



# The City of Modesto 2008-2009 Annual Action Plan



## 2008 - 2009 Annual Action Plan

Grantee: City of Modesto

Annual Action Plan covers: CDBG, HOME, HOPWA and ESG

Period covered by Annual Action Plan: July 1, 2008 through June 30, 2009

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

Citizen participation is a key component of the consolidated planning process. The federal regulations implementing the three entitlement grants require that the city provide opportunity and means for the populations served by the grants, as well as the general citizenry, to provide input to the goals and priorities that should be reflected in the plan, as well as the specific types of activities that will be funded. The City of Modesto not only complies with Federal regulations, but actively encourages the participation of citizens, especially low or moderate-income, through the Citizen Participation Plan. The Citizen Participation Plan requires that a minimum of two neighborhood meetings be held prior to the development of the Annual Action Plan and/Consolidated Plan, and one community meeting with service providers as the primary audience. Other neighborhood meetings are held during the year as the City identifies a need within a neighborhood and seeks input from that neighborhood.

The neighborhood meetings are held in low-income census tract areas to encourage participation of low- and moderate-income persons. The neighborhood meetings are held at public buildings that are accessible to persons with disabilities. Spanish translators are available at all meetings. If a request for other language translators is made, those translators are provided. The neighborhood meetings are held in the evenings to accommodate working families. The meeting for service providers is held during the day to accommodate the service providers.

The neighborhood and community meetings, held prior to the Annual Action Plan and/or Consolidated Plan, are advertised in the local paper of general circulation, as well as the local Hispanic paper of general circulation. The public notices are published at least one week prior to the neighborhood and community meetings. A press release is also submitted to the local newspaper, radio and television stations. Notices are also sent to neighborhood organizations, public housing resident groups, and agencies providing services to the residents of the community and neighborhoods. The City notifies the community of any public hearings to be held by the Modesto City Council regarding the development of the Consolidated Plan, the Annual Action Plan, substantial amendments thereto, and the CAPER. A minimum of two public hearings are held each year at different stages of the program year.

Notification of the public hearings and the public comment period are published in the local newspaper of general circulation, as well as the Hispanic paper of general circulation. Press releases are distributed to local newspaper, radio, and television stations.

The public hearings are held at regularly scheduled City Council meetings. These meetings are held in the evenings for the benefit of working persons. The City Hall, known as Tenth Street Place, is accessible to persons with disabilities. Each resident choosing to speak is allowed to make a verbal presentation.

The City of Modesto considers all oral and written public comments received in preparing and revising the Annual Action Plan. The City held four public meetings in development of the Annual Action Plan for fiscal year 2008-2009. All of the meetings were held in public buildings that are accessible to persons with disabilities. A Spanish translator was available at all four meetings. The meeting at City Hall was held in a low-income neighborhood and held during the day to accommodate service providers. A second public meeting was held at the Senior Center to encourage participation by senior citizens in the development of the Annual Action Plan. The remaining two meetings were held in low-income neighborhoods, in public facilities that serve largely minority communities.

#### Summary of Citizens Comments:

##### City Hall Meeting

A public meeting as held on January 22, 2008 at 1:30 PM. Comments received at the meeting included: Now that the housing prices are coming down, more funding is needed for the down-payment assistance program, Reinvest money paid on loans for additional affordable housing, need for more funding towards housing rehabilitation. Citizens feel that if there are more funds available for down-payment as well as rehabilitation, which would in turn clean up the neighborhoods and give people more opportunities to take pride in their neighborhoods. Citizen's also voiced the need to provide additional programs and services for the youth in the community.

A second public meeting was held at City Hall on May 6, 2008 at 5:30 PM. No comments were received.

##### Senior Center

A public meeting was held on January 24, 2008 at 10:00 AM. Comments received at the meeting included: There is a need to fund meals for seniors; there is an increased need for feeding seniors, but not enough funding for that need. Citizens also wanted to see more funding for the rehabilitation of substandard housing for seniors. There is a need in the senior community for housing to suit the needs of the aging population, and there aren't a lot of options for seniors.

##### Maddux Youth Center

A public meeting was held on January 24, 2008 at 6:00 PM. No comments were received.

##### McHenry Museum

A public meeting was held on February 6, 2008 at 6:00 PM. No comments were received.

#### ***ACTION PLAN 91.220(a)***

The Standard SF424 form has been utilized and is attached.

#### ***EXECUTIVE SUMMARY 91.220(b)***

The City's overall priority is to increase economic opportunity and self-sufficiency for lower-income residents and individuals with special needs so they can achieve a reasonable standard of living. This priority can be achieved through a combination of:

- Affordable housing
- Supportive services to maintain independence
- Education and technical skills that allow individuals to obtain jobs paying self-sufficiency wages

- Investment in lower-income and deteriorating neighborhoods and facilities that serve lower-income populations

Specific priorities are described below:

- **HOUSING NEEDS:** In recent years, Modesto has experienced a significant increase in home prices and rents. High housing costs reduce economic opportunity, access to jobs and services, and the ability of lower-income households to live in the community. Strategies for addressing affordable housing needs in Fiscal Year 2008-2009 are:
  - ✓ Increase rental housing by partnering with the Modesto Redevelopment Agency (RDA) to develop housing units.
  - ✓ Use HOME funds to leverage funding for the construction of new housing units.
  - ✓ Use Revolving Loan Funds to acquire land for affordable housing development or housing units for preservation of affordable housing or conversion to affordable housing.
  - ✓ Continue monitoring the Down Payment Assistance Program closely, along with the housing market, to ensure the program can benefit as many first-time homebuyers as possible while protecting the City's investment.
  - ✓ Complete Highway Village Mandatory Housing Rehabilitation Target Area project and implement a new target area in the Weed and Seed area.
  - ✓ Preservation of affordable housing through rehabilitation programs for homeowners and property owners renting to low-income households.
  - ✓ Acquisition and rehabilitation when needed, of market rate housing to develop into affordable housing.
  - ✓ Promote the development, training and sustainability of Community Housing Development Organizations and Community Based Housing Organizations.
  - ✓ Implement a Neighborhood Revitalization Strategy in the Airport Neighborhood
  
- **HOMELESS NEEDS:** The priorities for homelessness are based on the recognition that homelessness results from more than a lack of affordable housing, although providing housing is the ultimate objective. The City has participated in countywide planning to move individuals and families from homelessness to permanent housing and independent living, though a network of support services. The primary strategy document is the Continuum of Care. A collaborative community plan to end long-term homelessness has been approved by the City. Strategies for addressing homeless needs in Fiscal Year 2008-2009 are:
  - ✓ Enter into "Master Leasing" agreements with non-profit organizations and the County's Behavioral Health Department and Recovery services.
  - ✓ Support recently developed 10-year plan to end long-term homelessness, and identify the number of units and support services needed to assist the homeless.
  - ✓ Increase options for long-term transitional housing, especially for certain groups such as women with children, and those with mental health and chemical dependency issues.
  - ✓ Support services and agencies listed in the Stanislaus County 2005 Continuum of Care application.

The City of Modesto released a Request for Information (RFI) and a Request for Qualifications (RFQ) for the Master Lease of the former Social Security Building. Due to the use restrictions

on the former Social Security building located at 1230 12<sup>th</sup> Street, the City of Modesto was not able to complete the renovation and to accommodate the non-profit organizations interested in leasing the building to offer services specifically for the homeless community.

- **COMMUNITY DEVELOPMENT NEEDS:** To achieve the City's goals for economic opportunity leading to self-sufficiency, a suitable living environment, and decent housing, a network of support services is needed to ensure that lower-income residents are trained and educated for the labor needs of today and tomorrow. Within the City there is a gap in the availability of services across most categories of special need; including seniors, at risk youth, working parents, persons with chronic illness, and persons with other conditions affecting their ability to function independently and/or productively. Strategies for addressing community development needs in 2008-2009 are:
  - ✓ Continue to fund public services at the highest percentage allowed by HUD regulations.
  - ✓ Combine housing and services for homeless populations.
  - ✓ Investigate the use of CDBG funds for addressing health care issues.
  - ✓ Procure economic development activities using CDBG funding.

Further, infrastructure improvements are necessary to ensure all residents have access to the same services. This general neighborhood revitalization and improvement is an important component of community development. Strategies for Fiscal Year 2008-2009 are:

- ✓ Develop a Neighborhood Revitalization Strategy that will compliment the "Weed and Seed" program. Components of this strategy will include\*:
  - Code Enforcement
  - Housing Rehabilitation
  - Neighborhood clean-ups
  - New Neighborhood Revitalization Activities

*\*HUD funds will be used to leverage other sources of funding, therefore not all components of the strategy will be HUD funded.*

One project that was a great success for our community was a combined effort between the City of Modesto and the County of Stanislaus to clean up an area known as the Airport Neighborhood. This area is in a low-income census tract and is a mixture of City and County and is a known problem area for illegal dumping and blight. A group made up of individuals from both the City and the County came together and filled several dumpsters and cleaned out multiple alley ways and areas that had become dumping grounds.

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

## EVALUATION OF PERFORMANCE

During the 2007-2008 year the City of Modesto completed many major projects. The City of Modesto administered a comprehensive array of services that included community based public services, emergency shelter services, and housing activities. The following highlights are among the most significant accomplishments.

In Fiscal Year 2007-2008 the City of Modesto continued the construction phases of major public facilities on the west side of Modesto, a predominantly low-income area that continues to have many infrastructure and facilities needs. The City funded these projects through the CDBG Section 108 Loan Guarantee Program. The Neighborhood Center at Marshall Park was finally completed in the spring of 2008. This much anticipated facility will house a fire station, police station and office space for the Parks, Recreation and Neighborhoods Department. Citizens now have the opportunity to interact with City employees in their own neighborhood. They will be able to meet with police and fire staff, conduct City business such as paying water or sewer bills, enroll a child in a recreation program, or inquire about City programs and policies.

The new facility has a 7,750 square foot fire station with two truck bays and a 3,452 square foot police and recreation office. The fire station "wing" has six bedrooms, a kitchen, and dayroom and weight room. The police and recreation office wing will staff department personnel; has a community meeting room, restroom, and a small kitchenette.

Major renovations of the King-Kennedy Memorial Center were also completed during Fiscal Year 2007-2008. The facility is approximately 40 years old and has been used regularly by groups in the area. Located in a low-income census tract, the Center provided a place for computer classes and youth programs. During the 2007-2008 Fiscal Year, the roof was replaced. Improvements include complete renovation of the kitchen and auditorium in order to expand and enhance the programs that can be offered at the center, bringing it up to current standards and ensuring that the project meets current regulations, including ADA compliance. The project included a complete remodel of the kitchen/water closet/storage areas, removal and replacement of flooring, updating of all fixtures, expansion of the HVAC system to the kitchen and cosmetic improvements such as painting. The project also included a complete renovation of the auditorium, removal and replacement of flooring, platform improvements, platform lighting and sound system replacement, cosmetic improvements such as painting, removal and replacement of the room divider system in the auditorium, storage for tables and chairs and purchase of new furniture to support expansion and enhancement of programs at the center. In addition, the project will make some general upgrades to the entire building, such as replacement of windows, replacement of doors and hazardous materials removal. Improvements were also made to all supporting utilities (electrical, water, sewer, HVAC, etc.) as needed.

One activity recently completed to address housing needs is the development of Town Center. Using FY 2006-2007 funding, the City of Modesto entered into an agreement with the Stanislaus County Housing Authority to fund 27 units of affordable housing known as Village One Town Center. The Housing Authority developed 20 affordable rental units and will develop 37 single-family houses (20% of the units will be affordable for households up to 120% of the AMI). In order to meet the Housing Element goals, the City of Modesto and the Housing Authority agreed that 20% of the single family units will be affordable for households up to 80% of the median income. The 20 multi-family units (five buildings containing four two-story multi-family housing each) are composed of two-bedroom/one bathroom and three-

bedroom/ two-bathroom units. The 20-unit rental project occupies 1.5 acres of the site. The project also includes 35 detached single-family detached lots. The 35 unit single-family detached project will occupy the remaining 3.5 acres of the site. The single-family project will include up to 7 units (20%) of affordable housing for families with incomes up to 80% of the median income.

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

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

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

During the next fiscal year, the housing rehabilitation program will offer the following programs that benefit low-income households at less than 80% of Median Area Income:

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

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

1. Provide financial assistance to households under the **Minor Home Repair Grant Program**. The grant program helps owner occupants pay for essential home repairs such as water heaters, leaking faucets, broken toilets, grab bars, ramp repair, etc. The maximum household grant for single-family homes is \$500 and the maximum grant for mobile homes is \$1,000.
2. Assist mobile home owners under the **Homeowner Displacement Program/Voluntary Assistance Program** to provide financial and technical assistance to rent burdened mobile home owners to have the mobile home moved to a park with a more affordable space rent.

Grants are available to mobile home owners with household incomes less than 30% of Median Area Income, and loans are available to households at 30-50% of Median Area Income.

During 08-09, the housing rehabilitation staff will continue outreach to low income households for the housing rehabilitation programs. Advertising will be done in the City's promotional materials circulated throughout the community. Many referrals originate from the Stanislaus County Area Agency on Aging through their program for Senior and Caregiver Information and Assistance phone line. In 2007, the City passed a Mobile Home Rent Stabilization Ordinance and a Mobile Home Rental Assistance Program. Both of these programs provide staff with much opportunity to provide program outreach to mobile home owners.

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

The need for emergency and transitional shelters for the homeless continues to grow in our community. The City contracted out all of its ESG funds to provide shelter needs to the homeless. Unfortunately, ESG funding can only provide for a minimum of the needs in our community, due to the small amount of funds received. Due to this funding, as well as significant leveraging by the partnership agencies, over 2,268 homeless residents received housing during the winter season.

Also, City staff continued to work closely with the Housing and Support Services Collaborative to bring more funding into our community to address both the short- and long-term needs of our homeless population. It is only through the collaborative efforts of the many agencies that real progress in the homeless arena will be made. The "Collaborative" has created a "10-year Plan to Eliminate Long-Term Homelessness" in response to HUD's mandate. The Collaborative has been presenting the draft of the 10-year plan to cities within the County for their approval.

#### **ACTIVITIES 91.220(d)**

A combined effort between the City of Modesto and the County of Stanislaus to clean up an area known as the Airport Neighborhood has been a huge success. This area is in a low-income census tract and is a mixture of City and County and is a known problem area for illegal dumping and blight. The effort to continue to clean up and revitalize the Airport Neighborhood will continue into the 2008-2009 year.

The City of Modesto teamed up with the Modesto Bee and the State of California to host a Foreclosure Prevention Seminar. Unfortunately, the central valley has been hit hard by the downturn in the housing market. CDBG funds were used to host the event. The nations 10 largest lenders were on hand to work out plans with homeowners to keep them in their homes. As the need arises in the 2008-2009 year the City of Modesto will continue to fight the foreclosure epidemic and do what is needed to keep our citizens in their homes.

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

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

The Housing Rehabilitation staff sponsored a joint EPA-HUD certified class, "Lead Safety for Remodeling, Repair, & Painting" on Friday, February 8, 2008, at Tenth Street Place. The class was taught by a staff DHS Certified Inspector/Assessor and was attended by a number of contractors and their employees. Most of the housing rehabilitation projects are subject to Federal regulations for Lead Based Paint and contractors must be certified in safe work practices when completing the rehabilitation work. This effort resulted in more contractors being able to bid and participate in the projects that contain lead based paint. As the need arises with new Contractors entering the program the City of Modesto will put on additional classes to assure that the Contractors working in our programs are aware and trained in safe lead-based paint work practices.

The City has implemented a Lead-Based Paint Stabilization Grant Program for the mandatory targeted areas as well as a loan program to cover lead-based paint stabilization for our Emergency Home Repair Program. This program reimburses property owners for the cost of lead based paint inspection reports, clearance reports and paint stabilization work. This program is conducted as part of the City's Housing Rehabilitation Program and will continue into the 2008-2009 year.

As an additional effort in spreading the word about the effects of lead-based paint, the City had 1,500 copies of the "Spanish" version and 900 copies of the "English" version of the Environmental Protection Agency's pamphlet entitled "Protect Your Family From Lead in Your Home" reproduced for distribution at neighborhood meetings in low-income neighborhoods. Copies of the pamphlets are also available at the information counter at the Parks, Recreation and Neighborhoods Department.

The City of Modesto also plans to increase the amount of accessibility features at City-owned buildings to ensure that ADA needs are met whenever a citizen has business in a City-owned building.

### ***GEOGRAPHIC DISTRIBUTION 91.220(f)***

Modesto is the county seat of Stanislaus County in the U.S. state of California. As of the 2000 census, the city population was 188,856. Current census estimates place the population at 206,300. According to the California State Department of Finance 1/6/06 estimate, 514,370 people live in the Modesto Metropolitan Statistical Area. Roughly 110 miles from Yosemite National Park, 80 miles from Sacramento, California's capital city, and about 90 miles from both San Jose and San Francisco, Modesto is less than 2 hours from many prime locations in California. This proximity to major business centers has turned the agriculturally based city into a bedroom community. Over twenty percent of the workforce travels outside of the county to their place of employment.

## Modesto Profile

Median resident age: 32.7 years.

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

2005 median house/condo value: \$336,900 (it was \$126,000 in 2000).

Median gross rent in 2005: \$882.

Percentage of residents living in poverty in 2005: 13.4% (8.5% for White Non-Hispanic residents, 16.8% for Hispanic or Latino residents) Races in Modesto:

- White Non-Hispanic (59.6%)
- Hispanic (25.6%)
- Other race (12.7%)
- Two or more races (5.9%)
- Black (4.0%)
- American Indian (2.6%)
- Other Asian (2.5%)
- Asian Indian (1.1%)
- Filipino (0.9%)
- Chinese (0.6%)
- Vietnamese (0.5%)
- Native Hawaiian and Other Pacific Islander (0.5%)

8% foreign born (7.8% Latin America, 5.1% Asia, 1.6% Europe)

(Total can be greater than 100% because Hispanics could be counted in other races)

For population 25 years and over in Modesto

- High school or higher: 75.0%
- Bachelor's degree or higher: 16.5%
- Graduate or professional degree: 5.3%
- Unemployed: 10.1%
- Mean travel time to work: 25.7 minutes

For population 15 years and over in Modesto city

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

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

Staff from the Parks, Recreation and Neighborhoods Department has been working with the Housing Authority to utilize \$1,000,000 in HOME funds for the acquisition of 40-units of existing housing. The apartments were built in 2005. This project consists of 20-3 BR units with 897 square feet, 12-1 BR units with 628 square feet and 8-1 BR units with 467 square feet. All units have one bath. The apartment complex also features a laundry room for the residents. There are 39 covered parking stalls and 35 uncovered parking spaces. There are three handicapped spaces, two of which are uncovered and one which is covered. The parking

area is well lit and protected by surrounding buildings. The Housing Authority's intention is to rent the units to low and very low-income households. The purchase of the Palm Valley Apartments will help preserve the affordable housing stock in Modesto. The units are close to McHenry Village and other shopping areas. The units are also close to public transportation and close to Doctors Medical Center and Memorial Hospital.

The cost of the acquisition is \$3,900,000. The closing fees, bond cost, appraisal, etc is \$70,000. The Housing Authority is also seeking \$125,000 to convert one unit to a disabled-accessible unit and to add a security gate; there are also other expenses of \$30,000 bringing the total estimated cost of the project to \$4,095,000 or \$138 per square feet.

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

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

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

During the 2008-2009 year, the City of Modesto will continue to work with the Housing Authority of Stanislaus County to acquire new properties within the City of Modesto. In order to fund the Housing Authority Capital Fund Program, environmental review services are provided by the City of Modesto at no cost to the Housing Authority.

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

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

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

Parks, Recreation and Neighborhoods Department staff, as well as the Community and Economic Development Department, are working together to create a tool kit for developers who are interested in building affordable housing. The City of Modesto is hoping that a complete package including a combination of fee waivers or deferrals, environmental review, zoning issues resolved, a fast track to entitlement and ways to leverage CDBG or HOME funding will help to bring developers with experience in developing affordable housing in to work with the City.