construction and service jobs, which have disappeared with the housing market, stimulating a rise in unemployment and poverty. Those people who were able to find work outside the community, region, and state left the area, resulting in a decline in population.

## Local Issues

Given Modesto’s location, rapid growth spurred by regional economic forces described above, and the desire to maintain and improve the quality of life it offers, Modesto strives to manage growth, encourage redevelopment of the downtown areas, ensure provision of infrastructure and establish large-scale planning. Air quality, traffic congestion, neighborhood character and integrity, provision of adequate infrastructure and services, and preservation of agricultural land are some of the primary issues the City considers in its attempt to appropriately manage growth.



Several roadway segments in Modesto operate at congested levels of service for brief periods during the morning and evening commute times, especially in the central and northern portions of the City. Air quality and noise impacts of potential additional traffic caused by future growth are significant concerns, as are the cost and necessity of owning a car. If Modesto were developed more densely along transit corridors, and if daily needs were located within a five-minute walk of the most densely developed areas, transit, bicycling, and walking would be viable for more Modestans, which would reduce transportation costs for those people who do or want to take advantage of carless travel.



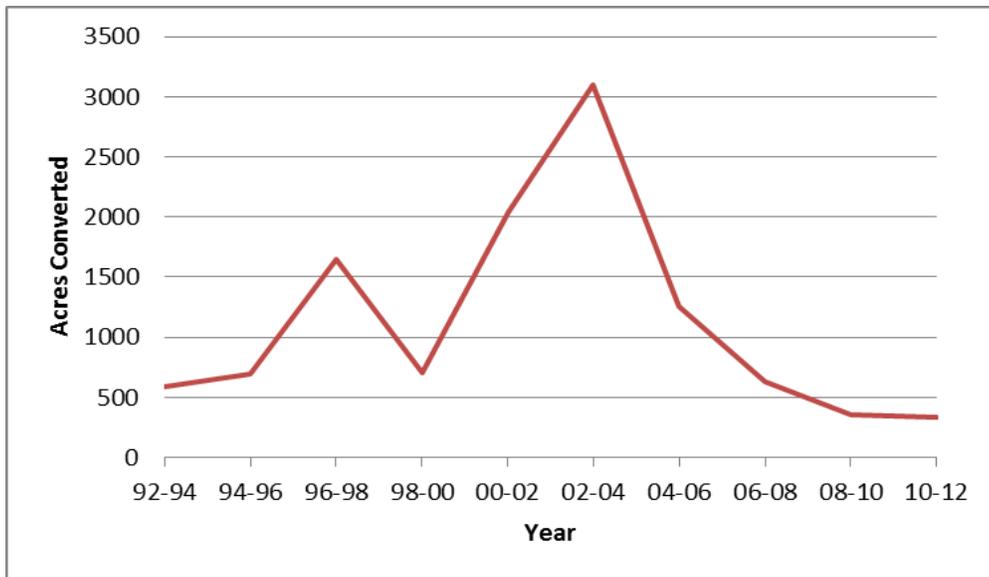
In the San Joaquin Valley Air Basin, in which the City of Modesto is located, the primary air pollutants of concern are ozone and particulate matter. The U.S. EPA has classified the Air Basin as a nonattainment area for the new eight-hour ozone standard and for both PM<sub>10</sub> standard and the new PM<sub>2.5</sub> standard. Activities associated with population growth such as automobile traffic and construction further contribute to ozone and particulate matter pollution.

In 2006, Governor Schwarzenegger signed Assembly Bill 32 into law. AB 32 requires the State of California to reduce its greenhouse gas emissions to 1990 levels (approximately 25 percent) by 2020. Executive Order S-3-05 is more specific, requiring the State of California to reduce greenhouse gas emissions to 2000 levels by 2010, to 1990 levels by 2020, and to 80 percent below 1990 levels by 2050. In 2008, SB 375 was signed into law, requiring, among other things, better coordination between land use and transportation planning to reduce greenhouse gases. As demonstrated in the 2008 General Plan Master EIR, current development patterns in Modesto will continue the upward trend in greenhouse gas emissions.

City water comes from groundwater wells and from surface water delivered via the Modesto Regional Treatment Plant. Historically, overdraft of groundwater wells has been a problem in the area. In 2030, the City estimates that approximately 85.7 mgd of potable water will be available to the service area, according to the Joint 2010 Urban Water Management Plan. In 2030, the City estimates that the water service area population will be approximately 375,000 people, as compared to 264,000 in 2010, a reduction compared to the 2005 Urban Water Management Plan. Nevertheless, water supplies will be stretched during drought years.

Agriculture is the leading industry in Stanislaus County and the San Joaquin Valley in terms of overall value of commodities produced. According to the State Department of Conservation, 360 acres of prime farmland in Stanislaus County were converted to urban use between 2008 and 2010, and another 331 acres of prime farmland were converted between 2011 and 2012, primarily due to development of housing in Modesto, Ceres, Turlock, and Riverbank (Figure 2-4).<sup>1</sup> Much of the land immediately outside the current sphere of influence, especially west of the City, is subject to Williamson Act farmland contracts.

**Figure 2-4**  
**Stanislaus County Prime Farmland Converted to Urban Use, 1992-2012**



Source: California Department of Conservation web site, May, 2015.  
Excludes unique farmland and farmland of state or local importance.

<sup>1</sup> California Department of Conservation. Farmland Mapping and Monitoring Program. Land Use Conversion Table: Stanislaus County). May 2015.

## Visions for the Future

The Modesto Urban Area General Plan is structured to guide growth without taxing infrastructure, to consider environmental impacts, and to provide for economic growth and development. The overriding mission statement of the Modesto Urban Area General Plan states:

*The Modesto Urban Area General Plan addresses the collective challenges of the future. The Urban Area General Plan presents a blueprint for the preservation of Modesto’s “quality of life” while providing direction for the growth of business and industry to meet the needs of the future generations in the Modesto community.*

In addition, the General Plan focuses on the following critical issues:<sup>2</sup>

- Employment opportunities
- More comprehensive planning
- Defining Modesto’s character
- Reducing automobile traffic impacts
- Maintaining older neighborhoods and upgrading unsafe neighborhoods
- Integrating new neighborhoods into the urban pattern
- Agricultural land preservation
- Environmental concerns

Local issues are also addressed by goals identified in the City’s Consolidated Plan and Annual Action Plan that guide the use of federal entitlement grants for housing and community development purposes.<sup>3</sup>

### Modesto Strategic Plan

During the spring of 2015, Modesto City Council and City staff held strategic planning workshops to review City Council strategic commitments with valuable input from community members. The objective of the City is to embrace a culture of service excellence for the citizens of Modesto through the following commitments:

- Great, safe neighborhoods
- Healthy Economy and Great Quality of Life
- Effective, Responsive and Transparent Government
- Vibrant Infrastructure and Sustainable Environment

<sup>2</sup> City of Modesto. 1995 *Urban Area General Plan*, updated, 2008.

<sup>3</sup> Goals are in the *Consolidated Annual Performance and Evaluation Report for Fiscal Year 2015-2010*, August 2015.

## Regional Issues

Growth projections adopted by StanCOG reflect the intent to direct growth into the urbanized communities; this is also reflected in recent Stanislaus County ballot initiatives directing “urban” growth away from farmland. StanCOG’s 2014 Regional Transportation Plan estimates annual population growth of approximately 1.3 percent and employment growth at approximately 1.15 percent through 2025. Directing growth to appropriate geographic areas within Stanislaus County is made more difficult by the evolving residential and employment relationships with Bay Area communities.

## Bay Area Housing Crisis

The San Francisco Bay Area is adjacent to Stanislaus County. The expansion of the Bay Area economy during the 1990s attracted workers from around the country and around the world, creating high demand for housing. The expansion of internet-based business and high-tech sector created a generation of sudden wealth that pushed housing prices to new heights.

Over the last decade, housing prices increased dramatically in the Bay Area, while the cost of housing in Stanislaus County has remained relatively affordable (Figures 2-5 and 2-6). As shown in Table 2-2, the median price of a house in several Bay Area counties increased dramatically between 2008 and 2014(in constant dollars), while the median price in Stanislaus County increased modestly, increasing the price gap between the Bay Area and Stanislaus County.

Between 2008 and 2014, the median price of a house in Stanislaus County increased by 11 percent, after falling 42 percent in 2007. The median value in the City and County of San Francisco declined 5 percent in 2007, but rose 29 percent between 2008 and 2014, to higher than before the mortgage crisis. Median values in Alameda County lost 28 percent in 2007, but rose 33 percent between 2008 and 2014 to recover almost completely from the mortgage crisis.

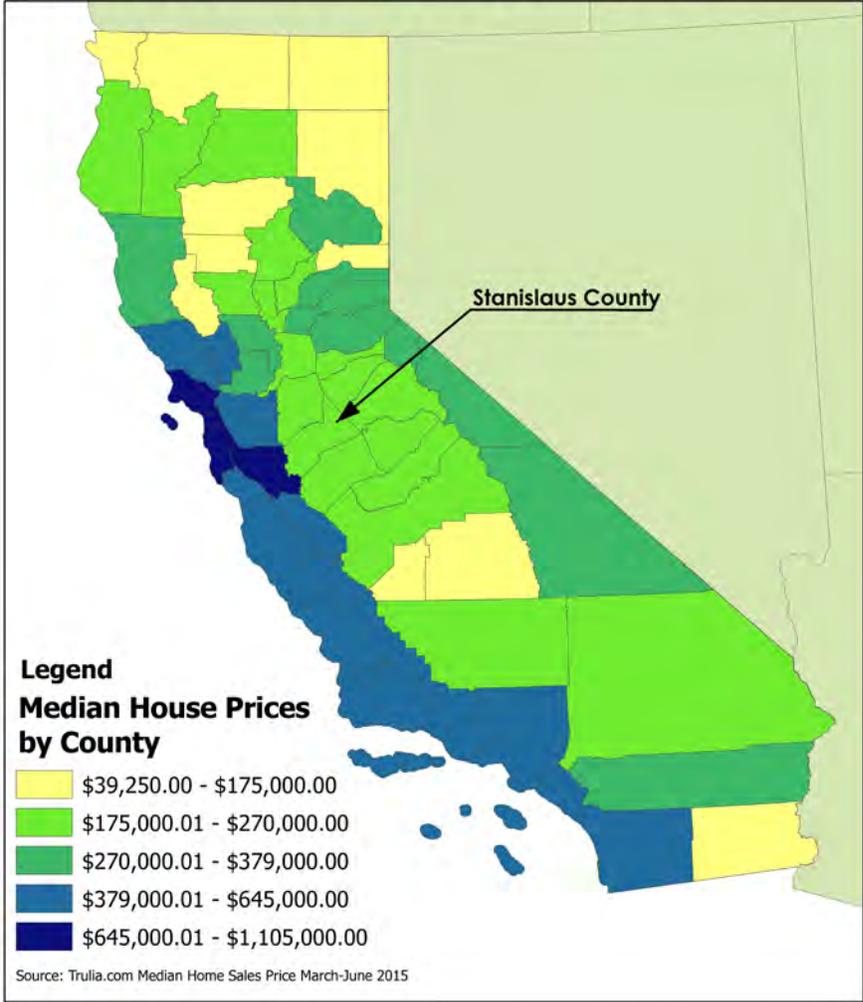
**Table 2-2**  
**Median House Values for**  
**Selected Bay Area Counties and Stanislaus County**

County	Median House Prices							
	1990	2000	2007	2008	2014	Percent Change		
						2000-2007	2007-2008	2008-2014
Alameda County	\$227,200	\$303,100	\$594,750	\$425,000	\$563,500	96	-28	33
Contra Costa County	\$219,400	\$267,800	\$566,523	\$339,000	\$450,000	110	-40	33
San Francisco County	\$298,900	\$396,400	\$780,000	\$739,000	\$950,000	97	-5	29
San Mateo County	\$343,900	\$469,200	\$800,000	\$680,000	\$838,000	70	-15	23
Santa Clara County	\$289,400	\$446,400	\$700,000	\$580,000	\$710,000	57	-17	22
Stanislaus County	\$124,300	\$125,300	\$325,000	\$190,000	\$210,000	159	-42	11

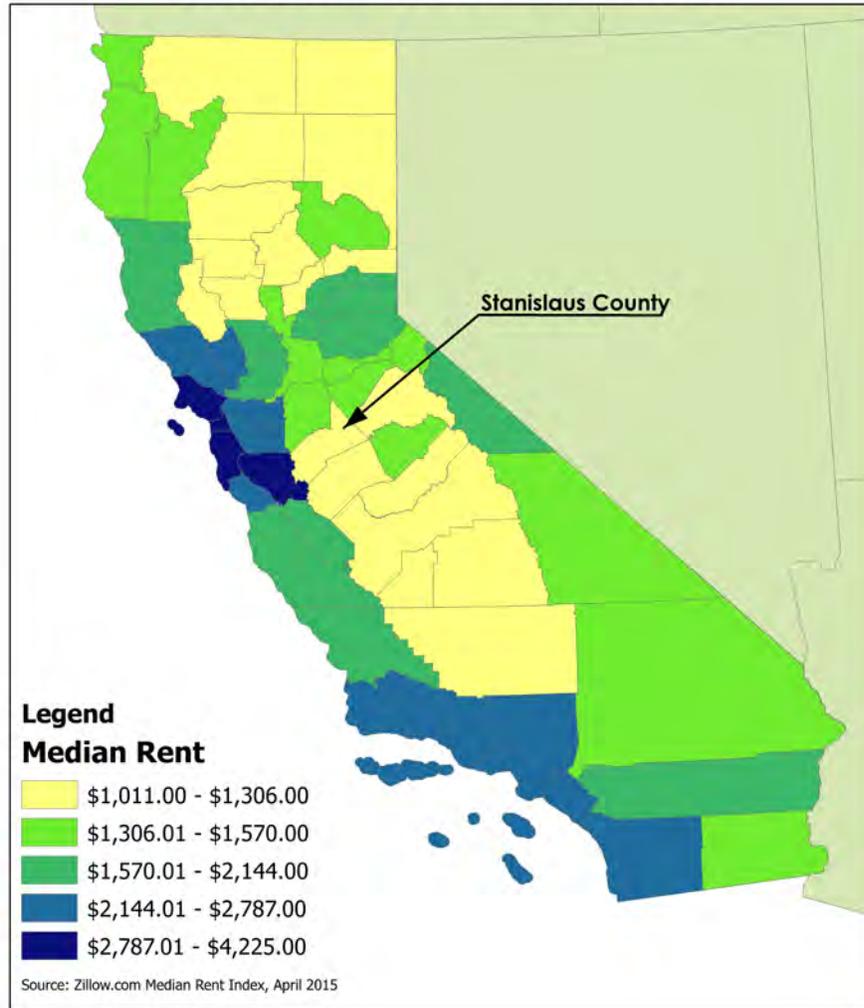
Source: U.S. Census, 2000, 2010.

DataQuick News 2008; Zillow 2015

**Figure 2-5**  
**Current Median House Prices, California Counties**



**Figure 2-6**  
**Current Median Rent, California Counties**



The rising demand for housing in Modesto is supported by commuters from the Bay Area. With higher wages, Bay Area workers have the purchasing power to pay higher rents and high prices for houses, pushing the cost of housing in Modesto to levels beyond the reach of many existing Modesto residents. Since the recession, banks have been more cautious about making loans and many people who could otherwise afford to buy a house have had difficulty doing so, with available houses often going to cash buyers.

## C. REGIONAL POPULATION AND ECONOMIC CONTEXT

Modesto generally is considered part of the San Joaquin Valley, which follows the San Joaquin River from Kern County in the south to San Joaquin County in the north, also including the counties of Tulare, Kings, Fresno, Madera, Merced, and Stanislaus. The major economic activity in the region is agriculture, though in some parts of the valley, areas of job growth are not in farming.<sup>4</sup>

Stanislaus County was estimated to have 532,297 residents as of January 1, 2015, and the population is projected by StanCOG to grow to over 637,000 by 2025,<sup>5</sup> an increase of approximately 20 percent as compared to the County’s 2015 population (Table 2-3). Nearly all of this growth is to be directed to the incorporated cities in an effort to preserve the County’s rich agricultural resources, which is also the basis for the County’s economy.

**Table 2-3  
San Joaquin Valley Counties, 2014 Population**

County	2014 Population
Kern	874,264
Kings	149,721
Fresno	972,297
Madera	155,878
Merced	266,134
San Joaquin	719,511
Stanislaus	532,297
Tulare	462,189
<b>Total</b>	<b>4,132,291</b>

Source: State of California, Department of Finance, E-1 Population Estimates for Cities, Counties and State with Annual Percent Change – January 1, 2014 and 2015. May 2015.

In the *2000 Cities/County Visioning Project* conducted by Stanislaus County and its incorporated cities, goals and actions were articulated in meetings with city and County leaders. The Countywide Visioning Project involved government officials, local business leaders, and educators in a three-year visioning process. The purpose of the process was to create a vision for the future of Stanislaus County based on collaboration and cooperation among local government bodies.<sup>6</sup> The first vision statement and set of actions in that report deals with protecting agricultural land from unnecessary low-density sprawl:

Actions: The cities and County of Stanislaus will adopt general plans, policies and agreements that will achieve the following:

<sup>4</sup> City of Modesto. *Analysis of Impediments to Fair Housing*. May 1996. Page 10.

<sup>5</sup> Fresno Council of Governments. *San Joaquin Valley Demographic Forecasts, 2010 – 2050*. March 27, 2012. Table 5.

<sup>6</sup> County of Stanislaus web site. <http://www.co.stanislaus.ca.us/visionproject.pdf>. 2002.

1. More compact and clearly defined urban boundaries that avoid unnecessary conversion of farmlands.
2. Protection of farmland outside the urban boundaries.
3. Expansion of city limits to include urbanized unincorporated areas that are substantially surrounded by a city.
4. Compact urban development which encourages redevelopment of blighted areas, “infill” development of vacant and underutilized land, and a variety of affordable housing.
5. Urban limit lines, providing for areas of open space, agriculture, very low density, rural development, or green belts in which urban development cannot occur.
6. Tax and revenue policies that will support and encourage good land use decisions.
7. Transportation policies that support and implement the land use vision.

In 2008, following public outreach and coordination on the *San Joaquin Valley Blueprint*, StanCOG submitted “General Plan Densities” as the locally preferred growth scenario for the Blueprint planning process. This scenario was adopted by the StanCOG Policy Board as its Sustainable Communities Strategy for the 2014 Regional Transportation Plan.

## Housing, Households, and Household Types

Overall, the region is similar to California relative to the distribution of household types. However, the San Joaquin Valley’s proportion of Hispanic persons is approximately seven percentage points higher than the proportion of Hispanics in California, and the region has a proportion of persons under age 18 that is approximately three-and-a-half percentage points higher than the State as a whole.<sup>7</sup> Corresponding to the proportion of children, the representation of family households, as a proportion of total households, is approximately seven percentage points higher in the region compared to California as a whole.

Different household types have different housing needs and different ownership rates. According to the State Department of Housing and Community Development (HCD), the demographic characteristics of the San Joaquin Valley region will result in an incremental demand for ownership in the region that will exceed the incremental demand for rental housing by more than 50 percent between 1997 and 2020.<sup>8</sup> The share of owner-occupied housing in the region is lower by 0.2 percentage points than Modesto, and is greater than that in California by 0.2 percentage points (Table 2-4).

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<sup>7</sup> U.S. Census, 2010.

<sup>8</sup> Department of Housing and Community Development. *Housing Production Needs, 1997-2020*. 2000.

**Table 2-4  
Housing Tenure in San Joaquin Valley, Modesto, and California**

Tenure	San Joaquin Valley		Modesto Percentage	California
	Number	Regional Percentage		
Owner-occupied housing units	662,849	53.8	54	53.8
Renter-occupied housing units	568,993	46.2	46	46.2

Source: U.S. Census, 2013 American Community Survey Table DP04 1-Year Estimates

## Household Income

As illustrated in Table 2-5, the San Joaquin Valley has lower median incomes than does California as a whole, but also has a much lower cost of living than many regions in the State. Modesto’s median household income is approximately the same as the median income in the San Joaquin Valley region and 77 percent of the State’s median income. Perhaps more importantly, as shown in Table 2-7, compared to the East Bay counties, median incomes in five Bay Area counties range from 74 to 99 percent higher than the median income in Stanislaus County, a gap that has grown significantly since the 2008 Housing Element was prepared. These disparities in income affect local residents’ ability to compete with Bay Area employees for housing in the region.

**Table 2-5  
2013 Household Incomes: California, San Joaquin Valley, and Modesto**

Income	San Joaquin Valley (%)	Modesto (%)	California (%)
Less than \$10,000	7.0	6.8	5.7
\$10,000 to \$14,999	6.6	7.3	5.2
\$15,000 to \$ 24,999	12.7	12.1	9.6
\$25,000 to \$34,999	11.9	11.8	9.1
\$35,000 to \$49,999	14.5	14.4	12.3
\$50,000 to \$74,999	18.4	17.6	16.9
\$75,000 to \$99,999	11.0	11.6	12.4
\$100,000 to \$149,999	11.3	12.1	14.9
\$150,000 to \$199,999	3.9	3.7	6.8
\$200,000 or more	2.7	2.7	7.2
<b>Median Income (\$)</b>	<b>\$46,981</b>	<b>\$47,064</b>	<b>\$61,094</b>

Source: U.S. Census, 2013 American Community Survey (Table DP-03 5-Year Estimates)

**Table 2-6  
Stanislaus County Income Categories, 2015**

Category	Definition	Income Range
Household Median Income		\$53,300
Extremely Low Income	Up to 30% of median	Up to \$24,250
Very Low Income	Up to 50% of median	\$24,250 to \$28,450
Low Income	51% to 80% of median	\$28,451 to \$45,500
Moderate	81% to 120% of median	\$45,501 to \$56,900
Above Moderate	More than 120% of median	Greater than \$56,900

Source: U.S. Department of Housing and Urban Development, family of four.

**Table 2-7  
Median Household Income in Bay Area Counties  
Compared to Stanislaus County, 2015**

County	Median Household Income	Compared to Stanislaus County
Alameda	\$92,900	74% higher
Santa Clara	\$106,300	99% higher
San Mateo	\$101,900	91% higher
San Francisco	\$101,900	91% higher
Contra Costa	\$92,900	74% higher

Source: U.S. Department of Housing and Urban Development, family of four

The disparity in household income between Bay Area counties (Table 2-7) and Stanislaus County (Table 2-6) has increased during the last few years. As reported in the previous Housing Element, differences ranged from Alameda County, which had a median household income 30 percent higher than Stanislaus County’s median household income to Santa Clara County, which had a median household income 64 percent higher than Stanislaus County’s median household income. The disparity now ranges from a low of 74 percent higher (Alameda and Contra Costa Counties) to a high of 99 percent higher (Santa Clara County) than Stanislaus County. The reasons for the increasing disparity are not documented here, but could result in additional long-distance commuting from Stanislaus County to Bay Area counties.

## Employment

### Current Employment Characteristics

As one of the most productive agricultural areas in the world, the Central Valley of California produces more fruits, vegetables, and nuts than any region of comparable size in the United States (with more than seven million acres under irrigation). Most of the Central

Valley’s agricultural activity, and over half (53.3 percent) of California’s agriculture jobs, are located in the San Joaquin Valley. .<sup>9</sup>

Employment in the San Joaquin Valley has less representation in management and professional occupations than California as a whole, and greater representation in the farming, fishing and forestry sectors (Table 2-8). Almonds, milk, walnuts, cattle, and chickens are Stanislaus County’s leading commodities.<sup>10</sup> Except for fruit and nut harvests, which may have some influence on seasonal employment, dairy production, poultry, and cattle production are year-round operations that typically do not rely on migrant farm labor.

**Table 2-8  
Occupational Distribution in Modesto, California**

<b>Occupation</b>	<b>Regional %</b>	<b>Modesto %</b>	<b>California %</b>
Management, Professional	15.1	13.8	20.2
Service	33.5	39.7	36.2
Sales, Office	18.7	22.3	20.7
Farming, fishing, forestry	13.0	2.4	2.3
Construction, extraction	5.8	6.3	6.0
Production, transportation	13.8	15.5	14.6

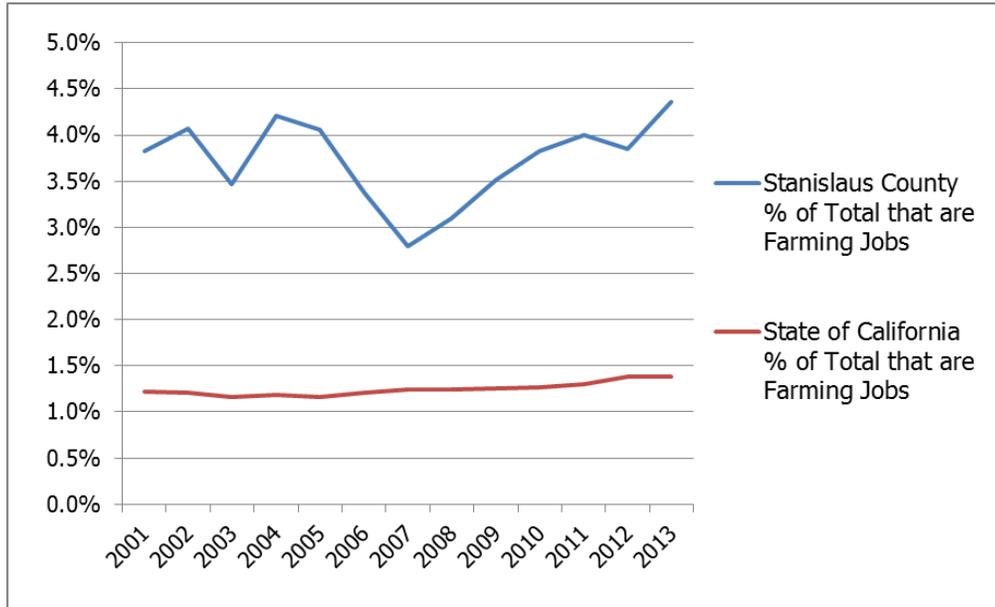
Source: U.S. Census, 2013 American Community Survey (Table DP-03 5-Year Estimates)

Stanislaus County has a higher share of agricultural-related employment than the State as a whole (Figure 2-7). Agricultural, extractive, and industrial employment are relatively low-wage jobs, as compared to management and professional jobs, in which Modesto lags behind the region and state.

<sup>9</sup> Employment Development Department. California Agricultural Bulletin, 1<sup>st</sup> Q 2014

<sup>10</sup> Stanislaus County Agricultural Crop Report, 2013.

**Figure 2-7**  
**Farming Share of Total Employment, Stanislaus County and California**



Source: California Employment Development Department, Occupational Employment Statistics (OES) ([www.labormarketinfo.edd.ca.gov](http://www.labormarketinfo.edd.ca.gov))

**Regional Jobs-Housing Balance**

Assessing the spatial relationship between jobs and housing is not normally relevant at the regional level, where jobs-housing balance is often assumed. However, given the relatively high cost of housing and the concentration of jobs in the Bay Area relative to the surrounding regions, the regional distribution of jobs and housing has important planning and quality-of-life implications. An imbalance of jobs and housing creates issues with traffic congestion, air quality, water quality, fiscal disparity, and housing affordability.

Both Modesto and Stanislaus county have a higher percentage of residents working in another county compared with California overall (Table 2-9). The counties of San Joaquin, Merced, Madera, and Kings also have a high percentage of out-of-county commuters. As shown in Table 2-10, the proportion of Modestans who travel relatively short distances to work in 2013 is roughly the same as it was in 2007.

**Table 2-9  
Commuting in California, San Joaquin Valley, Modesto**

<b>Geographic Area</b>	<b>Mean Travel Time to Work (minutes)</b>	<b>Percent Worked Outside County of Residence</b>
Modesto	25.2	19.3
Stanislaus County	26.6	22.5
Fresno County	22.1	8.1
Kern County	23.6	6.1
Kings County	No Data	22.0
Madera County	25.5	31.7
Merced County	No Data	25.5
San Joaquin County	29.4	26.4
Tulare County	No Data	14.1
<b>California</b>	<b>27.2</b>	<b>16.8</b>

Source: U.S. Census, 2013 American Communities Survey (Table S0802 5-Year Estimates)

**Table 2-10  
Modesto Average Commute Times, 2007 and 2013**

<b>Travel Time To Work</b>	<b>Persons Traveling to Work 2007</b>	<b>Percent</b>	<b>Persons Traveling to Work 2013</b>	<b>Percent</b>
Less than 10 minutes	12,222	16	12,055	15.5
10 to 14 minutes	12,576	21	14,854	19.1
15 to 19 minutes	15,249	19	15,088	19.4
20 to 24 minutes	10,782	14	10,888	14
25 to 29 minutes	3,498	4	3,500	4.5
30 to 34 minutes	6,668	9	7,544	9.7
35 to 44 minutes	3,063	3	2,722	3.5
45 to 59 minutes	2,255	4	3,344	4.3
60 or more minutes	8534	10	7,777	10
<b>TOTAL</b>	<b>74,847</b>	<b>100</b>		<b>100</b>

Source: U.S. Census American Community Survey

### Employment and Population Projections

The San Joaquin Valley region is expected to grow significantly in the future, and Modesto is expected to be a leader in both population and employment growth. Table 2-11 shows the expected growth rates in each of the counties in the northern San Joaquin Valley.

**Table 2-11  
Expected Population Growth in Selected Cities and Counties,  
Northern San Joaquin Valley**

<b>Jurisdiction</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>	<b>Annual Growth Rate (%)</b>	<b>Percent Change, 2010-2030</b>
Modesto	201,165	209,186	223,966	236,119	248,272	1.3	19
Ceres	45,417	50,069	55,379	60,689	65,999	1.3	31
Turlock	68,549	74,983	82,328	89,673	97,017	1.3	30
Unincorp. Stanislaus Co.	110,236	113,772	117,807	121,843	125,879	1.3	12
<b>Total Stanislaus County</b>	<b>514,453</b>	<b>551,668</b>	<b>594,146</b>	<b>636,625</b>	<b>679,103</b>	<b>1.3</b>	<b>24</b>
Merced	78,958	81,722	88,038	94,842	102,171	1.5	23
Unincorp. Merced Co.	89,167	93,868	101,122	108,938	117,357	1.5	24
<b>Total Merced County</b>	<b>255,793</b>	<b>269,572</b>	<b>288,991</b>	<b>313,082</b>	<b>337,798</b>	<b>1.5</b>	<b>24</b>
Lodi	62,134	63,719	66,279	70,701	75,417	1.3	18
Manteca	67,096	73,787	78,709	83,960	89,562	1.3	25
Stockton	291,707	306,999	327,480	349,326	372,631	1.3	22
Tracy	82,922	85,296	90,986	97,056	103,531	1.3	20
Unincorp. San Joaquin Co.	141,995	147,022	156,830	167,293	178,453	1.3	20
<b>Total San Joaquin County</b>	<b>685,306</b>	<b>742,781</b>	<b>807,099</b>	<b>872,051</b>	<b>937,619</b>	<b>1.3</b>	<b>27</b>

Sources: 2010 Population Benchmark from 2010 Census; Population estimates and Annual Growth Rates from StanCOG RTP Appendix J; San Joaquin COG; Merced CAG; CA Department of Finance Tables E-5 and P-1; City of Modesto Urban Area General Plan, 2008.

Note: The projections above use the average annual growth for each agency to estimate the 2015, 2020, 2025 and 2030 populations. Growth projections adopted by the City of Modesto were used in place of StanCOG’s projections for Modesto; all figures for Modesto, except 2010 population, are estimated.

As projected in Modesto’s Urban Area General Plan and Master EIR, Modesto’s population is expected to increase to almost 250,000 by 2030, an annual rate of 1.3 percent. Total estimated population capacity within the City’s Sphere of Influence is 396,800 (Table 2-12).

**Table 2-12  
Modesto Growth Capacity**

Area	Population	Employment	Housing Units	Single-Family Units	Multi-Family Units
Planned Urbanizing Area	148,800	147,898	50,385	39,317	11,068
Baseline Developed Area	245,700	111,384	85,839	63,990	21,849
Redevelopment Area	2,300	44,638	2,105	193	1,912
<b>Total</b>	<b>396,800</b>	<b>303,920</b>	<b>138,329</b>	<b>103,500</b>	<b>34,829</b>

Source: City of Modesto, 1995 General Plan, updated 2008.

Within the StanCOG region, employment growth is also focused on Modesto. Average annual employment growth is shown in Table 2-13. StanCOG’s employment projections reflect the region’s desire to have a more balanced geographic match between jobs and housing. The County’s total employment in 2040 is projected to be 235,749, which represents a 72 percent increase as compared to 1999 employment. Notably, that figure represents a 72 percent increase as compared to 2008 employment in Stanislaus County; by 2008, job numbers were at about 1999 levels. In order to achieve the employment levels projected to occur by 2040, the rate of employment growth will need to accelerate considerably to compensate for the lack of growth between 1999 and 2008.

**Table 2-13  
Employment Growth in StanCOG Region, 2010-2040**

Jurisdiction	2010	2015	2020	2025	2030	2035	2040	Projected % Annual Increase, 2010-2040
Ceres	7,349	7,909	8,469	9,029	9,589	10,149	10,709	1.05
Hughson	580	624	668	712	757	801	845	1.05
Modesto	52,692	55,971	59,250	62,530	65,809	69,088	72,367	0.91
Newman	984	1,113	1,241	1,370	1,499	1,628	1,756	1.47
Oakdale	4,755	5,141	5,527	5,914	6,300	6,686	7,072	1.09
Patterson	1,876	3,627	5,378	7,129	8,880	10,631	12,382	2.83
Riverbank	2,176	2,433	2,691	2,948	3,206	3,463	3,721	1.38
Turlock	19,657	21,659	23,661	25,663	27,665	29,667	31,669	1.26
Waterford	345	371	395	424	451	478	505	1.06
Unincorporated	68,086	72,525	76,964	81,404	85,843	90,282	94,721	0.94
<b>Total County</b>	<b>158,500</b>	<b>171,375</b>	<b>184,250</b>	<b>197,125</b>	<b>209,999</b>	<b>222,874</b>	<b>235,749</b>	<b>1.09</b>

Sources: StanCOG, 2014 RTP Appendix J: 2040 Demographic Forecast by Local Jurisdiction

## Regional Economic Development Trends and Initiatives

Economic conditions in the San Joaquin Valley are tied to national trends and policy, statewide economic events and legislation, and many other factors. However, some characteristics of the region set it apart economically from the rest of California and the nation, and these economic characteristics have important implications for housing policy.

The cost of living in the San Joaquin Valley is lower than in the Bay Area and other parts of metropolitan California. Agriculture remains the highest-valued sector of the San Joaquin Valley's economy, thus agricultural trends can ripple through the rest of the economy. Due in part to the disparity in cost of living between the San Joaquin Valley and the nearby Bay Area, traffic congestion is worsening, especially during peak hours, and is affecting the ability of many regional agencies to provide adequate transportation infrastructure. This traffic condition is viewed as adversely affecting economic development.

In the northern San Joaquin Valley, some of the key economic trends include:<sup>11</sup>

- Intra-regional linkages between San Joaquin, Stanislaus, and Merced counties, which affect migration and commute patterns
- Growing inter-regional linkages with the San Francisco Bay Area and the Sacramento, which affect migration and commute patterns area
- Increasing distinction from the southern San Joaquin counties, resulting in an increasing emphasis on warehousing and manufacturing as compared to agriculture in the northern San Joaquin counties

In Stanislaus County, some of the key economic trends include:

- Decline in agricultural production jobs
- Job growth in health care, administration, other services, and extraction and construction. (Table 2-14)

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<sup>11</sup> Eberhardt School of Business, Center for Business & Policy Research. "Regional Economic Assessment for the North San Joaquin Valley: Identity, Linkages, and Opportunities." Summary Report, April 2015.

**Table 2-14  
Stanislaus County Occupations with Job Growth, 2012-2022**

Occupation	Annual Estimate		Percent Change
	2012	2022	
Mining, Logging and Construction	6,300	9,600	52.4
Health Care and Social Assistance	25,400	33,900	33.5
Administrative and Support and Waste Management and Remediation Services	6,700	8,900	32.8
Other Services (excludes 814-Private Household Workers	4,900	6,500	32.7
Leisure and Hospitality	14,900	19,300	29.5
Transportation, Warehousing and Utilities	6,800	8,600	26.5
Professional and Business Services	12,800	15,800	23.4
Durable Goods Manufacturing	6,100	7,400	21.3
Wholesale Trade	5,800	7,000	20.7
Financial Activities	5,400	6,400	18.5
Educational Services (Private)	1,800	2,100	16.7
Retail Trade	20,800	24,000	15.4
Information	1,000	1,100	10

Source: EDD Labor Market Information Division, March 2015

Through a partnership with the Stanislaus County Board of Supervisors, the Stanislaus Economic Development and Workforce Alliance provides policy direction to the Alliance WorkNet (formerly the Stanislaus County Department of Employment and Training) The Alliance WorkNet (AWN) provides workforce development to the community through funding provided through the Workforce Investment Act. The AWN provides vocational training and workforce preparation to employers, job and information seekers, serving more than 15,000 job seekers and businesses annually at three locations. The AWN is partnered with the Alliance Economic Development agency and works to prepare local area residents for the workforce needs to new businesses locating within the County, and existing businesses interested in upgrading the skills of their workforce or expanding operations.

## D. LOCAL POPULATION AND ECONOMIC CHARACTERISTICS

### Population

The California Department of Finance has revised Modesto's total population downward to 200,941 as of January 1, 2008. The estimate for January 1, 2015, is 209,186. These estimates represent an average annual increase of approximately 0.55 percent between 2000 and 2015.<sup>12</sup> Modesto's 8.6 percent growth between 2000 and 2015 is about 60 percent of California's 14.3 percent growth for the same period.

According to the most recently adopted population projections in the Modesto Urban Area General Plan (updated in 2008), Modesto's population is expected to increase dramatically over the next 20 years. The rate of population growth in Modesto is also anticipated to be less than in some other Stanislaus County communities, as shown in Table 2-15. Between 1950 and 1990, Modesto's share of the County population increased from 14 percent to 45 percent.<sup>13</sup> As of 2010, Modesto's population was approximately 39 percent of the County total and is expected to decline to approximately 36 percent of the County total by 2030, if growth trends shown on Table 2-15 prove accurate. Overall, Modesto is projected to account for approximately 27 percent of countywide population growth between 2000 and 2030.

In general, Modesto became more ethnically diverse between 2000 and 2010 (see Table 2-16). The white population decreased as a share of the City population from 60 percent to 49 percent. The Hispanic population increased most, by more than 35 percent, while for California the increase was approximately 16 percent. The number of Asians and Pacific Islanders, however, increased approximately 12 percent in Modesto, but less than the state increase of 19 percent. African Americans, a small group in Modesto, declined as a share of the population, but less than the statewide decline in the African American population.

Cultural practices, which are often related to ethnic backgrounds, have implications for housing policy. It is important, as Modesto becomes more diverse, for the evolving set of housing programs and policies to be attuned to any special needs of different populations, and for the City to take necessary steps to involve residents of different backgrounds in the Housing Element planning process. The large Hispanic increase highlights a special need to ensure that housing services are accessible to Spanish-speaking individuals.

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<sup>12</sup> U.S. Census, 2000 and 2010. California Department of Finance, 2015.

<sup>13</sup> City of Modesto. *Analysis of Impediments to Fair Housing*. May 1996. Page 10.

**Table 2-15  
Population of Modesto and Some Nearby Cities, 1980-2030**

City	1980	1990	2000	2010	2020	2030	Percent Change 1990-2000	Percent Change 2000-2010	Percent Change 2010-2030
Modesto	106,963	164,730	188,856	201,165	223,966	248,272	15	6	19
Turlock	26,287	42,224	55,810	68,549	78,000	88,754	32	19	23
Ceres	13,281	26,413	34,609	45,417	51,679	58,804	31	24	23
Stockton	149,779	210,943	243,771	291,707	331,926	377,690	16	16	23
Merced	36,499	56,155	63,893	78,958	89,844	102,232	14	19	23
Lodi	35,221	51,874	56,999	62,134	70,701	80,449	10	8	23

Source: CA Dept of Finance Demographic Unit Table E-4; StanCOG 2014 RTP, Appendix J

**Table 2-16  
Race and Ethnicity in Modesto and California, 2000 and 2010**

Race/Ethnicity	Modesto				Percent Change 2000-2010	California Percent Change 2000-2010
	2000		2010			
	Number	Percent	Number	Percent		
White	112,466	60	99,347	49.4	-18	-13.8
African American	7,013	4	7,539	3.7	-7.5	-8.4
Native American	1,435	1	1,141	0.6	-40	-18.6
Asian or Pacific Islander	11,956	6	14,646	7.3	11.9	19.0
Hispanic	48,310	26	71,381	35.5	36.5	16.2
Other	7,676	4	7,111	3.5	-12.5	-9.2
Total	188,856	100	201,165	100	6.5	100

Source: U.S. Census, 2000, 2010.

Note: Other includes those that cite two or more races.

## **Concentration of Minority Population**

Census data is used to identify portions of the City where, due to large numbers of people with particular ethnic backgrounds, certain services may be necessary to ensure an adequate provision of housing. In areas where the City's minority population is concentrated, provision of housing information and services in different languages may be necessary, and housing discrimination issues may be particularly important.

In Modesto, areas southwest of Downtown and in general southwest of the Highway 99 corridor have higher concentrations of minority households (Figure 2-8). The area northwest of Paradise Road and southwest of Highway 99 has minority concentrations of more than 60 percent, and is an area with older housing stock, lower house values, lower rental costs, and lower median incomes. In the eastern part of the City, east of El Vista Avenue and near the southern City boundary is another area of relatively high minority concentration. Most of the northern and northeastern portions of the City have low minority concentrations – 30 percent or less.

## **Household Types**

A “household” is any group of people occupying a housing unit. There are many types of households, including conventional families, single persons living alone or with children, families living together, and unrelated persons who share living quarters. Persons living in retirement or convalescent homes, dormitories, or other group living situations are not considered households. Both household size and household type are important to consider when planning for housing since different types and sizes of households require different types of housing and potentially different community services.

Modesto had approximately 69,107 households in 2010 and 69,496 households in 2013. This represents increases of 0.5 percent from 2010 to 2013. Between 2010 and 2013, the proportion of conventional families declined, as did the proportion of households that included minor children. The proportion of non-family households and households that included a member age 65 or older also decreased. One-person households increased to just over one-quarter of all households (Table 2-17).

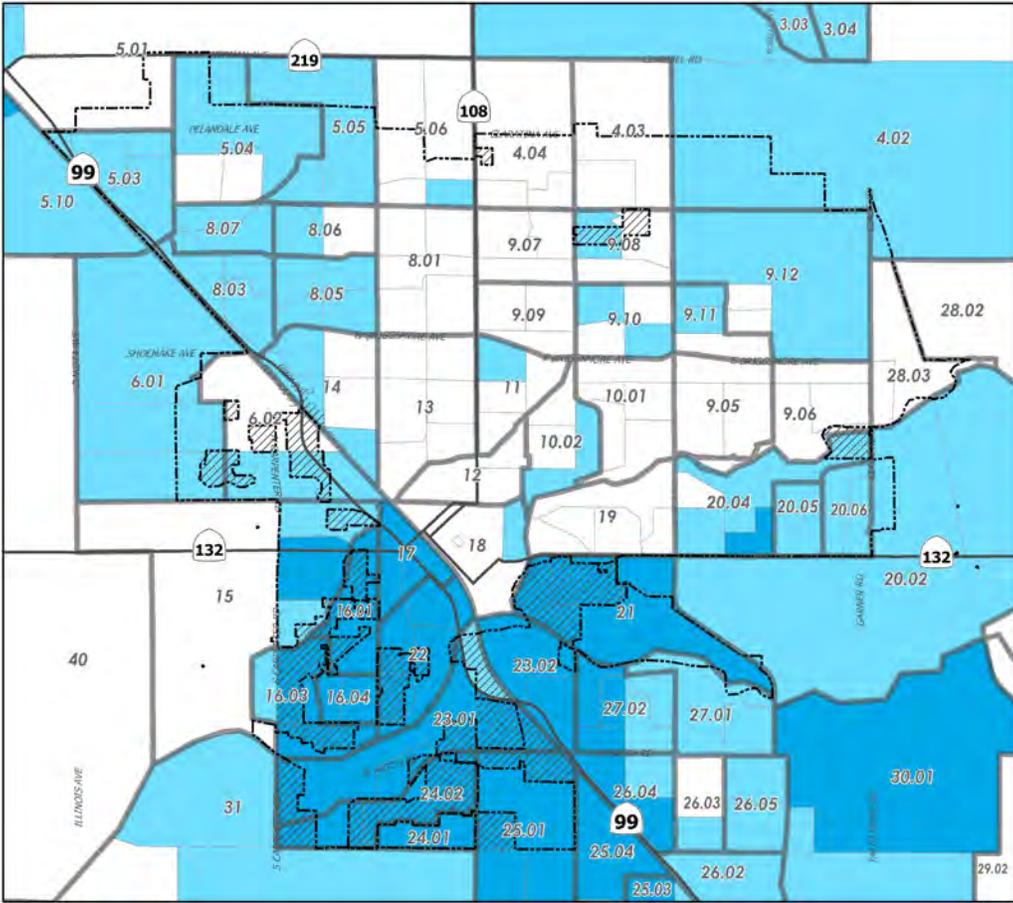
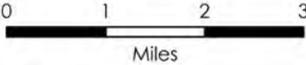


Figure 2-8

**Concentration of Minority Households**

**Ethnic and Racial Concentrations by Block Group**

- 0.0% - 35.4% Concentration
- 35.5% - 60.6% Moderate Concentration
- 60.7% - 100.0% High Concentration
- 2010 Census Tracts
- City Boundary
- County Islands



City of Modesto Ethnic and Racial Average is 39.5%.  
 Ethnic and Racial Composition Includes Hispanic, African American, Asian, Pacific Islander, American Indian, and Two or More Races.  
 Source: US Census 2010 Summary File 1, Table H7

**Table 2-17  
Household Types**

Household Type	Modesto						California	
	2010		2013		Change 2010 - 2013		Change 2010 - 2013	
	Number	%	Number	%	Number	%	Number	%
<b>Family households (families)</b>	48,908	70.8	47,364	68.2	-1,544	-2.6	3,497	-0.4
With own children under 18 years	23,668	34.2	21,783	31.3	-1,885	-2.9	-165,949	-1.5
Married-couple family	33,230	48.1	30,561	44.0	-2,669	-4.1	-52,996	-0.7
With own children under 18 years	15,177	22.0	11,607	16.7	-3,570	-5.3	-188,869	-1.6
Female householder, no husband present	10,774	15.6	11,814	17.0	1,040	1.4	50,478	0.4
With own children under 18 years	5,908	8.5	6,884	9.9	976	1.4	34,685	0.2
<b>Nonfamily households</b>	20,199	29.2	22,132	31.8	1,933	2.6	69,597	0.4
Householder living alone	15,887	23.0	17,907	25.8	2,020	2.8	140,657	1.0
Householder 65 years and over	6,221	9.0	5,786	8.3	-435	-4.1	86,955	0.7
Households with individuals under 18 years	27,152	39.3	24,460	35.2	-2,692	-4.1	-207,714	-1.9
Households with individuals 65 years and over	17,139	24.8	18,303	26.3	1,164	1.5	217,777	1.6
Male householder, no wife present	4,904	7.1	4,989	7.2	85	0.1	6,015	0
With own children under 18 years	2,583	3.7	3,292	4.7	709	-1.0	-11,765	-0.1

Source: U.S. Census 2010 (Table DP-1) and 2013 American Communities Survey 1-Year Estimates (Table DP02). Data from the American Communities Survey has a higher error rate than decennial census data because a sample is used, rather than a complete census.

The trends and patterns that occurred in the 2000s resulted in an increase in average household size in Modesto. In 2015, the California Department of Finance estimated that Modesto has 2.95 persons per household, although the 2013 American Communities Survey estimated 2.89 persons per household in owner-occupied units and 2.92 persons per household in renter-occupied units (Table 2-18).

**Table 2-18  
Modesto Population and Housing Estimates**

Year	Total	Total Housing Units	Vacancy Rate	Average Household Size	
2013 <sup>1</sup>	204,925	74,585	6.8%	2.89 owner	2.92 renter
2015 <sup>2</sup>	209,186	75,712	7.5%	2.95	

<sup>1</sup> American Communities Survey 2013. 1-Year Estimates, Tables CP04 and B01003.

<sup>2</sup> State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties and the State, 2011-2015, with 2010 Benchmark. Sacramento, California, May 2015.

**Tenure**

Ownership rates in Modesto and Stanislaus County were slightly higher than California as a whole, especially for residents in the 25- to 34-year-old range (Table 2-19).<sup>14</sup> This is due in large part to the relative stability of the local housing market.

**Table 2-19  
Tenure by Age, 2013**

Age of Householder	Modesto		California Rate of Tenure by Householder Age (%)	Stanislaus County Rate of Tenure by Householder Age (%)
	Number	Rate of Tenure by Householder Age (%)		
<b>Total:</b>	<b>69,496</b>	<b>100</b>	<b>100</b>	<b>100</b>
Owner-occupied:	36,802	53	54	57
Householder 15 to 24 years	204	1	1	1
Householder 25 to 34 years	3,776	10	8	10
Householder 35 to 44 years	4,202	11	16	16
Householder 45 to 54 years	8,517	23	23	23
Householder 55 to 59 years	5,471	15	12	13
Householder 60 to 64 years	4,184	11	11	10
Householder 65 to 74 years	6,429	17	16	16
Householder 75 to 84 years	2,930	8	9	8
Householder 85 years and over	1,089	3	4	3
Renter-occupied:	32,694	47	46	43
Householder 15 to 24 years	2,596	8	7	7
Householder 25 to 34 years	7,980	24	25	25
Householder 35 to 44 years	6,915	21	24	24
Householder 45 to 54 years	6,346	19	18	19
Householder 55 to 59 years	2,359	7	7	7
Householder 60 to 64 years	1,552	5	6	5
Householder 65 to 74 years	2,557	8	7	7
Householder 75 to 84 years	1,629	5	4	4
Householder 85 years and over	760	2	2	2

Source: U.S. Census 2013 American Community Survey 1-Year Estimates (Table B-25007).

One way to estimate demand for different types of housing relative to the supply is to look at price and affordability. Tables 2-20 and 2-21 show housing costs as a percentage of income for Modesto, Stanislaus County, and California as a whole. Table 2-22 shows household overpayment for housing by tenure and income group. Overall, a similar proportion of the households in Modesto pay more than 30 percent of their income on housing as in Stanislaus County. However, Modesto has a higher percentage of renter-households spending more than 35 percent of their household income for housing, while the share of owner-households spending more than 35 percent of their income for housing is lower than for California as a whole. This suggests that, as of 2013, affordable rental housing was more difficult to find than for-sale housing in the City.

<sup>14</sup> Department of Housing and Community Development, *Statewide Housing Plan*, 1997.

**Table 2-20**  
**2013 Housing Cost as Percentage of Household Income**  
**Owner-Occupied Units**

Income Spent on Housing	Percent Income		
	Modesto	Stanislaus County	California
<b>Owner-occupied units</b>			
Less than \$20,000	11	10	8
Less than 20 percent	9	12	11
20 to 29 percent	13	10	10
30 percent or more	79	78	79
\$20,000 to \$34,999	11	12	10
Less than 20 percent	21	23	26
20 to 29 percent	12	18	15
30 percent or more	67	59	59
\$35,000 to \$49,999	16	14	10
Less than 20 percent	34	29	32
20 to 29 percent	16	21	15
30 percent or more	50	50	53
\$50,000 to \$74,999	17	19	17
Less than 20 percent	50	41	34
20 to 29 percent	32	35	22
30 percent or more	18	24	44
\$75,000 or more	44	43	54
Less than 20 percent	71	70	54
20 to 29 percent	21	23	28
30 percent or more	7	7	17
Zero or negative income	>1	0	1

Source: U.S. Census, 2013 American Community Survey 1-Year Estimates (Table B25106).

**Table 2-21**  
**2013 Housing Cost as Percentage of Household Income**  
**Renter-Occupied Units**

<b>Household Income Spent on Housing</b>	<b>Modesto (%)</b>	<b>Stanislaus County (%)</b>	<b>California (%)</b>
<b>Renter-occupied units</b>			
Less than \$20,000	33	30	22
Less than 20 percent	1	1	2
20 to 29 percent	4	2	6
30 percent or more	95	97	92
\$20,000 to \$34,999	20	21	18
Less than 20 percent	3	4	3
20 to 29 percent	9	10	9
30 percent or more	88	85	88
\$35,000 to \$49,999	14	14	14
Less than 20 percent	5	9	7
20 to 29 percent	36	29	28
30 percent or more	59	62	66
\$50,000 to \$74,999	17	17	16
Less than 20 percent	19	27	18
20 to 29 percent	70	63	44
30 percent or more	11	10	38
\$75,000 or more	14	12	24
Less than 20 percent	82	80	57
20 to 29 percent	18	20	33
30 percent or more	0	0	10
Zero or negative income	1	1	2
No cash rent	2	5	3

Source: U.S. Census, 2013 American Community Survey 1-Year Estimates (Table B25106).

**Table 2-22**

Comprehensive Housing Affordability Strategy ("CHAS") data				
Summary Level: City		Created on: April 20, 2015		
Data for: Modesto city, California		Year Selected: 2007-2011 ACS		
<b>Income Distribution Overview</b>	<b>Owner</b>	<b>Renter</b>	<b>Total</b>	
Household Income less-than or= 30% HAMFI	1,645	5,105	6,750	
Household Income >30% to less-than or= 50% HAMFI	2,360	5,495	7,855	
Household Income >50% to less-than or= 80% HAMFI	4,830	5,755	10,585	
Household Income >80% to less-than or=100% HAMFI	3,355	3,215	6,570	
Household Income >100% HAMFI	26,850	9,370	36,220	
<b>Total</b>	<b>39,040</b>	<b>28,940</b>	<b>67,980</b>	
<b>Housing Problems Overview 1</b>	<b>Owner</b>	<b>Renter</b>	<b>Total</b>	
Household has 1 of 4 Housing Problems	16,330	17,915	34,245	
Household has none of 4 Housing Problems	22,525	10,590	33,115	
Cost Burden not available	185	430	615	
<b>Total</b>	<b>39,040</b>	<b>28,940</b>	<b>67,980</b>	
<b>Severe Housing Problems Overview 2</b>	<b>Owner</b>	<b>Renter</b>	<b>Total</b>	
Household has 1 of 4 Severe Housing Problems	7,635	11,325	18,960	
Household has none of 4 Severe Housing Problems	31,220	17,185	48,405	
Cost Burden not available	185	430	615	
<b>Total</b>	<b>39,040</b>	<b>28,940</b>	<b>67,980</b>	
<b>Housing Cost Burden Overview 3</b>	<b>Owner</b>	<b>Renter</b>	<b>Total</b>	
Cost Burden less-than or= 30%	23,250	12,220	35,470	
Cost Burden >30% to less-than or= 50%	9,130	7,530	16,660	
Cost Burden >50%	6,475	8,720	15,195	
Cost Burden not available	185	460	645	
<b>Total</b>	<b>39,040</b>	<b>28,940</b>	<b>67,980</b>	
<b>Income by Housing Problems (Owners and Renters)</b>	<b>Household has 1 of 4 Housing Problems</b>	<b>Household has none of 4 Housing Problems</b>	<b>Cost Burden not available</b>	<b>Total</b>
Household Income less-than or= 30% HAMFI	5,850	285	615	6,750
Household Income >30% to less-than or= 50% HAMFI	6,600	1,260	0	7,855
Household Income >50% to less-than or= 80% HAMFI	8,025	2,555	0	10,585
Household Income >80% to less-than or= 100% HAMFI	4,155	2,415	0	6,570
Household Income >100% HAMFI	9,615	26,600	0	36,220
<b>Total</b>	<b>34,245</b>	<b>33,115</b>	<b>615</b>	<b>67,980</b>
<b>Income by Housing Problems (Renters only)</b>	<b>Household has 1 of 4 Housing Problems</b>	<b>Household has none of 4 Housing Problems</b>	<b>Cost Burden not available</b>	<b>Total</b>
Household Income less-than or= 30% HAMFI	4,460	215	430	5,105
Household Income >30% to less-than or= 50% HAMFI	4,920	580	0	5,495
Household Income >50% to less-than or= 80% HAMFI	4,940	810	0	5,755
Household Income >80% to less-than or= 100% HAMFI	2,085	1,130	0	3,215
Household Income >100% HAMFI	1,510	7,855	0	9,370
<b>Total</b>	<b>17,915</b>	<b>10,590</b>	<b>430</b>	<b>28,940</b>
<b>Income by Housing Problems (Owners only)</b>	<b>Household has 1 of 4 Housing Problems</b>	<b>Household has none of 4 Housing Problems</b>	<b>Cost Burden not available</b>	<b>Total</b>
Household Income less-than or= 30% HAMFI	1,390	70	185	1,645
Household Income >30% to less-than or= 50% HAMFI	1,680	680	0	2,360
Household Income >50% to less-than or= 80% HAMFI	3,085	1,745	0	4,830
Household Income >80% to less-than or= 100% HAMFI	2,070	1,285	0	3,355
Household Income >100% HAMFI	8,105	18,745	0	26,850
<b>Total</b>	<b>16,330</b>	<b>22,525</b>	<b>185</b>	<b>39,040</b>
<b>Income by Cost Burden (Owners and Renters)</b>	<b>Cost burden &gt; 30%</b>	<b>Cost burden &gt; 50%</b>	<b>Total</b>	
Household Income less-than or= 30% HAMFI	5,790	5,140	6,755	
Household Income >30% to less-than or= 50% HAMFI	6,450	4,410	7,855	

Household Income >50% to less-than or= 80% HAMFI	7,665	3,070	10,580
Household Income >80% to less-than or= 100% HAMFI	3,680	1,195	6,570
Household Income >100% HAMFI	8,280	1,385	36,220
Total	31,865	15,200	67,980
<b>Income by Cost Burden (Renters only)</b>	<b>Cost burden &gt; 30%</b>	<b>Cost burden &gt; 50%</b>	<b>Total</b>
Household Income less-than or= 30% HAMFI	4,400	4,020	5,105
Household Income >30% to less-than or= 50% HAMFI	4,790	3,250	5,495
Household Income >50% to less-than or= 80% HAMFI	4,620	1,235	5,755
Household Income >80% to less-than or= 100% HAMFI	1,660	155	3,215
Household Income >100% HAMFI	780	60	9,370
Total	16,250	8,720	28,940
<b>Income by Cost Burden (Owners only)</b>	<b>Cost burden &gt; 30%</b>	<b>Cost burden &gt; 50%</b>	<b>Total</b>
Household Income less-than or= 30% HAMFI	1,390	1,120	1,645
Household Income >30% to less-than or= 50% HAMFI	1,660	1,155	2,360
Household Income >50% to less-than or= 80% HAMFI	3,040	1,835	4,830
Household Income >80% to less-than or= 100% HAMFI	2,020	1,040	3,355
Household Income >100% HAMFI	7,495	1,325	26,850
Total	15,605	6,475	39,040

1. The four housing problems are: incomplete kitchen facilities, incomplete plumbing facilities, more than 1 person per room, and cost burden greater than 30%.
2. The four severe housing problems are: incomplete kitchen facilities, incomplete plumbing facilities, more than 1 person per room, and cost burden greater than 50%.
3. Cost burden is the ratio of housing costs to household income. For renters, housing cost is gross rent (contract rent plus utilities). For owners, housing cost is "select monthly owner costs", which includes mortgage payment, utilities, association fees, insurance, and real estate taxes.

## Household Incomes

Among the many factors influencing housing opportunity, household income is one of the most important. With limited household income, trade-offs among basic life needs can constrain housing choice and opportunity. Income levels are highly variable among households and affect choices such as tenure, housing type, and location.

Income levels in Modesto tend to be slightly higher than those in the region as a whole and lower than those statewide, while Modesto’s poverty levels tend to be higher than those statewide and slightly lower than those in the region (Table 2-23). The region’s higher proportion of lower-income households and households living in poverty may be an indicator of the high level of agricultural employment in the region.

**Table 2-23  
Income in Modesto, Region, and State, 2013**

Geographic Area	Median Household Income	Median Family Income	Per Capita Income	Percent below Poverty Level (Families)	Percent below Poverty Level (Individuals)
Modesto	\$46,329	\$55,789	\$22,822	17	20.8
County	\$47,962	\$55,336	\$22,556	16.4	20.3
California	\$60,190	\$68,222	\$29,513	12	15.9

Sources: US Census 2013 American Community Survey 1-Year Estimate (Table B19013, B19113, B19301 and DP03)

As shown in Table 2-24, owner-households are better represented in the higher income categories than are renter-households. Elderly renter-households and large family renters are particularly concentrated in the extremely low and low-income categories (less than 50 percent of Area Median Income). Without adequate rental housing choice and affordability, lower-income households may experience overcrowding or have to assume a housing cost burden, among other problems.

**Table 2-24  
Income Level by Tenure, 2000**

Household Type	Income Level (as Percent of Area Median Income)				
	0-30	31-50	51-80	80+	Total
<b>Renter</b>					
Total Households	19	17	23	41	100
Elderly	26	25	27	22	100
Small Family	16	15	24	45	100
Large Family	18	23	23	36	100
Other	19	13	19	49	100
<b>Owner</b>					
Total Households	4	7	13	76	100
Elderly	7	14	21	58	100
Small Family	3	4	7	86	100
Large Family	3	6	18	73	100
Other	8	5	12	75	100
<b>Total</b>	10	11	17	62	100

Source: HUD CHAS, 2000.

## Low-Income Target Areas

The previous information deals with income at the household level for the City as a whole. Planning for the City's housing needs also requires some understanding of the variability of household incomes, housing stock, and other information at the neighborhood level. In some cities, neighborhoods with higher concentrations of lower income households experience deferred maintenance and instability, which can create problems related to adequate housing.

Lower-income households are more common near Modesto's downtown and along the Highway 99 corridor, as well as the airport area and along the Tuolumne River. Figure 2-9 shows low-income areas of the City by Census block group, as determined by HUD.<sup>15</sup> These are many of the same areas of the City that have relatively older housing stock and lower median gross rental rates.

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<sup>15</sup> Low-Income Target Areas include block groups with more than 51 percent of the population earning no more than 80 percent of the County Median Family Income.

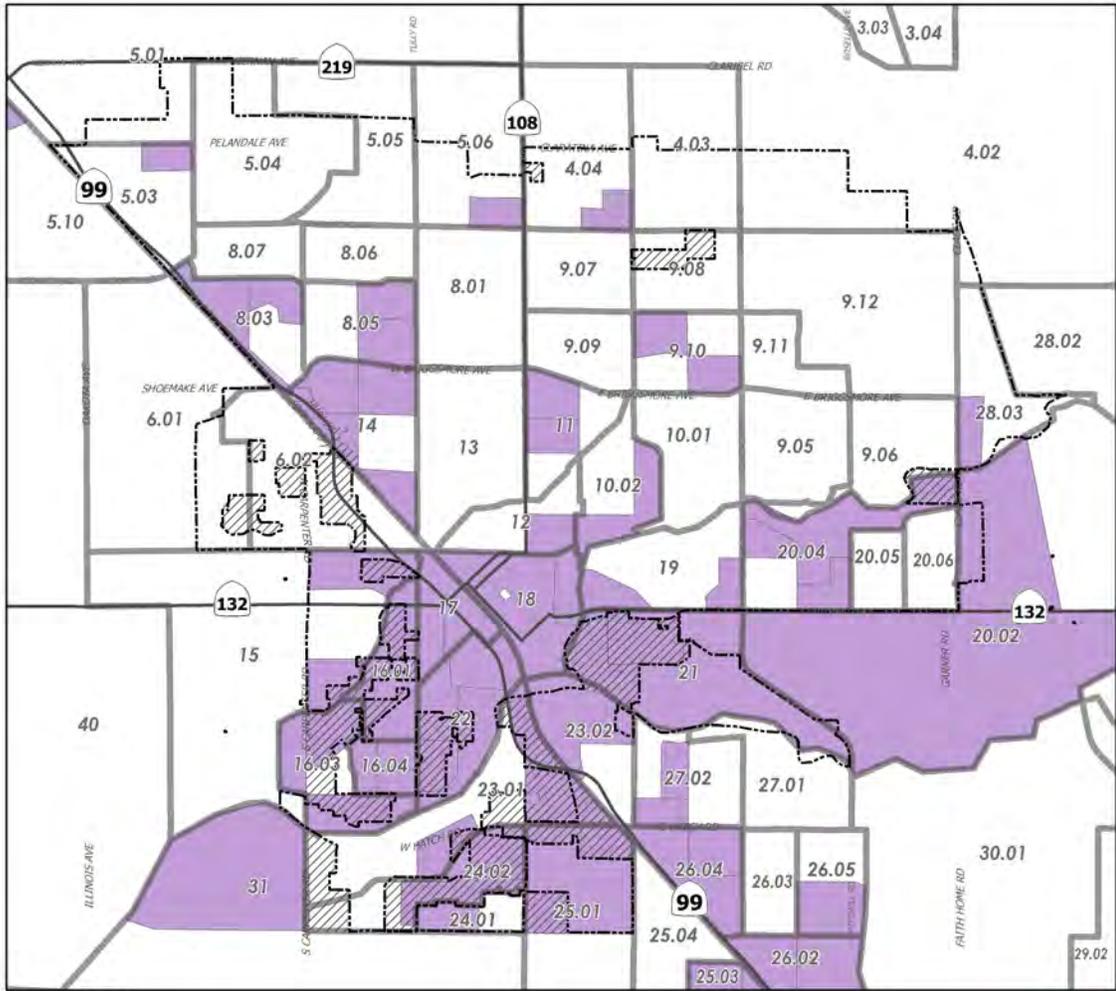
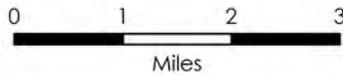


Figure 2-9

**Low Income Target Areas**

Low-Income Target Groups defined by census block groups with 51% or more low and moderate income population



- 2010 Census Tracts
- City Boundary
- County Islands



Stanislaus County Median Income: \$53,300  
 Modesto City Median Income: \$47,060  
 Sources: US Dept of Housing and Urban Development FY 2015 LMSID;  
 2010 Census; 2013 American Community Survey; City of Modesto

## Employment

The types of jobs held by Modesto residents, as mentioned earlier, mirror those of the region and California as a whole. Between 2010 and 2013 sales and office and production, transportation, and material moving occupations increased for Modesto residents. The proportion of Modesto residents employed in farming, forestry, and fishery occupations decreased significantly (Table 2-25). Major employers in Modesto include those associated with agriculture, health care, government, and food processing (Table 2-26). Except for government, these industries typically offer a large proportion of lower-paying jobs.

**Table 2-25  
Occupations of Modesto Residents, 2010 and 2013**

Occupation	2010		2013		% Change 2010–2013
	Number	Percent	Number	Percent	
Management, business, science and arts	23,090	30	23,487	28	2
Sales and Office Occupations	20,550	27	24,476	30	16
Service Occupations	13,431	18	15,011	18	11
Production, Transportation and Material Moving	10,213	13	10,601	13	4
Construction, Extractions, Maintenance and Repair	7,557	10	7,817	10	3
Farming, Forestry, and Fishery	1,641	2	1,107	1	-48
<b>Total Employed Residents</b>	<b>76,482</b>	<b>100</b>	<b>82,499</b>	<b>100</b>	<b>7</b>

Source: US Census 2010 and 2013 American Community Survey 1-Year Estimates (Civilian employed 16 years and over)

**Table 2-26  
Major Employers in Modesto**

Company/Organization	Industry	Employees
Stanislaus County	Government	3,747
E&J Gallo Winery	Wine	3,300
Modesto City Schools	Educational	3,189
Memorial Medical Center	Healthcare	2,600
Seneca	Vegetable Processing	2,275
Doctors Medical Center	Healthcare	2,100
Stanislaus Food Products	Vegetable Processing	1,850
Save Mart	Retail Grocer	1,661
Modesto Junior College	Educational Institution	1,548
Wal-Mart (3 locations)	Retailer	1,417
City of Modesto	City Government	1,234
Sutter Gould Medical Foundation	Healthcare	1,089
MedAmerica	Medical Billing Coding	900
Sylvan School District	Education District	857

<http://www.modestogov.com/ed/workforce/employers.asp>

While some Modesto residents work in higher-paying occupations, many others work in the service sector, providing essential services to residents and businesses in the community. These residents may not be able to afford adequate housing in the City. Table 2-27 shows the average pay or selected jobs in Modesto. Many of these are low-paying jobs that fall within the lower-income categories. The City expects to add an estimated 108,000 jobs between 2008 and 2020, many of which are expected to be low-wage, particularly service sector jobs.

**Table 2-27  
Modesto Annual Salaries, Selected Occupations, 2014**

Occupation	Employed Persons	Mean Annual Wages	% of County Median Household Income*
Management	n/a	\$89,120	167
Business and Financial Operations	4,840	\$59,340	111
Computer and Mathematical Science	1,940	\$75,450	142
Architecture and Engineering Occupations	920	\$69,530	130
Life, Physical and Social Science	1,010	\$51,210	96
Community and Social Services	3,060	\$45,290	85
Legal	1,590	\$56,110	105
Education, Training and Library	12,110	\$46,950	88
Arts, Design, Entertainment, Sports and Media	1,160	\$40,130	75
Healthcare Practitioner and Technical	8,740	\$87,430	164
Healthcare Support	5,080	\$30,150	57
Protective Service	2,160	\$42,130	79
Food Preparation and Serving Related	14,950	\$19,310	36
Building and Grounds Cleaning & Maintenance	5,030	\$27,250	51
Personal Care and Service	4,400	\$20,710	39
Sales and Related Occupations	19,200	\$24,020	45
Office and Administrative Support	23,200	\$32,570	61
Farming, Fishing and Forestry	6,350	\$18,810	35
Construction and Extraction	5,580	\$41,750	78
Installation, Maintenance and Repair	5,770	\$41,140	77
Production	13,060	\$30,080	56
Transportation & Material Moving	13,260	\$32,570	61
<b>All Occupations</b>	<b>161,060</b>	<b>\$33,220</b>	<b>62</b>

\*Note: County median household income in 2013 was \$53,300  
 \*Source: U.S. Census 2013 American Community Survey  
 Source: U.S. Bureau of Labor Statistics 2014

Unemployment rates in November 2008 were much higher in Stanislaus County (12.4 percent) and the Modesto metropolitan area (10.6 percent) than in 2014, when the rates were both 11.4 percent. According to the seasonally unadjusted figures from the California Employment Development Department, in September 2015 the unemployment rate in Modesto (7.4 percent) was lower than Stanislaus County (7.6 percent), but higher than that of California (5.5 percent).<sup>16</sup>

**Jobs-to-Housing Ratio**

Modesto’s jobs-to-households ratio is a concern. “Demographics Now” identifies total employment at 84,000 jobs. Comparing to about 75,712 dwelling units (Department of Finance), the ratio of jobs to housing units is 1.11, as shown on Table 2-28. The jobs-housing issues confronting the City seem to relate more to the spatial mismatch between the jobs located in Modesto and the people working those jobs, as evidenced by the large number of commuters crossing the Altamont Pass daily. Of equal concern is the mismatch between the types of jobs offered and associated pay scales, and the costs of housing in the City.

**Table 2-28  
Housing and Employment, Modesto and Stanislaus County, 2015**

<b>Geographic Area</b>	<b>Total Housing Units</b>	<b>Total Employment</b>	<b>Jobs Per Housing Unit</b>
<b>Northern San Joaquin Counties</b>			
City of Modesto	75,712	84,000	1.11
Stanislaus County	180,418	213,700	1.18
San Joaquin County	237,905	277,100	1.16
Merced County	84,407	99,900	1.18
<b>Total</b>	<b>578,442</b>	<b>674,700</b>	<b>1.17</b>
<b>Bay Area Counties</b>			
Alameda County	591,235	769,500	1.30
Contra Costa County	407,661	514,500	1.26
Marin County	111,806	135,400	1.21
Napa County	55,259	68,400	1.24
San Francisco County	384,657	517,100	1.34
San Mateo County	274,612	419,000	1.53
Santa Clara County	652,007	965,300	1.48
Solano County	155,440	190,000	1.22
Sonoma County	206,902	243,700	1.18
<b>Total</b>	<b>2,839,579</b>	<b>3,822,900</b>	<b>1.35</b>

Sources: CA Dept. of Finance 2015 Population Estimates (Report E-5); CA EDD Jan. 2015 Labor Force Data; Demographics Now.

<sup>16</sup> United States Bureau of Labor Statistics web site, www.bls.gov. and California Employment Development Department web site, www.edd.ca.gov.

On one hand, the City is facing the difficult issue of addressing the need for housing affordable to residents at lower pay scales; on the other hand, the City must diversify its employment base to offer well-paid jobs to residents and to reduce the need for commuting to the Bay Area for work. Census Bureau data, shown on Table 2-29, suggests a better ratio and represents areas outside of Modesto, but very near the city, such as the Beard District.

**Table 2-29  
Housing and Employment, Modesto 1990-2015**

<b>Year</b>	<b>Housing Units</b>	<b>Jobs</b>	<b>Jobs to Housing Ratio</b>	<b>Employed Residents</b>
1990	60,878	65,325	1.07	69,663
2000	67,179	75,645	1.12	76,567
2010	72,883	94,556	1.30	83,431
2015	75,712	100,000	1.32	84,000
Percent Change	19.7	44.7	21	19.7

Sources: U.S. Census, StanCOG, 2002, CA Dept. of Finance Population Estimate (2015 Report E-5), CA EDD Jan. 2015 Labor Force Data, US Bureau of Labor Statistics, Jan. 2015; City of Modesto GPA MEIR

**Local Economic Development Trends and Initiatives**

As discussed above, the jobs-to-housing ratio in Modesto has declined in recent years. Since the recession, fewer Modesto residents travel long distances to work. Nevertheless, traffic congestion and poor air quality are ongoing problems in the region.

In the City, though plenty of land may be zoned to allow economic development, the cost of providing infrastructure to this land, especially transportation infrastructure, is seen as a constraint to development.<sup>17</sup> Adaptive reuse of redevelopment areas and existing buildings is a potential mechanism for economic development with less-burdening infrastructure costs.

Modesto’s Community and Economic Development Department has several programs intended to encourage economic activity that will benefit current and future residents:

- Business attraction, retention, and expansion programs
- Economic incentive programs for new and existing businesses
- A Community Benefit District for downtown revitalization
- Partnership with community and public organizations in workforce development programs, including Stanislaus Business Alliance and Modesto Junior College
- Downtown Form-Based Code that allows mixed-use development
- Grow Modesto Fund
- Economic Development Revenue Bonds
- Downtown Partnership
- Efforts to establish a passenger rail station downtown to serve the Altamont Commuter Express

<sup>17</sup> Linda Boston, City of Modesto Business Development Manager, personal correspondence, December 13, 2002; and, Bill Bassitt, CEO of Stanislaus Economic Development and Workforce Alliance, personal correspondence, December 12, 2002; King, James R., page i-ii.

## Special Needs Groups

Certain groups have greater difficulty in finding acceptable, affordable housing due to special circumstances relating to employment and income, household characteristics, and disabilities. Special needs groups, for the purposes of this analysis include:

- Seniors
- Persons with disabilities
- Large households
- Single-parent households (female-headed households with children, in particular)
- Homeless persons
- Agricultural workers

Each special needs group has particular housing needs. Table 2-30 identifies the special needs populations. While single mothers with children continue to outnumber single fathers with children, single-father households experienced the largest increase of the special needs populations between 1990 and 2010, at 312 percent. Single mothers with children increased in the City by 65 percent between 1990 and 2010, representing 59 percent of the single-parent households with children in 2010.

**Table 2-30**  
**Special Needs Groups, 1990 – 2010**

Group	1990		2000		2010		% Change, 1990- 2010
	Persons	Households	Persons	Households	Persons	Households	
Seniors (65+)	17,268	--	20,962	--	23,508	--	36
Senior Households	--	12,067	--	12,773	--	6,221 <sup>2</sup>	n/a
Single Parents with Children	--	5,485	--	8,122	--	11,979	118
Mothers w/ Child	--	4,295	--	5,998	--	7,075	65
Fathers w/Child	--	1,190	--	2,124	--	4,904	312
Large Households <sup>1</sup>	--	7,749	--	10,054	--	11,114	43
Farmworkers	1,362	--	1,351	--	n/a	--	n/a

Sources: U.S. Census 1990, 2000, 2010.

<sup>1</sup> Five or more household members

<sup>2</sup> Only includes one-person senior households.

**Persons with Disabilities**

Physical, mental, and/or developmental disabilities may prevent a person from working, restrict one’s mobility, or otherwise make caring for oneself difficult. Individuals with physical and mental disabilities often have special needs related to housing that go unmet by the private housing market. Special issues relate to inability to earn a sufficient income for market rate housing, the lack of accessible and affordable housing, and the need for supportive services.

The 2010 Census documented the following disabilities: sensory, physical, mental, self-care, and employment. According to American Fact Finder, more than 38,000 residents in Modesto had one or more disabilities, representing approximately 18 percent of the total population (Table 2-31). Approximately 27 percent of the adults between 18 and 64 are employed.

**Table 2-31  
Disability and Employment Status of Modesto Residents Aged 5+**

<b>Disability Status</b>	<b>Total</b>
Age 5 to 17	38,638
With a Disability	2,670
No Disability	35,968
Age 18 to 64	123,967
With a Disability	15,698
In labor force	27%
Employed	27%
Not Employed	73%
No Disability	107,999
Age 65+	22,849
With a Disability	10,609
No Disability	12,240

American Fact Finder, Table S1811 2009-2013,  
Table B18020 2005-2007

Among the Modesto children with disabilities, by far the greatest number are inflicted with cognitive disabilities (Table 2-32). Among the disabled persons age 16 to 64, the most significant increases were in ambulatory, self-care, and independent living disabilities. Seniors age 65 or above are more impacted by ambulatory, independent living, and sensory disabilities. To accommodate the housing needs for persons with disabilities, housing designs must be particularly sensitive to the constraints caused by physical and sensory disabilities. Modesto has a number of State-licensed community care facilities to meet the needs of persons with special needs, including those related to physical and mental disabilities, as summarized in Table 2-33.

**Table 2-32  
Disability Type by Age**

Disability Type	Estimate	% of Total
Age 5 to 17 with Disabilities	<b>2,670</b>	---
Hearing or Vision Disability	566	21
Ambulatory Disability	347	13
Cognitive Disability	2,072	77
Self-Care Disability	417	15
Age 18 to 64 with Disabilities	<b>15,698</b>	---
Hearing or Vision Disability	6,121	39
Ambulatory Disability	8,528	54
Cognitive Disability	6,392	40
Self-Care Disability	3,046	19
Independent Living Disability	6,295	40
Age 65+ with Disabilities	<b>9,250</b>	---
Hearing or Vision Disability	6,306	68
Ambulatory Disability	7,211	78
Cognitive Disability	2,783	30
Self-Care Disability	2,835	30
Independent Living Disability	4,769	51

American Fact Finder, 2009-2013, Table S1810  
 Note: A person may report multiple disabilities.

**Table 2-33  
Licensed Community Care Facilities in Modesto**

Facility Type	Facilities	Capacity
Small Family House	1	6
Adult Residential and Day Care	38	346
Elderly Assisted Living	49	1,200
Child Care, Infants	13	208
<b>Total</b>	<b>101</b>	<b>1,760</b>

Source: State of California Department of Social Services, Community Care Licensing Division, September 1, 2015.

### Senior Households

Senior persons often have special housing needs for three key reasons: income, health care costs, and physical disabilities. Some of the most important issues for seniors are presented in Table 2-34. Among the senior population in Modesto, 27 percent of all seniors live alone (Table 2-35). This proportion is somewhat higher than in California as a whole.

**Table 2-34  
Housing Issues of Special Importance to Seniors**

Senior Issues	Description	Incidence in Modesto
Fixed/Limited Income	Many seniors have a limited, and/or fixed income from which they pay for health care, housing, and other expenses.	Approximately 33 percent of senior households in Modesto have low or very low incomes.
Disabilities	Seniors have physical disabilities at a higher rate than does the general population. Senior owners, particularly elderly women, may require assistance in performing regular house maintenance or repair activities due to physical limitations or disabilities.	Out of the senior population in the City, 37 percent have a disability.
Cost Burden	Limited income and a lack of affordable housing leads to a cost burden (more than 30 percent of one’s income spent on housing).	61 percent of renter senior households in the City experience a housing cost burden.

**Table 2-35  
Senior Population**

Category	Modesto		California % of Senior Persons
	Persons	% of Senior Persons	
Total	23,910	100	--
In households:	22,624	95	97
In family households	15,411	64	69
Householder	7,664	32	32
In nonfamily households	7,213	30	28
Living alone	6,380	27	24
In group quarters	1,286	5	3

Source: U.S. Census, American Communities Survey, 5-Year Estimate, 2009-2013.

The special needs of seniors can be met through:

- Congregate care
- Other senior housing with supportive services
- Transportation services
- Architecture to accommodate disabilities
- Rent subsidies
- Shared housing programs
- Housing rehabilitation assistance

Social and supportive services are available from the City's Parks, Recreation and Neighborhoods Department, as well as the Stanislaus County Department of Social Services. The City's Senior Citizens Center offers recreational and social activities, driving courses, tax consulting, health exams, immunizations, lunch program, and a resource and referral service. Several retirement communities throughout Modesto offer assisted living in for-rent and for-purchase units. The Salvation Army's Senior Information and Referral Program helps seniors with issues related to financial planning, health, and housing assistance. The Stanislaus County Area Agency on Aging, which provides information and referral services, as well as advocating for senior needs locally, is located in Modesto.

### **Single-Parent Families**

Single-parent households, particularly female-headed households often face difficulty in finding adequate and affordable housing, due to their single incomes. Female-headed households also tend to earn lower incomes. Compared to two-parent households, single parents also must dedicate a larger portion of their limited incomes to child care, food, and health care expenses.

According to the 2010 Census, Modesto was home to approximately 11,979 single parents with children under the age of 18 (see Table 2-29). Of these, 7,075 (59 percent) were female-headed families and 4,904 (41 percent) were male-headed families. Provision of affordable family housing near transit centers, child care, and other supportive services help address the housing needs of this group.

### **Large Families**

Large households, defined as those with five or more persons, have a need for larger dwelling units, which are often in limited supply and more expensive. To save money for other basic necessities, many lower-income large households live in overcrowded apartments or houses.

According to the 2010 Census, which has the most recent data, 11,114 large households existed in Modesto at that time, representing approximately 16 percent of all households in the City. Among the large households, 5,878 (53 percent) were owner-occupied households and 5,236 (47 percent) were renter-occupied households. Generally, these households require dwelling units with three or more bedrooms for adequate housing. Approximately 86 percent of owner-occupied units have three or more bedrooms, while 37 percent of renter-occupied units have three or more bedrooms. However, 46 percent of Modesto's occupied units are available for rent, including 11,715 rental units with three or more bedrooms, approximately the number of large families in Modesto.

To address overcrowding, communities can provide incentives for developers to build larger apartments with three or more bedrooms that can accommodate larger households. Often, the shortage of large rental units can also be alleviated through the provision of affordable ownership housing, such as condominiums coupled with ownership assistance. However, almost 58 percent of dwelling units built between 2009 and 2014 were in multi-family housing (see Figure 2-3).

The threat of litigation over construction defects has been a major constraint to multi-family condominium housing construction. Recent legislative changes allow developers to negotiate and mitigate construction defects before going to court, which may relieve some of the concerns for builders, freeing up the for-sale multi-family housing market.

**Homelessness**

Due to the transient nature of the homeless population, estimating the precise number of homeless persons in a community is difficult. A point-in-time survey was conducted for the Stanislaus County Continuum of Care on January 29, 2015, to estimate the nature and extent of homelessness in the County. Based on that effort, the countywide homeless population is estimated at 1,408 persons. Characteristics of the countywide homeless population include:

- 11.1 percent veterans
- 6.7 percent households
- At least 32.9 percent with chronic substance abuse
- 1.0 percent with HIV/AIDS
- 42.3 percent severely mentally ill
- 31.3 percent victims of domestic violence
- 44.2 percent had been homeless for a year or more

Domestic violence, alcohol and drug use, mental illness, money management problems, and job loss are the most typical causes for becoming homeless.

Of the 1,408 people accounted for in the Continuum of Care survey, 983 or 69.8 percent of the total were found in Modesto, which has a large majority of homeless shelters in Stanislaus County. Of these, 87 percent were interviewed for the Continuum of Care.

**Table 2-36  
Concerns for Homeless Individuals**

Homeless	Percent
Seniors	6
HIV/AIDS	1
Mentally Ill	42
Substance Abuse	32+

Source: Stanislaus County Homeless County January 29, 2015.

Three types of facilities provide shelter for homeless individuals and families: emergency shelters, transitional housing, and permanent housing:

**Emergency Shelter:** A facility that provides overnight shelter and fulfills a client’s basic needs (i.e. food, clothing, and medical care) either on-site or through off-site services. The permitted length of stay can vary from one day at a time to three months.

**Transitional Housing:** A residence that provides housing for up to two years. Residents of transitional housing are usually connected to supportive services designed to assist the

homeless in achieving greater economic independence and a permanent, stable living situation. Services may include substance abuse treatment, mental and physical health care interventions, job training and employment services, individual and group counseling, and life skills training.

***Permanent Housing:*** Affordable permanent housing or service-enriched permanent housing linked with supportive services (on-site or off-site) and designed to allow formerly homeless clients to live at the facility on an indefinite basis.

The Housing Authority of Stanislaus County (personal communication with Lynnell Fuller, October 22, 2015) has provided Modesto with information on the number of beds available in Modesto to serve the 983 individuals identified on Modesto's streets during the January 29, 2015, point-in-time survey. There are:

- 669 family beds;
- 369 adults-only beds;
- 64 children-only beds; and
- 111 seasonal beds.

This is a total of 1,213 beds, more than adequate to accommodate the people identified. Additionally, Modesto recently approved another children's crisis center that can accommodate 50 more children.

A number of shelters are located in the Modesto area (Table 2-37), including group homes, community residential care, and social rehabilitation facilities. In addition, transitional housing facilities are available to serve those in need. Additional transitional housing facilities are identified on Table 2-38.

**Table 2-37  
Shelters in Modesto**

<b>Name</b>	<b>Services</b>
Bethany's House	Pregnant women wanting to give child up for adoption
Center for Human Services	Youth, male and female
Children's Crisis Center Sawyer Homeless Shelter	Primarily provides child care, however has emergency shelter services on an as needed basis for children from birth to 17 years
Community Housing & Shelter Services	Services to clients are provided through contracts with County mental Health, the Welfare Department and HOPWA funded providers
CICV: Emergency Assistance/Shelter	For families
Family Promise	Households with children
Modesto Gospel Mission	Single men and women and households with children. Emergency shelter and meals and New Life program.
Haven Women's Center	For women who have been abused or are in a life-threatening situation. The Center also houses the children of abused women. Counseling services, weekly support groups and legal advocacy programs are also available.
Hutton House	Short term shelter for runaway and homeless youth between the ages of 13-17 years.
Pathways	Transitional shelter for 18-21 year olds, provides case management and counseling sessions
Salvation Army	Single men and women. 40 transitional, 111 open November through March
Turning Point	Single men and women.

**Table 2-38  
City-Supported Transitional Housing**

<b>Project</b>	<b>Type</b>	<b>Number of Units</b>
Powell Avenue	Transitional	1
Ricardo Way	Transitional	1
Garvey Avenue	Transitional	1
Emerald Avenue	Transitional	4
California Avenue	Transitional	18
5 <sup>th</sup> and F	Transitional	16
Vine Street	Transitional	1
Kelly Street	Transitional	1
<b>TOTAL</b>		<b>43</b>

Source: Personal communication with Carol Averell, City of Modesto, September 8, 2015.

## Farmworkers

Agricultural workers are traditionally defined as persons whose primary incomes are earned through permanent or seasonal agricultural labor. Permanent farm laborers work in the fields, processing plants, or support activities on generally a year-round basis. When workloads increase during harvest periods, the labor force is supplemented with seasonal labor, often supplied by a labor contractor. For some crops, farms employ migrant workers, defined as those whose travel distance to work prevents them from returning to their primary residence every evening.

Farmworkers are divided into two main groups: farm service workers (who generally have higher rates of pay and more consistent work throughout the year), and farm production workers. The following addresses only farm production workers, because the housing needs of these workers differ from farm service workers due to:

- The seasonal nature of farm employment
- Typically low wages
- Language barriers

Between 1990 and 2000, the number of farmworkers in Stanislaus County decreased by approximately 24 percent from 12,000 to 10,000, and the countywide farmworker population in 2008 is estimated at approximately 6,660, representing another 30 percent decline.<sup>18</sup> Similarly, the number of farmworkers residing in Modesto decreased by 45 percent during the 1990s. As of 2000, most farmworkers in the County lived in the unincorporated areas, but approximately 1,351 lived in Modesto, representing 0.3 percent (less than one-third of one percent) of the City population. Although the Census no longer separately identifies farmworkers, it is likely the number in Modesto has continued to decline. The Census indicates that the number of people employed in “Farming, Forestry, and Fishery” in 2010 was 1,641 and in 2013 was 1,107 (see Table 2-25). Planning for low- and very-low-income households as a part of the Housing Element update and continued implementation of fair housing programs will provide housing opportunities for farmworkers wishing to live in Modesto.

## Housing Stock

Housing characteristics and conditions that affect the quality of life for residents include:

- Housing stock and growth
- Tenure and vacancy rates
- Age and condition
- Housing costs
- Affordability

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<sup>18</sup> StanCOG. *Regional Housing Needs Assessment*. Appendix IV. October, 2002.

A diversity of housing options is an important resource for households wishing to improve their living conditions. Preservation and improvement of existing housing and neighborhoods, including preservation of affordable units, is important to the overall housing need, especially for low- and moderate-income households.

**Changes to Housing Stock**

Housing constructed in Modesto between 2009 and 2014 was 58 percent attached and 42 percent single-family detached housing. Table 2-39 shows the breakdown of units by type according to data compiled by the Bureau of the Census for 2007 and 2013. Almost 70 percent of Modesto’s housing stock is comprised of single-family detached dwellings, compared to California’s 58 percent. However, Modesto has a slightly smaller proportion of owner-occupied units (54.5 percent), as compared to California (55.3 percent). This represents a substantial shift toward renter-occupied housing in Modesto, as compared to California as a whole, almost certainly due to lending practices that precipitated the mortgage crisis that began in 2008, during which Stanislaus County was often in the top three counties nationally for mortgage foreclosure rates.

**Table 2-39  
Housing Stock, 2007 and 2013**

Housing Type	2007		2013		% Change	# Change
	Units	% Total	Units	% Total	2007-2013	2007-2013
<b>Single Family</b>						
Detached	55,574	100	52,680	94.2	n/a	n/a
Attached			3,236	5.8	n/a	n/a
<b>Total</b>			55,916	100	0.6	342
<b>Multi Family</b>						
2-4 Units	16,781	100	7,846	44.7	n/a	n/a
5+ Units			9,709	55.3	n/a	n/a
<b>Total</b>			17,555	100	4.6	774
Mobile Houses	2,065	2.8	2,130	2.8	3.1	65
<b>Total Units</b>	74,420	100	75,601	100	1.6	1,181
<b>Total Occupied</b>	69,627	93.6	69,738	92.2	0.2	111
Owner-occupied	42,751	61.4	38,007	54.5	-11	-4,744
Renter-occupied	26,876	38.6	31,730	45.5	18.1	4,854
<b>Vacancy Rate</b>	6.4		7.8		21.9	1.4

Sources: California Department of Finance. Table E-5, Population and Housing Estimates 2011 – 2015. Table E-8, Historical Population and Housing Estimates, 2000 – 2010. Tenure data derived from U.S. Census American Community Survey, Table S2501.

**Age of Housing Stock**

The age of Modesto’s housing stock is a good general indicator of housing condition since, housing is subject to gradual deterioration over time. As a general rule in the housing industry, structures older than 30 years begin to show signs of deterioration and require

reinvestment to maintain their quality. Unless properly maintained, houses older than 50 years require major renovations to remain in good condition. If not properly and regularly maintained, housing can deteriorate and discourage reinvestment, thereby depressing neighboring property values and impacting the quality of life in a neighborhood.

Much of Modesto’s housing was built between 1970 and 1990 (Table 2-40). During the housing element cycle, based on the number of housing units that will become 30 or more years old, housing maintenance and rehabilitation will become a more important issue in the City.

**Table 2-40  
Age of Housing Stock, Modesto**

<b>Year Built</b>	<b>Age in Years</b>	<b>Units</b>	<b>Percentage</b>
<b>Total:</b>		<b>74,534</b>	<b>100</b>
2010 or later	Less than 5	124	<1
2000 to 2009	5 to 15	7,878	10
1990 to 1999	15 to 25	7,754	10
1980 to 1989	25 to 35	16,300	22
1970 to 1979	35 to 45	18,272	25
1960 to 1969	45 to 55	8,573	11
1950 to 1959	55 to 65	7,715	10
1940 to 1949	65 to 75	2,924	4
1939 or earlier	More than 75	4,994	7

Source: U.S. Census Bureau, 2013 American Community Survey (Table B25034); City of Modesto

**Targeted Neighborhoods for Improvements**

Overall, housing in Modesto is well maintained. However, certain neighborhoods are affected by deferred maintenance. Approximately 15,000 housing units require rehabilitation and 500 housing units in the City require replacement. Neighborhoods toward the City’s center have vintage houses, and many census tracts’ houses near downtown have a median age of more than 50 years. Figure 2-10 shows the median age of the housing stock in Modesto by block group. The areas with oldest houses include the downtown area and areas north of downtown. Many of these areas of the City have well-kept vintage houses and are among the City’s most valuable, though median owner costs are among the lowest in the City. The median house prices (as reported by the Census) for the older housing stock northwest of Paradise Road and southwest of Highway 99 are some of the lowest in the City. Median house prices in the Airport Way area west of Vista Road are in about the middle compared to other census tracts in the City.

Many of these areas with older houses correspond with census tracts with higher concentrations of lower income households. Lower-income owners and landlords renting to lower-income households are sometimes more apt to defer maintenance on their houses, and due to the age of housing stock in some of the neighborhoods near downtown, considerable

maintenance would be necessary to maintain adequate living conditions. The census tract that most represents the downtown and central portion of the City has the lowest median gross rental rate, and the Paradise/Highway 99 area is also more affordable relative to rents compared to almost any City census tract.

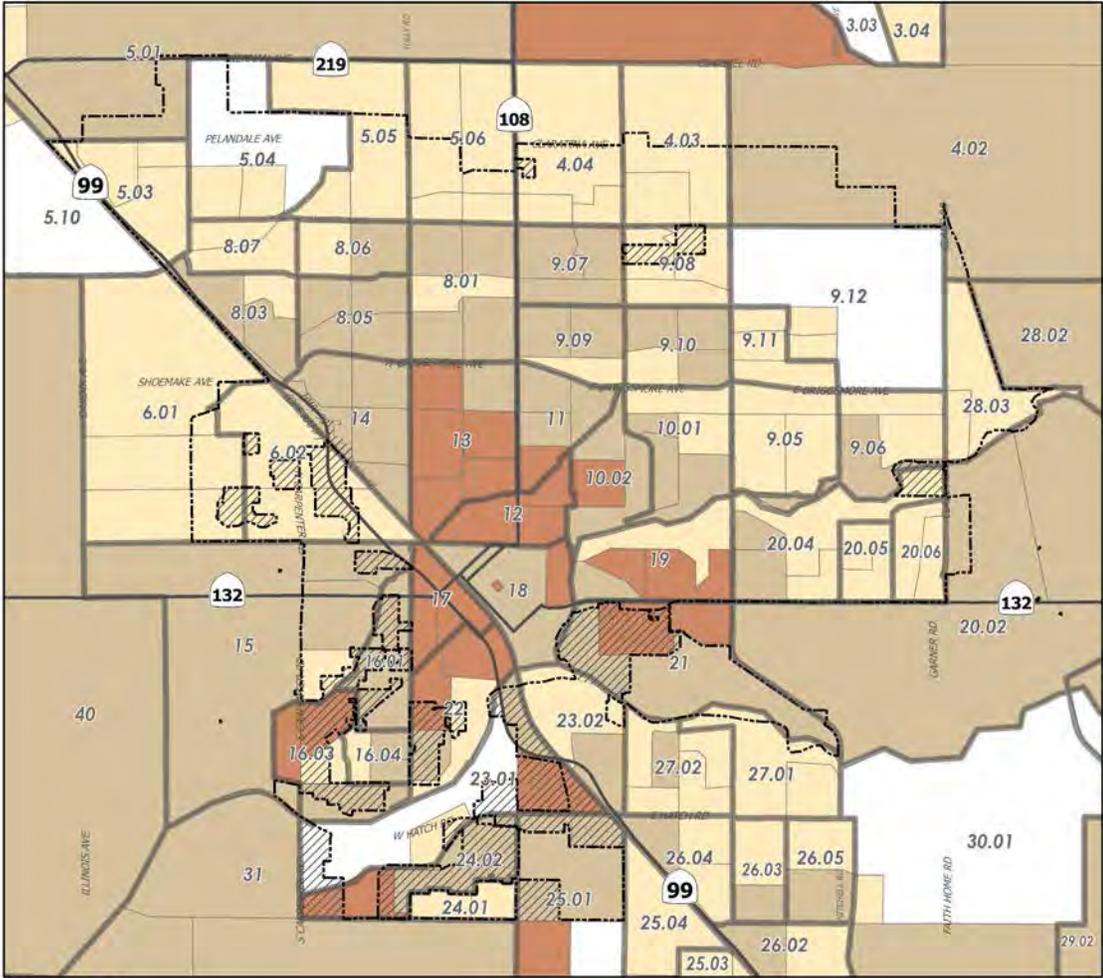
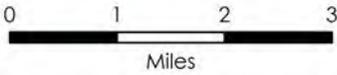


Figure 2-10

**Median Age of Housing Stock**

- Less than 20 Years
- 20 - 40 Years
- 40 - 60 Years
- Greater than 60 Years



- 2010 Census Tracts
- City Boundary
- County Islands

Median Age of Housing Stock by Census Block Group  
 Source: 2009-2013 American Community Survey

## **Inventory of Affordable Housing**

Many government programs assist with provision of housing using contracts that ensure that the units remain affordable. Publicly assisted housing in the City includes housing developments that were provided with low-interest loans and rent subsidies through various Department of Housing and Urban Development (HUD) and Federal Housing Administration (FHA) programs, City-assisted development, and other privately developed affordable housing using a variety of funding sources.

### **City-Supported Affordable Housing**

The City has supported many affordable housing projects, totaling 650 affordable units (see Tables 2-41 and 2-42) either through new construction or rehabilitation. All of the multi-family developments with affordability covenants are recent projects not at risk of converting to market-rate housing.

**Table 2-41  
City-Supported Multi-Family Affordable Housing**

Project Name	Total Units	Affordable Units	Year Built/ Acquired	Affordability Period
Conant Place	81	12	1994	30 years
Sherwood Manor	21	2	1994	30 years
Gateway Village	48	48	1996	40 years
Ashwood Village	120	89	1998	40 years
1005 Maze Blvd.	3	3	1999	30 years
Brighton Place	11	4	1999	20 years
Randazzo Avenue	24	24	1999	30 years
Woodstone Apartments	56	56	2000	55 years
Pine Meadows	36	36	2000	30 years
Miller Pointe (some sfd)	16	16	2004	50 years
Carver Road	18	18	2005	30 years
Paramont	12	12	2007	55 years
Village One Town Center	20	19	2008	30 years
Palm Valley Apartments	40	40	2008	55 years
3004 & 3006 Japonica Way	2	2	2009	35 years
529/531 Ft. Sumpter Drive	2	2	2009	35 years
1113 Patty Way	3	3	2009	35 years
2200-2202 Vera Cruz	2	2	2009	35 years
2112 Palisade Avenue	4	4	2010	35 years
808 Clementa Way	2	2	2010	35 years
1804 & 1806 Rose Ave.	2	2	2010	35 years
405 - 407 Johnson Street	2	2	2010	35 years
221 East Coolidge Ave	30	30	2010	35 years
2601 Chester Ave.	2	2	2010	35 years
2419 Strivens	3	3	2010	35 years
534 Kimble St.	2	2	2011	35 years
715 Tully Road	28	28	2011	35 years
Archway Commons	76	76	2014	55 years
Bennett Place	18	18	2014	55 years
Downey Terrance	11	11	2014	55 years
Meadow Glen	32	32	2014	55 years
Tower Park <sup>1</sup>	50	50	2016	55 years
<b>Total</b>	<b>777</b>	<b>650</b>		

<sup>1</sup> Under construction as of June 30, 2015.

**Table 2-42  
Modesto Affordable Housing Developed, 1993 - 2015**

Funding Source	For Purchase		For Rent	
	Construct	Rehabilitation	Construct	Rehabilitation
Total	57	51	273	630

Source: City of Modesto, 2015.

Note: Existing units acquired to convert from market rate to affordable units are considered under rehabilitation for rent.

**Federally Assisted Affordable Housing**

In addition to City-assisted projects, Modesto has eight affordable housing projects, totaling 840 units, which have 733 affordable units, that were built with federal subsidies and that remain affordable by contract and with the financial assistance of the City. These units and the expiration of their terms of affordability are shown on Table 2-43.

**Table 2-43  
Modesto Federally-Assisted Multi-Family Housing Inventory**

Property Name	Address	Total Units	Section 8 Expiration	Section of the Act	Occupancy Eligibility	Total Assisted Units	Available Bedroom Sizes	Survey Date
CAMERON VILLA APTS	160 MARK RANDY PL MODESTO, CA 95350-3218	68	3/31/2015	207/223(f)	Family	68	2-BR	8/7/2009
COLONIAL FARMS	3120 Pelandale Ave Modesto, CA 95356-9735	100	7/1/2015		Family	100	1-BR, 2-BR, 3-BR	11/14/2008
EL CASA VERDE	1513 ROBERTSON RD MODESTO, CA 95351-3570	142	1/31/2016	207/223(f)	Family	141	0-BR, 1-BR, 2-BR, 3-BR	8/21/2009
MARPLE MANOR	530 COFFEE RD MODESTO, CA 95355-4972	146	11/30/2016	202	Elderly and Disabled	145	1-BR	7/15/2009
PARKVIEW CHRISTIAN ESTATES	3112 NAPIER DR MODESTO, CA 95350-1202	99	9/30/2015	223(a)(7)/231	Elderly and Disabled	60	0-BR, 1-BR, 2-BR	2/19/2010
RALSTON TOWER	900 17TH ST MODESTO, CA 95354-1219	178	11/30/2018	236(j)(1)	Elderly	145	0-BR, 1-BR	8/26/2009
ROSE GARDEN APARTMENTS	140 Mark Randy Place MODESTO, CA 95350-3215	32	3/31/2023	207/223(f)	Family		1-BR, 2-BR	3/4/2006
VINEWOOD APARTMENTS	2600 STANDIFORD ST MODESTO, CA 95350-0165	75	10/31/2017		Elderly and Disabled	74	1-BR	6/11/2009
<b>Total</b>		<b>840</b>				<b>733</b>		

**Loss of Assisted Housing**

According to HUD records, all federally assisted projects in Modesto have affordability restrictions/subsidy contracts that are due to expire in the next decade. A total of 733 units are at risk of losing Section 8 subsidies over the 10-year period covered by this analysis.

**Preservation Options**

To maintain the existing affordable housing stock, the City may either preserve the existing assisted units or replenish the affordable housing inventory with new units. HUD provides the *Mark-to-Market* and *Mark-up-to-Market* programs for Section 8 projects seeking renewal. If current contracted rents exceed the Fair Market Rent (FMR), HUD will provide favorable tax treatment to property owners in return for preserving the units at affordable rents (Mark-to-Market). For apartments renting at below FMR rates, HUD allows rents to be increased to levels comparable to market rents, though not exceeding 150 percent of the FMR (Mark-up-to-Market). When a complex with an expiring Section 8 contract is at risk of conversion, the below-market stock is most likely to be converted to market rents. Should Section 8 funding become unavailable in the future, the City may use other funding sources to provide ongoing rent subsidies. Table 2-44 presents an estimate of the costs involved in providing ongoing rent subsidies. Approximately \$294,287 in rent subsidies may be needed monthly or \$3,531,444 annually to maintain affordability for 733 very-low-income households.

**Table 2-44  
Rent Subsidies Required for Very Low Income Households**

	(1)	(1)*0.3/12			(4)-[(2)-(3)]		(5)*(6)
Unit Size	Annual Income	Affordable Monthly Cost	Utility	Fair Market Rent	Per Unit Monthly Subsidy	# of Units	Total Monthly Subsidy
Studio	\$11,950	\$299	\$50	\$594	\$245	16	\$3,920
1-bedroom	\$13,650	\$341	\$60	\$734	\$333	495	\$164,835
2-bedroom	\$15,350	\$384	\$75	\$941	\$482	174	\$83,868
3-bedroom	\$17,050	\$426	\$93	\$1,387	\$868	48	\$41,664
<b>Total</b>						<b>733</b>	<b>\$294,287</b>

Notes:

1. Household size assumptions: Studio = 1-person; 1-bedroom = 2-person; 2-bedroom = 3-person; 3-bedroom = 4-person
2. Annual income (2008) estimated at 80% of the maximum income for low income households, adjusted by household size.

Another option for preservation is to reduce the monthly mortgage payment on the property to the extent that rent subsidies would no longer be needed to maintain the financial viability of the projects. This can be achieved by refinancing the remaining mortgage with a reduced interest rate or by providing a lump-sum principal write-down to the projects.

The City may also seek opportunities to assist the purchase of affordability covenants on existing projects either by nonprofit organizations or other public entities. The cost of the affordability covenants depend on a large number of factors that must be determined at the time of transaction.

**Replacement Option**

The City also may wish to build new low-income housing units to replace any at-risk units lost. The cost of developing housing depends upon a variety of factors, including density, size of the units (i.e., number of bedrooms), location, land costs, and type of construction. The average construction cost for a rental residential unit is approximately \$71,936 (including land, construction, financing, marketing, and profit), based on discussions with developers active in Modesto.<sup>25</sup> Replacement of the 733 affordable units could cost approximately \$52 million, with many important variables that could alter the overall cost. Given a limited pool of financial resources, development of replacement housing should seek to leverage participation by non-profit or for-profit housing developers, or other public entities.

<sup>25</sup> Figure derived from 1992 Modesto Housing Element, updated to August 2015 dollars using the California Consumer Price Index, as reported on the Department of Finance web site.

## Housing Affordability

The cost of housing is closely related to the level and type of housing problems faced by lower- and moderate-income households. If housing costs are high relative to household income, correspondingly the incidence of housing cost burden and overcrowding will be high.

Housing affordability can be inferred by comparing the cost of renting or owning a house with the maximum affordable housing cost to households at different income levels. The Area Median Income (AMI) provides a benchmark for estimating the affordability of housing and the ability of newcomers to move into the community. Taken together, this information can generally demonstrate who can afford what size and type of housing and indicate the type of households most likely to experience overcrowding or a burden on housing cost.

HUD conducts annual household income surveys to determine the maximum affordable payments of different households and the eligibility for federal housing assistance. These income surveys by HUD are adopted by the State HCD to determine eligibility for State housing assistance. In evaluating affordability, the maximum affordable price refers to the greatest amount that could be paid by a household earning 70 percent of the income threshold for their respective income category.

Table 2-45 shows the annual income for very low-, low-, and moderate-income households by household size and the maximum affordable housing payment based on the State and federal standard of 30 percent of household income. Standard housing costs for utilities, taxes, and property insurance are also shown.

**Table 2-45  
Housing Affordability Matrix**

Income Group	Income Levels		Housing Costs		Maximum Affordable Price	
	Annual Income	Affordable Payment	Utilities	Taxes & Insurance	Ownership	Rental
<b>Very Low</b>						
One Person	\$11,950	\$299	\$60	\$76	\$41,800	\$239
Small Family	\$20,090	\$502	\$75	\$103	\$78,100	\$427
Large Family	\$28,410	\$710	\$93	\$127	\$115,900	\$617
<b>Low</b>						
One Person	\$19,950	\$499	\$60	\$132	\$77,500	\$439
Small Family	\$25,650	\$641	\$75	\$176	\$99,600	\$566
Large Family	\$30,750	\$769	\$93	\$214	\$125,400	\$676
<b>Moderate</b>						
One Person	\$31,850	\$796	\$60	\$256	\$130,000	\$736
Small Family	\$40,950	\$1,024	\$75	\$334	\$167,100	\$949
Large Family	\$49,150	\$1,229	\$93	\$405	\$210,100	\$1,136

Notes:

1. 2015 Income limits are used because housing costs information was collected for 2015.
2. Small Family = 3 persons; Large Families = 5 or more persons
3. Monthly affordable rent based on payments of no more than 30% of household income
4. Property taxes and insurance based on Modesto mortgage lender interviews, September and October of 2002, updated to August 2015 dollars using the California Consumer Price Index, as reported on the Department of Finance web site.
5. Calculation of affordable house sales prices based on a down payment of 3.5% (with minimum credit score of 580), annual interest rate of 3.54%, 30-year mortgage, mortgage insurance (PMI).80% of loan amount, annual home owners insurance of \$800, taxes of 1.25% of loan amount, front end ration less than 31%, and back-end ratio less than 43%.

**Housing Costs**

In Modesto, increases in housing costs over time (which have actually declined and stabilized just recently), combined with the lack of a commensurate increase in wages, create difficulty for lower-and moderate-income households alike. The Trulia Real Estate database for single-family house sales in 2015 identifies median and average prices by number of bedrooms. According to this source, the average prices for houses in Modesto for the period of January through April of 2015 ranged from \$107,000 for a one-bedroom house to \$265,000 for a four-bedroom house, with an average price of \$208,000. At these prices, a house in Modesto is not affordable to low-income households (Table 2-46), although some condominiums may be (Table 2-47).

Modesto’s median gross rent, as reported by the 2012 U.S. Census, was \$877. This level of rent is out of reach for very-low-income families, but is in the affordable range for moderate-income families.

**Table 2-46  
House Sales Prices, 1997-2014**

<b>Year</b>	<b>Median Sales Price</b>	<b>% Annual Change</b>	<b>Period</b>	<b>Average</b>	<b>% Annual Change</b>	<b>Period</b>
1990	\$130,700	N/A	Annual	\$134,921	N/A	Annual
1991	N/A	N/A	Annual	\$138,480	3	Annual
1992	\$116,000	N/A	Annual	\$135,200	-2	Annual
1993	\$112,600	-3	Annual	\$129,400	-4	Annual
1994	\$109,000	-3	Annual	\$124,600	-4	Annual
1995	\$107,000	-2	Annual	\$120,876	-3	Annual
1996	\$108,000	1	July	N/A	N/A	N/A
1997	\$107,000	-1	July	\$122,736	N/A	July
1998	\$114,000	7	July	\$132,796	8	July
1999	\$119,950	5	July	\$131,882	-1	July
2000	\$132,500	10	July	\$143,173	9	July
2001	\$162,750	23	July	\$173,027	21	Annual
2002	\$194,000	19	Annual	\$208,948	21	Annual
2003	\$200,000	3	Annual	N/A	N/A	N/A
2004	\$230,000	15	Annual	\$303,426	N/A	Annual
2005	\$290,000	26	Annual	\$370,851	22	Annual
2006	\$356,000	23	Annual	\$338,290	-9	Annual
2007	\$325,000	-9	Annual	\$270,492	-20	Annual
2008	\$240,000	-26	Annual	\$150,490	-44	Annual
2009	\$114,300	-52	Annual	\$129,180	-14	Annual
2010	\$124,670	9	Annual	\$136,920	6	Annual
2011	\$120,470	-3	Annual	\$130,080	-5	Annual
2012	\$129,810	8	Annual	\$142,110	9	Annual
2013	\$166,840	28	Annual	\$184,010	29	Annual
2014	\$200,670	20	Annual	\$211,730	15	Annual

Source: Trulia Real Estate Research, 2009. Stanislaus County Assessor’s Office, personal communication, September 11, 2015.

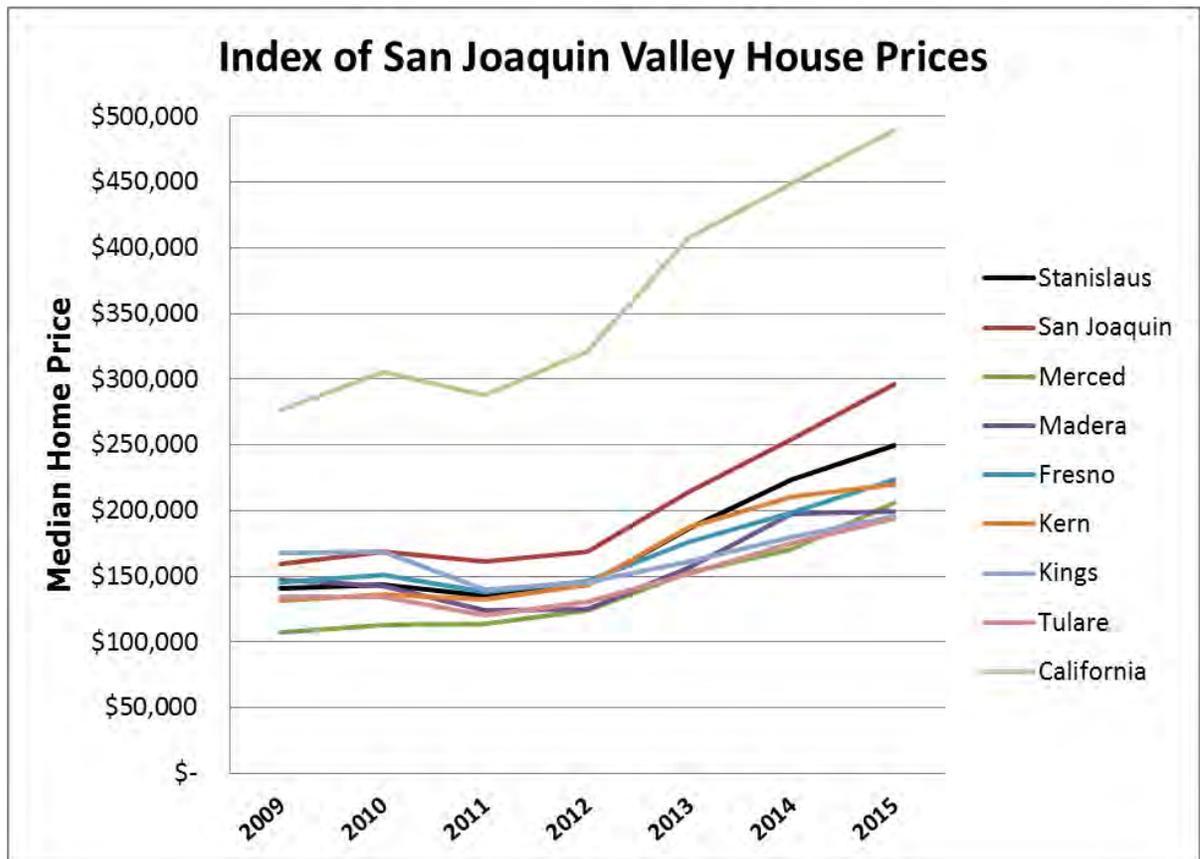
**Table 2-47**  
**Condominium Asking Prices in Modesto**

Bedrooms	Average Size	Average Price
1 Bedroom	657	\$73,401
2 Bedroom	1,052	\$132,423
3 Bedroom	1,506	\$231,316

[www.condo.com](http://www.condo.com) September 11, 2015

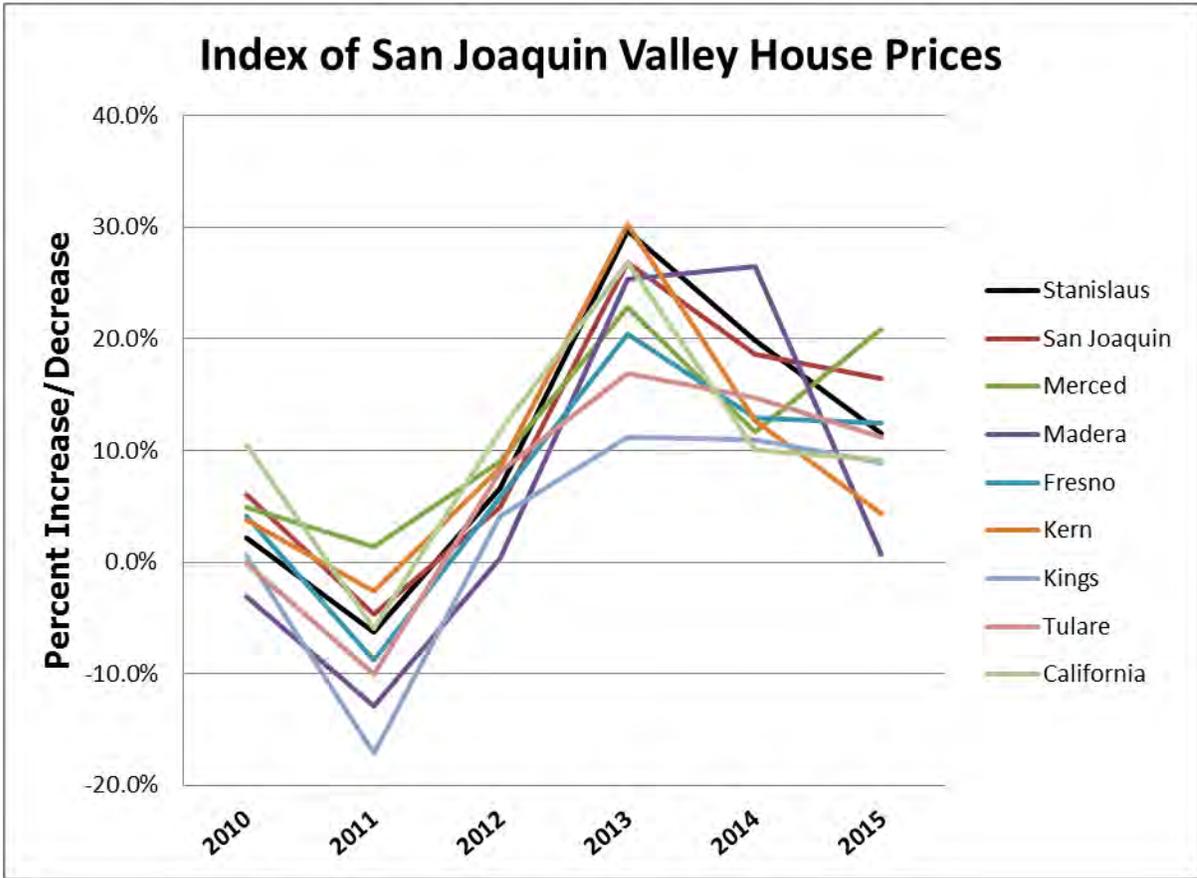
Figures 2-11a and 2-11b show that economic trends affect the California market and submarkets similarly, but that the San Joaquin Valley housing prices can vary quite a bit from north to south.

**Figure 2-11a**  
**Index of San Joaquin Valley House Prices, 2009-2015**



Source: CA Assoc. of Realtors (<http://www.car.org/marketdata/data/housingdata/>) June 2015 Report

Figure 2-11b: Index of San Joaquin Valley House Prices



Source: CA Assoc. of Realtors (<http://www.car.org/marketdata/data/housingdata/>) June 2015 Report

The cost of housing for owners and renters has decreased for Modesto residents since 2010. Between 2010 and 2013, the percentage of income spent on housing decreased somewhat across the County and the counties of the Bay Area. Modesto owners saw a modest improvement in the amount of their incomes spent on housing (Table 2-48).

**Table 2-48**  
**Percent Change in Owner and Renter Costs as a Percentage of Household Income**

Geographic Area	2010	2013	2010	2013	Change, 2010-2013	
	Renters	Renters	Owners	Owners	Renters	Owners
Modesto	35	35	27	25	0	-2
Stanislaus County	36	35	29	26	-1	-3
California	34	34	30	28	0	-2
Alameda County	32	32	29	26	0	-3
Contra Costa County	33	32	29	26	1	-3
San Mateo County	30	30	31	28	0	-3
Santa Clara County	29	30	28	26	1	-2
San Francisco County	29	28	30	28	-1	-2

Sources: U.S. Census 2010 and 2013 American Community Survey 1-Year Estimates (Tables B25071 and S2506)  
 Federal guidelines suggest that gross rent should not exceed 30 percent of gross income.

Housing affordability affects two issues in a community – overcrowding and cost burden.

**Overcrowding**

Overcrowding is typically defined as more than one person per room (living and dining rooms are counted, but kitchens and bathrooms are not). According to the U.S. Census Bureau, 2005-2007 American Community Survey, 2.3 percent of the owner-households were overcrowded in 2007, compared to 8.3 percent of the renter-households. Overcrowding has improved dramatically over the last few years. In 2000, 7.6 percent of the owner-households and 17.8 percent of the renter-households were overcrowded.

**Cost Burden**

A household experiences housing cost burden when it spends at least 30 percent of its gross income on housing costs (rent, mortgage, utilities, taxes, and insurance). Housing cost burden typically affects renter-households more severely, compared to owner-households.

## E. FUTURE HOUSING NEEDS

Future housing need refers to the share of the regional housing need that has been allocated to the City. HCD assigns a regional housing goal number to StanCOG, which is then distributed into four income categories. StanCOG is then mandated to allocate the numbers to city and county jurisdictions in the County. In allocating the County's future housing needs to jurisdictions, StanCOG is required to take the following factors into consideration, pursuant to Section 65584 of the State Government Code:

- Market demand for housing
- Employment opportunities
- Availability of suitable sites and public facilities
- Commuting patterns
- Type and tenure of housing
- Loss of units in assisted housing developments
- Over-concentration of lower-income households
- Geological and topographical constraints

StanCOG completed its Regional Housing Needs Plan (RHNP) in 2014. The major goal of the RHNP is to assure a fair distribution of housing among cities and the county so that every community provides an opportunity for a mix of housing affordable to all economic segments. The housing allocation targets are not building requirements but goals for each community to accommodate through appropriate planning policies and land use regulations. Allocation targets are intended to assure that adequate sites and zoning are made available to address anticipated housing demand during the planning period and that market forces are not inhibited in addressing the housing needs of all economic segments of a community. For this, the fifth revision of the Housing Element, the City of Modesto's RHNA is 6,361 units, as shown on Table 4-1.

## F. SUMMARY OF ISSUES

Modesto faces a number of important challenges that it must meet as it strives to achieve a balanced and sustainable community. Some of the issues to be addressed in the Housing Element include:

- Projected population growth of 60 percent over the next 10 years and double over the next 20 years.
- Employment growth lagging behind population and housing growth during the past 10 years.
- Geographic and income mismatch between jobs and housing available in the City, resulting in increased commuting time, and worse traffic and air quality, among other issues.
- Most significant employment gains in the last 10 years were primarily lower paying jobs.
- Inadequate multi-family housing construction, leading to overcrowding and cost burden issues among renter-households.
- Increase in families without children and decrease in families with children indicate the need for smaller size units.
- Increase in “other” families, particularly the single-parent households, indicates a need for affordable housing and child care.
- Limited availability of large rental units for large renter-households.
- A rising homeless issue Countywide with inadequate services and facilities to address needs and changing needs among the homeless. Too little supportive housing for special needs populations.
- Approximately 75 percent of the housing stock is at least 30 years old. The large increase in older housing is due largely to the massive growth that occurred in Modesto during the 1980s. Ongoing maintenance is necessary to preserve and improve the quality of the housing stock.
- Certain neighborhoods exhibit deferred maintenance.
- Some affordable housing developments may be eligible to convert to market-rate housing.
- Lower-income households have limited housing choices and most likely cannot afford to own a house.

# CONSTRAINTS ANALYSIS

The City recognizes that adequate and affordable housing for all income groups strengthens the community. Many factors can work to encourage or constrain the development, maintenance, and improvement of Modesto's housing stock. These include market mechanisms, government codes, and physical and environmental constraints. This section addresses the major constraints to housing within the City.



## A. MARKET CONSTRAINTS

Costs related to the construction, financing, and legal liability of new housing construction represent the most significant sources of market constraint to the provision of housing. Although market conditions represent a set of factors outside of the City's control, the City has some ability to institute responsive policies and programs to address market factors. The following discussion highlights the major market constraints to the production, maintenance, and improvement of housing within Modesto.

The price of single-family houses and apartment rents largely reflect development costs (construction, land, and labor), financing costs (availability of loans, interest rates, insurance), and costs associated with legal requirements. An additional cost in Modesto is the market pressure added by Bay Area workers and property owners, who are able to outbid people with local jobs, due to their higher incomes and resulting in an increase in housing prices and a decrease in housing affordability. Each of these factors influences Modesto's housing market and affects the amount and cost of housing.

In 2006, the housing market turned sharply downward in the northern San Joaquin Valley. Foreclosures increased tremendously and the residential vacancy rate rose to almost 8 percent. During the national mortgage financing crisis, San Joaquin, Stanislaus, and Merced counties consistently ranked in the top three counties for foreclosures in the country. Since then, the tightened lending market has restricted the ability of potential buyers to obtain mortgages, resulting in those who can afford to pay in cash much more likely to buy a house than those who need a loan. In the last three years, housing prices have stabilized and once again have begun to rise, although vacancy rates are still almost 7 percent.

## Development Costs

### Construction Costs

Construction costs vary widely according to the type of development, with multi-family housing generally less expensive to construct (on a per-unit basis) than single-family houses. However, wide variation exists within each construction type, depending on the size of unit and the number and quality of amenities provided. According to the Construction Industry Research Board, construction costs for a single-family house range from \$60 to \$100 per square foot. Multi-family developments typically cost \$40 to \$75 per square foot. A reduction in amenities and the quality of building materials can result in lower sales prices. The increased use of prefabricated factory-built or manufactured housing, which is permitted in all residential districts in Modesto (consistent with California law), may provide for lower-priced housing by reducing construction and labor costs.

Although construction costs are a significant portion of development costs, Modesto can do little to reduce construction costs. Because construction costs in Modesto are similar to those in other parts of the San Joaquin Valley, the cost of construction is not considered a major constraint to housing production.

### Land Costs

Another key cost component is raw land and any necessary improvements. Unlike construction costs and labor costs, the cost of residential and commercial property is highly variable. Cost considerations include the number of units or density of development permitted on a particular site and the location of the property in relation to other amenities. Modesto still has a significant amount of undeveloped land within the City limits, as well as more land planned for development within the Sphere of Influence. Because undeveloped land on the urban fringes is typically less expensive than properties located nearer to the City's core, this large amount of undeveloped land on the edges of Modesto helps keep land prices low and encourages more housing production in these urban fringe areas. However, development on the edge of the city makes providing transit service and extending infrastructure more costly and difficult.

Land costs for residentially zoned properties within the City limits were estimated using property assessment information from Stanislaus County. Fully entitled single-family residential land in Modesto is typically assessed at approximately \$5 to \$9 per square foot.

Assessment information provides a typical land cost of \$1.50 to \$3 per square foot for multi-family residential properties in northeast Modesto. Downtown properties, however, are typically assessed between \$10 and \$15 per square foot.

### Labor Costs

Labor costs also factor heavily into the total cost of housing production. The cost of labor is relatively stable throughout a metropolitan area and is typically beyond the control of local government. Thus, labor costs become a fixed cost in relation to other site-specific variable costs, such as the cost of land. Changes in State law affecting labor costs for public works

projects (including housing) have resulted in significantly higher labor costs for construction. Some laws are anticipated to raise labor costs for housing by more than 25 percent.

In January of 2002, Senate Bill 975 became law in California, amending Section 1720 of the Labor Code to require that construction workers for projects utilizing State or federal funds be paid the prevailing wage of labor for their services. This law significantly expanded the definition of public works projects and the application of the State's prevailing wage requirements to such projects. SB 975 requires payment of prevailing wages for most private projects built under an agreement with a public agency that provides assistance to the project. The breadth of the legislation substantially limits the ability of public agencies and private entities to structure transactions to avoid prevailing wages for private construction work, thus increasing the cost of construction significantly.

Senate Bill 972 further amended Labor Code Section 1720 to provide some relief by exempting from prevailing wage requirements the construction or rehabilitation of some privately owned residential projects. Specifically, SB 972 exempts:

- a self-help housing project in which no less than 500 hours of the construction work is performed by the buyers;
- the new construction, rehabilitation, or expansion of a temporary or transitional housing facility for the homeless; assistance for the rehabilitation of a single-family house; and
- an affordable housing project funded by below-market interest rate loans that allocates at least 40 percent of its units for at least 20 years to households earning no more than 80% of the area median income.

These exemptions have provided some relief, but the prevailing wage laws still represent a significant impediment to affordable housing production.

## **Financing Costs**

### **House Purchase Loans**

The availability of financing affects a person's ability to purchase a house. Under the Home Mortgage Disclosure Act (HMDA), lending institutions are required to disclose information on the disposition of loan applications by various demographic characteristics (Table 3-1).

**Table 3-1  
Disposition of House Loans in the Modesto Metropolitan Area  
Conventional and Government Insured, 2013**

Applicant Income	Conventional Loans			Government Insured Loans		
	Applications	Approved	Denied	Application	Approved	Denied
Low/Very Low	722	478	115	876	573	133
Moderate	681	487	85	838	588	120
Above Moderate	1,837	1,320	209	985	693	118
Unavailable	43	23	16	13	7	2
<b>Total</b>	<b>3,283</b>	<b>2,308</b>	<b>425</b>	<b>2,712</b>	<b>1,861</b>	<b>373</b>

Source: Home Mortgage Disclosure Act (HMDA) data, 2013, Tables 4-1 and 4-2.

Refinance loans are excluded from the analysis. Loans are also made by lenders that are not subject to HMDA. Data on these loans are unavailable.

**Conventional Loans**

In 2013, nearly 3,300 individuals and couples applied for conventional loans to purchase houses in the Modesto area. About 56 percent of the loan applicants were above-moderate-income households (120 percent or more of County median family income, or MFI). Moderate-income (81 percent to 120 percent of MFI) and low and very low (less than 80 percent of MFI) households accounted for 21 percent and 22 percent of loan applicants, respectively. Loan applications from above-moderate-income and moderate-income households had a 72 percent approval rate. Low and very low-income applicants had a 66 percent approval rate.

Hispanics, who comprise 36 percent of the population, accounted for 21 percent of the loan applications. Asians (7 percent of population) and African Americans (4 percent of population) filed 13 percent and 1 percent of conventional loan applications, respectively. Whites, who constitute 72 percent of Modesto’s population, represented 72 percent of the conventional loan applications. Eleven percent of the loans were not identified by race. Loan approval rates ranged from 54 percent (Pacific Islander) to 72 percent (white).

**Federally Insured Loans**

Federally backed loans are those guaranteed or insured by a federal government agency. In 2014, a total of 2,712 individuals and couples applied for federally-insured loans to purchase houses in the Modesto area. Of these, 32 percent were from low- and very-low-income households, 31 percent were from moderate-income households, and 36 percent were from above-moderate-income households. Approval rates were 65 percent for low- and very-low incomes, 70 percent for moderate incomes, and 70 percent for above-moderate incomes.

Hispanics (36 percent of the population) accounted for 36 percent of loan applications. African Americans comprise 4 percent of the overall population and 2 percent of loan applications. Whites (72 percent of the Modesto population) accounted for 80 percent of

applications and Asians (7 percent) accounted for 5 percent of loan applications. Among federally insured loans, approval rates ranged from 61 percent (Asian) to 78 percent (Pacific Islander).

**Home Improvement Loans**

The provision of improvement loans is an important means to maintaining and improving the quality of housing, as well as bringing substandard housing up to current code standards. As shown on Table 3-2, in 2013, 582 individuals and couples applied for conventionally-financed improvement loans in the Modesto area. The overall approval rate was 37 percent. Low- and very-low-income applicants had the lowest approval rate (28 percent), while above-moderate-income households had the highest approval rate (41 percent).

**Table 3-2  
Disposition of Conventional Home Improvement Loans**

<b>Income Level</b>	<b>Total</b>	<b>Approved</b>	<b>Denied</b>
Low and Very Low	149	42	90
Moderate	144	56	69
Above Moderate	289	120	126
<b>Total</b>	<b>582</b>	<b>218</b>	<b>285</b>

Source: Home Mortgage Disclosure Act (HMDA) data, 2013, Table 5-4.

**Condominium Financing**

Condominium construction within California has decreased dramatically since the 1980s. A major reason for this decrease is the cost and lack of availability of financing and insurance for condominium developments. As of 2002, California law allowed for purchasers of condominiums to sue the developers of such buildings for up to four years in the case of a patent defect (a problem that is readily apparent) or ten years in the case of a latent defect (problems with construction that are not easily visible or apparent). This ability for condominium purchasers to sue the project developers has resulted in a reduction in the number of lenders who will provide loans for such development, as well as an increase in the interest rates for such loans. Construction liability lawsuits have led to an increase in insurance costs for condominium projects, and a reduction in the number of insurance companies that will provide coverage.

Although these constraints apply only to one type of development, they are important impediments to development of sufficient and affordable housing within Modesto and in many California communities. Prolonged construction defect lawsuits have served to deter condominium construction in the last ten years. In response, SB 800 was passed in 2002 to provide protection for both owners and builders from prolonged litigation over allegations of construction defect. The bill specifies the rights and requirements of an owner to bring an action for construction defects, including applicable standards for construction, the statute of

limitations, the burden of proof, the damages recoverable, a detailed pre-litigation procedure, and the obligations of the owner.

## **Bay Area Influence**

One of the most pressing constraints to ensuring that a sufficient amount of housing is available, both affordable and market rate, is the influence of buyers who work in the San Francisco Bay Area. Because of relatively high housing costs and a severe housing shortage in Bay Area communities, as well as the relatively low price of gasoline until late 2007, employees of Bay Area communities have purchased houses in Central Valley communities such as Modesto and commuting into the Bay area daily. The rapid influx of such persons was a primary factor in rising housing costs in Modesto between 1999 and 2006, and led to a shortage of affordable for-sale houses in the City.

The sudden increase in the default rate on “subprime” mortgage loans (loans made to individuals and couples at high risk of default) that began in 2007, combined with the construction of more new houses than the market could absorb and rapidly rising gasoline prices resulted in collapse of the housing market in the northern San Joaquin Valley.

The economic recovery from the recession that was precipitated by ill-advised lending practices has been uneven. Metropolitan areas, such as the Bay Area, with diverse economies have recovered more quickly than more far-flung suburbs and rural areas, such as the northern San Joaquin Valley, which have economies dependent on a narrower band of business. Nevertheless, the northern San Joaquin Valley has experienced a rise in the demand for housing from which residents commute to work in the Bay Area. At this time, the trend isn't as strong as it was prior to the recession, and the Bay Area is making strides toward housing its employees. If the Bay Area is successful in housing its employees, the housing market in the northern San Joaquin Valley will remain dependent upon the strength of the local economy.

## B. GOVERNMENTAL CONSTRAINTS

Local policies and regulations can impact the price and availability of housing and in particular, the provision of affordable housing. Land use controls, site improvement requirements, and permit processing procedures may present constraints to the maintenance, development, and improvement of housing. This section discusses potential governmental constraints to the provision of housing within the City.

### Land Use Controls – General Plan and Zoning

Adopted in 1995, and updated in 2003 and 2008, the Urban Area General Plan Land Use Element sets forth the City’s policies regarding local land development. These policies, together with existing zoning regulations, establish the amount and distribution of land allocated for different uses. Land use categories that allow residential development are summarized in Table 3-3.

**Table 3-3  
Land Use Categories Permitting Residential Use**

<b>General Plan Land Use Designation</b>	<b>Average Density (Units/Acre)</b>	<b>Implementing Zoning District(s)</b>	<b>Typical Housing Type(s)</b>
Residential	7.5 units per acre	P-D, R-1, R-2, R-3	Single-family, multi-family residential
Village Residential*	6.6 units per acre	SP	Single-family, multi-family, and senior housing
Mixed-Use	14 units per acre	R-1, R-2, R-3, P-D, C-1, C-2, C-3, P-O	Multi-story apartment and condominium complexes, single-room occupancy projects
Redevelopment Planning District	Based on redevelopment project areas	R-1, R-2, R-3, C-1, C-2, C-3, P-D, SP	Single- and multi-family residential

\* The Village Residential designation is implemented through a specific plan that contains a variety of development, predominantly single-family residential but with multi-family and senior housing, commercial uses, schools, and parks. “Average” density is an aggregate of all residential development.

Sources: Land Use Element, Modesto Urban Area General Plan; and Modesto Municipal Code, Title X.

Land use regulations in the Zoning Ordinance influence housing production in a number of ways. The permitted and conditionally permitted uses in each zone guide new development, and provide both developers and the general public an understanding of how unbuilt land will develop in the future. This includes the density of development that will occur within a particular zone, the compatibility of planned uses in a given area, and the range and type of buildings and uses that will be located throughout the City.

### Provisions for a Variety of Housing Types

Housing element law requires communities to identify adequate sites to accommodate new houses of all types through appropriate zoning and development standards, including single-family houses, multi-family housing, second units, mobilehomes, emergency shelters, transitional housing, supportive housing, and single-room occupancy housing. Table 3-4 summarizes housing types permitted within the City’s residential and commercial zones.

**Table 3-4  
Conventional Housing Types Permitted by Zone**

Housing Types Permitted	Residential Zones			Commercial Zones		Mixed-Use / Special Zones		
	R-1	R-2	R-3	P-O	C-1, -2, -3	Downtown <sup>4</sup>	SP	P-D
Single-family dwellings	P	--	--	--	--	P	**	*
Two-family dwellings	P <sup>1</sup>	S,P <sup>2</sup>	S,P <sup>3</sup>	--	--	P	**	*
Three dwelling units or more	--	P <sup>2</sup>	P <sup>3</sup>	C	C	P	**	*
Mixed residential-commercial	--	--	--	--	C	P	**	*
Condominiums	--	--	--	--	--	P	**	*
Mobile home rental parks	--	--	--	--	--	--	**	*
Accessory Unit	P	--	--	--	C	P	**	*

Notations:

P = Permitted

S = Permitted subject to Development Plan Review by staff if there are 5 or more dwelling units. Development Plan Review establishes compliance with the California Green Building Code, fire sprinkler/access, solid waste recycling, drought-tolerant landscaping, and similar requirements before building plans are drawn.

C = Permitted subject to granting of a Conditional Use Permit by Board of Zoning Adjustment.

\* = Permitted if specified in ordinance establishing the Planned Development zoning designation on a property.

\*\* = Permitted on properties in an adopted specific plan that are designated by the specific plan for residential development.

Notes:

1 Two-family dwellings are permitted on corner lots in the R-1 zone if there are separate street entrances.

2 Minimum density is 11 units per acre.

3 Minimum density is 22 units per acre.

4 Downtown zones utilize a form-based code. Some areas allow single family dwellings, others allow residential building types based on lot width.

Source: Title 10, Zoning Ordinance, City of Modesto.

## **Multi-Family Housing**

A multiple-family, or multi-family, dwelling is any dwelling that is designed to be occupied by a family or household, as signified by the presence of a kitchen or food preparation area and private, separate living area. Multiple-family housing comprises approximately 23 percent of the existing housing stock in Modesto. The City's Zoning Ordinance permits multi-family housing in the R-2, R-3, and P-O zones with review and approval by the Planning Commission. Multi-family housing in the C-1, C-2, and C-3 zones is allowed subject to review and approval by the Board of Zoning Adjustment. In the R-3 zone, housing density ranges from 22 units to 28.5 units per acre; in the R-2 zone, the density of development ranges from 11 to 14.5 units per acre. The adopting ordinance for both P-D and SP zones may allow multi-family rental and ownership (condominium) development by right. In these zones, density is allowed to exceed the R-3 maximum of 28.5 units per acre and parking requirements may also be reduced below the standard requirements in the Modesto Municipal Code. The Zoning Ordinance also allows greater density through density bonus provisions. Appendix G illustrates that R-2 and R-3 zoning restrictions do not create an impediment to housing development and that development can occur at or above minimum densities without violating zoning standards.

## **Second Units**

The Zoning Ordinance allows the development of a second, or accessory, living unit in the R-1 zone. The purpose of permitting additional living units is to allow more efficient use of existing housing and to provide the opportunity for the development of small housing units to meet the special housing needs of seniors and others, while preserving the integrity of single-family neighborhoods. Approval of an accessory unit occurs through a building permit.

## **Factory-Built Housing and Mobilehomes**

The City permits manufactured and factory-built housing in all residential districts, provided that the units are consistent with the Uniform Building Code (UBC) regulations. The City does not treat manufactured houses differently from other single-family structures, thus no information is available regarding the number of such houses located in the City. Mobilehome parks are permitted only if so designated in a Planned Development zone.

## **Special Needs Housing**

In addition to conventional housing, the City also permits various special needs housing to accommodate the unique situations of certain groups. These facilities include residential care facilities, transitional housing, emergency shelters, supportive housing, group care facilities, single-room occupancy housing, and farm employee housing. Specific zoning code provisions for these uses are detailed in Table 3-5.

Special needs housing is an essential part of housing planning for all communities. Ensuring that the Zoning Ordinance provides adequate areas for development of housing for those with special needs is critical to meeting the goals of the Modesto Housing Element.

**Table 3-5  
Special Needs Housing Types Permitted by Zone**

Housing Types Permitted	Residential Zones			Commercial / Industrial Zones						Mixed-Use/ Special Zones			
	R-1	R-2	R-3	P-O	C-1	C-2	C-3	C-M	M-1	M-2	Downtown	SP	P-D
Single-Room Occupancy		+	P	+	C	C	C					*	*
Rooming houses <sup>a</sup>	P	P	P	+							P	*	*
Farmworker housing <sup>b</sup>	+	+	+	+	C	C	C				P	*	*
Residential care facility – 6 or fewer persons	P	P	P	C							P	*	*
-- 7 or more persons	C	C	C	C							P	*	*
Emergency Shelters					C	C	C	P/C	P/C	P/C		*	*
Transitional Housing	+	+	+	+	C	C	C	+	+	+	P	*	*

P Permitted subject to an administrative review by Zoning Administrator (no public hearing).  
 C Permitted subject to granting of a Conditional Use Permit by Board of Zoning Adjustment (with public hearing).  
 P/C One shelter permitted by right in one of these zones; additional shelters thereafter subject to conditional use permit.  
 \* Permitted only if specified in ordinance establishing the Planned Development or SP zoning designation on a property.  
 + Subject to interpretation of use by Community and Economic Development Director or Board of Zoning Adjustment.  
 a Up to three unrelated roommates can occupy a house by right. More than three subject to Conditional Use Permit in R-1 and R-2.  
 b Accommodated by income level, rather than by employment type.  
 Source: Title 10, Zoning Ordinance, City of Modesto Municipal Code.

**Single-Room Occupancy:** Single-room occupancy (SRO) hotels provide a form of affordable housing suited to single or married couples without children. The Zoning Ordinance does not make mention of SRO hotels. Interpretations of individual development proposals are made by the Community and Economic Development Director or the Planning Commission, which determine the appropriate classification of each development. In general, a development application consisting of an SRO hotel would most likely be considered as a hotel, consistent with the locations and conditions of lodging facilities. Lodging facilities are permitted uses in the R-3 or P-D zones.

**Residential Care Facilities:** According to the Community Care Facilities Act in the California Health and Safety Code, residential facilities serving six or fewer persons (including foster care) must be treated as a regular residential use and permitted in all residential zones. Such facilities cannot be subject to more stringent development standards, fees or other standards than the same type of housing in the same zone. The Zoning Code permits such facilities in residential zones (R-1, R-2, and R-3) by right, and also in the Professional-Office zone with a Conditional Use Permit. Residential Care facilities serving seven or more persons are also allowed in the Professional Office zone and all residential zones, but only with a Conditional Use Permit granted by the Board of Zoning Adjustment.

**Transitional Housing:** Transitional housing is typically defined as temporary (often six months to two years) housing for an individual or a family that is transitioning to permanent housing, or for youth who are moving out of the foster care system. The Zoning Ordinance allows this use by right in residential zones.

**Emergency Shelters:** An emergency shelter is a facility that provides shelter to families and/or individuals on a limited short-term basis. Emergency shelters are allowed in the C-1, C-2, C-3, and C-M Commercial zones and M-1, M-2 Industrial zones, with a Conditional Use Permit approved by the Board of Zoning Adjustment, except that one shelter is permitted by right in any one of the C-M, M-1, and M-2 zones.

The City processes these use permits like all others, advertising the proposal through public notice, and encouraging public meetings between the proponents and the neighboring residents. When considering these applications, the City considers identified housing needs and goals as they pertain to very-low income and homeless persons. Conditions for approval are no different than those required for similar uses in the same zoning district and therefore, will not unduly constrain the development of emergency shelters.

The City Council has available to it the ability to declare a “shelter crisis” eliminating the requirement for a use permit for the establishment of an emergency shelter for any period of time so designated. This declaration also suspended certain development standards and building code requirements that were non-safety in nature. 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. This emergency shelter facility was remodeled and furnished over a four-week period with City coordination and much community participation. The shelter accommodates 50 adults. This shelter has since been converted into a permanent homeless shelter through a Conditional Use Permit.

In recent years, State and federal funding programs have focused on the provision of transitional housing (e.g. Shelter Plus Care and Supportive Housing programs). This shift in funding has affected the provision of emergency shelters.

**Farm Labor Housing:** Housing for migrant or short-term farmworkers, such as labor camps and specialized dormitory-style living facilities, are not specifically mentioned in the Zoning Ordinance. Like other forms of housing not explicitly mentioned in the Zoning Ordinance, an application for the creation of farmworker housing would be subject to a zoning interpretation from the Community and Economic Development Director or with decisions appealable to the Board of Zoning Adjustment. Housing for permanent or longer-term agricultural workers may be developed in any zone where residential uses are permitted, governed by the development standards placed on similar types of structures (for instance, if proposed as a medium density residential use, farm worker housing would be permitted in the R-2 zone).

The farmworker population in the City is small, representing 1.3 percent of the City population. Furthermore, the City has no agriculturally designated land. Housing needs of the declining farmworker population can be accommodated through housing for lower-income households or through farmworker housing in the unincorporated portions of Stanislaus County.

## Residential Development Standards

The City regulates the type, location, density, and scale of residential development primarily through the Zoning Ordinance. Zoning regulations are designed to protect and promote the health, safety, and general welfare of residents, as well as implement the policies of the General Plan. The Zoning Ordinance is intended to preserve the character and integrity of neighborhoods. The Ordinance sets forth the City’s specific residential development standards, which are summarized in Table 3-6. As discussed above, in addition to residential zones, residential uses are also permitted in two commercial zones.

**Table 3-6  
Residential Development Standards**

Zoning District	Minimum Density (du/ac)	Maximum Density (du/ac)	Minimum Lot Size (sq. ft.)	Maximum Building Coverage (%)	Maximum Building Height
R-1	1/lot	8.7 (gross)	5,000 interior lot 5,500 corner lot	50% interior lot 55% corner lot	30 feet
R-2	11	14.5	6,000 interior lot 6,500 corner lot	55% interior 60% corner	30 feet
R-3	22	29	6,000 interior lot 6,500 corner lot	60% interior 65% corner	30 feet
P-O	22	29	n/a	n/a	35 feet
C-1		29	n/a	n/a	35 feet <sup>a</sup>
C-2		29	n/a	n/a	90 feet <sup>a</sup>
C-3		29	n/a	n/a	N/A
P-D	b	b	b	b	b
SP	d	d	d	d	d
Downtown Zones <sup>c</sup>	n/a	n/a	Building types allowed by lot width and location	n/a	1 to 15 stories, by location

Source: Title 10, Zoning Ordinance, City of Modesto.

a Except structures for uses permitted with a Conditional Use Permit

b As defined in the Ordinance designating the District.

c The downtown zones are form-based, rather than use-based. Development standards for the downtown zones are not measurable in terms comparable to the rest of Modesto.

d As defined in the relevant specific plan.

Under some circumstances, development standards could indirectly limit the number of dwelling units that may be constructed on any given parcel, resulting in increased unit cost for residential development. However, because some minimum level of development regulation is necessary to ensure that functional and compatible development occurs, the City of Modesto strives to establish standards that facilitate high-quality residential development that can occur at densities up to and including the maximum allowed by the zoning regulations. City of Modesto development standards accomplish that goal. The City’s standards are discussed in more detail below.

## Density

Development density, as defined in terms of the number of units per acre, varies by zone. Predefined minimum densities range from one house per lot in the R-1 zone to 29 units per acre in the R-3 zone. The maximum development density ranges from 8.7 units per acre in the R-1 zone to 29 units per acre in the high-density R-3 zone. In addition, the Planned Development zones have no prescribed maximum density and are allowed to develop in accordance with the approved plan. The City's building height limits in conventional use-based zones are enumerated in Table 3-6.

The various downtown zones do not prescribe development density. Instead, they regulate development in terms of what kinds of buildings can be built and which are on the lot they may occupy, as well as the number of stories buildings may contain. Parking spaces are also regulated, although fewer spaces are required in downtown than are required elsewhere in Modesto, which will allow greater development than would be allowed on a similar lot in another area.

## Structural Limits

Zoning Ordinance regulations affect the size of structures by setting limits on lot coverage and height. Maximum lot coverage ranging between 50 and 65 percent is allowed in residentially zoned areas, while the commercial and P-D zones do not mandate maximum lot coverage. As noted on Table 3-7, building heights of up to 30 feet are allowed in the R-1 and R-2 zones and up to 42 feet or three stories in the R-3 zone. Residential buildings in the Professional Office zone can stand 35 feet in height. Structures in P-D zones do not have a maximum building height.

Lot coverage and height limitations are intended to improve neighborhood compatibility and coherence, but may also limit development densities. However, there are mechanisms (P-D zoning most notably) available to developers of affordable housing that will provide relief from such limitations. In addition, as described under "Flexibility in Development Standards" below, the City is able to waive certain requirements in order to allow affordable housing projects to be built without the full burden of development standards and fees.

## Parking Requirements

The City's parking requirements for residential uses vary by type of residential use and by zoning district. In the conventionally-zoned portion of the city, single-family houses are required to have two off-street spaces per house. If the single-family house has a second dwelling unit on the premise, then another space is also required. Multi-family development is required to provide one space for studio and one-bedroom apartments, two spaces for two or more bedrooms, and one additional guest parking space for every four units. The requirements for parking are shown below in Table 3-7. Guest parking is included in the requirement. The City offers flexible parking standards for housing for seniors and persons with disabilities and reduced parking requirements in many of the Downtown zones, in recognition of the availability of transit.

**Table 3-7  
Parking Requirements**

Type of Residential Development	Required Parking Spaces
Single Family House	2 off-street spaces per house
Second Unit/Studio or 1-bedroom apartment	1 or two spaces for second units and one space per unit for a studio/one bedroom unit; tandem parking may be acceptable [10-2.502 (c)(3) and 10-2.2002(a)(1)]
Mixed Use (residential and non-residential)	Reduced parking requirements, subject to the provisions of Section 10-2.2002(h)(3)
All other residential uses, including apartments, condominiums, group homes, and similar	1 space for studio, one-bedroom apartment 2 spaces for two or more bedrooms 1 guest parking space for every four units
Downtown zoning districts	1 per dwelling unit (typical, varies)

Source: Title 10, Zoning Ordinance, City of Modesto.

**Flexibility in Development Standards**

The City offers various mechanisms to provide relief from development standards that are typically required of all residential projects, including density bonuses, fee deferrals and exemptions, direct financial assistance, and flexible standards within the Planned Development zones (see Chapter 6, Housing Programs, for detailed information regarding these affordable housing incentives). Certain development standards, such as parking requirements, can also be waived if deemed appropriate by the Board of Zoning Adjustment or Planning Commission.

**Density Bonus**

In accordance with Government Code Section 65915 as amended by SB 1818 (2004), the City of Modesto offers density bonuses to developers of at least five dwelling units meeting state affordability criteria and can consider parking concessions, affordable housing subsidies, allowing mixed uses, deferral of Capital Facilities Fees, expedited processing, reduced setbacks, and increases in height limitations. The City must ensure that these units remain affordable for ten years. Modesto’s density bonus ordinance can be found in its entirety in Title X, Chapter 3, of the Municipal Code.

## **Capital Facilities Fee Deferrals and Exemptions**

Capital Facilities Fees (CFF) are exactions levied against development to cover the cost of the facilities and services the City provides to the new commercial and residential development, including streets and parks, police and fire protection, and government services. These fees might be reduced, deferred, or exempted from a particular development if it provides an additional benefit to the community, such as low-income or senior housing. The City has used deferral or exemption of these fees extensively in the past ten years to help facilitate affordable housing construction.

## **Planned Development (P-D)**

The P-D zone is designed to (1) foster development plans for eligible lands that serve public objectives more fully than development plans permitted under conventional zoning regulations; and (2) establish criteria for identifying parcels of land that can benefit from creative development plans requiring special review. The P-D zone allows the regulations of the underlying zone be superseded, modified, or amended. The City frequently uses the P-D zone to permit higher densities on smaller lots and other deviations from conventional zoning regulations. Through the P-D designation, the City can allow deviations from the district regulations relating to lot size, lot width, front yard setback, rear yard setback, and some lot coverage standards.

## **Non-Conformity Provisions**

Modesto contains a significant number of non-conforming lots, uses, and structures, resulting from development that occurred prior to the establishment of the current standards. In accordance with Title 10 of the Modesto Municipal Code, existing parcels may continue the nonconforming use as long as the use is not physically expanded more than 20 percent with director approval. Greater expansions require a Conditional Use Permit. In addition, the Code allows one non-conforming use to replace another if the impacts associated with the new non-conforming use are not greater. This provision protects existing housing by allowing residents an option to maintain units that do not meet all of the standard development requirements of the City. Additionally, if damaged, non-conforming structures may be rebuilt as they were, so long as plans are submitted within one year of the damage. The Board of Zoning Adjustment may grant a Conditional Use Permit for one non-conforming use to replace another provided it finds the new use will have no greater impact surrounding properties and is compatible with the neighborhood. Furthermore, certain development standards, such as off-street parking requirements, cannot be the sole criterion for designating a use as non-conforming.

## **Development Permit Procedures**

The processing time needed to obtain development permits and required approvals varies depending on the scope of the project. Smaller projects typically require less time than larger projects. The City strives to keep its permit procedures streamlined and processing times minimal. The Community and Economic Development Department is the lead agency in

processing residential development applications and as appropriate, coordinates the processing of these applications with other City departments/agencies. The following is a listing of the type of permits required for residential developments within Modesto, and what types of projects are required to obtain each permit.

### **Ministerial Permits**

A ministerial permit is one for which an applicant must meet certain stated requirements to obtain a permit. These permits are ministerial because there is no discretion on the part of City staff or elected officials to grant or deny the permit if the stated requirements have been met. Development of an individual house on a lot requires only ministerial building permit approval from the Building Division. To obtain an administrative approval, an applicant is required to submit site and/or floor plans, and the plans are reviewed and approved by planning staff. The administrative review is processed without public hearings and is processed in an expedient manner, with two to four weeks being the usual processing time.

### **Discretionary Permits**

In residential zones, Conditional Use Permits are required for specified types of residential uses. Examples of projects requiring Conditional Use Permits (CUP) include residential uses in commercial zones, larger community care facilities, and emergency shelters and transitional housing. To apply, an applicant must submit site plans, floor plans, elevation illustrations, grading/drainage plan, soils and drainage reports, and other material as required.

The time frames associated with securing a CUP are largely a function of the public hearing process and the staff time required to review the proposal. Staff processing time for a CUP depends on the complexity of the project. For a typical residential project consistent with applicable Zoning and General Plan provisions, the total time required to obtain a decision from the determining body is 11 to 12 weeks. Processing procedures and time frames in Modesto are shorter than those in comparable communities. However, California Environmental Quality Act requirements for large projects may extend this timeframe.

## **On- and Off-Site Improvements**

The City requires standard street widths for most development projects.

- Local streets require a 50-foot street right-of-way consisting of 36 feet of roadway, curbs, a 4-foot wide sidewalk on each side of the street and drive-over curb or 6-foot sidewalk with a vertical curb.
- Cul-de-sacs require a 50-foot street right-of-way consisting of 34 feet of roadway, drive-over curbs, and 4-foot wide sidewalks on each side.
- Minor Collector streets require 60-foot street right-of-way, consisting of 36 feet of roadway, vertical curbs, and 5-foot sidewalks on each side.

- Minor Collector streets with bike lanes require a 72-foot street right-of-way consisting of 48 feet of roadway, including a six-foot-wide bike lane on either side of the street, vertical curbs, and five-foot sidewalks on each side.

Other off-site improvements include the installation of sewer, water, and storm drain lines. The installation of street lights, street signage, fire hydrants and street trees are also required at time of recordation of the final map for single-family subdivisions and certificate of occupancy for multi-family development.

**Water and Sewer Connections**

For connection to the City’s sewer service, the developer must pay a series of fees, which are summarized below:

**Residential Sewer**

Waste Water Capacity Charge		\$5,146 per equivalent dwelling unit
Subtrunk Charge	Pays for const. and maintenance of lines	\$645.00/gross acre
Lateral Charge	Pays for extension of sewer lateral	\$26/linear foot

**Residential Water**

Connection Charge	5/8” service	\$2,282
	1” service	\$5,702
	1 1/2” service	\$11,406
	2” service	\$1,247
	3” service	\$36,494
	4” service	\$57,023
	6” service	\$114,044
	8” service	\$182,470
	10” service	\$262,301
	12” service	\$490,389

**Water Main**

Connection Charge	Pays for construction of specific water main that extends to and serves the property	\$26.00/Linear Foot of Lot Frontage
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**Water Service**

Installation Charge	Installation of water service	\$1,108 (1”) to \$3,717 (8”) depending on diameter
Water Meter Fee	Pays for installation of water meter	\$275 (1”) to \$4,147 (8”) varies by line size
Pavement Fee	Pays for removal and replacement of pavement in the street for installation of water service	Time and materials
Fire Hydrant Installation Fee	Pays for the time and materials required	\$2,960 for main extension
Water Connection	Pays for connection of a new main to an existing main	

## **Building Codes, Site Improvements, and Enforcement**

### **Building Codes**

The City has adopted the California Building Code (CBC), which establishes standards and requires inspections at various stages of construction to ensure code compliance and minimum health and safety standards. The City's building code also requires new residential construction to comply with the CBC disabled access standards, which specifies a minimum percentage of dwelling units in new multi-family developments that must be fully accessible to the physically disabled. Although these standards and the time required for inspections may increase housing production costs and may impact the viability of rehabilitation of older properties, the codes are mandated of all jurisdictions in California and necessary to ensure safe and decent living environment.

### **Site Improvements**

Site improvements cover the range of water, sewer, circulation, and other services and infrastructure needed to facilitate residential developments. To ensure adequate improvements are in place, the City requires developers of individual and multiple-family housing units to pay impact fees commensurate with the cost of providing essential services to the house(s). Site improvements, as well as pro-rata shares toward infrastructure costs and public services represent a significant cost of housing and have an impact on the affordability of houses. However, site improvements are necessary for health and safety reasons and ensure services and facilities are in place to serve the new residents.

### **Code Enforcement**

The City administers a Code Enforcement Program through the Community and Economic Development Department. The program aims to preserve and maintain the safety, livability, and quality of neighborhoods. Code enforcement staff investigates violations of building code and property maintenance standards as defined in the Municipal Code as well as other complaints. When housing code violations are identified or cited, the staff encourages property owners to seek assistance through the City's various rehabilitation loan and grant programs. These programs provide low-interest loans and grants to eligible owners to make necessary repairs, which may include plumbing / sewer, electrical, re-roofing, termite damage repair, structural repairs (due to earthquakes, for example), and kitchen and bathroom remodeling.

The Building and Safety Division of the Community and Economic Development Department administers a building and housing code enforcement program, where residential structures are inspected for health and safety violations. Housing units found to be unsafe are required to be improved or demolished.

## Permit Fees and Exactions

Housing construction imposes short- and long-term costs on communities. Short-term costs include the cost of providing planning services and inspections. In addition, new residential developments can also result in significant long-term costs relating to the maintenance and improvement of the City's infrastructure, facilities, parks, and streets. In response to the taxing constraints imposed by Proposition 13, Modesto, like many other California cities, must rely increasingly on planning and development fees to fund the provision of services needed by new housing.

Like cities throughout California, the City of Modesto collects development fees to recover capital costs associated with providing community services, and administrative costs associated with processing applications. New housing typically requires payment of these fees, which are summarized in Table 3-8. Table 3-9 illustrates an estimate of the percentage of total housing costs that these City fees comprise.

In addition, single-family subdivisions and multi-family development may incur costs associated with General Plan amendments, Specific Plan processing, California Environmental Quality Act documentation, and other zoning entitlement actions. For the purposes of this analysis, these include fees required by other agencies, such as the San Joaquin Valley Air Pollution Control District Indirect Source Rule, for example. These indirect entitlement costs and fees are assumed to be included in the "Total Estimated Cost of Development per unit" figures shown in Table 3-9, below.

Fees associated with new development in the City vary significantly by geographic location. The City has four active Community Facilities Districts (CFDs), each with its own assessment cost for new developments. Many other areas of town are not located in a CFD and are not required to pay any CFD assessment.

Community Facilities District (CFD) fees have been cited as a potential constraint on the development of affordable housing. CFD fees in Village One are \$65,856 per acre for single family development and \$170,464 per acre for multiple family development. To ensure that fees do not constrain affordable housing, fee reductions or waivers are sometimes granted based on project-specific findings. Capital Facilities Fees have been waived for recent affordable housing projects within the City, reducing the potential adverse impact of fees on low-income development. The City has also attempted to utilize an Affordable Housing Fund and other financing tools to promote affordable housing. Development in most of Modesto is not subject to a CFD.

The Modesto City Schools District, in addition to several elementary school districts, serves the City. These Districts assess school impact fees on all new development. The school impact fee for residential development is the same for all of these Districts: \$3.36 per square foot. Currently there are no exemptions from school impact fees, however, certain District school boards will review and consider requests for fee waiver or reduction for senior and affordable housing projects.

**Table 3-8  
Estimated Residential Development Fees (June 2015)<sup>a</sup>**

<b>FEE TYPE</b>	<b>Single Family</b>	<b>Multiple Family</b>
Building Permit	\$2,946	\$4,791 <sup>b</sup>
Capital Facilities Fee	\$14,793	\$9,966
Public Facilities Fee	\$7,631	\$4,949
Water	\$9,059	\$536
Wastewater	\$6,889	\$3,403
School Fees	\$5,040	\$2,688
<b>TOTAL</b>	<b>\$46,358</b>	<b>\$22,743</b>

<sup>a</sup> This estimate is based on a 1,500 sf single-family unit on a 5,000-square-foot lot, and development of a 240-unit multi-family project on a three-acre lot.

<sup>b</sup> Inspection fee is charged per building. Assumes four units in each multi-family building.

**Table 3-9  
Development Fees as a Proportion of Total Residential Development Cost (June 2015)<sup>a</sup>**

	<b>Single Family Unit</b>	<b>Multiple Family Unit</b>
Estimated Fees	\$46,358	\$22,743
Estimated Cost of Construction	\$291,226	\$107,500
Fees as a Proportion of Total Development Cost	14%	17%

<sup>a</sup> This estimate is based on a 1,500 sf single-family unit, and development of a 240-unit multi-family project. Estimate developed using [www.building-cost.net](http://www.building-cost.net). Assumes four units in each multi-family building.

Fees have the potential to increase the cost of housing. As a result, the City conducted a comprehensive fee study in 2010, which resulted in City Council adopting a revised fee schedule that accurately captures the appropriate fees necessary to recover costs in such a way that City services and infrastructure are not overly burdened by residential development. In particular, Capital Facility Fees were reduced to acknowledge that some infrastructure in the general plan is not needed and will not be built. Additional information regarding constraint mitigation efforts is described in Chapter 6 (Housing Programs).

Table 3-9 (above) illustrates that development fees in Modesto are not an unreasonable percentage of the total cost of residential development. In fact, more multi-family dwellings than single family dwellings have been constructed since the fees were revised (141 multi-family compared to 82 single family) and most of the multi-family units built have been income-restricted units.

## **Disability Access**

In January of 2002, SB 520 was passed, amending Section 65008 of the Government Code to require localities to analyze potential and actual constraints upon housing for persons with disabilities, demonstrate efforts to remove governmental constraints, and include programs to accommodate housing designed for disabled persons. As part of the Housing Element process, the City must conduct an analysis of its Zoning Ordinance, permitting procedures, development standards, and building codes to identify potential impediments. Where found, the Housing Element must propose specific actions and implementation schedules to remove such impediments. The following summarizes findings from this analysis.

### **Zoning and Land Use**

State and federal housing laws encourage an inclusive living environment, where persons of all walks of life have the opportunity to find housing suited to their needs. As discussed earlier, the Zoning Ordinance permits a range of housing types suitable to special needs groups covered under the uses “Residential Care Facilities.”

### **Building Codes and Development Standards**

The City enforces Title 24 of the California Code of Regulations, which regulates the access and adaptability of buildings to accommodate persons with disabilities. ADA requires new residential buildings consisting of three or more units to incorporate design features, including: 1) adaptive design features for the interior of the unit; 2) accessible public and common use portions; and 3) sufficiently wider doors to allow wheelchair access. The City ensures that plans meet ADA accessibility standards.

Currently, the City uses the 2013 California Building Code. No restrictions unique to Modesto are in place for disabled housing, such as minimum distances, special conditions for disabled housing, or other such regulations that could constrain the development, maintenance, improvement, or alteration of housing for disabled persons.

Development standards for housing developments that will serve disabled persons are the same as those for other residential developments. Flexible development standards can be offered through a Planned Development zone. The standard development requirements are not overly burdensome and do not represent a constraint to the provision of housing for the disabled. So-called “Universal Design” houses, which are fully accessible to persons with most disabilities, are allowed under CBC and UBC standards.

### **Permitting Procedures**

The City does not require special building codes or additional levels of review to build, improve, or convert housing for disabled persons. Per State law, requests for modifications to ensure housing access, such as ramps up to 30 inches in height, do not require a building permit and are processed over the counter. The City uses a standard entitlement process to ensure that facilities are sited and operated in a manner compatible with surrounding land

uses. The Zoning Ordinance does not specify a unique set of performance standards for community care facilities and other types of housing facilities for disabled persons. Such standards could be determined only after an interpretation of the use by the Community and Economic Development Department Director or Planning Commission.

### **Reasonable Accommodation**

Both the Federal Fair Housing Act and the California Fair Employment and Housing Act impose an affirmative duty on local governments to make reasonable accommodation (modifications or exceptions) in their land use regulations and practices when such accommodation may be necessary to afford disabled persons an equal opportunity to housing. Most typical requests for reasonable accommodation relate to ramps and parking.

As part of this Housing Element update, the Chief Building Official in the Building Safety Division, the Principal Planner of Current Planning Section of the Planning Division, and the City Engineer were interviewed to evaluate whether City application and development procedures and codes constrain the development of housing for persons with disabilities. The Chief Building Official indicated that building staff routinely requires and facilitates compliance with the Americans with Disabilities Act. Property owners who disagree with the Chief Building Official's determination may appeal to the Disabled Access Appeals Board. The Principal Planner (Current Planning) indicated that staff treats access ramps in setbacks just as chimneys, air conditioning units, and other appurtenances, as noted in Section 10-4.403 of the Municipal Code. The City Engineer stated that any handicapped individual may contact the City to request the addition of blue curb in front of his or her house, free of charge. No potential constraints to the development of housing for the disabled or for the addition of accessible features were identified.

Furthermore, the City has five advisory committees established to help address the various needs of the disabled. These are the Citizens Housing and Community Development Committee, Disabled Access Appeals Board (noted above), Equal Opportunity/Disability Commission, Human Relations Commission, and Housing Rehabilitation Loan Committee. The City does not charge fees to access these committees and does not assess fees for review or approval of accommodation requests.

Although the City does not have a specific procedure for processing reasonable accommodation requests, City staff assists disabled applicants and/or their representatives at the public counter without additional processing. Finally, the City-County Building has been designed to be completely accessible by the disabled. No potential constraints to providing reasonable accommodation were identified.

## C. ENVIRONMENTAL AND INFRASTRUCTURE CONSTRAINTS

Physical environmental conditions affect the feasibility and cost of residential developments. Environmental conditions can include the suitability of land and area for development, as well as the provision of adequate infrastructure and services. This section addresses the potential environmental and infrastructure constraints associated with housing development in Modesto.

### Environmental Constraints

Environmental constraints and hazards affect all forms of residential developments. Discussed below are the major environmental hazards in the City, as identified in the Modesto Urban Area General Plan Master EIR.

#### Geologic Hazards

Modesto is located in Alquist-Priolo Zone 3, the lowest risk zone for earthquakes. Modesto is characterized by very flat topography (0.1 percent average slope), non-expansive soils, and low likelihood for landslide, liquefaction, or other geologic hazard. The Urban Area General Plan does not identify any potential geologic hazards that could pose significant constraints to the production of housing within the City.

#### Flood Hazards

The major waterways affecting Modesto do not pose any major flood risk. The Tuolumne and Stanislaus Rivers are both controlled by dams and other flood control devices, and Dry Creek does not have a significant record of flooding within the City limits. However, state law requires the identification of property lying within the 100- and 200-year flood plains and precludes the development of affordable housing on those properties. A small number of sites adjacent to the Tuolumne River and Dry Creek lie within the 100- and 200-year flood plains.

While flooding from the waterways is not considered a major risk, the General Plan identifies flooding associated with poor storm drainage as a major issue. In future flooding events, the extent of damage will depend upon the area inundated and the level of urbanization that exists in flood-prone areas.

Without major improvements, some flooding is likely to continue in areas served by rock wells with insufficient capacity to handle winter and spring rainfall. All new developments in the expanding areas of the City are required to construct modern storm drains sufficient to handle potential stormwater impacts. However, infill projects may be served by the existing rock wells and face the potential for flooding. This is a potential constraint to the development of infill housing within the City.

## **Fire Hazards**

Residential fire protection is provided by the Modesto Fire Department. The Department maintains a first response time of six minutes or less for all residential areas of the City. Older areas of the City have the greatest risk of fire, as the frequency of vacant buildings, age of building materials, and lack of fire suppression systems all increase with older developments. Sufficient facilities and services are maintained by the Fire Department to handle all known risks associated with fire hazards. Therefore, fire hazards do not represent a significant constraint to the development of housing.

## **Public Facilities and Services**

In planning for growth, the City must ensure that adequate public facilities and services are available to meet the anticipated demand. Discussions below include the major public services in the City. (More detailed discussion of services and infrastructure issues is provided in the Community Services and Facilities Element of the General Plan.)

### **Water Supply and Service**

Water supply in the Modesto area originates from two sources; City-operated wells and surface water provided by the Modesto Irrigation District (MID). City-owned wells extract groundwater and treat it as necessary to potable standards throughout the water service areas. Surface water is piped to the City through the MID Treatment Plant from the Modesto Reservoir. The MID Treatment Plant has been delivering surface water to the City of Modesto since its completion in 1995. The City also operates several isolated water systems outside the City limits as part of the purchase of the former Del Este Water Company in the 1990s. These water systems are supplied primarily by groundwater sources.

Water availability is a critical planning issue in the City and throughout California. Surface water supply from the MID Plant has reduced the amount of groundwater used by Modesto, allowing groundwater levels to rise. However, in the last few years groundwater levels have trended downward due to continued growth in demand within the City and the ongoing drought. The City also must continually plan and mitigate for stricter government regulations on potable water quality.

The City is exploring and utilizing a variety of options to help reduce water consumption, increase water supply and increase efficiency of the water management system. Tertiary wastewater treatment (water recycling potential), additional well construction, expansion of the MID Surface Water Treatment Plant (Phase 2), a water metering implementation program, and conservation measures are all being considered and pursued by the City to ensure that sufficient water resources and services are available for existing and new developments. Maintaining the Water Master Plan (2010) is one means by which the City continues to review and plan for the existing and future water infrastructure needs as the City grows.

In 2014, the Governor signed a three-bill package (AB 1739, SB 1168, and SB 1319) known collectively as the Sustainable Groundwater Management Act (SGMA), which will be implemented by the California Department of Water Resources (DWR). The locally-controlled Groundwater Sustainability Agency (GSA), which must be formed by June 30, 2017, will be responsible for preparing and submitting to DWR a plan for administering the local groundwater basin by 2020 or 2022. Although it is too early to know what effect on City water supplies will be the result, SGMA will impose the following responsibilities on DWR:

- (1) developing regulations to revise groundwater basin boundaries;
- (2) adopting regulations for evaluating and implementing Groundwater Sustainability Plans (GSPs) and coordination agreements;
- (3) identifying basins subject to critical conditions of overdraft;
- (4) identifying water available for groundwater replenishment; and
- (5) publishing best management practices for the sustainable management of groundwater.

Amendments to California statutes in 2002 (SB 610) imposed additional water supply planning requirements on new developments mandating that all large developments (residential and commercial) show an assured water supply prior to project approval. The City also updated its Urban Water Management Plan in 2010. As part of that effort, the City continually looks for alternative and innovative methods of improving water service to existing and new developments. The City also participates in two groundwater basin management associations, the Turlock Groundwater Basin Association and the Stanislaus and Tuolumne Rivers Groundwater Basin Association, both of which have adopted Groundwater Management Plans.

Properties outside of the existing City limit and not currently served with City water may be eligible to connect to the municipal water system based on established criteria. In June of 1998, the City Council adopted Resolution No. 98-306, codifying the conditions that must be met for a property outside of the City limit to utilize Modesto water. In general, properties outside the City limit are evaluated for water service extensions based on their location relative to the Modesto Municipal Sewer District No. 1, the former Del Este service areas, and the Sphere of Influence (SOI). The City’s policy stipulates that water service extensions may be approved by the City Manager on a case-by-case basis when the following conditions and criteria are met:

- 1) the development has been authorized by the appropriate land use agency (i.e. Stanislaus County, City of Waterford, etc);
- 2) the property is within the City’s service areas (as defined and implied by the Policy); and
- 3) City staff has completed an analysis of supply and infrastructure and determined that it is capable and reasonable for the City to extend the service based on a plan to pay for the extension costs and the quantity of water used.

The ability of properties to meet these conditions will affect their likelihood of receiving water service from the City.

## Sewer Service

The existing and planned sanitary sewer infrastructure poses a potentially significant constraint on the planned growth within the Modesto Urban Area. The City has identified and addressed these potential issues in the 2007 Wastewater Master Plan (WWMP). This report, prepared by Carollo Engineers, developed an overall wastewater system Capital Improvement Program (CIP) to address existing deficiencies and replacement needs.

The projects on the WWMP projects list provide capacity to meet the demands of projected growth through buildout of the current sphere of influence (SOI) which is projected to occur around 2030. The CIP includes the expansion and upgrade of both the Sutter Avenue Primary Treatment Facility (Primary Facility) and the Jennings Road Secondary Treatment Facility (Secondary Facility), improvements to the existing Primary Outfall that conveys flow from the primary facility to the secondary facility, construction of several new trunk sewers and implementation of various sanitary sewer collection system improvements.

The City of Modesto currently provides primary, secondary, and tertiary wastewater treatment. There is currently adequate primary and secondary treatment capacity. Tertiary treatment, begun in 2011, is intended for effluent that will be discharged to the San Joaquin River. By the end of 2018, all discharges to the San Joaquin River will be tertiary-treated effluent. When combined with other system upgrades, sewer treatment is no longer a citywide constraint on growth. System upgrades will continue to alleviate localized constraints, where they exist.

The City has adopted by initiative two ordinances that can constrain extension of sewer infrastructure into new residential areas. Measure A (passed in 1979) and Measure M (passed in 1995) require that any planned extension of sewer infrastructure beyond the existing development area be subject to an advisory citizen vote. Measure A votes are held only during regularly scheduled elections (March and November), thus they can delay the potential extension of infrastructure for up to six months. However, these are advisory votes that may delay the availability of sewer infrastructure, but do not stop it.

# 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, subdivided into the following income categories:

**6,361 units (773 Extremely Low-Income; 773 Very Low-Income; 991 Low-Income; 1,100 Moderate-Income; and, 2,724 Above Moderate-Income).**

Between January 1, 2014, and June 30, 2015, 36 new housing units were built in Modesto, comprising 7 units for above moderate-income families and 29 for lower-income families. This results in an adjusted RHNA of 6,325 units in the various income categories (see Table 4-10).

Modesto has an estimated surplus ability to accommodate 2,441 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 842 dwelling units for extremely low-, very low-, and low-income households;
- Surplus capacity for 1,459 dwelling units for moderate-income households; and
- Surplus capacity for 140 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. 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  
Stanislaus County Regional Housing Needs Allocation**

	<b>Extremely/ Very Low</b>	<b>Low</b>	<b>Moderate</b>	<b>Above Moderate</b>	<b>Total</b>	<b>RHNA Share</b>	<b>Existing Housing Units</b>
<b>Modesto</b>	<b>773/773</b>	<b>991</b>	<b>1,100</b>	<b>2,724</b>	<b>6,361</b>	<b>29.8</b>	<b>75,711</b>
Ceres	311/311	399	446	1,104	2,571	12.1	13,725
Hughson	27/26	34	38	93	218	1.0	2,350
Newman	93/93	119	136	337	778	3.6	3,437
Oakdale	158/157	202	210	520	1,247	5.8	7,961
Patterson	318/318	408	416	1,031	2,491	11.7	6,363
Riverbank	161/160	206	217	536	1,280	6.0	7,109
Turlock	439/438	562	627	1,552	3,618	17.0	24,727
Waterford	66/65	84	89	221	525	2.5	2,665
County	269/269	345	391	967	2,241	10.5	36,117
<b>Total</b>	<b>2,615/2,610</b>	<b>3,350</b>	<b>3,670</b>	<b>9,085</b>	<b>21,330</b>	<b>100</b>	<b>180,165</b>

Source: StanCOG Regional Housing Needs Plan for Stanislaus County, 2014-2023. June 18, 2014.

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.

**Table 4-2  
Remaining Housing Needs Allocation**

Income Group	RHNA	Units Built Jan 2014-June 2015	Remaining Need
Extremely Low / Very Low (24%)	773 / 773	14 / 15	759 / 758
Low (16%)	991	0	991
Moderate (17%)	1,100	0	1,100
Above Moderate (43%)	2,724	7	2,717
<b>Total</b>	<b>6,361</b>	<b>36</b>	<b>6,325</b>

Of the 36 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**

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

**Table 4-4**  
**2015 Fair Market Rent and Available Market Rate Rentals in Modesto<sup>a</sup>**

Unit Size	Fair Market Rent	Apartment/Room Rental Listings			
		\$606 and less	\$607 - \$711	\$712 - \$1,137	\$1,138 and up
Studio / Efficiency	\$594	4	0	0	0
One Bedroom	\$734	4	1	1	0
Two Bedrooms	\$941	0	1	13	0
Three Bedrooms	\$1,387	0	0	0	0
Four Bedrooms	\$1,609	0	0	0	0
Some individual listings represent multiple available units.					
Unit Size	Fair Market Rent	House Rental Listings			
		\$606 and less	\$607 - \$711	\$712 - \$1,137	\$1,138 and up
Studio / Efficiency	\$594	1	0	0	0
One Bedroom	\$734	0	2	1	0
Two Bedrooms	\$941	0	1	3	0
Three Bedrooms	\$1,387	0	0	5	18
Four Bedrooms	\$1,609	0	0	0	4
Five Bedrooms	n/a	0	0	0	1

<sup>a</sup> Modesto Bee classified advertisements, July 15, 2015. Liberty Property Management, Fivestar Property Management, GreenGate Property Management, Stanislaus Property Management, Real Property management, Sweet Properties, Access Property Management, Woodside Management Group, and Valley Oak Property Management websites, all July 16, 2015

**Table 4-5**  
**Monthly Affordable Gross Rent by Income Group, Compared to Table 4-4 Listings<sup>a</sup>**

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

<sup>a</sup> 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**

Name	Type	Funding	Units	Income Category					Status
				Above	Mod.	Low	Very	Extreme	
Archway Commons	mfd	Not secured	74	0	0	22	26	26	Applying for funding

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

Name and APN	Building Permit	Permit Final Date	Project Description / Unit Count	Income Categories
Bennett Place 033-068-030	2012-43144 2012-43145	8/25/2014 8/25/2014	18 units	18 Very Low
Tower Park 106-006-013	2014-61925	estimated 2-2015	50 units senior	24 Low 12 Very Low 12 Extremely Low
Downey Place 107-001-075	2013-50167	12/11/2014	11 units senior housing	11 Very Low
Single family residences	various	January 1, 2014 to December 31, 2014	2 detached units	Above moderate
Single family residences	various	January 1, 2015 to June 3, 2015	5 detached units	Above moderate
<b>TOTAL</b>			<b>86 units</b>	

## 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 982 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 1,875 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 4,037 dwelling units, as shown on Table 4-8. Properties surrounding these 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**

<b>Zoning</b>	<b>Minimum Density</b>	<b>Potential Units</b>
R-1 / SP	1 unit per lot	982 <sup>a</sup>
R-2 / SP	11/ac	1,861
R-3 / SP	22/ac	1,936
Form-Based Code	80/ac	240 <sup>b</sup>
<b>Total</b>		<b>5,019</b>

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 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 14<sup>th</sup> and J Streets and at 10<sup>th</sup> 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, four surface parking lots were selected within the area affected by the form-based code:

- 11<sup>th</sup> Street and K Street, 0.6 acres
- 11<sup>th</sup> Street between K Street and L Street, 1.5 acres
- 12<sup>th</sup> Street between J Street and K Street (2 adjacent lots), 0.5 acres
- 9<sup>th</sup> Street between I Street and J Street, 0.4 acres

Applying the assumed density of 80 units per acre, these four sites could conservatively accommodate 240 dwelling units 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 residential development.

### **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 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 434 dwelling units for above-moderate income families remains to be entitled.
- Woodglen Specific Plan The Specific Plan includes provisions for at least 176 multi-family units and 184 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 the development process after annexation occurs and it is reasonable to expect that it will 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<sup>a</sup>**

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

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 Counts 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 rezoned 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 6,361 units, and the adjusted RHNA is 6,325 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 2,441 housing units. By income group, the City expects to provide sites to exceed its housing unit allocations by at least 842 housing units for extremely low, very-low, and low income households; to exceed the target for the moderate income group by approximately 1,459 units; and to exceed the target for the above-moderate income group by approximately 140 units (see Table 4-10). Although the City is able to provide adequate sites to meet 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.”*

*“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**

	<b>Extremely Low, Very Low and Low Income</b>	<b>Moderate Income</b>	<b>Above-Moderate Income</b>	<b>Total</b>
<b>RHNA</b>	2,537	1,100	2,724	6,361
<b>Units Built Jan 1, 2014, to June 30, 2015</b>	29	0	7	36
<b>Adjusted RHNA</b>	2,508	1,100	2,717	6,325
<b>Sites Within City Limits</b>				
R-1 / SP Vacant / Underdeveloped	---	---	982	982
BDA – Accessory Units (R-1)	---	8	---	8
R-2 / SP Vacant / Underdeveloped	---	1,861	---	1,861
R-3 / SP Vacant / Underdeveloped	1,936	---	---	1,936
BDA – Downtown Form-Based Code	240	---	---	240
Fairview Specific Plan - acreage	---	---	482	482
Kiernan Business Park East (MU)	---	320	---	320
North Beyer Specific Plan	0	0	114	114
Tivoli Specific Plan - acreage <sup>b</sup>	924	370	661	1,955
Village One – acreage	---	---	434	434
Woodglen Specific Plan – acreage	176	---	184	360
Funded or Entitled Housing	74	---	---	74
<b>Total Site Potential</b>	<b>3,350</b>	<b>2,559</b>	<b>2,857</b>	<b>8,766</b>
<b>Surplus/(Shortfall)</b>	<b>842</b>	<b>1,459</b>	<b>140</b>	<b>2,441</b>

a 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, including sample project photos.

b Tivoli Specific Plan zoning is SP, in accordance with state law, and is defined within the context of the Tivoli Specific Plan, which specifies the acreage for each residential development density and the minimum number of dwelling units associated with each residential development density.



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



Miles

1:52,000

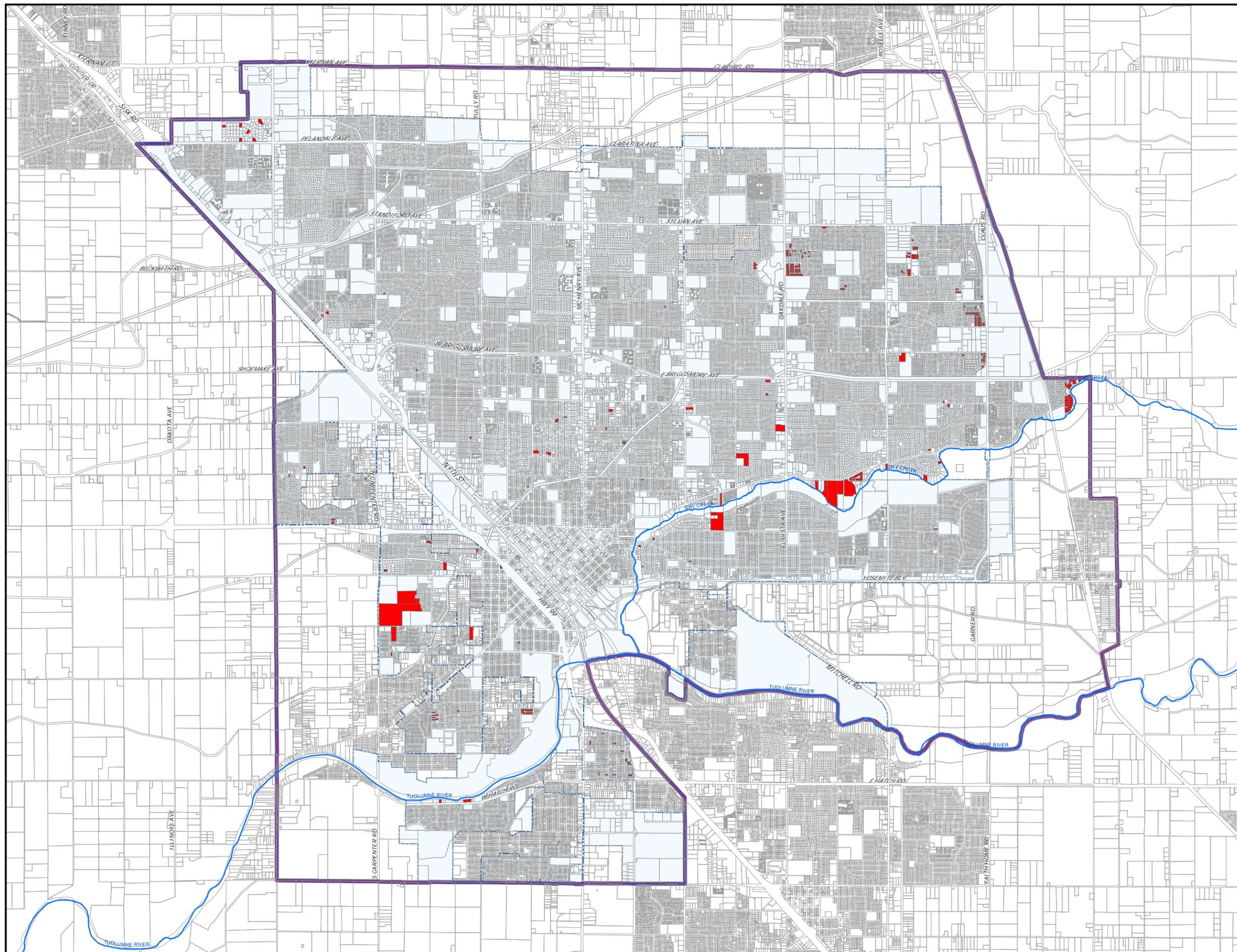
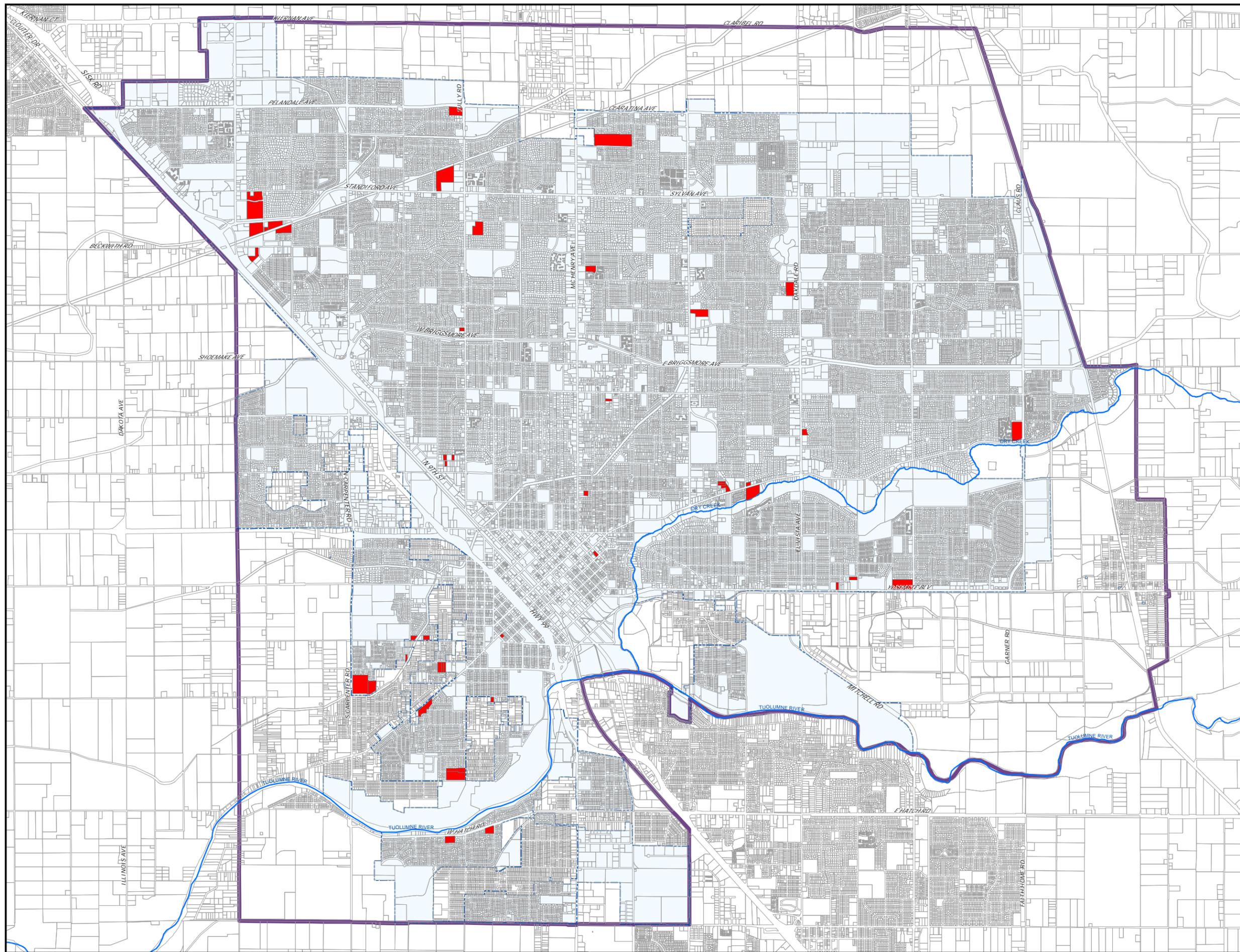






Figure 4-3  
Vacant and Underutilized  
R-3 Type Sites



LEGEND

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

Date: 11/6/2015

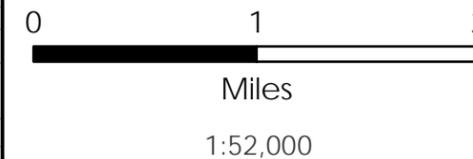
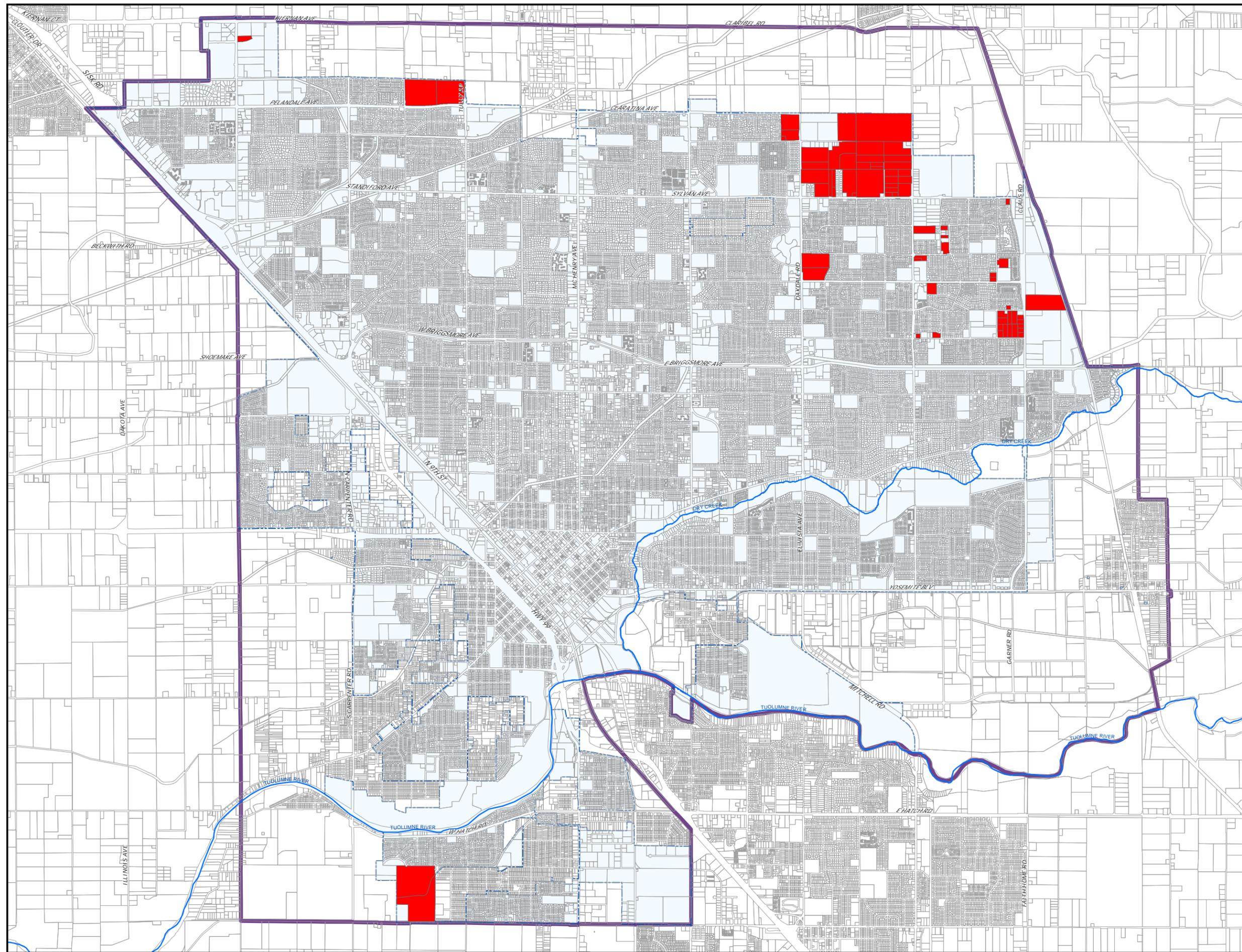




Figure 4-4  
Specific Plan  
Residential  
Acreage



- 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 Parks, Recreation, and Neighborhoods 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 through 2010.

**Table 4-11  
Financial Resources for Housing Activities**

Program Name	Description	Eligible Activities
<b>1. Federal Programs</b>		
<b>Community Development Block Grant (CDBG)</b>	Annual grants awarded to the City on a formula basis for housing and community development activities.	<ul style="list-style-type: none"> <li>▪ Acquisition</li> <li>▪ Rehabilitation</li> <li>▪ Home Buyer Assistance</li> <li>▪ Economic Development</li> <li>▪ Infrastructure Improvements</li> <li>▪ Homeless Assistance</li> <li>▪ Public Services</li> </ul>
<b>HOME Investment Partnership Act Funds</b>	Flexible grant program awarded to City on a formula basis for affordable housing activities.	<ul style="list-style-type: none"> <li>▪ Acquisition</li> <li>▪ Rehabilitation</li> <li>▪ Home Buyer Assistance</li> <li>▪ New Construction</li> </ul>
<b>Emergency Solutions Grant (ESG)</b>	Grants awarded to implement a broad range of activities that serve homeless persons in the City.	<ul style="list-style-type: none"> <li>▪ Shelter Construction</li> <li>▪ Shelter Operation</li> <li>▪ Social Services</li> <li>▪ Homeless Prevention</li> </ul>
<b>Housing Opportunities for Persons with AIDS (HOPWA)</b>	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.	<ul style="list-style-type: none"> <li>▪ Acquisition</li> <li>▪ Rehabilitation</li> <li>▪ New Construction</li> <li>▪ Housing-related Services</li> </ul>
<b>Section 8 Rental Assistance Program</b>	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.	<ul style="list-style-type: none"> <li>▪ Rental Assistance</li> </ul>
<b>Low-Income Housing Tax Credit (LIHTC)</b>	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.	<ul style="list-style-type: none"> <li>▪ New Construction</li> <li>▪ Acquisition</li> <li>▪ Rehabilitation</li> <li>▪ Historic Preservation</li> </ul>
<b>Shelter Plus Care Program</b>	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.	<ul style="list-style-type: none"> <li>▪ Rental Assistance</li> <li>▪ New Construction</li> <li>▪ Support Services</li> </ul>

Program Name	Description	Eligible Activities
<b>2. State Programs</b>		
<b>California Housing Finance Agency (CHFA) Rental Housing Programs</b>	Below market rate financing offered to builders and developers of multi-family and elderly rental housing. Tax exempt bonds provide below-market mortgages.	<ul style="list-style-type: none"> <li>▪ New Construction</li> <li>▪ Rehabilitation</li> <li>▪ Acquisition</li> </ul>
<b>California Housing Finance Agency (CHFA) Home Mortgage Purchase Program</b>	CHFA sells tax-exempt bonds to make below-market loans to first-time buyers. Program operates through participating lenders who originate loans for CHFA.	<ul style="list-style-type: none"> <li>▪ Home Buyer Assistance</li> </ul>
<b>Proposition 1C</b>	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.	<ul style="list-style-type: none"> <li>▪ New construction/acquisition</li> <li>▪ Homebuyer assistance</li> <li>▪ Supportive assistance</li> <li>▪ Farmworker housing</li> </ul>
<b>3. Local Programs</b>		
<b>Single-Family Mortgage Revenue Bond</b>	Issue mortgage revenue bonds to support the development and improvement of affordable single-family homes to qualified households.	<ul style="list-style-type: none"> <li>▪ New Construction</li> <li>▪ Rehabilitation</li> <li>▪ Acquisition</li> </ul>
<b>Multi-Family Mortgage Revenue Bond</b>	Issue mortgage revenue bonds to support the development and improvement of affordable multi-family homes to qualified households.	<ul style="list-style-type: none"> <li>▪ New Construction</li> <li>▪ Rehabilitation</li> <li>▪ Acquisition</li> </ul>
<b>4. Private Resources/Financing Programs</b>		
<b>Federal National Mortgage Association (Fannie Mae)</b>	<ul style="list-style-type: none"> <li>▪ Fixed rate mortgages issued by private mortgage insurers.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Home Buyer Assistance</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Mortgages which fund the purchase and rehabilitation of a home.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Home Buyer Assistance</li> <li>▪ Rehabilitation</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Low Down-Payment Mortgages for Single-Family Homes in under served low-income and minority cities.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Home Buyer Assistance</li> </ul>
<b>California Community Reinvestment Corporation (CCRC)</b>	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.	<ul style="list-style-type: none"> <li>▪ New Construction</li> <li>▪ Rehabilitation</li> <li>▪ Acquisition</li> </ul>

Program Name	Description	Eligible Activities
<b>Federal Home Loan Bank Affordable Housing Program</b>	Direct subsidies to non-profit and for profit developers and public agencies for affordable low-income ownership and rental projects.	<ul style="list-style-type: none"> <li>▪ New Construction</li> </ul>
<b>Freddie Mac</b>	Provides first and second mortgages that include rehabilitation loan. City provides gap financing for rehabilitation component. Households earning up to 80% MFI qualify.	<ul style="list-style-type: none"> <li>▪ Home Buyer Assistance</li> </ul>

## 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 Housing Division is responsible for administering the City's housing assistance programs, including the first-time homebuyer and rehabilitation programs. The Department 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 California Alternate Rates for Energy Program (CARE) 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 (HEAP). 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.

# **REVIEW OF 2009 HOUSING ELEMENT PERFORMANCE**

## **A. PURPOSE**

In developing a housing strategy for the City, it is important to begin by reviewing the actions and approaches the City has utilized in the past. In addition to meeting a requirement of State law, an analysis of the past actions provides a beginning framework of what approaches, policies, and programs have been successful in helping meet the City's housing goals. This review will help ensure that the past accomplishments and lessons learned are reflected in future policy, and that new strategies / approaches are formed and implemented in areas of concern.

The City last prepared a comprehensive update of the Housing Element in 2009, which was adopted by the City in 2011 and has served as the City's housing policy for the past five years. A variety of methods are used to assess the ability of the policies and programs to accomplish the goals set forth in the 2009 Element. While many of the programs had quantified targets established, many others were left open regarding their anticipated productivity. With unquantified programs, the assessment of relative success will be based on the individual program's contribution to the overall goal. All assessments will be for the time period in which the document was in effect; 2009 to 2014. The most recent information available was used for analysis of each program.

This chapter evaluates the performance of the City's 2009 Housing Element, based on its adopted goals, policies, and programs. Included in this section is a summary of each program and policy adopted to meet the stated housing goals, and an analysis of the relative successes and failures of each. The analysis concludes with a discussion regarding the usefulness and continued appropriateness of the individual programs for the 2015-2023 planning period. The review is based on the seven adopted goals contained in the 2009-2014 Housing Element.

## B. ASSESSMENT OF GOALS

In the 2009 Housing Element, the City adopted seven goals intended to provide a sufficient amount and type of housing for the anticipated needs of the residents of Modesto. These goals established a direction for the implementation programs.

The Stanislaus Council of Governments (StanCOG) assigned a Regional Housing Needs Assessment (RHNA) for 2014 to 2023 for all communities in Stanislaus County. This assessment provided a total number of anticipated units needed to accommodate growth within Modesto during this time frame. StanCOG determined that the City must accommodate 6,361 residential units in this cycle.

Housing units developed and accommodated between January 1, 2008, and June 30, 2015, count toward the RHNA for the 2009 Housing Element. Based on building permit data, 316 units were constructed during this time frame and 498 dwelling units were annexed to Modesto in a low-income area, completing an eight-year process. A variety of reasons contributed to the City's lower housing production than the RHNA allocation. The major reasons include:

- The current recession slowed residential development and population growth in the northern San Joaquin Valley beginning in 2006.
- Population growth in Stanislaus County and in the City was well below the expected growth projected by the State of California. The California Department of Finance, which provides population projections used in estimating needs, estimated a 2010 population for Stanislaus County of 559,708. However, as of January 1, 2015, the County's population was estimated at 532,297, and it is expected to grow at an approximate 1 percent annual rate during the current Housing Element cycle. This would result in Stanislaus County's population reaching the State's prior 2010 estimate sometime around 2020.
- The collapse of the housing market in the northern San Joaquin Valley, which has many causes, including the sales of "sub-prime" and other specious mortgage instruments, resulting in high foreclosure rates and a precipitous decline in both sales and prices, and overbuilding relative to the number of people willing and able to purchase houses.
- The rapid increase in unemployment regionally has resulted in a smaller number of households, an increasing housing vacancy rate, and a smaller number of households able to afford either rental or for-sale housing.
- The County's RHNA was based in part on the assumption that Stanislaus County—and Modesto—would provide affordable housing for the Bay Area counties. This assumption relies on individuals' choices of housing location relative to their places of employment, upon their willingness to spend excessive amounts of time driving to and from work, and upon their willingness to devote a substantial portion of their budgets to transportation costs.

The reduction in anticipated population growth and the Great Recession resulted in a significantly lower than expected amount of housing production both in the City of Modesto and throughout the northern San Joaquin Valley. The 316 dwelling units produced between 2009 and 2015 in this time period and 498 units annexed, when taken together, represent 7.3 percent of the 11,130-dwelling-unit production goal. However, because annexing units does not create affordable housing and is not part of housing law, the annexed units should probably be excluded. The 316 new units alone represent 2.8 percent of the 11,130-dwelling-unit goal.

## Goal 1: Match Housing Supply with Need

The City adopted and implemented 13 programs to meet the goal of matching housing supply with housing need. These included various investment and rehabilitation activities within the former Redevelopment Agency Housing Funds, use of HOME, CDBG, and other federal funds, and partnerships with non-governmental organizations throughout the County. A full listing of the programs and their accomplishments can be found at the end of this chapter in Table 5-1 Housing Accomplishments Table. The highlights of the accomplishments and programs are as follows:



- Federal funds such as Community Development Block Grants, Neighborhood Stabilization Program 1-3 and HOME funds, as well as remaining local funds from the former Redevelopment Agency housing set-aside fund, have been instrumental in providing financing for low- and very low-income housing projects. Federal Low-Income Housing Tax Credits (LIHTC) has also provided a significant source of financing for new housing projects, being used for the development of 172 extremely low-, very low-, and low-income units in the City since 2009. Redevelopment Set-Aside funds have helped build or rehabilitate 126 units since 2009 and have provided 6 First-Time Homebuyer loans.



- The Downpayment Assistance Program has utilized all of its funds each year providing downpayment assistance since its adoption. Since 1995, it has helped 263 Modesto households become homeowners.



- Countywide programs, such as the Section 8 Voucher Program provides rental assistance to 4,095 households annually. The Housing Authority currently also owns a total of 1238 dwelling units consisting of 647 Conventional Low Rent Units, 215 Migrant Farm Labor Units, 356 Farmers Homes, Farm Labor Housing units, and a trailer park consisting of 20 spaces for use by Farm Labor families.
  
- The Housing Authority currently has 175 active members on the Family Self Sufficiency (FSS) Program. There are 220 FSS slots available (180 of which are mandated slots), ten of which we will target from the Shelter Plus Care program, and twenty targeted for the Family Unification Voucher program. Eligible individuals and families who are on the FSS Waiting List must indicate a willingness to participate in the FSS program. A participating family is required to fulfill all obligations under the Contract of Participation or the Housing Authority may withhold or terminate supportive services and the family forfeits any Escrow Account Funds. The Contract indicates the appropriate supportive services the participating family will receive as well as spelling out the responsibilities of the participating family, such as requiring the head of household to seek and maintain suitable employment. In addition, the Contract will allow earned income to increase during the Contract and a portion of this increase in earned income then be credited to the FSS Escrow Account. The Family Self Sufficiency Program will use 220 slots, which will be distributed among Section 8 participants. There are no Family Self Sufficiency Vouchers there are only FSS slots, which are filed by current Section 8 participants that express an interest in the FSS program and go through its enrollment process. The ethnic distribution, currently on the Section 8 program, is 31% Hispanic, 50% White, 12% Black, 2% American Indian and 5% Asian. As of July 6, 2001, there were 6,497 applicants on the Section 8 waiting list. The prevailing minority race on the waiting list is Hispanic, and the typical applicant is a female head of household with two to five minor children and a TANF recipient.



- A community-wide housing group, the Stanislaus Housing and Support Services Collaborative, was formed in 2000 to coordinate and discuss activities among the various housing providers and advocates in the City. The meetings of this group have resulted in increased knowledge and information sharing among the groups, and promoted the City's goal of improving referral accuracy among groups.

## Goal 2: Maximize Housing Choice Throughout the Community

The second goal of 2009 Housing Element was to maximize the choice of housing and housing opportunities for residents throughout the community. Three policies were adopted in the 2009 Housing Element to direct programs to achieve this goal:

- Promote equal opportunity for all residents to reside in the housing of their choice.
- Facilitate the development of accessory units.

Facilitate the development of housing at different price points.

### Program Analysis

Modesto continues to distribute information about placing mobile homes on permanent foundations, and it is not uncommon for houses to be replaced with mobile homes, usually as a result of fire or unsafe living conditions, particularly in low-income areas. The recently-annexed Woodglen Specific Plan area will ultimately provide new single-family and multi-family dwelling units. Additionally, the construction of dwelling units affordable to low- and very low-income households near downtown provides opportunities for lower-income persons to have ready access to employment and transit.

The construction of accessory units slowed during the period. This is not surprising, given the tightening of lending practices and the loss of population with attendant rise in the residential vacancy rate. The small amount of housing built during the planning period reflects a wide range of prices, from units affordable to very low-income households (107 units, 34% of total), to low income households (40 units, 13 % of total), to moderate-income households (22 units, 7% of total) to above moderate-income households (147 units, 46% of total).

## Goal 3: Provide Safe and Decent Housing

The third goal of the City in the 1992 Housing Element was to ensure that housing within the community was both safe and decent. Two policies were adopted in the 2009 Housing Element to direct programs to achieve this goal:

- Maintain a 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 assist housing in those neighborhoods and residents having the greatest need for housing assistance.
- The City should make a maximum effort to preserve, of its lower-income households, units in assisted housing developments that are at risk of converting to market rate.

## Program Analysis

Rehabilitation and improvement of existing housing stock is vital to the goal of providing safe and decent housing within the community. To this end, the City has adopted a variety of programs and actions aimed at improving the quality of both individual homes and entire neighborhoods, focusing not only on safety and health issues, but also aesthetic and maintenance concerns. Targeted rehabilitation programs have helped hundreds of households make emergency repairs, improve dilapidated and unsafe houses, and establish neighborhood identity in older areas of town.

Between 1977 and 2015, the various rehabilitation and assistance programs of the City have helped improve 637 properties. The highlights of the accomplishments and programs are:

- The City currently operates a Housing Maintenance Program, which provides grants to repair and improve all properties within a designated neighborhood. This program addresses the issue of deteriorating neighborhood quality and identity by ensuring that all homes along a particular street or within a geographic area receive assistance for improving the property. This program has made loans and grants for the improvement of 319 houses since 1977.
- The City created the Emergency Home Repair Program (formerly the Home Emergency Loan Program) to assist low-income residents in making necessary emergency repairs for safety and health. This program has provided assistance in the form of loans and grants to 100 households since 2002.
- Market rate housing is a large component of the City's goal to provide a sufficient amount and quality of safe and decent housing. The recession beginning in late 2006 dramatically slowed the pace of development, resulting in construction of only 147 market rate units and 316 total dwelling units from January 2009 to mid-2015.

## Goal 4: Ensure Land Use and Zoning Procedures are Accommodating to Housing

The City of Modesto receives applications for and approves housing projects routinely, regardless of income level. Nearly all of the emergency shelters in Stanislaus County are located in Modesto and the City has facilitated new emergency shelters during the planning period. The City continues to accommodate housing, although the housing market has significantly slowed. The small number of housing units added to the City's inventory between January 1, 2014, and June 30, 2015, (36) reflects the slow housing market. Two policies were included in the 2009 Housing Element to implement this goal:

- 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 up-to-date site inventory detailing the amount, type, and size of vacant and underused parcels, and assist developers in identifying land suitable for residential development.

### **Program Analysis**

- Modesto's zoning code has been revised to allow one additional homeless shelter by right in the C-M, M-1, or M-2 zones (MMC 10-3.205).
- A form-based code for a subset of the downtown area was adopted in 2010 and expanded in 2015. The form-based code allows mixed-use development, including housing, by right.
- Modesto's zoning code has been revised to clarify the zones in which transitional and supportive housing are allowed by right (MMC Table 3.1.1).
- The Woodglen Specific Plan was completed and the property annexed in 2013

## **Goal 5: Reduce Governmental Constraints**

The City of Modesto is committed to ensuring the provision of affordable housing. The Great Recession resulted in an unprecedented number of foreclosures forcing households to look beyond the area for jobs and affordable rental housing. Three policies in the 2009 Housing Element are intended to reduce governmental constraints:

- Establish and maintain development standards that support housing production while protecting quality of life goals. 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.
- Continue to provide financial incentives such as fee deferrals and exemptions for developments meeting the affordable and special housing needs of the community.
- Continue to provide for timely and coordinated processing of residential development projects to encourage housing production within Modesto.

### **Program Analysis**

- The City regularly defers or exempts fees for low-income housing projects from Capital Facilities Fees, depending upon the number of income-restricted units provided and the type of financing. This requires effective coordination between several departments for speed and efficiency.
- The City complies with the Permit Streamlining Act. Building permit inspections and plan review are processed quickly and affordable housing projects are given priority.

When the City declares a “shelter crisis” it is able to suspend specified code requirements to facilitate project approval.

- The City’s form-based code for downtown Modesto is intended to bring more residents to downtown and reduce driving trips. The form-based code includes reduced parking requirements.

## **Goal 6: Ensure Adequate Services to Housing**

The following two policies were established to ensure Modesto is able to provide adequate urban services for housing:

- 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.
- Promote infill development as a method of ensuring maximum utilization of existing urban services.

### **Program Analysis**

- The City Council adopted a Wastewater Treatment Master Plan and Urban Water Management Plan in 2010. City staff prepared the 2009 Urban Growth Review analysis, which was approved by the City Council in July 2009. City Council authorized property owners with land in the Sphere of Influence to seek a “Measure M” vote in November 2009 for five areas totaling approximately three square miles and including substantial areas that could become available for new housing. Following City Council authorization, these areas may begin planning and environmental analysis and then may be annexed to the City.
- Infrastructure in the Baseline Developed Area and downtown is being evaluated and sewer and water infrastructure plans are being updated accordingly.
- The City conducted an Urban Area Growth Review in 2015, which resulted in another “Measure M” advisory vote scheduled for November 3, 2015, for the remaining unincorporated County islands that have not yet been the subject of a Measure M process.

## **Goal 7: Promote Jobs-Housing Balance**

The City of Modesto is committed to promoting a balance between jobs and housing. Modesto’s current ratio is about 1.11 jobs per household, illustrating that, consistent with Census data, Modesto residents often travel out of the city for work. Modesto is striving to increase jobs, and encourages the development of workforce housing.

## **Program Analysis**

- Through the Urban Area Growth Review process, Modesto ensures adequate land for development. Due to the recession, Modesto continues to have a relatively high housing vacancy rate, persistently about seven percent (three percent is typical). Despite the City's high vacancy rate, there is a significant amount of land available for new residential development, including land that has been subdivided for residential development.

## C. ASSESSMENT OF PROGRAMS

The following pages contain the Housing Accomplishments Table, a summary of each of the programs and policies enacted by the City in the 1992 Housing Element, a summary of the accomplishments of each program, and a brief discussion of its continued relevance or usefulness to the City’s housing goals. The information in the table comes from a variety of sources, including data from Census 2010 and subsequent data collection efforts, program and implementation information from the Community Development Department, Parks, Recreation, and Neighborhoods Department, Public Works Department, and a host of community service providers within the community.

The results shown in Table 5-1 are an indication of the relative success of each program in meeting its overarching goal. Reasons for the successes or failures of particular programs are provided when known and applicable.

**Table 5-1  
Housing Accomplishments Since 2009**

Housing Program	Program Action/Objective	Accomplishment/Continued Appropriateness
<b>GOAL 1: MATCH HOUSING SUPPLY WITH NEED</b>		
<b>Policy 1.1 Establish and/or support programs to supply below market housing for very-low, low- and moderate-income households, as well as market rate housing.</b>		
1.1a	<p><b><u>Community Housing Coalition</u></b></p> <p><b>Program Description:</b> The City will consider the establishment of a local community housing coalition that may include realtors, developers of market rate and affordable housing (both for-profit and non-profit), lenders (for mortgage and construction financing), business leaders, environmentalists, and social service providers. This coalition could meet on a semi-annual basis to discuss and exchange information on successful affordable housing programs that can be implemented on a community-wide basis.</p>	<p>A community housing coalition, the Stanislaus Housing and Support Services Collaborative, was formed in 2000 to address housing issues within the entire County. This group holds monthly meetings, with representation by more than 40 involved agencies, to discuss housing policy, homelessness issues, and coordination within the County.</p> <p><i>This program will be continued.</i></p>

**Table 5-1  
Housing Accomplishments Since 2009**

<b>Housing Program</b>	<b>Program Action/Objective</b>	<b>Accomplishment/Continued Appropriateness</b>
1.1b	<p><b><u>Affordable Housing Resources</u></b></p> <p><b>Program Description:</b>                      The City, in coordination with Stanislaus County, affordable housing developers, and others, will continue to pursue affordable housing resources at the national, State, and local levels. With staffing constraints and the competitive nature of most funding programs, the city will focus on pursuing those determined to be most cost-efficient, given the possibility of successful funding applications. The city of Modesto is designated as Participating Jurisdiction by the United States Department of Housing and Urban Development (HUD). As a result, the City receives an annual grant allocation directly from the HOME Investment Partnership Act as administered by HUD. The city is also designated as an Entitlement Jurisdiction by HUD and receives an annual allocation from HUD Community Development Block grant (CDBG) program as well as an allocation from the Emergency Solutions Grant (ESG) program. Together, the City has annually received over \$2.5 million dollars through these HUD grant programs. The City also receives program income from HUD funded loans that are repaid to the city.</p>	<p><i>This program will be continued.</i></p> <p><i>In 2011 the State of California ended all Redevelopment Agencies State wide thus eliminating a funding source for affordable housing.</i></p>

**Table 5-1  
Housing Accomplishments Since 2009**

Housing Program	Program Action/Objective	Accomplishment/Continued Appropriateness
1.1c	<p><b><u>Consolidated Plan</u></b></p> <p>The City is an entitlement jurisdiction eligible to receive Community Planning and Development (CPD) funds from HUD. Annually, the City receives approximately \$2.5 million in CDBG, HOME, and ESG funds from HUD. Use of these funds must:</p> <ul style="list-style-type: none"> <li>■ Create decent and safe living environment</li> <li>■ Benefit people with lower incomes (up to 80 percent of County Median Income)</li> <li>■ Aid in the prevention or elimination of blight</li> <li>■ Provide economic opportunities</li> <li>■ Address an urgent need (such as earthquake or flood)</li> </ul> <p>To receive these funds, the City must develop a Consolidated Plan that outlines the City’s strategy for addressing housing and community development needs. The Consolidated Plan must be consistent with the policies and programs of the Housing Element. The Consolidated Plan strategy must be updated at least once every five years, and an annual Action Plan is required to describe the City’s planned use of HUD funds.</p>	<p>Modesto has prepared the 2015-2020 Consolidated Plan consistent with the adopted Housing Element for HUD funding purposes.</p> <p><i>This program will be continued.</i></p>
1.1d	<p><b>Program 1.1d: Nonprofit Housing Development Corporations</b></p> <hr/> <p>The City will support non-profit corporations in their efforts to make housing more affordable to lower and moderate income households. Specifically, the City will work with City-designated Community Housing Development Corporations (CHDOs) to promote, assist, and/or sponsor housing developments in Modesto for lower income households. The City will provide some financial support for preserving, rehabilitating, restoring, converting, and acquiring affordable units and provide logistical support for projects by expediting any necessary approvals.</p>	<p>Modesto continues to support CHDOs that make housing affordable.</p> <p><i>This program will be continued.</i></p>

**Table 5-1  
Housing Accomplishments Since 2009**

<b>Housing Program</b>	<b>Program Action/Objective</b>	<b>Accomplishment/Continued Appropriateness</b>
1.1e	<p><b><u>Land Banking / Land Trust and Identification of Surplus Lands</u></b></p> <p><b>Program Description:</b>                      The City will continue its land banking efforts for the development of lower and moderate income housing. The city/Redevelopment Agency, working with nonprofit organizations such as CHDOs, will purchase land suitable for affordable housing in the near future. Land banking will ensure preservation of areas in the city for future affordable housing by removing these areas from the private development market and allowing the city to work with nonprofit organizations to develop affordable projects that serve the specific needs of the community, such as the need for entry-level and step-up housing.</p> <p>The City will also explore other mechanisms such as a land trust to facilitate the development of affordable housing. Land trusts are an increasingly popular mechanism used by communities where high land costs make the provision of affordable housing difficult.</p>	<p>The City will continue to consider use of land banking for promoting affordable housing opportunities. HOME regulations allow for holding of land for no more than two years, so careful consideration of what funding sources are used in the land banking program is essential to the success of the program.</p> <p><i>This program will be limited due to the loss of the Redevelopment Agency and with changing regulations with the HOME program.</i></p>

**Table 5-1  
Housing Accomplishments Since 2009**

Housing Program	Program Action/Objective	Accomplishment/Continued Appropriateness
1.1f	<p><b><u>Homebuyer Assistance</u></b></p> <p><b>Program Description:</b></p> <p><b>Downpayment Assistance Program:</b> The city provides mortgage assistance of up to \$25,000 to lower income households (up to 80 percent of County Median Income) using CDBG funds. Buyers must provide minimum initial investment of 1.75 percent of the sales price. The loan accrues at an annual fixed rate of three percent and is secured by a promissory note and Deed of Trust recorded after the primary mortgage.</p> <p><b>Family Self Sufficiency Program.</b> A participating family is required to fulfill all obligations under the Contract of Participation or the Housing Authority may withhold or terminate supportive services and the family forfeits any Escrow Account Funds. The Contract indicates the appropriate supportive services the participating family will receive as well as spelling out the responsibilities of the participating family, such as requiring the head of household to seek and maintain suitable employment. In addition, the Contract will allow earned income to increase during the Contract and a portion of this increase in earned income then be credited to the FSS Escrow Account.</p>	<p><b>Downpayment Assistance Program:</b> Modesto passed Resolution #95-563 in 1995 creating the Down Payment Assistance Program to serve this need. It is funded annually from CDBG allocation, and provides up to \$25,000 in down payment assistance to first-time homebuyers meeting income restrictions. This program assisted 41 households.</p> <p><b>Family Self Sufficiency Program.</b> The Housing Authority currently has 175 active members on the Family Self Sufficiency Program. There are 220 FSS slots available (180 of which are mandated slots), ten of which we will target from the Shelter Plus Care program, and twenty targeted for the Family Unification Voucher program. Eligible individuals and families who are on the FSS Waiting List must indicate a willingness to participate in the FSS program. A participating family is required to fulfill all obligations under the Contract of Participation or the Housing Authority may withhold or terminate supportive services and the family forfeits any Escrow Account Funds. <i>This program will be continued.</i></p>
1.1g	<p><b><u>Rental Assistance</u></b></p> <p><b>Program Description</b> Under this program, eligible participants pay a maximum of 30 percent of their income for rent. The program then pays the difference between the rent the participants pay and total (market rate) rent of the unit.</p>	<p>Since 2002, the Stanislaus County Housing Authority has allocated on average a total of 4,000 Section 8 vouchers to residents of the County. In addition, there is a long waiting list for these vouchers. Overall, this program is very successful in assisting very low-income households in obtaining affordable housing. <i>This program will be continued.</i></p>

**Table 5-1  
Housing Accomplishments Since 2009**

<b>Housing Program</b>	<b>Program Action/Objective</b>	<b>Accomplishment/Continued Appropriateness</b>
1.1h	<p><b><u>Relocation Assistance Program</u></b></p> <p><b>Program Description:</b> This program assists residents who may need relocation assistance because of rehabilitation of their properties. If relocation is necessary, this program helps to minimize relocation as much as possible by implementing HUD regulations and guidelines.</p>	<p>Due to a lack of displacement activity by the City, no action has been taken under the program.</p> <p><i>This program will be continued.</i></p>
1.1i	<p><b><u>Continuum of Care Serving the Homeless</u></b></p> <p><b>Program Description:</b> The City shall continue to work with agencies such as the County Social Services Department, the Community Housing and Shelter Services (CHSS), United Way, and the Modesto Gospel Mission on developing housing and employment programs for the homeless. The Continuum of Care Plan has seven components: (1) outreach, (2) intake and assessment, (3) supportive services, (4) emergency shelter, (5) transitional housing, (6) permanent housing with supportive services, and (7) permanent housing</p>	<p>A communitywide housing group, the Stanislaus Housing and Support Services Group, was formed in 2000 to coordinate and discuss ideas for addressing homelessness and related housing issues. In addition, the City continues to provide financing and information for each of the homeless service providers in the County, as well as pursuing programs when appropriate.</p> <p><i>This program will be continued.</i></p>

**Table 5-1  
Housing Accomplishments Since 2009**

Housing Program	Program Action/Objective	Accomplishment/Continued Appropriateness
1.1j	<p><b><u>Neighborhood Stabilization Program</u></b></p> <p>The Neighborhood Stabilization Program was created by the Housing and Economic Recovery Act of 2008 (Public Law 110–289) to provide grants through the Community Development Block Grant program (CDBG) to states and localities to address the problems that can be created when whole neighborhoods are affected by foreclosures. The funds were used to purchase, manage, repair and resell foreclosed and abandoned properties. In addition, the funds were also used for new construction, demolition of abandon properties and down payment assistants. It was required that all funds must be used to assist individuals and families with incomes at or below 120% of area median income. Twenty-five percent of funds must be used for households with incomes at or below 50% of area median income.</p> <p>Modesto has received approximately \$33 million from the federal government to address the large number of foreclosed and abandoned houses in the City. This grant was used to acquire and rehabilitate foreclosed and/or vacant properties in targeted census tracts; provide safe, affordable housing for underserved populations, including youth aging out of the foster care system and at least adults and/or families who are diagnosed with a mental health and/or substance abuse disability; provide housing for disabled, HIV/AIDS patients and those with substance abuse issues.</p>	<ul style="list-style-type: none"> <li>* Acquire and rehabilitated 122 foreclosed homes;</li> <li>* First Time Homebuyers assisted 54;</li> <li>* Provided safe, affordable housing units for 32 youth aging out of foster care persons and 18 adults and/or families with a mental health or substance abuse disability;</li> <li>* Provided 30 +/- housing for disabled, HIV/AIDS patients, and persons with substance abuse issues;</li> <li>* Total NSP Units: 317</li> </ul> <p><i>This program is complete and will not be continued.</i></p>
<p><b>Policy 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).</b></p>		
1.2a	<p><b><u>Transitional Housing Program</u></b></p> <p><b>Program Description:</b> The City works with HUD and the non-profit agencies in providing transitional shelter (single family residences, apartments), and counseling services to homeless families and individuals.</p>	<p>Transitional housing is provided primarily by Center for Human Services, which operates the Hutton House, and Samaritan House. The City continues to support the provision of transitional housing by non-profit agencies through the use of CDBG funds.</p> <p><i>This program will be continued.</i></p>

**Table 5-1  
Housing Accomplishments Since 2009**

<b>Housing Program</b>	<b>Program Action/Objective</b>	<b>Accomplishment/Continued Appropriateness</b>
1.2b	<p><b><u>Land Assembly in Existing Neighborhoods</u></b></p> <p>In conjunction with Programs 1.1b, 2.3a, 4.1c, and 6.2a, the City will encourage and facilitate development on underdeveloped sites listed in Appendix C by providing assistance with site identification and entitlement processing, provide marketing materials for residential opportunity sites and provide technical assistance to interested developers; including technical assistance to acquire necessary funding, offering fee waivers and deferrals for affordable housing projects (see page 3-15), and providing financial support when available, in accordance with Programs 1.1b and 1.1d. As funding becomes available, the City will also organize special marketing events, workshops geared towards the development community. The City will monitor and evaluate development of underdeveloped parcels and report on the success of strategies to encourage residential development in the annual Housing Element report, per Planning and Zoning Law section 65400(a)(2)(B).</p>	<p>Modesto facilitated the assembly and rezoning of industrial land in 2009 and 2010 for the eventual development of affordable housing and also in 2011 for affordable senior housing. The City continues to provide these services to the development community.</p> <p><i>This program will be continued.</i></p>
<b>Policy 1.3 Assist homeowners to avoid foreclosure.</b>		
1.3a	<p><b><u>Foreclosure Assistance</u></b></p> <p>Stanislaus County has been at the forefront of the national foreclosure crisis, consistently ranking in the top five counties nationally by rate of foreclosure. Stanislaus County is also among the poorest counties in California, making the foreclosure crisis even more difficult for the local economy.</p>	<p><b><u>Default Prevention:</u></b> Provide counseling to homeowners to avoid defaulting on mortgage payments. Offer alternative financing to address delinquencies and refinance eligible homeowners into more favorable fixed-rate loans. Provide advocacy service to negotiate with lenders for alternative financing.</p> <p><b><u>Post-Foreclosure:</u></b> Purchase foreclosed properties and resell as affordable housing to income-qualified buyers.</p> <p><i>This program will be continued.</i></p>

**Table 5-1  
Housing Accomplishments Since 2009**

Housing Program	Program Action/Objective	Accomplishment/Continued Appropriateness
<b>GOAL 2: MAXIMIZE HOUSING CHOICE THROUGHOUT THE COMMUNITY</b>		
<b>Policy 2.1 Promote equal opportunity for all residents to live in the housing of their choice.</b> <b>Policy 2.2 Continue 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.</b>		
2.1a	<u><b>Manufactured Housing</b></u>  <b>Program Description:</b> Pursuant to State law, the City will continue to permit manufactured housing/mobile homes in all residential districts provided that they meet the same standards as conventional housing and are placed on permanent foundations.	Manufactured housing is allowed in all residential zoning districts as long as it is placed on a permanent foundation. This will continue to be a policy of the City. Permits were issued for 42 mobilehomes between 2009 and 2014.  <i>This program will be continued.</i>
2.1b	<u><b>Handicapped Accessible Housing</b></u>  <b>Program Description:</b> The City complies with the 1988 Fair Housing Access Act through building inspections, as well as the Disabled Access Assistance Program (Program 3.1). Standards from the Fair Housing Access Act have been incorporated into the California Building Code and are enforced by the building inspectors.	The City complies with the 1988 Fair Housing Access Act through building inspections, as well as the Disabled Access Assistance Program. Standards from the Fair Housing Access Act were written into the California Building Code, and are enforced by building inspectors.  <i>This program will be continued.</i>
2.1c	<u><b>Fair Housing Services</b></u>  The City actively furthers fair housing in the community. Specifically, the City continues to support the Human Relations Commission in their activities to promote fair housing. The Human Relations Commission is a seven-member advisory group that meets bimonthly to promote good human relations in the community and is staffed by the City Manager’s Office. Furthermore, the City contracts with Project Sentinel to provide fair housing services and counseling for the community, working to eliminate housing discrimination and remove impediments to equal housing opportunities. The City also coordinates seminars on tenant rights and responsibilities and to address illegal activities in rental housing.	The City continues to support the Human Relations Commission in its efforts to promote fair housing opportunities. This seven-member advisory group meets bi-monthly to promote good human relations in the community. This agency is a valuable tool in promoting fair housing and providing a central agency for issues of human relations in housing.  <i>This program will be continued.</i>

**Table 5-1  
Housing Accomplishments Since 2009**

Housing Program	Program Action/Objective	Accomplishment/Continued Appropriateness
<b>Policy 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.</b>		
2.3a	<p><b>Small-Lot Development</b></p> <p>In order to further promote entry-level for-sale housing, the city allows lot sizes for detached houses to be less than 5,000 square feet in Specific Plan areas and Planned Development zones if the developer has followed the City’s APA award-winning “Guidelines for Small-Lot Single-Family Residential Developments” (Guidelines) (May 2005). The Guidelines offer flexibility in design options regarding lot size and product type, including court homes, cluster homes and similar types.</p>	<p>This program has been successful in facilitating lower-cost for-sale dwellings. Despite the recession, 20 houses were built on small lots and a 40-lot subdivision of small lots were entitled.</p> <p><i>This program will be continued.</i></p>

**Table 5-1  
Housing Accomplishments Since 2009**

Housing Program	Program Action/Objective	Accomplishment/Continued Appropriateness
<b>GOAL 3: PROVIDE SAFE AND DECENT HOUSING</b>		
<b>Policy 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..</b>		
3.1a	<p align="center"><b><u>Housing Rehabilitation and Improvement</u></b></p> <p><b>Program Description:</b> The City offers a range of housing rehabilitation and improvement assistance to lower income households (up to 80 percent of County MFI).</p> <ul style="list-style-type: none"> <li>• Property Enhancement Program: The City provides rebates to enable property owners to improve the exteriors of their properties within a low-income census tract.</li> <li>• Emergency Home Repair Program (EHRP)/Disabled Access Assistance Program (DAAP): The City provides low-interest loans for the repair of critical hazards and mobility barriers for low- and very-low-income owner-occupant households. Information is available from the Building and Safety Division.</li> <li>• Housing Maintenance Program: The City provides financial and technical assistance to eliminate health and safety hazards in houses within target areas (Airport, Highway Village, and 400 blocks of Maple, Oak, and Pine).</li> <li>• Tool Bank Rental Program: The City loans/rents tools for property maintenance in target areas.</li> </ul>	<p>These continue to be useful tools in improving the quality of existing housing stock within the community.</p> <p>The Community &amp; Economic Development Department operates the <b>EHRP</b>, eligible to all homeowners outside of the target areas. Since 2002, 90 of these loans have been made. <b>DAAP</b> loans, which are available to disabled homeowners, are combined with the EHRP loans. <i>These programs will be continued.</i></p> <p>The Neighborhood Services Division administered the <b>Housing Maintenance Program</b>, which revitalizes entire project areas at a time. The program has rehabilitated 12 units since 2002, and more than 2,100 since its inception in 1976. <i>This program has been discontinued due to lower funding levels.</i></p>

**Table 5-1  
Housing Accomplishments Since 2009**

<b>Housing Program</b>	<b>Program Action/Objective</b>	<b>Accomplishment/Continued Appropriateness</b>
3.1b	<p><b><u>Energy Conservation and Efficiency</u></b></p> <p><b>Program Description:</b> Continue to encourage development and construction standards that encourage energy conservation in residential buildings. The City of Modesto Housing Program Office, and agencies such as P.G.&amp;E., and the Modesto Irrigation District, provide no cost or low-cost weatherization and other energy efficient programs to low-income residential households. Public service announcements and brochures are provided to reach the widest possible audience.</p>	<p>The City of Modesto supports the provision of no-cost or low-cost weatherization for low-income homes under the EHRP/DAAP programs. In addition, the City provides literature and information on programs for increasing energy efficiency in residential structures. This program continues to be relevant to the housing goals of the City, and helps ensure that the available programs are utilized to the greatest extent possible. This program promotes compliance with the goals of AB 32.</p> <p><i>This program will be continued.</i></p>
3.1c	<p><b><u>Distribution of Energy Saving Devices</u></b></p> <p><b>Program Description:</b> The City will continue to distribute smoke detectors, water heater blankets, and anti-siphon backflow devices for hose bibs, free of charge for rehabilitation clients.</p>	<p><i>This program will be discontinued.</i></p>

**Table 5-1  
Housing Accomplishments Since 2009**

Housing Program	Program Action/Objective	Accomplishment/Continued Appropriateness
3.1d	<p><b><u>Reasonable Accommodation</u></b></p> <p><b>Program Description:</b> The City’s Planned Development zoning allows the development of residential projects with relaxed development standards, as compared to other zones. The city expects that housing projects for the disabled would be approved with relaxed development standards. The City has in place five committees to address the needs of the disabled; but lacks a specific procedure for processing reasonable accommodation requests.</p> <p>The City will establish a formal reasonable accommodation process to provide individuals with disabilities reasonable accommodations in rules, policies, practices, and procedures that may be necessary to ensure equal access to housing. The purpose of this effort is to provide a clear and consistent process for individuals with disabilities to make requests for reasonable accommodation in order to obtain relief from the various land use, zoning, building standards, rules, policies, practices, and/or procedures of the City.</p>	<p>The California Building Code includes certain requirements with respect to the number of dwelling units in an attached housing development that must be adaptable to accommodate disabled persons. The City complies with the California Building Code.</p> <p>Additionally, the City’s Building and Safety Division has established a Disabled Access Appeals Board for all development that has a building permit to allow appeals of City decisions regarding disabled access requirements.</p> <p>Although the City does not have a specific procedure for processing reasonable accommodation requests, the City routinely assists disabled applicants and/or their representatives with prompt and courteous service. The City proactively identifies barriers and solutions to providing excellent services to each of its residents by staff and committee review.</p> <p><i>This program will be continued.</i></p>
3.1e	<p><b>Ongoing Coordination with Stanislaus County to Address unincorporated “Islands”</b></p> <p>Within Modesto’s Sphere of Influence, there are many areas that have been developed with residences, often at urban densities, under the governance of Stanislaus County. These areas are commonly referred to as “County islands.” Policies relating to the annexation of County islands are Policy II.C.1 on page II-5 of the 2008 Urban Area General Plan; Policy VIII.D on pages VIII-2 and VIII-3 in the 2008 Urban Area General Plan; and Policy VIII.V on pages VIII-17 and VIII-18 in the 2008 Urban Area General Plan. A comprehensive “Measure M” sewer extension advisory vote for County islands occurred at the 11/3/15 election.</p>	<p>Though not strictly part of Housing Element law, this program reflects Modesto’s relationship with Stanislaus County with respect to the annexation of unincorporated communities in Modesto’s Sphere of Influence.</p> <p>Modesto completed annexation of the Shackelford area in 2012. Additionally, sewer service has been extended to the unincorporated Parkview and Airport neighborhoods, as approved by voters.</p> <p><i>This program will be continued.</i></p>

**Table 5-1  
Housing Accomplishments Since 2009**

Housing Program	Program Action/Objective	Accomplishment/Continued Appropriateness
<b>Policy 3.4 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.</b>		
<p align="center">3.4a</p>	<p><b><u>Preservation of Units at Risk</u></b></p> <p><b><u>Program Description:</u></b>                      Several public assisted housing projects, totaling 735 units affordable to lower income households, may be at risk of converting to non-low-income units due to termination of rental assistance contracts and/or expiration of deed restrictions. To the extent feasible, the city will work to preserve the affordability of these units in partnership with property owners and/or other interested housing providers.</p>	<p>The City will continue to work with HCD and HUD to minimize conversion of affordable housing units to market rate. The City will also work with property owners who have indicated their intention to make such a conversion in an effort to preserve the units as affordable.</p> <p><i>This program will be continued.</i></p>

**Table 5-1  
Housing Accomplishments Since 2009**

Housing Program	Program Action/Objective	Accomplishment/Continued Appropriateness
<b>GOAL 4: ENSURE LAND USE AND ZONING PROCEDURES ARE ACCOMMODATING TO HOUSING</b>		
<b>Policy 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.</b>		
4.1a	<p><u><b>Zoning Code Amendments</b></u></p> <p>As part of this Housing Element update, the City has identified several Zoning Code revisions necessitated by recent changes to State law, and to further facilitate the development of affordable and special needs housing. These include:</p> <ul style="list-style-type: none"> <li>■ Revise to clarify in which zones transitional and supportive housing is permitted by right as residential uses. Zones under consideration are all residential zones, which would allow transitional and supportive housing by right (administratively) with the interpretation of the department director (see Table 3-5).</li> <li>■ Identify at least one land use zone in which at least one additional emergency shelter is permitted by right (administratively). Zones Modesto is considering are C-1, C-2, C-3, C-M, M-1, and M-2, which are the zones in which shelters are currently allowed with a Conditional Use Permit (see Table 3-5).</li> <li>■ Consider revision to create incentives for land assembly by allowing greater densities on progressively larger lots.</li> <li>■ Revise to establish a formal procedure for persons with disabilities seeking reasonable accommodation (see Program 3.4).</li> <li>■ Revise to allow condominiums by right (administratively) wherever multi-family development is permitted.</li> <li>■ Revise to establish a Form-Based Code in the downtown core area, which would allow residential uses by right (administratively), to implement the Redevelopment Master Plan goal of bringing residents downtown.</li> </ul>	<p>The zoning code has been amended to clarify where transitional and supportive housing are permitted by right (R-1, R-2 and R-3); to identify zones in which one additional homeless shelter is allowed by right (C-M, M-1 and M-2); and to establish and expand a downtown form-based code.</p> <p>The zoning code has been amended to allow condominium units via an administrative review process.</p> <p>A Form-Based Code that applies to the entire downtown has been established.</p> <p><i>This program will be continued.</i></p>

**Table 5-1  
Housing Accomplishments Since 2009**

<b>Housing Program</b>	<b>Program Action/Objective</b>	<b>Accomplishment/Continued Appropriateness</b>
4.1b	<p><b>Large Sites for Lower-Income Housing</b></p> <p>To assist the development of housing for lower income households on larger sites, the City will facilitate land divisions, lot line adjustments, and specific plans resulting in parcel sizes that facilitate multi-family developments affordable to lower income households in light of state, federal and local financing programs. The City will work with property owners and non-profit developers to target and market the availability of sites with the best potential for development. In addition, the City will offer the following incentives for the development of affordable housing, including but not limited to: streamlining and expediting the approval process for land division associated with affordable housing production; ministerial review of lot line adjustments; and, providing technical assistance to secure funding.</p>	<p>The City ensures that large sites for apartments are available in new specific plan areas. Additionally the City actively works with affordable housing developers to make land available for their projects.</p> <p><i>This program will be continued.</i></p>
4.1c	<p><b>Lot Consolidation</b></p> <p>To assist the development of housing for lower income households on smaller sites, the City will play an active role in facilitating lot consolidation, particularly as it relates to the sites listed in Appendices B and C of the sites inventory. For example, the City will work with non-profit developers and owners of small sites to identify and consolidate parcels to facilitate the development of housing affordable to lower-income households. The lot consolidation procedure will also be posted on the City’s website and discussed with developers during the preliminary stages of project concept review. Incentives offered for lot consolidation could include allowing higher densities on the larger parcels once consolidated, flexible development guidelines, and expedited processing. Applications for lot consolidation will be processed ministerially.</p>	<p>The City has facilitated lot consolidation and affordable housing development on at least two sites during the planning period. Archway Commons will eventually include 150 affordable units and Downey Place has 11 affordable units for seniors.</p> <p><i>This program will be continued.</i></p>

**Table 5-1  
Housing Accomplishments Since 2009**

Housing Program	Program Action/Objective	Accomplishment/Continued Appropriateness
<b>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.</b>		
4.2a	<p><b>Residential Sites Inventory</b></p> <p>As part of this Housing Element update, the City has reviewed in detail its residential land inventory for vacant and underutilized sites available for housing development. To meet the State mandate of accommodating the RHNA and to maintain consistency with the City’s goal of focusing growth within the Baseline Development Area and the Planned Urbanizing Area, the City is committed to maintaining this sites inventory by facilitating the development of Pelandale/McHenry, Kiernan Business Park East, and Woodglen Specific Plans, and designating therein sufficient sites to accommodate the dwelling units identified within Table 4-11, to be developed with at least 16 units per site at a minimum density of 20 units per acre, and at least 50 percent of the need must be planned on sites that exclusively allow residential uses, where owner-occupied units and rental units are allowed by-right. All affordable housing numbers used in this Housing Element are approximate, based upon current data.</p>	<p>During the recession, many projects were abandoned by developers, including the Pelandale-McHenry and Johansen-Empire Specific Plans. In 2013, the Woodglen Specific Plan was approved and annexed to the City. Additionally, the City is committed to maintaining and improving its land inventory.</p> <p><i>This project will be continued.</i></p>
<b>GOAL 5: REDUCE GOVERNMENTAL CONSTRAINTS</b>		
<b>Policy 5.1 Establish and maintain development standards that support housing production while protecting quality of life goals.</b>		
5.1a	<p><b><u>Reduction of Parking Standards</u></b></p> <p><b>Program Description:</b> The City of Modesto allows a reduction in parking standards for senior citizen housing developments with the intent of better matching parking standards to needs and to reduce costs. As the City beings to promote mixed-use developments along the commercial corridors, flexible parking standards may be adopted for mixed use projects and projects that involve small units.</p>	<p>The City’s form-based code for downtown Modesto is intended to bring more residents to downtown and reduce driving trips. The form-based code includes reduced parking requirements.</p>

**Table 5-1  
Housing Accomplishments Since 2009**

Housing Program	Program Action/Objective	Accomplishment/Continued Appropriateness
<b>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.</b>		
5.21	<p><b><u>Multi-Family Developer Incentive Program</u></b></p> <p><b>Program Description:</b> The Stanislaus County Housing Authority and nonprofit sponsors of housing for very-low-income households are exempt from Capital Facilities Fees (developer fees). For multi-family projects with density bonuses, 20 percent of the units must serve low-income households or 10 percent must serve very-low-income households. For these projects, developer construction fees are levied by deferring payment of Capital Facility Fees with 20 percent required down and five years to pay.</p>	<p>The City regularly defers or exempts low-income housing developments from payment of Capital Facilities Fees. The amount of deferral or exemption is determined on individual basis, depending on the number of low-income units provided and the financing situation. Between 2002 and 2015, the City exempted fees for 187 units for low-income housing developers.</p> <p><i>This program will be continued.</i></p>
<b>Policy 5.3 Continue to provide for timely and coordinated processing of residential development projects to encourage housing production.</b>		
5.3a	<p><b><u>Streamlined Application Review and Permit Processing</u></b></p> <p><b>Program Description – Existing:</b> The City complies with the State’s Permit Streamlining Act, which ensures timely processing of planning development applications. The City building permit inspections and review have minimal turnaround time, and no processing procedures are resulting in extensive delays for affordable housing.</p> <p>Furthermore, the City Council is able to declare a “shelter crisis,” eliminating the requirement for a use permit to establish an emergency shelter for any period of time. A crisis declaration allows the City to suspend certain development standards and building code requirements that are unrelated to safety.</p>	<p>The City complies with the Permit Streamlining Act. Building permit inspections and plan review are processed quickly and affordable housing projects are given priority. When the City declares a “shelter crisis” it is able to suspend specified code requirements to facilitate project approval.</p> <p><i>This program will be continued.</i></p>

**Table 5-1  
Housing Accomplishments Since 2009**

Housing Program	Program Action/Objective	Accomplishment/Continued Appropriateness
5.3b	<p><b><u>Administrative Coordination</u></b></p> <p><b><u>Program Description -- Existing</u></b>                      The delivery of housing programs occurs through various departments and divisions. Development of projects requires participation of Parks, Neighborhoods, and Recreation, Community and Economic Development, and Public Works.</p>	<p>Housing successfully coordinated with the Planning Division to develop the Housing Implementation Toolbox; with the Building Division for priority processing of affordable housing projects; with the Redevelopment Agency for the expenditure of set-aside funds, and with the Infrastructure Finance Plan group on capital facility fees for affordable housing projects.</p> <p><i>This program will be continued without the Redevelopment Agency .</i></p>
5.3c	<p><b><u>Annual Report of General Plan</u></b></p> <p><b>Program Description:</b>                      In accordance with State Law, an annual review of the City’s progress toward implementing the General Plan must be conducted by the City Council. This review must include the progress of the Housing Element in meeting its share of the regional housing needs. In order to fulfill this requirement, the City will monitor this element yearly.</p>	<p>Modesto prepared and submitted a General Plan Annual Report to the Department of Housing and Community Development in 2015. As a charter city, Modesto is not required to prepare a general plan annual report.</p> <p><i>This program may be continued.</i></p>
<b>GOAL 6: ENSURE ADEQUATE SERVICES TO HOUSING</b>		
<b>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.</b>		
6.1a	<p><b><u>Urban Growth Policy Update</u></b></p> <p><b>Program Description – Existing/New:</b>                      The purpose of the Urban Growth Policy Update is to identify land that would be available for development and would be sufficient to provide a five-year supply. The City’s focus for new development, as described in the Urban Area General Plan is that area known as the Planned Urbanizing Area outside the city limits and within the Sphere of Influence.</p>	<p>The City completed Urban Area Growth Reports in 2009 and 2015.</p> <p><i>This program will be continued.</i></p>

**Table 5-1  
Housing Accomplishments Since 2009**

Housing Program	Program Action/Objective	Accomplishment/Continued Appropriateness
<b>Policy 6.2 Promote infill development as a method of ensuring maximum utilization of existing urban services.</b>		
6.2a	<p><b><u>Encourage Infill Development</u></b></p> <p><b><u>Program Description</u></b>                      In an effort to maximize efficient use of existing infrastructure, the City will establish a program to provide regulatory, financial, or other incentives to promote infill development to meet projected housing needs. Infill development is defined as in Section 15331 of the CEQA Guidelines.</p>	<p>Infrastructure plans are being updated, including the downtown area, to serve the recently-adopted downtown form-based code. These plans are part of Modesto’s effort to stimulate infill development and bring new residents to downtown.</p> <p><i>This program will be continued.</i></p>
<b>GOAL 7: PROMOTE JOBS-HOUSING BALANCE</b>		
<b>Policy 7.1 Encourage the development of workforce housing.</b>		
7.1a	<p><b><u>Coordination of Housing Economic Development Efforts</u></b></p> <p><b><u>Program Description – Existing:</u></b>                      In recent years, housing growth in Modesto has been spurred and absorbed by Bay Area employees seeking affordable housing or housing of a particular desired type. This has created a jobs-housing imbalance (housing rich) that causes impacts to City and regional infrastructure, air quality, and the economic and social well-being of the community. In an attempt to balance job growth with the demand for housing, the City has several programs:</p> <ul style="list-style-type: none"> <li>• Urban Growth Review ensures land is available for development</li> <li>• Revenue bonds provide funding to construct and rehabilitate major infrastructure and facilities</li> </ul>	<p>Modesto has consolidated Housing and Business Development in the Community and Economic Development Department, which is expected to further support efforts to coordinate housing and economic development. The elimination of Redevelopment agencies and Enterprise areas has hampered these efforts.</p> <p><i>These programs will be continued.</i></p>

**Table 5-1  
Housing Accomplishments Since 2009**

<b>Housing Program</b>	<b>Program Action/Objective</b>	<b>Accomplishment/Continued Appropriateness</b>
7.1b	<p><b><u>Affordable Workforce Housing</u></b></p> <p><b>Program Description – New:</b>                      Many people who work in Modesto cannot afford to live here. The City will work with businesses to create and expand higher-paying jobs in Modesto. The City will also coordinate with local businesses to address the housing needs of employees.</p> <p>The City may also consider a mechanism whereby housing created in the City demonstrates an improved match between the wages from jobs in Modesto and the range of housing options available. In conjunction with the Inclusionary Housing Program (if adopted), the City can develop incentives in the Inclusionary Housing Program for developers to offer a range of housing options. The City may also establish a preference points system for allocating the affordable housing units created based on places of current residence and employment.</p>	<p>Through the Urban Area Growth Review, Modesto ensures adequate land for development. Due to the recession, Modesto continues to have a relatively high housing vacancy rate, persistently about 7 percent (3 percent is typical). Despite the City’s high vacancy rate, there is a significant amount of land available for new residential development, including land that has been subdivided for residential development.</p> <p><i>This program has not been implemented and will not be continued. All other programs will be continued.</i></p>

# CITY OF MODESTO HOUSING ELEMENT GOALS, POLICIES, AND IMPLEMENTING PROGRAMS

## **Goal 1: Match Housing Supply with Need**

**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.

### **Program 1.1a: Community Housing Coalition**

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A community housing coalition, the Stanislaus Housing and Support Services Collaborative, was formed in 2000 to address housing issues Countywide. This group holds monthly meetings, with representation by more than 40 involved agencies, to discuss housing policy, homelessness issues, and coordination within the County.

#### **Eight-Year Objectives and Time Frame:**

- Participate in monthly meetings.

#### **Lead and Responsible Agencies:**

- Community & Economic Development Department (Community Development Division)

#### **Supporting Agencies and Departments:**

- Community and Economic Development Department (Building)
- Stanislaus County Planning Department
- Stanislaus County Housing Authority
- STANCO
- Modesto Association of Realtors
- Building Industry Association
- Developers; lenders; and interested community groups and organizations.

#### **Cost Estimates:**

- 20 hours for coalition meetings annually.

#### **Funding Sources:**

- Community Development Block Grant funds (HUD)
- Emergency Solutions Grant funds (HUD)

### **Program 1.1b: Affordable Housing Resources**

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The City, in coordination with Stanislaus County, affordable housing developers, and others, will continue to pursue affordable housing resources at the national, State, and local levels. With staffing constraints and the competitive nature of most funding programs, the City will focus on pursuing those determined to be most cost-efficient, given the possibility of successful funding applications. The City of Modesto is designated as Participating Jurisdiction by the United States Department of Housing and Urban Development (HUD). As a result, the City receives an annual grant allocation directly from the HOME Investment Partnership Act as administered by HUD. The City is also designated as an Entitlement Jurisdiction by HUD and receives an annual allocation from HUD Community Development Block Grant (CDBG) program as well as an allocation from the Emergency Shelter Grant (ESG) program. Together, the City has annually received over \$2.6 million through these HUD grant programs. The City also receives program income from HUD funded loans that are repaid back to the City. The following is a list of potential programs:

- Low-Income Housing Tax Credits
- State Proposition 1C Housing Funds
- State Downtown Rebound Program
- State Jobs-Housing Balance Grants
- Single-Family Mortgage Revenue Bonds
- Multi-Family Mortgage Revenue Bonds

#### **Eight-Year Objectives and Time Frame:**

- HUD requires the City of Modesto to prepare a five-year plan, also known as the Consolidated Plan, to discuss the manner in which CDBG, HOME and ESG funds will be applied in the community during the period. The City also prepares an annual action plan and an annual performance report on the expenditure of these funds. Separate community development and housing program objectives are included in the Consolidated Plan.
- Establish a target of 50 percent of very low-income rental assistance for extremely low-income households.
- Monitoring funding cycles annually.

#### **Lead and Responsible Agencies:**

- Community & Economic Development Department (Community Development Division)

**Supporting Agencies and Departments:**

- Community and Economic Development Department
- Affordable housing developers.

**Cost Estimates:**

- Incorporated into operating budgets of implementing agencies / departments

**Funding Sources:**

- HOME, Investment Partnership Act funds (HUD)
- Community Development Block Grant funds (HUD)

### **Program 1.1c: Consolidated Plan**

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The City is an entitlement jurisdiction eligible to receive Community Planning and Development (CPD) funds from HUD. Annually, the City receives approximately \$2.5 million in CDBG, HOME, and ESG funds from HUD. Use of these funds must:

- Create decent and safe living environment
- Benefit people with lower incomes (up to 80 percent of County Median Income)
- Aid in the prevention or elimination of blight
- Provide economic opportunities
- Address an urgent need (such as earthquake or flood)

To receive these funds, the City must develop a Consolidated Plan that outlines the City's strategy for addressing housing and community development needs. The Consolidated Plan must be consistent with the policies and programs of the Housing Element. The Consolidated Plan strategy must be updated at least once every five years, and an annual Action Plan is required to describe the City's planned use of HUD funds.

#### **Five-Year Objectives and Time Frame:**

- Prepare Action Plan annually
- Prepared new Consolidated Plan for FY 2015-2020

#### **Lead and Responsible Agencies:**

- Community and Economic Development Department (Community Development Division)

#### **Cost Estimate:**

- Incorporated into operating budgets of implementing department

#### **Funding Sources:**

- CDBG, HOME, and ESG funds

**Program 1.1d: Nonprofit Housing Development Corporations**

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The City will support non-profit corporations in their efforts to make housing more affordable to lower and moderate income households. Specifically, the City will work with City-designated Community Housing Development Corporations (CHDOs) to promote, assist, and/or sponsor housing developments in Modesto for lower income households. The City will provide some financial support for preserving, rehabilitating, restoring, converting, and acquiring affordable units and provide logistical support for projects by expediting any necessary approvals.

**Eight-Year Objectives and Time Frame:**

- Ongoing financial and logistical support on an as-needed basis

**Lead and Responsible Agencies:**

- Community and Economic Development Department (Community Development Division)

**Supporting Agencies and Departments:**

- Community and Economic Development Department (Planning Division)

**Cost Estimate:**

- Incorporated into operating budgets of implementing agencies / departments

**Funding Sources:**

- CDBG, HOME, and redevelopment housing set-aside funds

**Program 1.1e: Land Banking / Land Trust and Identification of Public Surplus Lands**

The City will continue its land banking efforts for the development of lower and moderate income housing. The City, working with nonprofit organizations such as CHDOs, will try to purchase land suitable for affordable housing in the near future. Land banking will ensure preservation of areas in the City for future affordable housing by removing these areas from the private development market and allowing the City to work with nonprofit organizations to develop affordable projects that serve the specific needs of the community, such as the need for entry-level and step-up housing.

The City will also explore other mechanisms such as a land trust to facilitate the development of affordable housing. Land trusts are an increasingly popular mechanism used by communities where high land costs make the provision of affordable housing difficult. Typically, a nonprofit organization forms a trust that holds the title of the land on which affordable housing is developed. When the housing is developed, the individual homebuyers purchase only the improvements (the housing units) on the land, but do not hold the title to the land, thereby making the purchase prices affordable to lower- and moderate-income households.

The City will continue to identify and monitor surplus public lands suitable for residential development. The surplus land could be purchased by the city's Nonprofit Housing Corporation or other housing providers to develop affordable housing. The City will focus on sites identified in Appendix C as having the greatest potential for consolidation.

**Eight-Year Objectives and Time Frame:**

- Ongoing land banking efforts
- Explore the use of land trust for affordable housing
- Ongoing efforts to identify public surplus land

**Lead and Responsible Agencies:**

- Community and Economic Development Department (Community Development Division)

**Supporting Agencies and Departments:**

- Local nonprofits (e.g. STANCO and Habitat for Humanity)

**Cost Estimates:**

- Unknown

**Funding Sources:**

- CDBG and HOME
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### **Program 1.1f: Homebuyer Assistance**

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The City offers a range of homebuyer assistance programs to promote homeownership among lower and moderate income households. Three homebuyer assistance programs are available:

- **Down Payment Assistance Program:** The City provides down payment assistance of up to \$10,000 to lower income households (up to 80 percent of County Median Income) using CDBG funds. Homebuyers must provide minimum initial investment of 1.75 percent of the sales price. The loan accrues at an annual fixed rate of 3 percent and is secured by a promissory note and Deed of Trust recorded after the primary mortgage.
- **Family Self Sufficiency Program (FSS):** The Housing Authority currently has 175 active members on the Family Self Sufficiency Program. There are 220 FSS slots available (180 of which are mandated slots), ten of which we will target from the Shelter Plus Care program, and twenty targeted for the Family Unification Voucher program. Eligible individuals and families who are on the FSS Waiting List must indicate a willingness to participate in the FSS program. A participating family is required to fulfill all obligations under the Contract of Participation or the Housing Authority may withhold or terminate supportive services and the family forfeits any Escrow Account Funds. The Contract indicates the appropriate supportive services the participating family will receive as well as spelling out the responsibilities of the participating family, such as requiring the head of household to seek and maintain suitable employment.

#### **Eight-Year Objectives and Time Frame:**

- Assist 8 lower and moderate income households annually through the City's Homebuyer's Assistance Program: 40 households; FSS, 220 slots, with an objective of assisting 260 households over 5 years. At the end of this period, a new Consolidated Plan will be prepared and a new objective adopted.
- Assist annually in the dissemination of information on available homebuyer assistance programs through brochures available in the City's central and field offices, City website, referrals, attendance at homebuyer fair, presentations to lenders and realtors, ads in local newspapers (e.g. Modesto Bee, Vida en el Valle) and in the City monthly utility insert bulletin
- Annually review the down payment assistance amount and loan term to assess if adjustments are necessary to reflect local housing market conditions and affordability of housing relative to household incomes (such as lower interest rate or higher down payment assistance)

**Lead and Responsible Agencies:**

- Community and Economic Development Department (Community Development Division)
- Housing Authority of the County of Stanislaus

**Cost Estimates:**

- To be determined annually

**Funding Sources:**

- Homebuyer's Assistance Program – CDBG
- Family Self Sufficiency Program – Housing Authority of the County of Stanislaus

### **Program 1.1g: Rental Assistance**

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The Section 8 Rental Assistance Program for very low income households is administered by the Stanislaus County Housing Authority. As of 2002, approximately 4,000 households receive rental assistance under the Section 8 Rental Assistance program annually. Under this program, the participants typically pay no more than 30 percent of their household income on rent (affordable housing cost threshold). The Housing Authority pays the rental property owners the difference between the payment standards established by the Authority and the affordable housing cost threshold.

#### **Eight-Year Objectives and Time Frame:**

- Ongoing support for the Housing Authority to petition for increased Section 8 allocation
- Ongoing assistance in promoting the program to eligible households through City website, brochures, newsletters, and referrals
- Establish a target of 50 percent of very low income rental assistance for extremely low income households

#### **Lead and Responsible Agencies:**

- Housing Authority of the County of Stanislaus

#### **Supporting Agencies and Departments:**

- Community and Economic Development Department (Community Development Division)

#### **Cost Estimates:**

- To be determined by Housing Authority and Community and Economic Development Department (Community Development Division).

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#### **Funding Sources:**

- HUD Section 8 allocations
- Housing Authority administrative funds
- City CDBG funds (for program promotion)

**Program 1.1h: Relocation Assistance**

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When housing units are being rehabilitated under the City's Housing Repair Program, or when households are displaced because of City housing code enforcement efforts, the City offers temporary relocation assistance to displaced households.

**Eight-Year Objectives and Time Frame:**

- Assist annually in the dissemination of information on available relocation assistance programs through brochures available in the City's central and field offices, City websites, referrals, attendance at homebuyer fairs, presentations to lenders and realtors, ads in local newspapers (e.g. Modesto Bee, Vida en el Valle) and in quarterly in the City's monthly utility insert bulletin

**Lead and Responsible Agencies:**

- Community and Economic Development Department (Community Development Division)

**Cost Estimates:**

- To be determined by the Community and Economic Development Department (Community Development Division)

**Funding Sources:**

- CDBG,
- HOME

### **Program 1.1i: Continuum of Care Serving the Homeless**

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Modesto joined forces with other jurisdictions in the County to address homeless issues in the County through a continuum of care approach. The continuum of care system involves seven components: 1) outreach; 2) intake and assessment; 3) supportive services; 4) emergency shelter; 5) transitional housing; 6) permanent housing with supportive services; and, 7) permanent housing.

The Stanislaus Housing and Supportive Services Collaborative, a regional collaborative, was formed to update and further the goals of the Continuum of Care Plan. This collaborative is comprised of local government representatives, nonprofit service providers, advocates for the homeless, neighborhood representatives, and business groups. The following strategies have been identified by the collaborative as key elements to deliver an integrated and coordinated system of services:

- Deliver preventive and support services;
- Promote outreach and education on available services;
- Integrate health and social services;
- Expand on existing collaborative efforts and develop additional supportive housing;
- Provide vocational and employment-readiness training;
- Address the diverse needs of homeless persons and families;
- Establish a board that will ensure implementation of the Continuum of Care; and,
- Consider the needs of the homeless on a regional and inter-agency basis.

In adherence with the Continuum of Care model, the City continues to address the needs of homeless persons and families by funding local nonprofit agencies that provide direct services to the homeless, including emergency shelters, transitional housing facilities and programs, and supportive services. Specifically, the City has leased repossessed houses from HUD for transitional housing services and has provided funding to nonprofit organizations to purchase houses that would be used for transitional housing. Additionally, Modesto has held a series of public meetings in recent months to seek and develop solutions.

#### **Eight-Year Objectives and Time Frame:**

- Ongoing support of the Continuum of Care Plan and participation in the Collaborative
- Annually allocate funding resources to support agencies that serve the homeless
- Seek to increase the transitional housing inventory by five units over the next five years. After that period, a new Consolidated Plan will be prepared and a new objective adopted.

#### **Lead Agencies and Responsible Agencies:**

- Stanislaus Homeless and Housing Collaborative partners

#### **Supporting Agencies and Departments:**

- Community and Economic Development Department (Community Development Division)

#### **Cost Estimates:**

- To be determined by the Community and Economic Development Department

**Funding Sources:** CDBG and ESG program funds

**Policy 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).

**Program 1.2a: Transitional Housing Program**

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The City works with HUD and the Community Housing Shelter Services in providing transitional shelter (single family residences), and counseling services to homeless families. Transitional housing is provided primarily by Center for Human Services, which operates the Hutton House, Laura’s House, and Samaritan House as well as a few others.

**Eight-Year Objectives and Time Frame:**

- Ongoing support

**Lead and Responsible Agencies:**

- Community and Economic Development Department (Housing Division)

**Supporting Agencies and Departments:**

- Community and Economic Development Department (Planning Division)

**Cost Estimates:**

- Incorporated into operating budgets of implementing departments

**Funding Sources:**

- Community Development Block Grants

## **Program 1.2b: Land Assembly in Existing Neighborhoods**

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In conjunction with Programs 1.1b, 1.1d, 4.1b, 4.1c, and 4.2a the City will encourage and facilitate development on underdeveloped sites by providing assistance with site identification and entitlement processing, provide marketing materials for residential opportunity sites and provide technical assistance to interested developers; including technical assistance to acquire necessary funding, offering fee waivers and deferrals for affordable housing projects, and providing financial support when available, in accordance with Programs 1.1b and 1.1d. As funding becomes available, the City will also organize special marketing events and workshops geared towards the development community. The City will monitor and evaluate development of underdeveloped parcels and report on the success of strategies to encourage residential development in the annual Housing Element report, per Planning and Zoning Law section 65400(a)(2)(B).

### **Eight-Year Objectives and Time Frame:**

- Ongoing support

### **Lead and Responsible Agencies:**

- Community and Economic Development Department (Planning Division)

### **Supporting Agencies and Departments:**

- Community and Economic Development Department (Planning Division)
- Community and Economic Development Department (Housing Division)

### **Cost Estimates:**

- Incorporated into operating budgets of implementing departments

### **Funding Sources:**

- Not applicable

**Policy 1.3** Assist homeowners to avoid foreclosure.**Program 1.3a: Foreclosure Assistance (added from Housing Implementation Tools)**

Stanislaus County has been at the forefront of the national foreclosure crisis, consistently ranking in the top five counties nationally by rate of foreclosure. Stanislaus County is also among the poorest counties in California, making the foreclosure crisis even more difficult for the local economy.

Default Prevention: Provide counseling to homeowners to avoid defaulting on mortgage payments. Offer alternative financing to address delinquencies and refinance eligible homeowners into more favorable fixed-rate loans. Provide advocacy service to negotiate with lenders for alternative financing.

Post-Foreclosure: Purchase foreclosed properties and resell as affordable housing to income-qualified buyers.

**Eight-Year Objectives and Time Frame:**

- Ongoing support

**Lead and Responsible Agencies:**

- Community and Economic Development Department (Housing Division)

**Supporting Agencies and Departments:**

- Community and Economic Development Department (Planning Division)

**Cost Estimates:**

- Incorporated into operating budgets of implementing departments

**Funding Sources:**

- HERA
- General Fund

## **Goal 2: Maximize Housing Choice throughout the Community**

**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.

### **Program 2.1a: Manufactured Housing**

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Pursuant to State law, the City will continue to permit manufactured housing / mobilehomes in all residential districts, provided that they meet the same standards as conventional housing and are placed on a permanent foundation.

#### **Eight-Year Objectives and Time Frame:**

- Continue to provide information on permitting requirements for manufactured housing / mobilehomes with the objective of achieving 6 units per year for a total of 48 units over five years

#### **Lead and Responsible Agencies:**

- Community and Economic Development Department (Planning Division)

#### **Cost Estimates:**

- Incorporated into operating budgets of implementing department

#### **Funding Sources:**

- None required

**Program 2.1b: Handicapped Accessible Housing**

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The City complies with the 1988 Fair Housing Access Act through building inspections, as well as the Disabled Access Assistance Program (Program 3.1). Standards from the Fair Housing Access Act have been incorporated into the California Building Code and are enforced by the building inspectors.

**Eight-Year Objectives and Time Frame:**

- Ongoing compliance with Fair Housing Access Act through enforcement of the California Building Code
- Ongoing assistance in promoting awareness of accessibility requirements through City website and brochures

**Lead and Responsible Agencies:**

- Community and Economic Development Department (Building Safety Division)

**Supporting Agencies and Departments:**

- Stanislaus County Housing Authority; and providers of multi-family housing

**Cost Estimates:**

- Incorporated into operating budgets of implementing department

**Funding Sources:**

- General Fund
- Private resources

## **Program 2.1c: Fair Housing Services**

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The City actively furthers fair housing in the community. Specifically, the City continues to support the Human Relations Commission in their activities to promote fair housing. The Human Relations Commission is a seven-member advisory group that meets bimonthly to promote good human relations in the community and is staffed by the City Manager's Office. Furthermore, the City contracts with Project Sentinel to provide fair housing services and counseling for the community, working to eliminate housing discrimination and remove impediments to equal housing opportunities. The City also coordinates seminars on tenant rights and responsibilities and to address illegal activities in rental housing.

### **Eight-Year Objectives and Time Frame:**

- Ongoing provision of fair housing services
- Periodically report to the Human Relations Commission on fair housing issues
- Assist annually in the dissemination of information on fair housing rights and violation remedies through brochures available in the City's central and field offices, City websites, referrals, attendance at homebuyer fairs, presentations to lenders and realtors, ads in local newspapers (e.g. Modesto Bee, Vida en el Valle) and in occasionally in the City's monthly utility bulletin insert

### **Lead and Responsible Agencies:**

- Human Relations Commission
- City Manager's Office
- Community and Economic Development Department (Community Development Division)
- Project Sentinel

### **Cost Estimates:**

- Incorporated into operating budgets of implementing agencies / departments

### **Funding Sources:**

- CDBG
- General Fund

**Policy 2.2** Facilitate the development of accessory units as an affordable housing alternative.

**Program 2.2a: Accessory / Second Units**

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The Zoning Ordinance allows the development of an accessory living unit in all residential districts.

**Eight-Year Objectives and Time Frame:**

- Continue to facilitate the development of accessory units and promote the use of the City of Santa Cruz' Accessory Dwelling Unit Manual and Prototype Plan Sets with the objective of achieving 1 unit per year for a total of 8 units over eight years.

**Lead and Responsible Agencies:**

- Community and Economic Development Department (Planning Division)

**Supporting Agencies and Departments:**

- City Attorney's Office

**Cost Estimates:**

- None required

**Funding Sources:**

- None required

**Policy 2.3 (was 1.3 and 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.

**Program 2.3a: Small-Lot Development**

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Although townhomes offer affordable ownership opportunities, as compared to single-family detached houses, many developers are concerned with the cost of construction liability insurance associated with townhouse development. Small-lot subdivisions, however, offer a housing option that promotes ownership for moderate income households by reducing the per-unit land and construction liability insurance costs. Modesto’s single-family/low-density residential zoning allows a minimum lot size of 5,000 square feet.

In order to further promote entry-level for-sale housing, the city allows lot sizes for detached houses to be less than 5,000 square feet in Specific Plan areas and Planned Development zones if the developer has followed the City’s APA award-winning “Guidelines for Small-Lot Single-Family Residential Developments” (Guidelines) (May 2005). The Guidelines offer flexibility in design options regarding lot size and product type, including court homes, cluster homes and similar types. Other benefits to affordable housing developers from use of the Guidelines include reduced land costs on a per-unit basis (smaller lots and lesser setbacks allow improved lot count / unit yield) and more efficient infrastructure (narrower streets result in less pavement and the increased density reduces pipeline lengths on a per-unit basis). For additional information regarding the Guidelines, including site development parameters and requirements, see <http://www.modestogov.com/ced/pdf/planning/documents/neighborhood/newguidelines/Small%20Lot%20Development.pdf>.

**Eight-Year Objectives and Time Frame:**

- Facilitate the development of small-lot single-family detached houses (less than R-1 minimum lot size of 5,000 square feet)
- Continue to utilize the Guidelines for Small-Lot Single-Family Residential Developments

**Lead and Responsible Agencies:**

- Community and Economic Development Department (Planning Division)

**Supporting Agencies and Department:**

- City Attorney’s Office

**Cost Estimates:**

- None required

**Funding Sources:**

- None required

## **Goal 3: Provide Safe and Decent Housing**

**Policy 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.

### **Program 3.1a: Housing Rehabilitation and Improvement**

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The City offers a range of housing rehabilitation and improvement assistance to lower income households (up to 80 percent of County MFI). These include:

#### **Home Repair Program**

The Home Repair Program (HRP) is designed to repair or eliminate health and safety hazards in residential properties. This program provides both financial and technical assistance for home repairs and modifications for qualifying low income households (80% or below Area Median Income (AMI). Financial assistance for this program is available in the form of low interest loans secured by a Deed of Trust recorded against equity qualifying owner occupied property. The technical assistance can include preparation of work specifications, repair blue print plans, cost estimates, bidding assistance, oversight of all property improvements to be performed by a Non City of Modesto contractor(s) to insure all work has been complete per all applicable Federal & State regulations and standards.

Loan Range: \$2,000 - \$60,000 (\$20,000 Max Mobile Home Loan)

#### **Disabled Access Program**

The Disabled Access Program (DAP) provides assistance to disabled person(s) in making their homes more accessible. This program provides both financial and technical assistance for home repairs and modifications for qualifying low income households (80% or below Area Median Income (AMI). Financial assistance for this program is available in the form of low interest loans secured by a Deed of Trust recorded against equity qualifying owner occupied property. The technical assistance can include preparation of work specifications, repair blue print plans, cost estimates, bidding assistance, oversight of all property improvements to be performed by NON City of Modesto contractor(s) to insure all work has been complete per all applicable Federal & State regulations and standards.

Loan Range: \$2,000 - \$60,000 (\$20,000 Max Mobile Home Loan)

#### **Minor Home Repair Grant Program**

The Minor Home Repair Grant Program (MHRGP) provides very low-income households (50% or below Area Median Income (AMI) with financial and technical assistance for

essential minor repairs to their homes or mobile homes to enhance the physical quality of their living environment.

Grant Range: \$0 - \$2,000 (Grant)

### **Additional Grant Products**

Energy Efficiency Improvement Grant (EEI) can be added to any program listed above and can be used for energy improvements such as: HVAC, windows, water heaters, doors, fans, appliances, solar vents, insulation, and one cool roof.

Grant Range: Single Family Property \$0 - \$5,000 (Grant)

### **Eight-Year Objectives and Time Frame:**

- Assist 25 households annually through the housing rehabilitation and improvement programs, with an objective of assisting 125 households over 5 years of the Consolidated Plan. A new Plan will be developed at the end of that period.
  
- Continue to promote the availability of the various housing rehabilitation and improvement programs through neighborhood and community organizations, and by using the most effective media, including brochures, newsletter, City website, and referrals.

### **Lead and Responsible Agencies:**

- Community and Economic Development Department (Housing Division)

### **Cost Estimates:**

- Incorporated into operating budgets of implementing department

### **Funding Sources:**

- CDBG

### **Program 3.1b: Energy Conservation and Efficiency**

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The City will continue to encourage development and construction standards that encourage energy conservation in residential buildings. The City provides no-cost or low-cost weatherization to low-income households through the Disabled Access Assistance Program and Emergency Housing Repair Program (Program 3.1). Energy efficiency improvements are automatically included and required in all housing rehabilitation projects. In addition, the City provides literature and information on programs for increasing energy efficiency in residential structures.

#### **Eight-Year Objectives and Time Frame:**

- Ongoing distribution of program materials through brochures and City website
- Assist 10 households annually through the Disabled Access Assistance Program and Emergency Housing Repair Program with the objective of assisting 50 households over 5 years

#### **Lead and Responsible Agencies:**

- Community and Economic Development Department (Community Development Division)

#### **Cost Estimates:**

- Incorporated into operating budgets of implementing department

#### **Funding Sources:**

- CDBG funds

### **Program 3.1c: Reasonable Accommodation**

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As part of this Housing Element update, the Project Manager interviewed the Chief Building Official in the Building Inspection Division and the Principal Planner of Current Planning Section of the Planning Division to assess if City application and development procedures and codes constrain the development of housing for persons with disabilities. In their review of the City's land use zoning policies, adopted building codes, development standards, and permitting procedures, these sources did not identify any potential constraints for the development of housing for the disabled. To the contrary, the City's Planned Development zoning designation provides for the development of residential projects at relaxed development standards. The City expects that housing development projects for the disabled would be approved with relaxed development standards.

In addition, the City has five advisory committees established to help address the various needs of the disabled. These include: Citizens Housing and Community Development Committee; Disabled Access Appeals Board; Equal Opportunity/Disability Commission; Human Relations Commission; and Housing Rehabilitation Loan Committee. The City does not charge any fees associated with access to these committees and does not assess fees for review or approval of accommodation requests. The one potential constraint is the lack of a specific procedure for processing reasonable accommodation requests.

The City will continue to refine its reasonable accommodation process to provide individuals with disabilities, reasonable accommodations in rules, policies, practices and procedures that may be necessary to ensure equal access to housing. The purpose of this effort is to provide a clear and consistent process for individuals with disabilities to make requests for reasonable accommodation in order to obtain relief from the various land use, zoning, building laws, rules, policies, practices and/or procedures of the City.

#### **Eight-Year Objectives and Time Frame:**

- Ongoing enforcement of the California Building Code and operation of the Disabled Access Appeals Board

#### **Lead and Responsible Agencies:**

- Community and Economic Development Department (Building Safety Division)

#### **Supporting Agencies and Departments**

- Community and Economic Development Department (Planning Division);
- Modesto Independent Living Center

#### **Cost Estimates:**

- Incorporated into operating budgets of implementing agencies / departments

#### **Funding Sources:**

- City General Fund

**Program 3.1d: Ongoing Coordination with Stanislaus County to Address “Islands”**

Within Modesto’s Sphere of Influence, there are many areas that have been developed with residences, often at urban densities, under the governance of Stanislaus County. These areas are commonly referred to as “County islands.” Policies relating to the annexation of County islands are Policy II.C.1 on page II-5 of the 2008 Urban Area General Plan; Policy VIII.D on pages VIII-2 and VIII-3 in the 2008 Urban Area General Plan; and Policy VIII.V on pages VIII-17 and VIII-18 in the 2008 Urban Area General Plan.

**Eight-Year Objectives and Time Frame:**

- Ongoing coordination with Stanislaus County to address any property tax issues
- Ongoing coordination with Stanislaus County to identify infrastructure upgrades and develop cost estimates for upgrading infrastructure in compliance with applicable municipal code provisions and regulations.
- Hold a “Measure M” vote for all County islands that have not yet been subject to a vote on the November 2015 ballot.

**Lead and Responsible Agencies:**

- Community and Economic Development Department
- Utilities Planning and Programming Department

**Supporting Agencies and Departments**

- Stanislaus County Community Development Department
- Stanislaus Local Agency Formation Commission

**Cost Estimates:**

- Preliminary cost estimates for each “island” are included the 2015 Urban Growth Review report. Estimates vary depending upon the size and needs of each area, but costs are typically several million dollars each.

**Funding Sources:**

- County Community Development Block Grant funds or other County funds

**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.

### **Program 3.2a: Preservation of Units at Risk**

---

Several publicly assisted housing projects, totaling 733 units affordable to lower income households, may be at risk of converting market-rate units due to termination of rental assistance contracts and/or expiration of deed restrictions. To the extent feasible, the City will work to preserve the affordability of these units in partnership with property owners and/or other interested housing providers.

#### **Eight-Year Objectives and Time Frame:**

- Monitor the at-risk status of projects annually and contact project owners to discuss preservation options and incentives
- Send a list of potentially at-risk housing projects to nonprofit developers to solicit participation in the City's efforts to preserve the units
- Work with the Stanislaus County Housing Authority to provide technical assistance to tenants regarding the availability of Section 8 vouchers in case units are converted to market rate housing
- Work with project owners and nonprofit housing providers to pursue preservation of the at-risk units, with the goal of meeting AB 438 provisions for using existing units to fulfill a portion of the City's RHNA for lower income households

#### **Lead and Responsible Agencies:**

- Community and Economic Development Department (Housing Division)
- Stanislaus County Housing Authority
- HUD

#### **Cost Estimates:**

- Incorporated into operating budgets of implementing agencies / departments

#### **Funding Sources:**

- HOME
- CDBG
- Section 8 Rental Assistance

## **Goal 4: Ensure Land Use and Zoning Procedures Accommodate Housing**

**Policy 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.

### **Program 4.1a: Zoning Code Amendments**

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As part of this Housing Element update, the City has identified Zoning Code revisions necessitated by recent changes to State law, and to further facilitate the development of affordable and special needs housing. These include:

- Consider revision to create incentives for land assembly by allowing greater densities on progressively larger lots.
- Revise to establish a formal procedure for persons with disabilities seeking reasonable accommodation (see Program 3.1c).

#### **Eight-Year Objectives and Time Frame:**

- Annually review zoning ordinance, subdivision regulations, and development policies and procedures for consistency with State and Federal law.

#### **Lead and Responsible Agencies:**

- Community and Economic Development Department (Planning Division)

#### **Supporting Agencies and Departments:**

- City Attorney's Office

#### **Cost Estimates:**

- 120 hours of staff time

#### **Funding Sources:**

- General Fund

### **Program 4.1b: Suitable Sites for Lower-Income Housing**

---

To assist the development of housing for lower income households on suitable sites, the City will facilitate land divisions, lot line adjustments, and specific plans resulting in parcel sizes that facilitate multi-family developments affordable to lower income households in light of state, federal and local financing programs. The City will work with property owners and non-profit developers to target and market the availability of sites with the best potential for development. In addition, the City will offer the following incentives for the development of affordable housing, including but not limited to: streamlining and expediting the approval process for land division associated with affordable housing production; ministerial review of lot line adjustments; and, providing technical assistance to secure funding.

**Lead and Responsible Agencies:**

- Community and Economic Development Department (Planning Division)

**Supporting Agencies and Departments:**

- Building Safety Division

**Cost Estimates:**

- N/A

**Funding Sources:**

- N/A

**Program 4.1c: Lot Consolidation**

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**To assist the development of housing for lower income households on smaller sites**, the City will play an active role in facilitating lot consolidation. For example, the City will work with non-profit developers and owners of small sites to identify and consolidate parcels to facilitate the development of housing affordable to lower-income households. The lot consolidation procedure will also be posted on the City's website and discussed with developers during the preliminary stages of project concept review. Incentives offered for lot consolidation could include allowing higher densities on the larger parcels once consolidated, flexible development guidelines, and expedited processing. Applications for lot consolidation will be processed ministerially.

**Lead and Responsible Agencies:**

- Community and Economic Development Department (Planning Division)

**Supporting Agencies and Departments:**

- Building Safety Division

**Cost Estimates:**

- N/A

**Funding Sources:**

- N/A

**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.

**Program 4.2a: Residential Sites Inventory**

---

As part of this Housing Element update, the City has reviewed in detail its residential land inventory for vacant and underutilized sites available for housing development. To meet the State mandate of accommodating the RHNA and to maintain consistency with the City's goal of focusing growth within the Baseline Development Area and the Planned Urbanizing Area, the City is committed to maintaining this sites inventory. . Modesto will ensure that adequate sites are available as shown on Table 4-11. All affordable housing numbers used in this Housing Element are approximate, based upon current data.

Chapter 3 (titled "Affordable Housing") of the City of Modesto zoning ordinance includes provisions for allowing density bonus for qualifying affordable housing development. The City will consider allowing additional density bonus, above and beyond that described within Chapter 3, for affordable housing development projects that commit to providing Extremely Low-, Very Low-, and Low-Income housing.

**Eight-Year Objectives and Time Frame:**

- Update residential sites inventory annually

**Lead and Responsible Agencies:**

- Community and Economic Development Department (Planning Division)
- Planning Commission and City Council

**Cost Estimates:**

- Incorporated into operating budgets of implementing department

**Funding Sources:**

- General Fund

## **Goal 5: Reduce Governmental Constraints**

**Policy 5.1** Establish and maintain development standards that support housing production while protecting quality of life goals.

### **Program 5.1a: Reduction of Parking Standards**

---

Modesto allows a reduction in parking standards for senior housing developments and has established lower parking ratios for housing in the downtown form-based code area. The objective is to match parking standards with need to reduce costs. As the City begins to promote mixed-use developments along the commercial corridors, flexible parking standards may be adopted for mixed use projects and projects that involve small units. Elements of an individual project, the area in which it is located, and the transportation system must be evaluated when considering reducing parking requirements. Typically, developments within a five-minute walk of a transit stop are considered for reduced parking.

#### **Eight-Year Objectives and Time Frame:**

- Continue to offer reduced parking requirements for senior housing developments and for development in the downtown form-based code area.
- Review parking requirements as needed for mixed-use projects to offer flexibility in meeting parking needs (such as shared parking with commercial uses, off-site parking, reduced parking due to potential reduced trips)

#### **Lead and Responsible Agencies:**

- Community and Economic Development Department (Planning Division)

#### **Cost Estimates:**

- Incorporated into operating budgets of implementing department

#### **Funding Sources:**

- General Fund

**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.

**Program 5.2a: Multi-Family Developer Incentive Program**

---

The Stanislaus County Housing Authority and nonprofit sponsors of housing for very-low-income households are exempt from the City’s Capital Facilities Fees (developer fees). For multi-family projects with density bonuses, 20 percent of the project units must serve low income households or 10 percent of the units must serve very low income households. For these projects, developer construction fees are levied by deferring payment of Capital Facility Fees with 20 percent required down and five years to pay.

**Eight-Year Objectives and Time Frame:**

- Assist multi-family density bonus project developers with fee deferrals of Capital Facilities Fees, for projects serving very-low and low-income households with an objective of assisting 30 units per year or 150 units over 5 years.

**Lead and Responsible Agencies:**

- Community and Economic Development Department (Planning Division)

**Cost Estimates:**

- To be determined, and incorporated into City’s operating budget

**Funding Sources:**

- General Fund

**Policy 5.3** Continue to provide timely and coordinated processing of residential development projects to encourage housing production.

**Program 5.3a: Streamlined Application Review and Permit Processing**

---

The City complies with the State-mandated Permit Streamlining Act, which ensures timely processing of planning development applications. The City building permit inspections and review have a minimal turnaround time, and no processing procedures result in extensive delays for affordable housing.

The City Council has available to it the ability to declare a “shelter crisis” eliminating the requirement for a use permit for the establishment of an emergency shelter for any period of time so designated. By adopting such a declaration, the City may also suspend certain development standards and building code requirements that were non-safety in nature. 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. This emergency shelter facility was remodeled and furnished over a four-week period with City coordination and much community participation. The Salvation Army elected to operate the shelter during the emergency period, although it has since been converted to a permanent shelter through a Conditional Use Permit. The shelter accommodates 50 adults.

**Eight-Year Objectives and Time Frame:**

- Continue the City’s periodic reviews of the application review and permit processing procedures and time frame to ensure continued compliance with the Permit Streamlining Act

**Lead and Responsible Agencies:**

- Community and Economic Development Department

**Cost Estimates:**

- N/A

**Funding Sources:**

- N/A

**Program 5.3b: Administrative Coordination**

---

Currently, several departments in the City are responsible to the delivery of various housing programs. For example, the CDBG- and HOME-funded housing programs are administrated by the Parks, Recreation, and Neighborhoods Department. Uses of the redevelopment housing set-aside funds are overseen by the Community and Economic Development Department. The coordination of program delivery and uses of funds among departments requires increased efforts and sometimes results in duplicated efforts. Particularly, if a Housing Trust Fund is created to consolidate various funding sources (Program 1.3), the City may consider assigning the responsibility of overseeing the Trust Fund to one department.

**Eight-Year Objectives and Time Frame:**

- Continue internal coordination to facilitate the construction of affordable housing

**Lead Agencies/Departments:**

- Community and Economic Development Department

**Supporting Agencies/Departments:**

- Parks, Recreation and Neighborhoods Department (Housing Division)
- Redevelopment Agency

**Cost Estimates:**

- N/A

**Funding Sources:**

- N/A

**Program 5.3c: Annual Report of General Plan**

---

Charter cities are not required to conduct annual reviews of their general plans. If undertaken, review should include the progress of the Housing Element in meeting its share of the regional housing needs. The City makes any necessary adjustments to the General Plan elements to ensure consistency among the elements, to promote effective policy and program implementation, and to reflect changed conditions and regulations. If undertaken, the City may evaluate its progress in meeting its share of the Regional Housing Needs Allocation (RHNA). If components of the RHNA are not met, the City will evaluate the reasons for this occurrence and respond in conformance with implementation programs as set forth in the Housing Element.

**Eight-Year Objectives and Time Frame:**

- Conduct annual reviews of the General Plan implementation

**Responsible Agencies:**

- Community and Economic Development Department (Planning Division)

**Cost Estimates:**

- Incorporated into operating budgets of implementing department

**Funding Sources:**

- General Fund

## **Goal 6: Ensure Adequate Services to Housing**

**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.

### **Program 6.1a: Urban Growth Policy Update**

---

The Modesto General Plan calls for the City to maintain a five-year supply land served with urban infrastructure and available for development (Chapter II, Section C, General Plan Maintenance, page II-5). In addition, the General Plan provides that new development should occur next to existing development. This avoids situations in which the City might become responsible for extending urban services (for example, sewer lines) through open areas to new development.

The purpose of the Urban Growth Policy Update is to identify land available for development, sufficient to provide a five-year supply. There are two parts to this process: one is the preparation of an inventory of available land for various uses (residential, commercial, business park), and the second is an analysis of market conditions expected over the next five years.

The City is generally divided into two areas: the Baseline Developed Area, which is generally that portion of the City that is already developed and the Planned Urbanizing Area. The Planned Urbanizing Area includes areas within City limits and the entire Sphere of Influence. The Sphere of Influence is the area which the City intends to annex and develop at some point in the future.

#### **Eight-Year Objectives and Time Frame:**

- Consider conducting an Urban Area Growth review every two years to direct and manage growth, ensuring adequate urban services for new developments

#### **Lead and Responsible Agencies:**

- Community and Economic Development Department (Planning Division)
- Utilities Planning and Projects Department

#### **Cost Estimates:**

- Incorporated into operating budgets of implementing departments

#### **Funding Sources:**

- General Fund

**Policy 6.2** Promote infill development as a method of ensuring maximum utilization of existing urban services.

**Program 6.2a: Encourage Infill Development**

---

In an effort to maximize efficiency of existing infrastructure, the City will establish a program to provide regulatory, financial, or other incentives to promote infill development to meet projected housing needs.

According to Section 15331 of the California CEQA Guidelines, infill development projects are those projects that meet the following characteristics:

- a) The development project is consistent with the general plan designation and the zoning.
- b) The project is located within the City limits on a site of no more than five acres, substantially surrounded by urban uses.
- c) The project has no value as habitat for endangered, rare or threatened species.
- d) Approval of the project would not result in any significant effects relating to traffic, noise, air quality, or water quality.
- e) The site can be adequately served by all required utilities and public services.

The City will solicit input from local developers and interested parties to determine the greatest obstacles to infill development, and develop strategies accordingly to address these obstacles. The creation of marketing materials by the City to promote infill development may be a part of this program. Marketing materials may include development fee waivers for the development of affordable housing, the availability of CDBG grants to assist with public infrastructure improvements to affordable housing projects, the availability of vacant residential sites inventory report, listing site locations, acreages, ownership, zoning and entitlement requirements.

In addition to the resources listed above, the City indirectly reduces the development costs by streamlining the development application process for infill development through means including:

- pre-application meetings with applicants;
- consolidation of development applications;
- expedited review;
- streamlined environmental assessment through the use the infill exemptions where appropriate and the use of a Master Environmental Impact Report;
- Lesser requirements and costs for the entitlement process (for example, no specific plan or financing master plan is required); and,
- Less costly stormwater drainage standards for infill development

Infill development incentives include the advantage of existing infrastructure, zoning that allows proposed development a ministerial (building permit) process, deferred or no right-of-way dedication and improvements where appropriate and relaxed standards through the availability of the planned development zone. Residential development proposals that agree to provide affordability covenants may receive fee deferrals or waivers based on household income criteria applied to the residential development.

**Eight-Year Objectives and Time Frame:**

- Continued encouragement

**Lead and Responsible Agencies:**

- Community and Economic Development Department (Planning Division)

**Cost Estimates:**

- Incorporated into operating budgets of implementing department

**Funding Sources:**

- General Fund
- CDBG
- HOME

## **Goal 7: Promote Jobs-Housing Balance**

**Policy 7.1** Encourage the development of workforce housing.

### **Program 7.1a: Coordination of Housing and Economic Development Efforts**

Despite the loss of thousands of Modesto residents immediately before and during the mortgage crisis, Modesto continues to have fewer jobs than needed to achieve a balance between jobs and housing and thus reduce commuting distances. A jobs-housing imbalance exists, jeopardizing the quality of life offered by Modesto, creating impacts on the City's infrastructure systems, air quality, and economic well-being of the community. To attempt balancing housing growth and economic development, the City offers these mechanisms:

- Urban Growth Policy Review Update (Program 6.1): to ensure a balanced inventory of land is available for the upcoming five years;
- Recent completion of a major wastewater treatment plant upgrade, to accommodate new growth and development;
- Regional and inter-agency agreements for provision of both potable and non-potable water supplies;
- Significant transportation system improvements, including reconstructed interchanges along SR99 and widening of SR219; and,
- Revenue Bonds to provide for the construction and rehabilitation of major infrastructure and facilities necessary to support economic development efforts.
- A Community Benefit District for downtown revitalization
- Business attraction, retention, and expansion programs
- Economic incentives for new and existing businesses
- Partnership with community and public organizations in workforce development programs, including the Stanislaus Business Alliance and Modesto Junior College

#### **Eight-Year Objectives and Time Frame:**

- Ongoing economic development efforts

#### **Lead and Responsible Agencies:**

- Community and Economic Development Department (Planning Division)

#### **Cost Estimates:**

- Incorporated into operating budgets of implementing department

#### **Funding Sources:**

- Revenue bonds
- General Fund

**Program 7.1b: Affordable Workforce Housing**

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Some people who work in Modesto cannot afford to live in the City. Through economic development efforts (Program 7.1), Modesto will work with businesses to create higher paying jobs. The City will also coordinate with the business community to address the housing needs of workers.

**Eight-Year Objectives and Time Frame:**

- Ongoing efforts to develop affordable housing consistent with this element of the Urban Area General Plan

**Lead and Responsible Agencies:**

- Community and Economic Development Department (Planning Division)
- Parks, Recreation and Neighborhoods Department (Housing Division)

**Cost Estimates:**

- N/A

**Funding Sources:**

- N/A

## Quantified Objectives

The City of Modesto annually receives federal funds for housing and community development activities. In order to receive these funds, the City must submit a strategic plan every five years to the U.S. Department of Housing and Urban Development that identifies local needs and how those needs will be met.

Modesto’s share of the StanCOG Regional Housing Needs Assessment is 6,361, of which 1,546 units are for extremely low- and very low-income and 991 are for low-income households. The State’s estimate of housing needs is far greater than the resources available to the City.

The Urban Area General Plan, of which this Housing Element is a chapter, hereby incorporates by reference the 2015 Consolidated Plan.

<b>Income Category</b>	<b>New Construction</b>	<b>Rehabilitation</b>	<b>Conservation/Preservation</b>
Low and Very Low	44	95	300
Moderate	0	0	0
Above Moderate	0	0	0
<b>TOTAL (estimated)</b>	<b>44</b>	<b>95</b>	<b>300</b>

Additionally, Modesto will expect the construction of one accessory dwelling unit per year, for a total of eight units.

# Appendices

## Appendix A: Infill Examples in the R-2 and R-3 Zones

APN	Description	Zone	Permit	Acreage	Units	Density	% Developed Before Intensification
029.045.038	48-bed residential care facility	R-2	BLD 2005-90207	0.99	48	48	100%
030.015.025	three new units	R-3	BLD 2003-74145	0.50	3	6	50%
031.001.012	assisted living facility	R-3	approved, no permit issued yet				conversion
031.002.001	44 apartments	R-3	25565-0	1.36	44	32	?
032.054.032	duplex replaced demolished single unit	R-2	BLD 2001-50446	0.17	2	12	50% (teardown)
035.003.034	one unit added to two	R-2	BLD 2005-96614	0.26	3	11.5	66%
035.042.020	two unit addition to existing single unit	R-3	BLD 2008-60815	0.18	3	17	33%
035.044.071	one full-size unit added to existing single unit	R-3	BLD 2003-70759	0.23	2	9	50%
035.045.057	fourplex replaces two demolished units	R-3	BLD 2005-94856	0.23	4	17	50% (teardown)
035.047.030	duplex replaced demolished single unit	R-2	BLD 2007-50019	0.14	2	14	50% (teardown)
035.048.004	duplex replaced demolished single unit	R-2	BLD 2002-61864	0.18	2	11	50% (teardown)
035.049.023	one full-size unit attached to existing unit to create	R-2		0.14	2	14	50%
035.051.006	one full-size unit attached to existing unit to create	R-2	BLD 2005-94450	0.18	2	11	50% (teardown)
035.051.007	duplex replaced demolished single unit	R-2	BLD 2002-62270	0.16	2	12.5	50% (teardown)
101.006.044	one full-size house added to one	R-2	BLD 2006-44612	0.16	2	12.5	50%
101.006.055	duplex replaced demolished single unit	R-2	BLD 2002-63325	0.16	2	12.5	50% (teardown)
101.006.074	two new full-size units (one demolished)	R-2	BLD 2003-76055	0.16	2	12.5	50% (teardown)
102.008.055	duplex replaced demolished single unit	R-2	BLD 2003-72135	0.14	2	14	50% (teardown)
103.014.011	one unit addition to existing two units	R-3	BLD 2005-95653	0.16	3	19	66%
103.019.006	one unit addition to existing single unit	R-3	BLD 2004-80430	0.16	2	12.5	50%
104.026.006	one full-size unit added to existing single unit	R-3	BLD 2007-50652	0.16	2	12.5	50%
104.026.015	two units added to one	R-3	BLD 2004-84842	0.15	3	20	33%
108.016.004	duplex replaced demolished single unit	R-3	BLD 2002-60046	0.16	2	12.5	50% (teardown)
108.016.005	duplex replaced demolished single unit	R-3	BLD 2002-60045	0.16	2	12.5	50% (teardown)
109.006.003	two new full-size units (one demolished)	R-3	BLD 2003-74066	0.16	2	12.5	50% (teardown)
109.006.003	one unit addition to existing single unit	R-3	BLD 2003-74066	0.16	2	12.5	50%
109.006.019	one full-size unit attached to existing unit to create	R-2	35995-D	0.16	2	12.5	50%
111.002.001	duplex replaced demolished single unit	R-2	BLD 2003-73526	0.16	2	12.5	50% (teardown)
111.002.057	one unit addition to existing single unit	R-2	BLD 2004-85407	0.16	2	12.5	50%
111.004.048	one full-size unit attached to existing unit to create	R-2	BLD 2004-84443	0.19	2	10.5	50%
111.007.020	one full-size unit attached to existing unit to create	R-2	BLD 2001-55994	0.15	2	13	50%
111.008.071	duplex replaced demolished single unit	R-2	BLD 2007-51145	0.16	2	12.5	50% (teardown)
111.009.027	duplex replaced demolished single unit	R-2	BLD 2002-63326	0.16	2	12.5	50% (teardown)
112.039.026	duplex replaced demolished single unit	R-2	BLD 2002-62186	0.16	2	12.5	50% (teardown)
115.006.065	8 units replaced one unit	R-1	5307-A-0	0.56	8	14	13% (teardown)
115.008.016	30 units replaced one unit	R-3	37347-0	0.94	30	32	3% (teardown)
117.007.086	12 units replaced demolished single unit	R-3	BLD 2007-50930/52020	0.60	12	20	8% (teardown)
119.010.007	duplex replaced demolished single unit	R-1	BLD 2006-40414	0.17	2	12	50% (teardown)

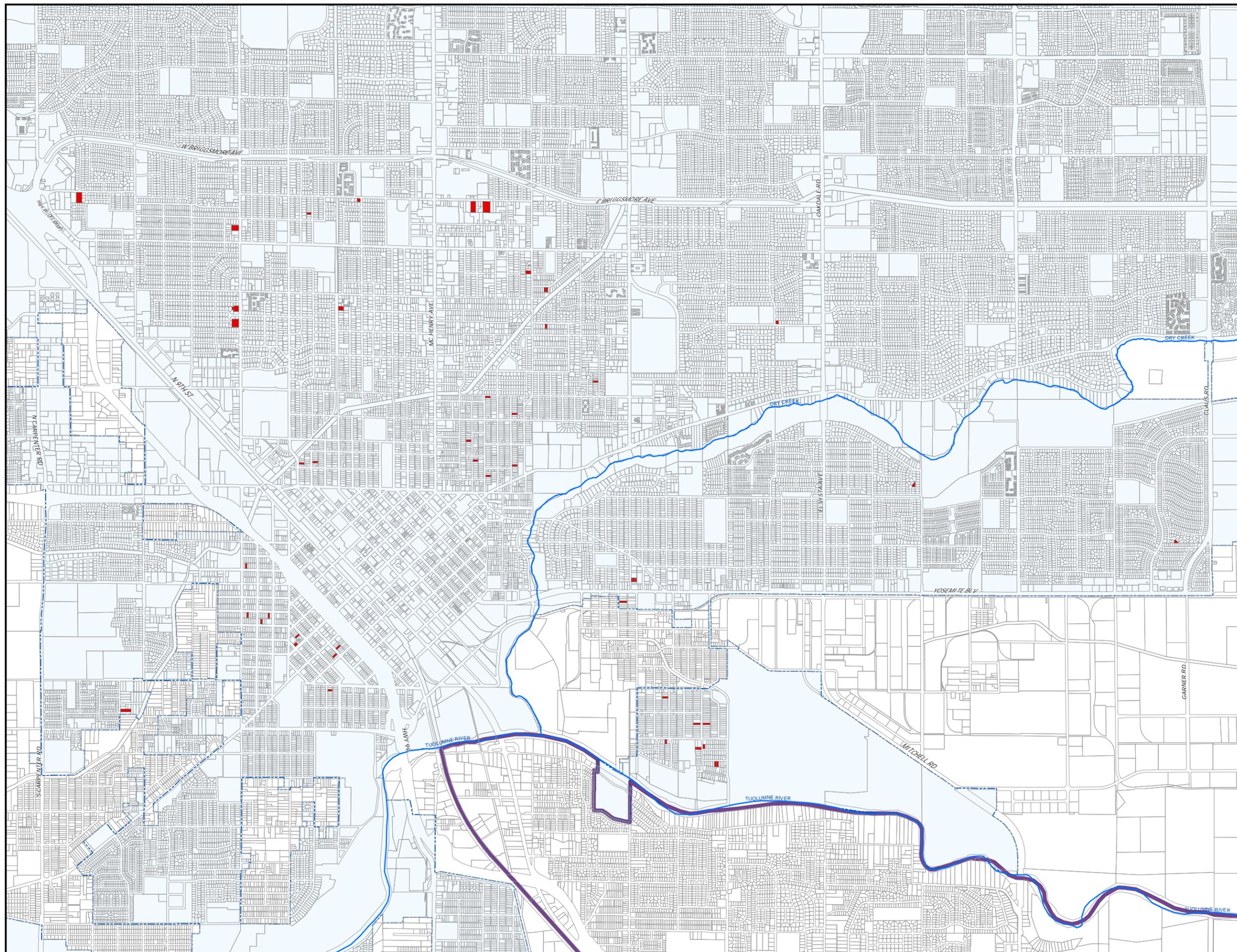


# Appendix A

## Infill Examples in the R-2 and R-3 Zones

### LEGEND

-  Infill Examples
-  Modesto Incorporated Area
-  Modesto Sphere of Influence



Miles

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## Appendix B: Examples of Denser Development on Smaller Lots

APN	Zone	Acreage	Units	Density
105.013.001	C-2	0.32	17	53
105.015.001	P-D	0.32	45	140*
105.021.002	C-2	0.10	4	40
105.028.013	C-2	0.24	12	50
109.003.011	R-3	0.18	4	22
110.002.035	R-1	0.10	3	30
110.003.001	R-3	0.15	3	20
110.003.006	R-3	0.30	6	20
110.003.046	R-1	0.12	2	16
110.003.053	R-1	0.26	4	15
110.008.021	R-1	0.16	3	18
110.008.037	C-2	0.19	6	31
111.004.031	R-2	0.09	2	22
111.004.060	R-2	0.15	2	13
111.004.061	R-2	0.18	2	11
111.004.063	R-2	0.15	3	20
111.004.072	R-2	0.15	4	26
111.005.055	R-2	0.08	2	25
111.005.061	R-2	0.16	2	12
111.006.004	R-2	0.19	6	31
111.007.036	R-3	0.11	8	72
111.007.037	R-3	0.46	17	37
111.007.038	R-3	0.23	4	17
115.001.011	R-3	0.35	13	37
115.001.013	P-D	0.43	23	53
115.030.008	R-3	0.74	28	38
various	P-D	1.28	79	62*

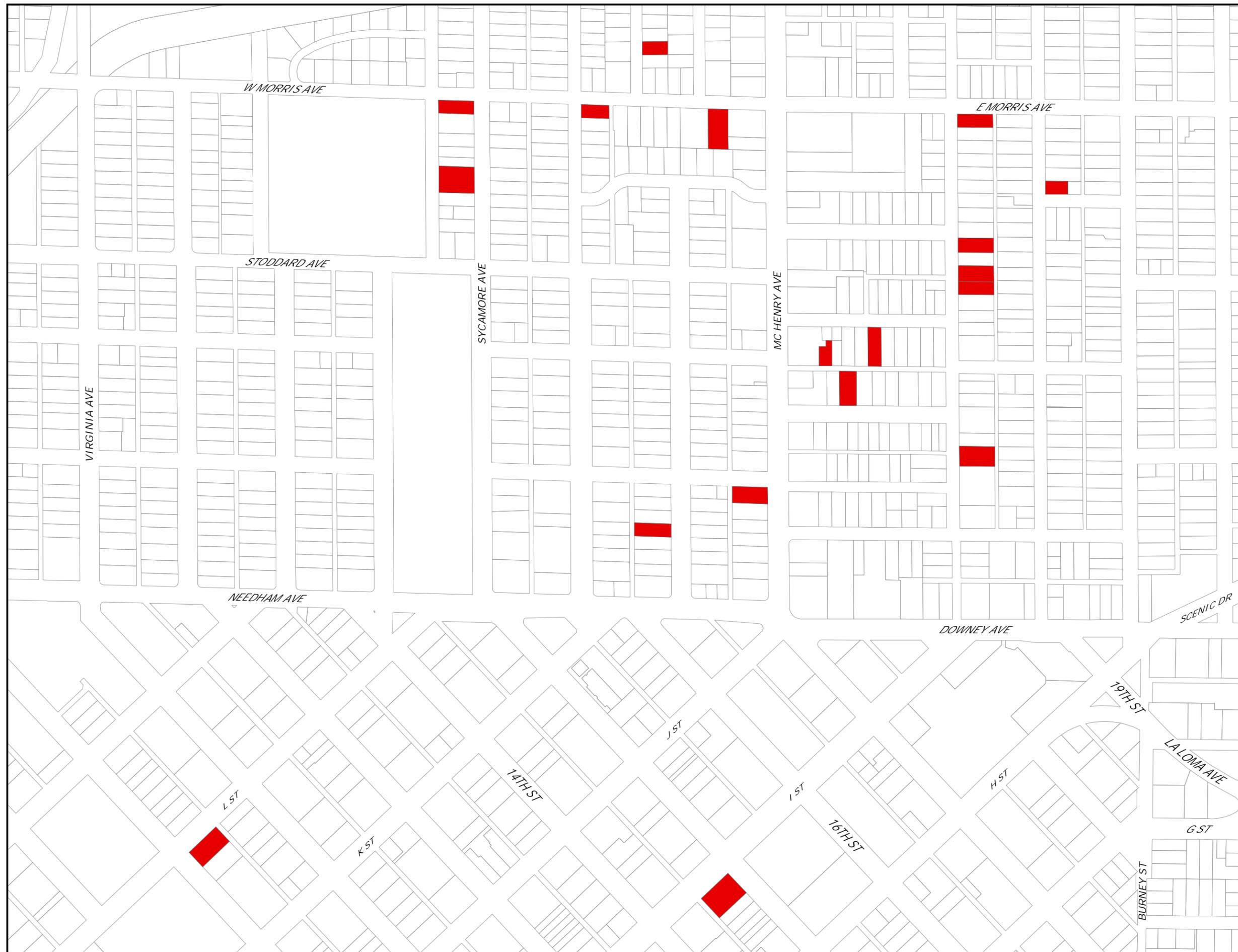
# Appendix B

## Examples of Denser Development on Smaller Lots

### LEGEND

 Modesto Sphere of Influence

 Parcels



0 0.05 0.1



Miles

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## Appendix C: Rental Prices and Affordability Levels of Multiple-Unit Properties

Based on assumptions in Tables 2-45 and 2-46.

APN	Zone	Description	Rent	Affordability Level
115.001.012	R-3	2 bedroom apartment	\$650	Low-Moderate
034.001.064	PD 76	2 bedroom condo	\$725	Moderate-Above Moderate
060.034.065	PD 98	2 bedroom apartment	\$725	Moderate-Above Moderate
066.025.070	R-2	2 bedroom unit	\$725	Moderate-Above Moderate
066.025.070	R-2	2 bedroom unit	\$845	Moderate
117.007.086	PD 87	1 bedroom apartment	\$895	Above Moderate
055.031.017	PD 125	2 bedroom condo	\$900	Above Moderate
116.092.013	R-1	3 bedroom house	\$1,050	Above Moderate
116.093.011	R-1	2 bedroom house	\$1,095	Above Moderate
033.029.078	R-1	3 bedroom house	\$1,250	Above Moderate
033.091.062	R-1	3 bedroom house	\$1,250	Above Moderate
052.075.070	R-1	3 bedroom house	\$1,275	Above Moderate
120.060.026	R-1	3 bedroom house	\$1,395	Above Moderate
067.040.056	R-1	4 bedroom house	\$1,795	Above Moderate
076.005.052	R-1	4 bedroom house	\$1,495	Above Moderate
032.031.060	R-1	3 bedroom house	\$1,595	Above Moderate
101.007.064	R-2	studio	\$595	Moderate-Above Moderate
054.006.010	R-2	2 bedroom condo	\$795	Low-Moderate
065.027.033	PD 211	3 bedroom house	\$1,625	Above Moderate
054.023.009	R-1	3 bedroom house	\$1,195	Moderate
079.019.019	R-1	3 bedroom house	\$1,175	Moderate
066.009.072	R-1	3 bedroom house	\$1,149	Moderate
031.001.034	R-3	1 bedroom apartment	\$573	Low
106.001.011	UGD	1 bedroom apartment	\$475	Very Low-Low
031.011.030	R-3	1 bedroom apartment	\$540	Low
112.045.037	R-2	2 bedroom house	\$850	Moderate
060.034.063	PD 98	2 bedroom apartment	\$750	Moderate
054.025.007	R-2	1 bedroom apartment	\$760	Moderate
081.054.007	R-1	4 bedroom house	\$1,400	Above Moderate
111.011.033	R-1	5 bedroom house	\$2,895	Above Moderate
067.002.028	R-1	3 bedroom house	\$1,295	Above Moderate
066.012.038	R-1	3 bedroom house	\$1,150	Moderate-Above Moderate
066.005.022	R-1	3 bedroom house	\$1,150	Moderate-Above Moderate
068.010.064	R-1	3 bedroom house	\$1,100	Moderate-Above Moderate
111.009.006	R-2	2 bedroom apartment	\$925	Moderate
116.097.033	R-1	3 bedroom house	\$1,295	Above Moderate
119.028.008	PD 24	2 bedroom apartment	\$750	Moderate
033.030.033	PD 60	1 bedroom apartment	\$670	Low-Moderate
076.036.012	PD 323	3 bedroom apartment	\$905	Moderate
		3 bedroom apartment	\$1,200	Moderate
060.038.067	R-2	2 bedroom apartment	\$750	Moderate
112.051.058	R-1	1 bedroom house	\$695	Low-Moderate
076.004.066	R-1	3 bedroom house	\$1,650	Above Moderate
005.069.004	R-2 (PD)	2 bedroom apartment	\$675	Low-Moderate
005.069.074	R-2 (PD)	2 bedroom apartment	\$695	Low-Moderate
005.069.095	R-2 (PD)	2 bedroom apartment	\$695	Low-Moderate
005.071.013	R-2 (PD)	2 bedroom apartment	\$695	Low-Moderate
029.018.041	R-1 (PD)	2 bedroom apartment	\$765	Moderate
031.001.034	R-3	1 bedroom apartment	\$545	Very Low-Low
032.054.032	R-2	3 bedroom duplex	\$995	Moderate

## Appendix C: Rental Prices and Affordability Levels of Multiple-Unit Properties

Based on assumptions in Tables 2-45 and 2-46.

APN	Zone	Description	Rent	Affordability Level
034.001.064	R-2 (PD)	2 bedroom apartment	\$595	Low
035.047.021	R-2	2 bedroom duplex	\$750	Moderate
037.044.100	R-3	2 bedroom apartment	\$700	Low-Moderate
037.044.100	R-3	3 bedroom apartment	\$800	Moderate
052.051.024	R-2	3 bedroom apartment	\$1,075	Moderate
052.055.019	R-2	2 bedroom duplex	\$750	Moderate
055.001.004	R-1	3 bedroom apartment	\$1,050	Moderate
055.001.060	R-2	2 bedroom apartment	\$775	Moderate
055.009.058	R-2	2 bedroom apartment	\$745	Moderate
059.039.020	R-3 (PD)	2 bedroom apartment	\$1,150	Above Moderate
060.013.001	R-3	3 bedroom apartment	\$825	Moderate
060.034.065	R-3 (PD)	2 bedroom apartment	\$625	Low
065.026.036	R-3 (PD)	1 bedroom apartment	\$625	Moderate
066.017.036	R-2	2 bedroom apartment	\$595	Low
066.019.016	R-2	2 bedroom apartment	\$675	Low-Moderate
066.022.021	R-2	2 bedroom apartment	\$695	Low-Moderate
066.024.024	R-2	2 bedroom apartment	\$725	Moderate-Above Moderate
076.029.034	R-3 (PD)	2 bedroom apartment	\$845	Above Moderate
076.029.081	R-3 (PD)	1 bedroom apartment	\$695	Moderate
077.008.030	R-3 (SP)	1 bedroom apartment	\$975	Above Moderate
077.008.030	R-3 (SP)	2 bedroom apartment	\$1,150	Above Moderate
077.008.030	R-3 (SP)	3 bedroom apartment	\$1,325	Above Moderate
078.024.073	R-3 (PD)	3 bedroom apartment	\$995	Moderate
078.025.045	R-3 (PD)	3 bedroom apartment	\$925	Moderate
085.013.069	R-1 (SP)	2 bedroom duplex	\$750	Moderate
085.050.003	R-3 (SP)	1 bedroom apartment	\$899	Above Moderate
085.050.003	R-3 (SP)	2 bedroom apartment	\$975	Moderate
101.006.074	R-2	3 bedroom duplex	\$800	Low
104.021.002	C-2	studio	\$535	Moderate
105.013.001	C-2	1 bedroom apartment	\$600	Low
106.001.010	C-1	studio	\$400	Low
106.027.006	C-2	studio	\$475	Low
109.006.019	R-2	2 bedroom duplex	\$700	Moderate
109.008.021	R-3	1 bedroom apartment	\$580	Low
109.008.021	R-3	2 bedroom apartment	\$680	Low-Moderate
111.001.023	R-2	3 bedroom duplex	\$875	Moderate
111.003.018	R-2	2 bedroom apartment	\$645	Low
111.004.072	R-2	2 bedroom apartment	\$600	Low
111.007.031	R-2	2 bedroom duplex	\$650	Moderate
111.007.036	R-2	1 bedroom apartment	\$550	Very Low
112.052.010	R-2	1 bedroom apartment	\$595	Low
114.001.013	R-3 (PD)	1 bedroom apartment	\$510	Low-Very Low
114.001.013	R-3 (PD)	2 bedroom apartment	\$610	Low
115.001.011	R-3	2 bedroom apartment	\$700	Low-Moderate
115.001.012	R-3	1 bedroom apartment	\$475	Very Low
115.001.012	R-3	2 bedroom apartment	\$545	Low-Very Low
115.006.065	R-1	1 bedroom apartment	\$495	Low
115.008.016	R-3	1 bedroom apartment	\$525	Moderate
115.008.016	R-3	2 bedroom apartment	\$675	Low-Moderate
115.030.008	R-3	1 bedroom apartment	\$465	Low

## Appendix C: Rental Prices and Affordability Levels of Multiple-Unit Properties

*Based on assumptions in Tables 2-45 and 2-46.*

<b>APN</b>	<b>Zone</b>	<b>Description</b>	<b>Rent</b>	<b>Affordability Level</b>
115.030.008	R-3	2 bedroom apartment	\$595	Low-Very Low
117.003.003	R-2	2 bedroom duplex	\$675	Low-Moderate
118.011.053	R-1	2 bedroom duplex	\$745	Moderate
118.018.023	R-2	2 bedroom apartment	\$725	Low-Moderate

## Appendix D: Affordable Housing Funded or Entitled Since 2009

Support for Table 4-6

Name	Type	Funding	Units	AMI = Area Median Income (\$53,300 for 2015)				Status
				120% AMI	80% AMI	50% AMI	30% AMI	
3004 & 3006 Japonica Way	Multi-Family	NSP1	2	2				Complete
529/531 Ft. Sumpter Drive	Multi-Family	NSP1	2	2				Complete
1113 Patty Way	Multi-Family	NSP1	3	3				Complete
2200-2202 Vera Cruz	Multi-Family	NSP1	2	2				Complete
2112 Palisade Avenue	Multi-Family	NSP1	4	4				Complete
808 Clementa Way	Multi-Family	NSP1	2	2				Complete
1804 & 1806 Rose Ave.	Multi-Family	NSP2	2	2				Complete
405 - 407 Johnson Street	Multi-Family	NSP2	2	2				Complete
221 East Coolidge Ave	Multi-Family	NSP2	30		10	10	10	Complete
2601 Chester Ave.	Multi-Family	NSP2	2	2				Complete
2419 Strivens	Multi-Family	NSP2	3	3				Complete
534 Kimble St.	Multi-Family	NSP2	2	2				Complete
715 Tully Road	Multi-Family	NSP2	28	28				Complete
Archway Commons	Multi-Family	RDA, HOME	76		53	15	8	Complete
Bennett Place	Multi-Family	NSP, HOME	18			18		Complete
Downey Terrance	Senior	NSP, HOME, RDA	11			11		Complete
Meadow Glen	Foster Youth	NSP, HOME	32			32		Complete
Tower Park	Senior	RDA, HOME, NSP	50			50		Under Construction
2405 Callahan Way	Single-Family	NSP2	1	1				Complete
2716 Medinah Way	Single-Family	NSP2	1	1				Complete
1804 & 1806 Rose Ave.	Single-Family	NSP2	1	1				Complete
913 E. Rumble Road	Single-Family	NSP2	1	1				Complete
2212 Cimarron Hills	Single-Family	NSP2	1	1				Complete
834 Muir Road	Single-Family	NSP2	1	1				Complete
1511 Carlton Ave.	Single-Family	NSP2	1	1				Complete
1330 Fordham Ave.	Single-Family	NSP2	1	1				Complete
124 Bonita Circle	Single-Family	NSP2	1	1				Complete
617 W. Granger #7	Single-Family	NSP2	1	1				Complete
1805 Maid Mariane Ln.	Single-Family	NSP2	1	1				Complete
1901 St. Salazar Circle	Single-Family	NSP2	1	1				Complete
551 Brighton	Single-Family	NSP2	1	1				Complete
1512 Cabrillo	Single-Family	NSP2	1	1				Complete
135 Rosina	Single-Family	NSP2	1	1				Complete
1208 David Court	Single-Family	NSP2	1	1				Complete
458 College Ave.	Single-Family	NSP2	1	1				Complete
341 Severin Ave.	Single-Family	NSP2	1	1				Complete
1008 Dezzani Ln.	Single-Family	NSP2	1	1				Complete
1709 Walpole	Single-Family	NSP2	1	1				Complete
1177 Norwegian #10	Single-Family	NSP2	1	1				Complete
408 Broderick Ave.	Single-Family	NSP2	1	1				Complete
114 Virginia Ave.	Single-Family	NSP2	1	1				Complete
1028 Dartmouth	Single-Family	NSP2	1	1				Complete
1117 E. Fairmont	Single-Family	NSP2	1	1				Complete
1609 Barkwood	Single-Family	NSP2	1	1				Complete
1177 Norwegian #1	Single-Family	NSP2	1	1				Complete
1432 Albany Ave.	Single-Family	NSP2	1	1				Complete
1420 Del Vista Ave.	Single-Family	NSP2	1	1				Complete
1177 Norwegian Ave. #2	Single-Family	NSP2	1	1				Complete
1236 Randy Ave.	Single-Family	NSP2	1	1				Complete
1909 Yellow Pine Dr.	Single-Family	NSP2	1	1				Complete
3308 Sherwood #37	Single-Family	NSP2	1	1				Complete
2609 Keller St.	Single-Family	NSP2	1	1				Complete
1177 Norwegian #11	Single-Family	NSP2	1	1				Complete
2243 Carol Street	Single-Family	NSP2	1	1				Complete
1025 Carlos Ct.	Single-Family	NSP2	1	1				Complete
123 N. Santa Ana	Single-Family	NSP2	1	1				Complete
1010 Lassen Ave.	Single-Family	NSP2	1	1				Complete
3316 Sherwood Ave. #55	Single-Family	NSP2	1	1				Complete
232 Rosemont Ave.	Single-Family	NSP2	1	1				Complete
2400 San Felipe Way	Single-Family	NSP2	1	1				Complete
608 Maze Blvd.	Single-Family	NSP2	1	1				Complete
805 Tully #26	Single-Family	NSP2	1	1				Complete
625 Benson	Single-Family	NSP2	1	1				Complete
3912 El Portal Place	Single-Family	NSP2	1	1				Complete
2047 Roble Ave.	Single-Family	NSP2	1	1				Complete
1441 E. Orangeburg	Single-Family	NSP2	1	1				Complete
2201 Wyndmoor Ave.	Single-Family	NSP2	1	1				Complete
2841 Park Place	Single-Family	NSP2	1	1				Complete
2309 Temescal	Single-Family	NSP2	1	1				Complete
617 W. Granger #86	Single-Family	NSP2	1	1				Complete
1177 Norwegian #29	Single-Family	NSP2	1	1				Complete
2536 Surrey Ave.	Single-Family	NSP2	1	1				Complete
208 Sierra Madre	Single-Family	NSP2	1	1				Complete

572 Pirinen Ln. #D	Single-Family	NSP2	1	1				Complete
1308 Guiseppe Ln.	Single-Family	NSP2	1	1				Complete
3021 Redbud Court	Single-Family	NSP2	1	1				Complete
1204 Cape Cod	Single-Family	NSP2	1	1				Complete
617 W. Granger Ave. #41	Single-Family	NSP2	1	1				Complete
2513 Pescadero	Single-Family	NSP2	1	1				Complete
1421 Entrada	Single-Family	NSP2	1	1				Complete
1509 Entrada	Single-Family	NSP2	1	1				Complete
1614 Teakwood	Single-Family	NSP2	1	1				Complete
2021 Robbie	Single-Family	NSP2	1	1				Complete
1120 Kahala	Single-Family	NSP2	1	1				Complete
2101 Reseda	Single-Family	NSP2	1	1				Complete
2701 Jennifer	Single-Family	NSP2	1	1				Complete
2006 Coddling	Single-Family	NSP2	1	1				Complete
2416 Stone Crop	Single-Family	NSP2	1	1				Complete
1329 Del Vale	Single-Family	NSP2	1	1				Complete
3825 Louisburg	Single-Family	NSP2	1	1				Complete
3309 Ocotillo	Single-Family	NSP2	1	1				Complete
3800 Carver	Single-Family	NSP2	1	1				Complete
816 Chalone	Single-Family	NSP2	1	1				Complete
2020 Carver	Single-Family	NSP2	1	1				Complete
501 Fortuna	Single-Family	NSP2	1	1				Complete
2513 Galway	Single-Family	NSP2	1	1				Complete
1925 Hunt	Single-Family	NSP2	1	1				Complete
304 Yuba Ridge	Single-Family	NSP2	1	1				Complete
1901 Vallejo	Single-Family	NSP2	1	1				Complete
1634 Wylma	Single-Family	NSP2	1	1				Complete
243 Phoenix	Single-Family	NSP2	1	1				Complete
2809 Amir Drive	Single-Family	NSP1	1	1				Complete
537 Arrowhead	Single-Family	NSP1	1	1				Complete
1505 Claud Ave.	Single-Family	NSP1	1	1				Complete
1805 Chesapeake Ave.	Single-Family	NSP1	1	1				Complete
1712 St. Charlotte	Single-Family	NSP1	1	1				Complete
1204 California Ave.	Single-Family	NSP1	1	1				Complete
1405 Dustin Court	Single-Family	NSP1	1	1				Complete
1836 Encina Avenue	Single-Family	NSP1	1	1				Complete
917 Pinecone Drive	Single-Family	NSP1	1	1				Complete
1412 Ricardo Way	Single-Family	NSP1	1	1				Complete
2025 San Ramos Court	Single-Family	NSP1	1	1				Complete
909 Stone Pine Way	Single-Family	NSP1	1	1				Complete
2024 St. Theresa Way	Single-Family	NSP1	1	1				Complete
1325 Tupper Lane	Single-Family	NSP1	1	1				Complete
901 Fall River	Single-Family	NSP1	1	1				Complete
1729 Holcombe Way	Single-Family	NSP1	1	1				Complete
308 Luinda Way	Single-Family	NSP1	1	1				Complete
2020 Floral Court	Single-Family	NSP1	1	1				Complete
2201 Manitoba Court	Single-Family	NSP1	1	1				Complete
3928 Weston Way	Single-Family	NSP1	1	1				Complete
2016 St. Sebastian Way	Single-Family	NSP1	1	1				Complete
1332 Conrad Way	Single-Family	NSP1	1	1				Complete
1016 Bristlecone	Single-Family	NSP1	1	1				Complete
1829 Chesapeake Ave.	Single-Family	NSP1	1	1				Complete
802 Kerr Ave.	Single-Family	NSP1	1	1				Complete
2201 Wyndmor	Single-Family	NSP1	1	1				Complete
2841 Park Place	Single-Family	NSP1	1	1				Complete
1705 Brahms way	Single-Family	NSP1	1	1				Complete
4132 Hennings Drive	Single-Family	NSP1	1	1				Complete
4105 Madeline Way	Single-Family	NSP1	1	1				Complete
944 Palmilla Drive	Single-Family	NSP1	1	1				Complete
1813 Beethoven Way	Single-Family	NSP1	1	1				Complete
1000 Norway Avenue	Single-Family	NSP1	1	1				Complete
1525 Cleverger Drive	Single-Family	NSP1	1	1				Complete
1525 Wakebridge	Single-Family	NSP1	1	1				Complete
2016 Bailey Drive	Single-Family	NSP1	1	1				Complete
2056 Zaiger Way	Single-Family	NSP1	1	1				Complete
3924 Felton Way	Single-Family	NSP1	1	1				Complete
3532 Zachary Court	Single-Family	NSP1	1	1				Complete
<b>Total</b>			<b>393</b>	<b>176</b>	<b>63</b>	<b>136</b>	<b>18</b>	

## Appendix E: Interested Parties

Agency/Company	Address	City	On E-mail Distribution List
Airport Neighbors United	205 S. Santa Cruz	Modesto	
Alliance - Stanislaus County	1010 Tenth Street, Suite 1400	Modesto	X
American GI Forum	521 Magnolia	Modesto	X
Building Industry Association of Central California	1401 F Street, Suite 200	Modesto	X
California Rural Legal Assistance	1111 "I" Street, Suite 310	Modesto	
Caltrans District 10	P.O. Box 2048	Stockton	X
Catholic Charities - Stockton (GAP)	1106 N. El Dorado	Stockton	X
Center for Human Services	1700 McHenry Village Way, Suite 11	Modesto	X
Center for Public Policy, CSUS Stanislaus	801 W. Monte Vista	Turlock	X
Central Valley Association of Realtors	16980 South Harlan Road	Lathrop	
Central Valley Opportunity Center	P.O. Box 1389	Winton	
Chamber of Commerce	P.O. Box 844	Modesto	X
Children's Crisis Center	P.O. Box 1062	Modesto	X
City of Ceres, Community Development Dept.	2220 Magnolia Street	Ceres	X
City of Riverbank, Community Development	6707 Third Street	Riverbank	X
Community Housing & Shelter Services	823 15th Street	Modesto	
Curtis & Arata	1300 K Street	Modesto	
Downey Healthy Start	1000 Coffee Road	Modesto	
Downtown Improvement District	1022 J Street	Modesto	X
DRAIL	920 12th Street	Modesto	X
Empire Union School District	P.O. Box 1556	Empire	
Empire Union School District	116 N. McClure Road	Modesto	X
Franklin Healthy Start	905 Byron	Modesto	
Golden Valley Health Center - Corner of Hope	1130 6th Street	Modesto	
Governor's Office of Planning & Research	P.O. Box 3044	Sacramento	
Great Valley Center	1120 13th Street	Modesto	X
Hanshaw Healthy Start	1725 Las Vegas	Modesto	
Harvest of Hope	727 Sutter	Modesto	
Haven's Women Center	619 13th Street	Modesto	
Healthy Start Administration - Modesto City Schools	426 Locust Street	Modesto	
Hispanic Chamber of Commerce	2937 Veneman Avenue, Suite A110	Modesto	X
Hispanic Task Force	2620 Beatrice Lane	Modesto	
Housing Authority of Stanislaus County	P.O. Box 581918	Modesto	X
Housing Rehabilitation Loan Committee (HRLC)		members	
La Loma Neighborhood Association			X
LAFCO	1010 Tenth Street, 3rd Floor	Modesto	X
League of Women Voters, Stanislaus County	P.O. Box E	Modesto	X
Manufacturers Council of the Central Valley	P.O. Box 1564	Modesto	X
Mark Twain Healthy Start	707 S. Emerald Avenue	Modesto	
Miguel Donoso		Modesto	X
Modesto BEE	1325 H Street	Modesto	X
Modesto City Schools/Planning & Research	426 Locust	Modesto	X
Modesto Gospel Mission	P.O. Box 1203	Modesto	X
Modesto Irrigation District	P.O. Box 4060	Modesto	
North Valley Yokuts Tribe	P.O. Box 717	Linden	
Orville Wright Healthy Start	1602 Monterey Street	Modesto	
Petrolakis, Jensen & Friedrich	1130 12th Street, Suite B	Modesto	X
PG & E	1524 N. Carpenter	Modesto	
PMZ Real Estate	1230 E Orangeburg Ave	Modesto	X

## Appendix E: Interested Parties

Agency/Company	Address	City	On E-mail Distribution List
PMZ Real Estate	1230 E. Orangeburg Avenue, Suite A	Modesto	X
Project Sentinel	412 Downey	Modesto	
Rental Property Owner's Association - Modesto	400 12th Street, Suite 14	Modesto	X
Robertson Road Healthy Start	1121 Hammond Avenue	Modesto	
Salida Municipal Advisory Council	P.O. Box 490	Salida	
Salvation Army	P.O. Box 1663	Modesto	
San Joaquin Valley Air Pollution Control North Region	4800 Enterprise Way	Modesto	
Self Help Enterprises	P.O. Box 6520	Visalia	X
Southern Sierra Miwuk Nation	P.O. Box 1200	Mariposa	X
StanCog	900 H Street, Suite D	Modesto	X
Stanislaus Audubon Society	P.O. Box 4012	Modesto	
Stanislaus Community Assistance Project (SCAP)	2209 Coffee Road, Suite A	Modesto	
Stanislaus County Affordable Housing	201 E. Rumble Road	Modesto	
Stanislaus County Community Services Agency	P.O. Box 42	Modesto	X
Stanislaus County Farm Bureau	1201 L Street	Modesto	X
Stanislaus County Habitat for Humanity	630 Kearney	Modesto	X
Stanislaus County Library	1500 I Street	Modesto	
Stanislaus County Office of Education	1100 H Street	Modesto	X
Stanislaus County Planning & Community Development	1010 Tenth Street, Suite 3400	Modesto	X
Stanislaus Economic Development & Workforce Alliance Wor	P.O. Box 3389	Modesto	X
Stanislaus Union School District	3601 Carver	Modesto	X
Sylvan Union School District	605 Sylvan	Modesto	X
Tule River Indian Tribe	P.O. Box 589	Porterville	
Tuolumne Band of Me-Wuk	P.O. Box 699	Tuolumne	X
Turlock Irrigation District	P.O. Box 949	Turlock	
United Way	P.O. Box 3066	Modesto	
West Modesto King Kennedy Collaborative	601 S. Martin Luther King	Modesto	
YCCD	P.O. Box 4065	Modesto	
Yokuts Group - Sierra Club	P.O. Box 855	Modesto	X
Zoslocki Contruction	801 Tenth Street, Fl 5-107	Modesto	
Liberty Amercian Real Estate	2625 F Coffee Road, Suite 193	Modesto	X
California Rural Legal Assistance	1111 I Street #310	Modesto	X

# **APPENDIX F: COMMENTS ON THE HOUSING ELEMENT UPDATE**

## **Public Workshops**

**April 16, 2015**

Two individual attended the workshops:

- Edgar Garibay, Catholic Charities
- John Beckman, Building Industry Association

### **How will the City and Housing Element address the proposed Urban Limit Line? Can we still meet the Regional Housing Needs Allocation?**

The Housing Element will not address the Urban Limit Line on the November 2015 ballot. The ballot measure would essentially include the entire city plus its existing sphere of influence with some small differences. Modesto is confident that the Regional Housing Needs Allocation can be accommodated with the existing city limits.

### **Will new residential development be entirely single family housing or will there also be multi-family housing?**

New development in the City is expected to be comprised of substantial new multi-family development. Each new specific plan area is required to include multi-family housing. Multi-family housing is also being built at various infill sites around the city. Additionally, Modesto's downtown form-based code [adopted May 2015] changed the commercial-only zoning in downtown to allow substantial mixed-use development.

## **Mr Miguel Donoso**

**July 13, 2015**

**By email**

I sent a letter in copia that I sent to the city manager of the city of Modesto in June 29, 2015 but I sent a letter with the root stampilla, was return to my address in July 8, I tried to sent a fax, but was rum # like fax 916)327-2643 and fax 916)263-7453 I call Mr. Compara to explient this problem. Re: housing element 2015-2015- conseledated plan. In action 1.1: continue to provide assistance to preserve existen affordable housing and create new affordable housing. Are concern is: in Modesto have a few affordable housing for working families and no realistic assistance for affordable housing specially low-income areas. Action 1.3: continue to ensure the availability cities for development of affordable housing. Are concern is: in the zoning areas of Modesto the land use is not adequate to use for low-income and medium-income, specially the land cost, this are in different side for low-income and medium-income and also for mianorities. We recoment to have Inclusionary zone ordenence. Action 3.1: when selecting lending institutions for contractions and participation in local programs. Are concern is: that the city of Modesto do not have a ordenence like city of Los Angeles in community reinvestment act. That was in May 9, 2012 in was adopt the ordinance adding section 20.95.1 to chapter 5.1 And are last concern is: is the enviromental justice SB375 is not implemented in the polices or programs for the housing element and the land element. Very truly su amigo Miguel Donoso # 209 [REDACTED] 95354

Policy 1.1 of the Housing Element is “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.” This policy is implemented by nine (9) programs that, when coupled with federal, state, and local funding, will facilitate the provision of housing for extremely low-, very low-, and low-income individuals and households in Modesto. While there is a large and growing need for housing for lower-income individuals and households, the resources available to provide housing are limited. Modesto’s Housing Division ensures that all of the resources available for housing are utilized.

Policy 1.3 of the Housing Element refers to foreclosure avoidance. The comment, however, refers to zoning, which is addressed in Policy 4.1, which reads, “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.”

The State Department of Housing and Community Development determined that adequate capacity existed during the last cycle of the Housing Element to meet the City’s Regional Housing Needs Allocation, 11,130 units. This cycle of the Housing Element requires Modesto accommodate 6,361 dwelling units; the proposed land use inventory can accommodate 8,796 dwelling units. Modesto makes every effort to facilitate affordable housing. Recently, an affordable housing developer was interested in building an apartment complex on industrially-zoned land. Modesto approved the zone change and assisted the developer in securing the funding necessary to build Archway Commons. To date, 76 of 150 total units have been completed at Archway Commons.

Regarding Action 3.1 in the Consolidated Plan, it is correct that Modesto does not have a Community Reinvestment Act ordinance to use when selecting lending institutions for contracts and participation in local programs. However, this issue has been brought to the City’s attention and should be reviewed to determine whether such an ordinance could be beneficial for the City.

Modesto may again consider an inclusionary housing ordinance. Several cities, including San Jose, Los Angeles and Patterson, have been sued as a result of their inclusionary housing ordinances. Rather than risk a costly lawsuit, Modesto will involve the City Attorney and proceed cautiously before adopting any such ordinance.

SB 375 (2008) addresses the land use-transportation component of reducing greenhouse gas emissions as required by AB 32 (2006). This bill contains language to extend the planning period of the Housing Element from five to eight years under specified circumstances. SB 375 also includes language exempting from environmental review projects that meet certain criteria. Modesto is in the process of amending its General Plan to address SB 375 and other legislation that has passed since the last update in 2008.

Any changes to the land use and transportation chapters of the General Plan will not be implemented until / unless the City Council approves the General Plan amendment. The Housing Element is a component of the General Plan but does not broadly address land use and transportation issues. Nevertheless, City Council has adopted the Crows Landing Road Corridor Study (2015) and the downtown form-based zoning code (2015), both of which address concerns related to SB 375.