

CHAPTER 3 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
Total	3,283	2,308	425	2,712	1,861	373

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**

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

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**

General Plan Land Use Designation	Average Density (Units/Acre)	Implementing Zoning District(s)	Typical Housing Type(s)
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	None specified; existing local densities up to 80 units per acre	CD, TD, UGD, MSD, END, TND	Any, depending on lot size

* 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	SP	P-D
Single-family dwellings	P	--	--	--	--	P	**	*
Two-family dwellings	P ¹	S,P ²	S,P ³	--	--	P	**	*
Three dwelling units or more	--	P ²	P ³	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.

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 ^a	P	P	P	+							P	*	*
Farmworker housing ^b	P	P	P	+							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		*	*
Supportive Housing	P	P	P		C	C	C				P	P	P
Transitional Housing	P	P	P		C	C	C				P	P	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.

Supportive Housing Supportive housing does not have a limit on the length of stay, is occupied by a target population as defined in California Health and Safety Code Section 53260, and is linked to on-site or off-site services that assist the occupants in retaining

permanent housing, improving the occupant's health status, and maximizing the occupant's ability to live and work in the community. Target populations include low-income individuals with mental or developmental disabilities, AIDS, substance abuse, or chronic health conditions.

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 ^a
C-2		29	n/a	n/a	90 feet ^a
C-3		29	n/a	n/a	N/A
P-D	b	b	b	b	b
SP	d	d	d	d	d
Downtown Zones ^c	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. 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. The default density established by the State for low-income housing is 30 units per acre, which is consistent with Modesto's development density. 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
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Water Meter Fee	Pays for installation of water meter	\$275 (1”) to \$4,147 (8”) varies by line size
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Pavement Fee	Pays for removal and replacement of pavement in the street for installation of water service	Time and materials
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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)^a**

FEE TYPE	Single Family	Multiple Family
Building Permit	\$2,946	\$4,791 ^b
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
TOTAL	\$46,358	\$22,743

^a 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.

^b 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)^a**

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

^a 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. 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. Modesto has adequate water to serve current and future customers, and also seeks methods to reduce water use. 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

Capital Improvement Program (CIP) projects already identified in the 2007 Wastewater Master Plan (WWMP), several of which have been completed, and in the 2016 WWMP update will provide capacity to meet the demands of projected growth through buildout of the current General Plan and sphere of influence (SOI). The CIP includes relocation and expansion of the Sutter Avenue Primary Treatment Facility (Sutter) to the Jennings Road site and, as future growth requires, expansion of the Jennings Treatment Facility (Jennings). Other CIP projects include improvements to the existing Primary Outfall that conveys flow from Sutter to Jennings, a third outfall to Jennings, construction of new sewer trunks, and implementation of various sanitary sewer collection system improvements to resolve existing constraints, meet new demands, and mitigate aging infrastructure.

The City of Modesto currently provides primary, secondary, and tertiary wastewater treatment. There is currently adequate treatment capacity for existing demands and near-term future growth. Tertiary treatment is currently retained at Jennings, but is intended to be transferred to the Delta Mendota Canal for beneficial agricultural use starting in 2018. In accordance with the City's wastewater discharge permit, in 2018 the City will no longer discharge secondary-treated wastewater to the San Joaquin River. Wastewater treatment capacity is no longer a significant citywide constraint on growth. System upgrades will continue to alleviate localized conveyance 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.