

# **Mid-Term Review of the Five-Year Implementation Plan**

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(Prepared pursuant to Article 16.5 of the Community Redevelopment Law  
January 1, 2005 through December 31, 2009)

for the  
Redevelopment Plan  
for the

## **Modesto Redevelopment Project Area**

Modesto Redevelopment Agency  
Modesto, California

Implementation Plan  
Adopted: December 14, 2005  
Resolution No. 13-2005

Mid Term Hearing

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**Appendix A - Article 16.5 of the California Community Redevelopment Law  
(Health & Safety Code, Section 33000 *et seq.*)**

**MID-TERM REVIEW  
IMPLEMENTATION PLAN  
for the  
REDEVELOPMENT PLAN  
for the  
MODESTO REDEVELOPMENT PROJECT AREA**

**INTRODUCTION**

This document is the mid-term review of the Implementation Plan (Implementation Plan or Plan) for the Redevelopment Plan (Redevelopment Plan) for the Modesto Redevelopment Project Area (Project Area) covering the period from January 1, 2005 through December 31, 2009. This Implementation Plan was prepared by the Modesto Redevelopment Agency (Agency) in compliance with Article 16.5 of the California Community Redevelopment Law (CRL). Article 16.5 is included as Appendix A to this Plan.

The CRL requires that a redevelopment agency conduct a public hearing and hear testimony of all interested parties for the purpose of reviewing the redevelopment plan and the implementation plan at least once during the term of the implementation plan. This mid-term review of the Implementation Plan is intended to provide information on the Agency's status and accomplishments at the mid-point of the Implementation Plan cycle.

The Implementation Plan that was adopted in November 2005 for the current cycle has been expanded in certain areas to provide additional details as part of this mid-term review. This mid-term review of the Implementation Plan contains a **Redevelopment Component** and a **Housing Component**. The **Redevelopment Component**: 1) revisits the goals and objectives of the original Redevelopment Plan; 2) defines the Agency's strategy to achieve these goals and objectives; 3) presents the projects, programs and expenditures that have been developed as a means to attain the goals and objectives; and 4) describes how the goals and objectives, projects, programs and expenditures will eliminate blight within the Project Area. Article 16.5 also requires that an implementation plan explain how the components of the plan will implement various CRL requirements regarding low- and moderate-income housing. These activities are contained in the Housing Component. The **Housing Component** shows how the Redevelopment Plan goals and objectives for housing preservation and production will be implemented and how the statutory requirements for the expenditure of tax increment set-aside funds for housing purposes will be met.

This Implementation Plan continues to be a policy statement and has been prepared to update the status of projects and revise, as necessary, Agency priorities for redevelopment activities within the Project Area for the five-year period covered by this Plan. New issues and opportunities may be encountered during the course of administering the Implementation Plan during the five-year period.

Therefore, this Implementation Plan may be amended if necessary to effectuate changes in Agency priorities.

This Implementation Plan updates the Agency's activities and establishes a nexus between Agency goals and objectives and program activities, the elimination of blight and the development and rehabilitation of affordable housing. To create a framework to guide the Agency's activities, the Agency has adopted a Vision and Redevelopment Master Plan (Master Plan) in 1994 and was updated in 2007. The Master Plan guides the Agency by providing updated goals and implementation strategies that respond to current and emerging trends in Modesto.

## I. REDEVELOPMENT COMPONENT

### A. PROJECT AREA HISTORY AND PRIOR AMENDMENTS

The Redevelopment Plan for the Original Project Area was adopted July 12, 1983 by Ordinance No. 2203 C.S. The Project Area has since been amended several times as follows:

- June 19, 1984 – The Redevelopment Plan was amended to make certain modifications to the Redevelopment Plan (Ordinance No. 2269-C.S).
- November 5, 1991 – The Redevelopment Plan was amended to replace the original Plan and add certain areas (the Amendment Area). The total area is referred to as the “Project Area” (Ordinance No. 2793-C.S.). The Stanislaus County Board of Supervisors also adopted the Amended Redevelopment Plan because the Amendment Area included certain areas located within the unincorporated area of the County (County Ordinance No. C.S. 454).
- November 22, 1994 – The Redevelopment Plan was amended to add or modify certain limitations with respect to the Amended Redevelopment Plan required pursuant to AB 1290 (Ordinance No. 2931 –C.S. and County Ordinance No. C.S. 580).
- October 2, 2007– The Redevelopment Plan was amended to eliminate time limits on incurring debt, extended the time limit on the effectiveness of the Redevelopment Plan and extended the time limit for the receipt of tax increment and repayment of debt for the Project Area. These amendments were processed pursuant to SB 211, which allowed the deletion of the time limit to incur debt, and SB 1045 and 1096 that required payments be made to the Education Revenue Augmentation Fund (ERAF). (Modesto Redevelopment Agency Ordinance 3454-C.S. Approval by Stanislaus County approval is anticipated by year end 2007).

The current time and financial limits for the Project Area are shown below:

<b>Limit</b>	<b>Original Area</b>	<b>Amendment Area</b>
Debt Establishment	None	None
Plan Effectiveness	7/12/2026	11/5/2032
Debt Repayment	7/12/2036	11/05/2042
Bond Debt		\$324 million combined
Tax Increment		\$856 million combined

It should be noted that the Agency can receive tax increment beyond the debt repayments dates shown above to repay debt that was incurred prior to January 1, 1994. The Agency has some City loans that would fall into this category.

The Project Area includes approximately 2,000 acres combined in both the Original and Amended Area. The Project Area encompasses the Downtown, a portion of the West side along Carpenter Road and Paradise Road, as well as smaller property at Scenic Drive and Oakdale Road. The map on the following page shows the boundaries of the Project Area.

### **1. Reason for Adopting the Redevelopment Plan**

The Original Area was placed into a redevelopment project area in 1983 in order to revitalize the downtown central portion of the City. Through the provision of public improvements, the Agency intended to facilitate modern commercial and residential growth within the Original Area. A number of conditions of blight, which are discussed briefly later in this Plan, were noted at the time of the adoption of the Original Area. The conditions of blight were precluding lands in the Original Area from being developed to their full market potential, despite their favorable regional location. The selection of the boundaries of the Amendment Area was guided by a combination of factors including the policies adopted in the General Plan of the City and the specific physical and economic conditions of blight in the Amendment Area, as described later in this Plan.

The General Plan identifies the Project Area as the “focal point of the community” and various elements encourage the general improvement and upgrading of the industrial and commercial sectors of the community's economy. The General Plan also calls for the growth and expansion of essential community services, infrastructure and housing, and directs the City to work toward enhancement of the overall quality of life enjoyed by residents of the community.



## **B. DESCRIPTION OF THE REDEVELOPMENT PLAN**

### **1. Purpose**

The Redevelopment Plan provides the Agency with powers, duties and obligations to implement and continue its program for the redevelopment, rehabilitation, and revitalization of the Project Area. Because of the long-term nature of the Redevelopment Plan and the need to retain flexibility to respond to market and economic conditions, property owners and developer interests and opportunities as they arise, the Redevelopment Plan does not present a precise plan for the redevelopment, rehabilitation and revitalization of the Project Area. Rather, the Redevelopment Plan represents a process and a basic framework within which specific projects have been established to achieve solutions that will eliminate blight. This Implementation Plan identifies current and proposed Agency projects given the tools available to the Agency under the Redevelopment Plan.

### **2. General Goals**

The Modesto Redevelopment Master Plan (Master Plan) was originally adopted in 1994 and updated in 2007. It identifies the following vision statement and goals and objectives:

*“The vision for the future of Modesto’s Redevelopment Area identifies and prioritizes land use and economic development goals, and recommends improvements that will contribute to a visually appealing public realm, efficient automobile, bicycle and pedestrian circulation, and adequate infrastructure to serve the projected development.”*

- Goal 1: Create a unique and recognizable image for Modesto to promote the city.
- Goal 2: Promote the economic viability of the Redevelopment Area by attracting new development.
- Goal 3: Implement higher density, mixed-use development to create a balanced, vibrant downtown and active neighborhood centers.
- Goal 4: Update the City’s development standards to support the goals identified in the Master Plan.
- Goal 5: Develop a variety of housing types in the Redevelopment Area, particularly in the downtown, to act as a catalyst for other types of development.

- Goal 6: Enhance the visual appeal of Modesto's public spaces by upgrading existing parks and by creating new parks and plazas that offer public access.
- Goal 7: Develop historic 10<sup>th</sup> and I Streets as attractive pedestrian-oriented streets. Create a clear sense of arrival to Modesto's downtown by enhancing the Sixth and I street gateway and the intersection of 10<sup>th</sup> and I streets.
- Goal 8: Promote efficient automobile, bicycle and pedestrian circulation and linkages into and through the Redevelopment Area.

The above goals and objectives are intended to guide redevelopment activities in the Project Area.

### **C. AGENCY ACCOMPLISHMENTS SINCE PROJECT ADOPTION**

As stated above, the City Council established the Original Area in 1983 to address blight that prevailed in the area and to assist in the production of affordable housing. Blighted conditions that prevailed included dilapidated and unsightly buildings, mixed character of buildings, shifting uses and vacancies, underutilized land and other conditions not conducive to a healthy business climate. There were also significant infrastructure deficiencies, including inadequate streets, poor drainage, inadequate water facilities, inadequate street lighting, and inadequate pedestrian and bicycle facilities, among other problems.

Early in its life, the Agency assisted in making improvements to the Original Area with projects that addressed the need for revitalization in the downtown and adjacent older portions of the City. In 1991, when the Project Area was expanded to its current boundaries encompassing nearly 2,000 acres, the Agency began to build a framework to guide redevelopment activities. The first Redevelopment Master Plan was approved and adopted in 1994. The Master Plan outlined goals, objectives and implementation strategies for the Project Area.

The Master Plan was the impetus for the following projects and programs that have been facilitated by the Agency since that time:

- **10<sup>th</sup> Street Place Project** – This project included an 18 screen cinema and retail development, along with 250,000 square feet of office space for the City and County as part of the City Towers office building.
- **Doubletree Hotel** – Located Downtown on 1150 9<sup>th</sup> Street,

- **Modesto Centre Plaza** – Convention and Performing Arts Center, located at 1001 L street Downtown
- **McClatchy Square and Five Points** – Two public art projects.
- **Renovation of Neighborhood Shopping Center** – Located at Paradise and Martin Luther King.
- **Renovation of Gateway Village** – This project involved the renovation of 48 affordable units in the Project Area
- **Affordable Rental Housing Projects** – Included the Ashwood Village and Woodstone Apartments that resulted in a total of 145 affordable rental units outside the Project Area.
- **Affordable Single Family Project** – The Dan West Court project resulted in 6 single family units outside of the Project Area.
- **Façade Improvement Grant Program** – More than 100 buildings have been upgraded as part of this program.
- **Streetscape and Beautification Projects** – Improvements of this type have been installed at the downtown entryways and other key areas.
- **Preservation Survey** – Assisted with a survey of historic buildings in the downtown area.

In more recent years, the Agency has continued to provide funds and facilitate implementation of the Master Plan's goals and objectives by:

- working to create an arts and entertainment retail district;
- improving the downtown office core;
- facilitating new housing construction and preserving existing housing;
- facilitating small and start-up commercial and industrial uses in the incubator district, south of Highway 99 and west of 9<sup>th</sup> Street;
- creating a modern industrial district in the area between Kansas and Woodland and 9<sup>th</sup> and State Route 99;
- up-grading commercial and residential uses along Paradise Road,
- developing new community commercial areas, and
- investigating opportunities to create a regional and educational facility near the Tuolumne River, and continuing historic preservation efforts.

Since its inception, the Agency has been successful in meeting many of its goals. Significant blight has been removed, the condition of the area's infrastructure has improved, several aesthetic improvements have been constructed, and the supply of affordable housing has been expanded. Much remains to be done, however. The downtown area still has not achieved its potential, blight continues to exist in various areas, certain conflicting land uses remain, circulation improvements are still needed, historical preservation issues remain, and affordable housing is still in demand and continues to be a challenge. Based on past successes, the Agency remains optimistic that its vision to create a unique and recognizable image for Modesto will continue to materialize. This Implementation Plan addresses the programs planned by the Redevelopment Agency for the current Implementation Plan cycle.

#### **D. FINANCING**

This Implementation Plan reflects both the financial opportunities and limitations inherent in implementing the Redevelopment Plan. The opportunities arise because the Agency has seen recent growth in its tax increment revenues that provide some resources to implement activities over the remaining years of the Implementation Plan cycle. The limitations are primarily the result of obligations the Agency has incurred that will use a substantial portion of the current tax increment generated in the Project Area.

##### **1. Tax Increment Revenues**

The Agency's major funding source is tax increment revenues. Since adoption of this Implementation Plan in 2004-05, assessed values have grown from \$872 million in 2003-04 to \$1.1 billion in 2007-2008. This reflects an average growth rate of 6 percent per year during this period. The total tax increment for 2007-2008 (including pass through payments made to other taxing entities) is estimated at \$5.7 million. The Agency also uses interest earnings and revenue from leases to help funds its program of redevelopment and existing obligations.

##### **2. Existing Obligations**

As discussed above, the Agency has incurred a number of significant financial obligations within the Project Area. These include: lease revenue and certificate of participation bonds that were issued by the City but which are repaid with tax increment pursuant to agreements with the City; the low- and moderate-income housing set-aside; pass through payments to the taxing entities; payments to the Educational Revenue Augmentation Fund; Agency operating costs; and City loan repayments. Table 1 on Page 13 provides details on the Agency's obligations. Payments on obligations incurred in the Project Area commit most of the Agency's current tax increment revenues. Existing obligations, exclusive of City loan

repayments, use approximately 95 percent of the Agency's annual resources. Expenditures for existing obligations over the remaining term of the Implementation Plan are estimated to equal approximately \$4.5 to \$5.0 million annually. This does not include potential costs for repayment of outstanding City loans. Agency staff is currently working on various repayment options for the City loans.

#### **E. REDEVELOPMENT COMPONENT GOALS AND OBJECTIVES, PROGRAMS, PROJECTS AND EXPENDITURES, AND BLIGHT ELIMINATION**

This section of the Implementation Plan includes the goals and objectives ("Goals and Objectives") and identifies projects, programs and expenditures to be used in the realization of the Goals and Objectives. Housing goals and objectives are included in the Housing Component of this Implementation Plan.

The elements of this Redevelopment Component of the Implementation Plan are interrelated to accomplish the elimination of blight in the Project Area. The Goals and Objectives of this Implementation Plan reflect the priorities for addressing existing conditions and needs. They are based on available and potential resources. The means for achieving the Goals and Objectives of the Redevelopment Component are the projects, programs and expenditures that will be undertaken by the Agency over the remaining five-year term covered by this Implementation Plan. By implementing these projects and programs, the Agency will continue the elimination of blight and blighting conditions in the Project Area.

The Implementation Plan Goals and Objectives reflect the current direction of the redevelopment program as outlined above in Section B2 General Goals. Not all of the goals and objective can be expected to be attained over the Implementation Plan period, given the limitations on Agency financial resources for the Project Area. However, the Agency is focusing its available resources on accomplishing the most important goals and objectives.

For example, one of the goals and objectives discussed below is to enhance the visual appeal of public spaces for residents of the Project Area and the community at-large. One of the Agency's strategies to achieve this goal is to work with the City and private developers to implement design standards which require new construction of a certain size to provide publicly accessible open space. This design guideline will help to alleviate inadequate infrastructure, inadequate open space issues, and deteriorated streets and signage. The relationship between the Agency's goals, objectives, projects and programs and the elimination of blight is presented below, and illustrated on Table 2 (page 16).

**TABLE 1**

**Modesto Redevelopment Agency  
Modesto Project Area**

Existing Debt Obligations

<b>NAME</b>	<b>OBLIGATION</b>	<b>DESCRIPTION/REASON</b>
1. <b>DEBT SERVICE PAYMENTS</b>	The 1998 Lease Bonds and 1993 COP's are repaid from tax increment revenues from the Project Area, pursuant to agreements with the City.	The bond proceeds were utilized to implement redevelopment activities, including the 10 <sup>th</sup> Street Place Project and the Centre Plaza Project.
2. <b>LOW AND MODERATE INCOME HOUSING</b>	California Redevelopment Law requires all redevelopment agencies to set aside 20 percent of all tax increment revenue which is allocated to the agency to facilitate housing for persons and families of low and moderate incomes.	To increase, improve and preserve the community's supply of low- and moderate-income housing.
3. <b>PASS THROUGH AGREEMENT</b>	Pursuant to an agreement with Stanislaus County, the Agency passes through a portion of the county's share of tax increment. The Agency also makes payments pursuant to an agreement with County Office of Education, Yosemite Community College, Modesto City and High School District. The Agency will also be required to make Statutory Pass-Through Payments to certain taxing entities in the future.	The Pass Through Agreement with the County and School District were entered into per section 33401 of the CRL. The Statutory Pass Through payments are made pursuant to Section 33607.5 and 33607.7 of the CRL.
4. <b>ERAF</b>	The Agency was required to pay funds to the Educational Revenue Augmentation Fund in 2004-05 and 2005-06.	The obligation is required per SB 1096.
5. <b>AGENCY OPERATING COSTS</b>	Ongoing expenses to fund the operations of the Agency.	To administer the Agency's redevelopment program aimed at blight elimination and housing preservation.
6. <b>CITY LOAN REPAYMENT</b>	The City has made loans to the Agency in the past to cover past Agency obligations.	Created to repay other Agency obligations that were incurred to implement redevelopment activities.

## 1. Implementation Plan Goals and Objectives

At the midterm, the Implementation Plan Goals and Objectives continue to reflect the Vision and Goals of the 2007 Master Plan as outlined in section B.2 and generally include the following:

- Create a unique and recognizable image.
- Promote economic viability by attracting new development.
- Implement higher density, mixed use development.
- Update the City's development guidelines to mutually support goals.
- Develop a variety of housing types, particularly in the downtown core.
- Enhance the visual appeal of public spaces.
- Develop historic district as attractive, pedestrian-oriented streets.
- Promote efficient automobile, bicycle and pedestrian circulation and linkages.

Not all of the goals and objectives can be expected to be attained over the Implementation Plan period, given the limitations on Agency financial resources for the Project Area.

## 2. Blighting Conditions

Though there have been considerable Agency and a community accomplishment, the Project Area continues to exhibit blighting characteristics. The following is a discussion of the various blighting conditions that were found when the Project Area was originally adopted (Original Area) and then amended in 1991 (Amendment Area), as supplemented by recent studies.

### **Deterioration and Dilapidation; Age and Obsolescence; and Defective Design** –

There are a number of older commercial buildings that suffer from deterioration and dilapidation and are in need of repairs or façade improvements. While the safety of these buildings is not in question, improvements will promote further economic development in the surrounding areas.

**Inadequate Parking** – A parking study performed in 2007 analyzed a portion of the downtown and concluded that parking was nearly totally utilized by employee parking, leaving inadequate parking for special events and daily short term usage.

**Inadequate Size or Irregular Lot Shapes** – Many properties are too small to accommodate the type of commercial development that is recommended for the Project Area and that is required for modern development patterns.

**Lack of Necessary Commercial Facilities** – The downtown commercial district does not provide adequate convenience goods which would allow residents to shop locally. Although some improvements have been achieved, the Project Area still offers limited professional services and commercial businesses required by residents in the area.

Residents still must travel to other areas for convenience goods and services.

**Inadequate Infrastructure** – There are a number of infrastructure deficiencies in the Project Area that need to be addressed.

- 1) Sewer, water, and storm water drainage systems in the Project Area are inadequate and/or in need of replacement in order to support economic growth projected in the 2004 market study that was conducted by the Agency.
- 2) Streets in the Project Area, even those in areas zoned for light industrial uses are in poor condition and in need of resurfacing. Some streets also lack curbs, gutters, sidewalks, and would benefit from streetscape improvements.
- 3) A 2004 Traffic Study identified intersections that operate below standard levels of service and that could prohibit further economic development unless improvements are made. There is also a need for improved bicycle and pedestrian circulation.
- 4) The Project Area has eight established parks, located around the periphery of the Project Area that primarily serves adjacent residential areas. There is also a lack of public open space in the downtown, and there is no open space in the northwest portion of the Project Area near North Carpenter Road.

This mid-term review of the Implementation Plan addresses how the Agency has or intends to continue to contribute to the alleviation of blight during the five-year period covered by this Plan. The specific projects, programs and expenditures discussed below will eliminate, in part, blighting conditions within the Project Area. The Agency's focus over the remainder of the five-year period covered by this plan will be on investing in projects that enhance the economic competitiveness of the Project Area and cure public improvement deficiencies. The Agency expects that this will encourage private sector investment that will contribute to the alleviation of such blighting conditions as: deterioration and dilapidation; age and obsolescence; and defective design. The Agency also has the authority to directly assist the private sector through such tools as land assembly, site preparation, on and off site improvements, and assistance with rehabilitation. New projects and programs may be added to this Implementation Plan in the future in response to private sector needs if the Agency determines that a more direct role will be needed to alleviate blighting conditions.

Table 2 illustrates the relationship between the projects, programs and expenditures of the Redevelopment Component, and the blight that will be eliminated as a result of the expenditures. As stated above, private sector activities will additionally contribute to the removal of blight within the Project Area and the revitalization of the area.

**Table 2  
Modesto Redevelopment Agency  
Modesto Project Area**

**IMPLEMENTATION PLAN STRATEGIES AND BLIGHT ALLEVIATION**

<b>Goals and Objectives</b>	<b>Strategies</b>	<b>Projects and Programs</b>	<b>Blight Elimination</b>
<b>Create a Unique and Recognizable Image</b>	<ul style="list-style-type: none"> <li>Marketing through promotional strategies that emphasize the city's history and character through events rather than themed art and architecture.</li> </ul>	<ul style="list-style-type: none"> <li>Development Assistance</li> </ul>	<ul style="list-style-type: none"> <li>Lack of Commercial Facilities</li> <li>Inadequate Housing</li> </ul>
<b>Promote Economic Viability</b>	<ul style="list-style-type: none"> <li>Encourage a concentration of new retail in the downtown core.</li> <li>Expand existing convention center, and recruit a hotel to complement it.</li> <li>Recruit warehouse uses in the North Carpenter Road Area</li> <li>Continue promoting the Kansas-Woodland Business-Park for light-industrial and mixed use commercial development.</li> </ul>	<ul style="list-style-type: none"> <li>Development Assistance</li> <li>Public Improvements</li> </ul>	<ul style="list-style-type: none"> <li>Unsafe or Unsightly Buildings</li> <li>Inadequate Parking</li> <li>Inadequately- Sized Lots</li> <li>Lack of Commercial Facilities</li> <li>Inadequate Open Space</li> </ul>
<b>Implement Higher Density, Mixed-Use Development</b>	<ul style="list-style-type: none"> <li>Identify specific districts and corridors where mixed-use development standards should be implemented.</li> <li>Encourage development projects that complement existing and proposed uses in a district while striving to ensure a balanced mix of uses.</li> <li>New development should be internally walk-able and linked to transit opportunities to ensure that mixed-use districts remain accessible from other parts of the city.</li> </ul>	<ul style="list-style-type: none"> <li>Development Assistance</li> <li>Public Improvements</li> </ul>	<ul style="list-style-type: none"> <li>Inadequate Parking</li> <li>Lack of Commercial Facilities</li> <li>Inadequate Housing</li> <li>Infrastructure Coordination</li> <li>Transportation Problems</li> </ul>
<b>Update the City's Development Standards</b>	<ul style="list-style-type: none"> <li>Update development standards to include: mixed-use zoning categories, overlay districts, targeted corridors, design guidelines.</li> </ul>	<ul style="list-style-type: none"> <li>Development Assistance</li> <li>Public Improvements</li> </ul>	<ul style="list-style-type: none"> <li>Inadequate Parking</li> <li>Lack of Commercial Facilities</li> <li>Inadequate Housing</li> <li>Inadequate Open Space</li> </ul>
<b>Develop a Variety of Housing Types</b>	<ul style="list-style-type: none"> <li>Encourage the construction of a variety of market rate housing projects that include: stacked, live-work, town-homes, and inclusionary affordable units.</li> <li>Construction of new single family units is not recommended.</li> <li>Existing Single Family Units should be protected.</li> </ul>	<ul style="list-style-type: none"> <li>Housing</li> </ul>	<ul style="list-style-type: none"> <li>Inadequate Housing</li> <li>Inadequate Infrastructure</li> </ul>
<b>Enhance the Visual Appeal of Public Spaces</b>	<ul style="list-style-type: none"> <li>Implement streetscape improvement projects</li> <li>Implement new development standards that require private development to offer enhancements to public space, including public plaza's and art.</li> </ul>	<ul style="list-style-type: none"> <li>Development Assistance</li> <li>Public Improvements</li> </ul>	<ul style="list-style-type: none"> <li>Inadequate Infrastructure</li> <li>Deteriorated Streets &amp; Signage</li> <li>Inadequate Open-Space</li> </ul>

Goals and Objectives	Strategies	Projects and Programs	Blight Elimination
<b>Develop Historic 10<sup>th</sup> and I Streets as Attractive Pedestrian-Oriented Streets</b>	<ul style="list-style-type: none"> <li>• Implement street improvements that include:               <ul style="list-style-type: none"> <li>▪ Streetscape upgrades</li> <li>▪ Signage and landscaping</li> <li>▪ Public amenities that contribute to a sense of arrival and place.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Public Improvements</li> </ul>	<ul style="list-style-type: none"> <li>• Inadequate Infrastructure</li> <li>• Deteriorated Streets &amp; Signage</li> <li>• Inadequate Open-Space</li> </ul>
<b>Promote Efficient Automobile, Bicycle, and Pedestrian Circulation</b>	<ul style="list-style-type: none"> <li>• Improve automobile access at key intersections.</li> <li>• Improve automobile and bicycle traffic flow between areas.</li> <li>• Improve way-finding at all major gateways</li> <li>• Traffic calming improvements at key pedestrian crossings and major pedestrian streets.</li> </ul>	<ul style="list-style-type: none"> <li>• Public Improvements</li> </ul>	<ul style="list-style-type: none"> <li>• Inadequate Infrastructure</li> <li>• Deteriorated Streets &amp; Signage</li> <li>• Transportation Problems</li> </ul>

### 3. Five-Year Programs, Projects and Expenditures

Outlined below are the programs, projects, and expenditures of the Agency that have been completed over the past two years and those that may be implemented over the remaining term of the Plan. Estimated expenditures are shown for informational purposes only, and may vary without the need to amend this Implementation Plan. Exact funding will be included in the Agency's budget, which is adopted annually.

**Development Assistance Program:** This program is designed to eliminate blighted properties and promote new development in the Project Area. Specific Agency activities under this program may include land acquisition; site preparation; relocation assistance; on- and off-site public improvements; and other types of required assistance. Agency assistance under this program can be accomplished by entering into owner participation agreements (OPA) or disposition and development agreements (DDA) with property owners. A major focus of this program is to attract new commercial and industrial uses to the Project Area. This program would address a variety of physical blighting conditions, including buildings that are deteriorated and obsolete and have outlived their useful life. The program would also assist in the alleviation of economic blighting conditions, and strengthen the retail sales tax base. The Agency has a number of specific projects it is working on under this program.

The Agency is assisting with the Gallo Center for the Arts, an arts and cultural events center that is under construction and will include a 1,200 seat theater, a 400 seat theater and an art gallery. Construction costs will primarily be funded by contributions made by the community and Stanislaus County. The Agency is assisting with improvements to the deteriorated sidewalks and curbs, streetlights and other landscaping needs related to the project. The Agency hopes to draw residents from throughout the community to the Project Area with this project. The Agency's expenditures for this project are estimated at \$952,400. (In Progress)

*Downtown Office Core Projects:* Downtown Modesto is planned to be the location of all new major public and private office buildings. The intent is keeping these offices within walking distance of the J Street District. The Agency expects to assist with tax rebate programs or land contributions as applicable.

The Agency entered into an OPA with a developer in September 2002 for the development of a 90,000 square foot office building at 12<sup>th</sup> and I Street. The proposed Agency assistance is to come in the form of a property tax rebate over 15 years. The building is expected to be completed in 2008. The cost for this is estimated at approximately \$132,000 annually, although the exact expenditure will not be known until the development is completed and starts to generate tax increment. **(Partial Completion)**

The Agency has entered into a Memorandum of Understanding with the developer for a mixed use project to be located at 10<sup>th</sup> and H Street. The proposed development plan is to construct an 8 story building with market rate units, ground floor retail, commercial office space and a parking garage that will be available to the Gallo Center for the Arts in the evenings. The Agency intends to use parcels of land that it currently owns at this location as a part of its participation in the project. Expenditures for this project are currently estimated at approximately \$1.8 million. The actual total expenditures are not currently known and will likely be determined as part of the negotiation for the development. **(In Progress)**

The Agency and the City are working together to upgrade the Safety Campus, located in the downtown core. By upgrading the Safety Campus, the City and Agency can further demonstrate it's commitment to invest in public facilities in the downtown. Agency assistance for this project may include infrastructure, streetscape improvements, demolition of Fire Station #1 located at 610 11<sup>th</sup> Street, and planning and design. Agency expenditures for this project are currently estimated at \$500,000 for demolition and design work, other expenses have not yet been identified. **(Planning Phase)**

*Industrial District Projects:* The area described as Woodland to Kansas provides the best opportunity for the creation of a new, modern industrial park subdivision. The Agency is working with property and business owners to coordinate redevelopment efforts. In November of 2002, the Agency approved terms and conditions to purchase 45-acre property which is a contaminated brown-field. The Agency has paid an option fee of \$50,000 for the exclusive right to purchase the property. An additional \$50,000 will be paid to exercise the exclusive right to purchase the property. Both option payments will be applied to the purchase price. The Agency is currently negotiating and completing a feasibility study, as well completing the Specific Plan, Tentative Subdivision Map, and the Environmental Impact Report. If the Agency moves forward with this project a total of \$950,000 is expected to be spent during the Implementation Plan cycle. Total costs for these projects are not currently known **(In-Progress)**

There are a number of additional projects that could be undertaken as part of the Development Assistance Program. These could include the 14<sup>th</sup> & J Street mixed use project and the transportation center mixed use project. Assistance to these projects will be dependent on the generation of additional resources.

**Infrastructure and Public Improvement Programs:** Various public infrastructure projects have or are proposed to be constructed over the remaining term of the Implementation Plan.

The Agency typically provides funds each year for use in the Project Area for general street improvements. In 2005 the Agency used the funds to create the

design and construction plans for wayfinding signage. Installation for the signage for downtown was funded and installed in early 2006. Additional improvements are planned to create a pedestrian friendly business district and ceremonial streets in downtown. **(Ongoing)**

In 2005-2006, the Agency contracted with an architectural firm to design a conceptual streetscape plan for 10<sup>th</sup> Street and I Street. The next phase will be to complete construction plans for these two streets that will be used to construct the streetscape along designated frontages. In addition, the Agency will be partnering with private landowners to encourage them to upgrade their street frontages in compliance with the new streetscape standard.

The Agency is also working on other public projects such as the arch refurbishment program and a downtown security program.

A total of between \$2 to \$2.5 million is expected to be spent to implement the Infrastructure and Public Improvement programs over the term of this Implementation Plan. **(In-Progress)**

Other facilities may be needed during the Implementation Plan period or in the future to serve the Project Area. These could include a public parking garage and park improvements. The ability of the Agency to provide such improvements during the period of this Implementation Plan will be dependent on the availability of additional resources.

**Agency Redevelopment Master Plan and Environmental Impact Report:** As a part of the Project Area adoption an Environmental Impact Report was approved as required by the State law. In 1994, a Redevelopment Master Plan was adopted to implement goals and objectives of the Redevelopment Plan. The purpose of the document was to provide policy guidelines and to identify types of land uses that the Agency should encourage and promote in the project Area. As a continuing part of the long term strategy the Master Plan and EIR should be updated. The updated Master Plan and EIR were updated and approved in October 2007. Total Agency costs for this were approximately \$445,000. **(Completed)**

## **F. SUMMARY OF REDEVELOPMENT COMPONENT**

The Redevelopment Component provides the framework for Agency activities during the remaining term of the Implementation Plan. Efforts have been made to demonstrate that the Agency's near-term goals and objectives are related to the elimination of blight. The continuing and proposed Agency activities and how these activities will be financed are represented by the projects, programs and expenditures included in this Implementation Plan.

## II. HOUSING COMPONENT

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### A. IMPLEMENTATION PLAN REQUIREMENTS

This Housing Component covers the affordable housing elements that are required to be addressed in the Implementation Plan. The Housing Component updates progress to date and sets forth the Agency's goals and objectives, projects, and expenditures for the remaining period covered by the Implementation Plan.

This Housing Component of the Implementation Plan presents the expenditure of funds and other activities relating to the production of housing that is affordable to persons and families of low and moderate income. Per the CRL, this Housing Plan must specifically include:

1. An explanation of how the goals, objectives, projects and expenditures set forth in the Housing Implementation Plan will implement the affordable housing requirements of the CRL, including a housing program for each of the five years of the Implementation Plan.
2. The amount available in the Low and Moderate Income Housing Fund and estimates of both deposits into and expenditures from the Housing Fund during the term of the Implementation Plan.
3. The number of new, rehabilitated, or price-restricted housing units to be assisted during the term of the Implementation Plan.
4. If existing affordable housing will be removed as a result of redevelopment activities, a list of proposed sites for the replacement housing the Agency is required to produce.
5. For redevelopment projects adopted (or territory added by amendment) on or after January 1, 1976, specific information related to the CRL requirements for affordable housing production.

Generally, an Agency's requirements for affordable housing fall into the following three areas:

**1. Housing Production/Replacement Requirement.** For those project areas that were adopted after 1976 and which contained land designated for residential uses, the Agency is required to meet certain specific requirements related to housing production and to produce a plan showing how the requirement will be met. The requirement is that 30 percent of all housing produced by a redevelopment agency acting as developer are affordable; and/or that 15 percent of all housing produced by entities other than the redevelopment agency be affordable. In order to count units towards the housing production requirement, the

Agency must record affordability covenants that run with the land. Prior to January 1, 2002, the covenants were required to remain in place for the duration of the land use controls in the Redevelopment Plan. For units produced after January 1, 2002, the covenants must remain in effect for a period of 55 years for rental units and 45 years for owner occupied units. The Agency is also subject to the replacement housing requirement. When residential units housing low and moderate income persons are destroyed or taken out of the low and moderate income market as part of a redevelopment project, the Agency must replace those units within a specified period of time in accordance with a plan adopted by the Agency.

**2. Housing Fund Requirement.** The CRL requires an agency to set aside in a separate Low and Moderate Income Housing Fund (the "Housing Fund") at least 20 percent of all tax increment revenue generated from its project areas for the purpose of increasing, improving and preserving the community's supply of low and moderate income housing. Agencies are specifically required to expend the monies in the Housing Fund to assist very low, low, and moderate income households, generally defined as:

Very Low Income	incomes at or below 50% of area median income, adjusted for family size
Low Income	incomes at or below 80% of area median income, adjusted for family size
Moderate Income	incomes at or below 120% of area median income, adjusted for family size

Under the CRL, Housing Fund monies must be "targeted" to assist very low, low, and moderate income households in at least the same proportion as the housing need. That is to say, assistance must be provided in at least the same proportion (e.g., percentage) that the number of housing units needed for the very low and low income categories bears to the total number of units needed for all three income categories. In addition, redevelopment agencies must spend Housing Fund monies for families with children in the same proportion as the population under age 65 bears to the total population of the community. The CRL states that agencies are required to meet this requirement over the term of the Implementation Plan, unless they have deposited less than \$2.0 million into the Housing Fund over the period of the Implementation Plan. If this is the case, then the Agency has an additional five years to meet the targeted spending requirements.

**3. Affordable Housing Cost & Duration of Affordability.** Housing assisted with Housing Fund monies must be "available at an affordable housing cost". In general, this means that the cost of housing for eligible low and moderate income households does not exceed 30 percent of gross household income. The cost of housing, as defined, includes not only the rental or mortgage payment, but also includes, as appropriate, insurance, property taxes, homeowner's dues and assessments and utilities.

The CRL also requires the placement and recordation of affordability controls on any new or substantially rehabilitated housing assisted with Housing Fund monies. In the case of new or substantially rehabilitated rental housing, controls must be placed on the assisted housing units such that they remain affordable for the longest feasible time, but not less than 15 years for units built prior to January 1, 2002, and 55 years for units built after January 1, 2002. For owner-occupied housing, controls must be recorded that equal 10 years for units built prior to January 1, 2002, and 45 years for units built after January 1, 2002. A shorter duration is sometimes permitted if the Agency recaptures its Housing Fund investment.

## **B. HOUSING PRODUCTION AND REPLACEMENT**

This section of the Housing Component discusses the Agency's compliance with housing production and replacement housing requirements. Because the Project Area was adopted after January 1, 1976, it is subject to the housing production requirements. All redevelopment project areas are now subject to the replacement housing obligation.

### **1. Historical Production of Housing**

The Agency has not created any housing and so it does not have to meet the requirement of ensuring that 30 percent of such housing be affordable to low and moderate income persons. Table 3, on the following page, shows that there have been no new housing units developed or rehabilitated by the private sector within the Project Area since adoption of the Project Area. Therefore, there is no 15 percent affordable unit obligation in the Project Area. As shown on Table 3, the Agency has assisted with a number of affordable projects outside the Project Area that have created a surplus of affordable units that can be counted against any future obligation.

**Table 3**  
**HISTORICAL PRODUCTION OF HOUSING UNITS**

Total Units Built within the project through June 2007				0		
				Total	Very Low	Low/ Moderate
Affordable Obligation				0	0	0
<b><u>AFFORDABLE UNITS BUILT</u></b>						
				<i>Units Towards Requirement (1)</i>		
Projects/ (Year Built)	In / Out of Project Area	Total No. of Units	Total	Very Low	Low/ Moderate	
Gateway Village (1996)	Out	8	4	4		
Wydlewood-Habitat (1997)	Out	6	3	3		
1216 Ricardo – Stanco (1997)	Out	1	1	1		
Ashwood Village (1997)	Out	18	9	5	4	
Woodstone (1997)	Out	9	5	3	2	
Total Affordable Units		42	22	16	6	
Obligation Surplus/Deficit				22	16	6
(1) Units built outside the Project Area are counted 2 for 1.						

In total, the Agency has assisted in the creation of 42 housing units, of which 22 units can be counted towards the Agency's housing production requirement. Of the total of 22 counted toward the housing production requirement, 16 units have been made available to very low income persons and 6 units have been made available to low and moderate income persons. The Agency has a surplus of 22 units towards its future inclusionary requirement.

## 2. Estimate of Future Housing Production

Table 4, below, provides an estimate of the number of housing units that may be developed in the Project Area over the five-year period of the Implementation Plan (2004-2005 through 2009-2010), the subsequent five-year period and over the

remaining term of the Redevelopment Plan. Table 4 also shows the resulting number of low and moderate income units that will need to be developed.

	<u>Total Units (1)</u>	<u>Total</u>	<u>Very Low</u>	<u>Low/Mod.</u>
Five Year Imp Plan Period	342	51	31	21
Subsequent Five Year Period	281	42	25	17
Total - 10 Year Period	623	93	56	38
Duration of Plan (2)	355	53	32	21
Total Future Housing Units	978	147	88	59
Potential Future Obligation (2)		(125)	(72)	(53)

(1) Total units, including both market rate and affordable units.  
 (2) Amount is net of the obligation/surplus from Table 3.

As previously discussed, the Agency has exceeded its historical requirement for housing unit production by 22 units. Over the remaining duration of the Redevelopment Plan, a 147 unit inclusionary requirement may be triggered. These projections exceed the existing surplus by 125 units, which reflects the number of affordable units that will need to be built. Of this total, the Agency will need to develop 72 very low income units and 53 low to moderate income units.

The Agency is working on two affordable housing projects in the Project Area. First, the Agency is planning to assist the Stanislaus County Housing Authority to construct 20 multifamily units. As part of this project, an additional 37 single family units will be built, but the Agency will not participate in the funding for the single family units. Of the projected 20 units, it is planned that 4 units will be regulated as very low income units and the remaining 16 units will be regulated as low to moderate units. Second, the Agency is negotiating with a non-profit housing developer to build a 150 unit apartment complex. It is anticipated that all of these units will be regulated, with 68 very low income units and 82 low to moderate income units.

If all of the units are completed, the Agency will regulate approximately 170 additional very low, low and moderate units over the remaining term of the Implementation Plan with all the units counted toward the Agency's inclusionary housing requirement. Of these, 72 are planned to be regulated as very low income, with 98 regulated for low to moderate income households. It is projected that with these units the Agency will have a surplus of 45 units of low to moderate

income housing. As discussed in the Housing Program section, the Agency intends to continue creating additional affordable units beyond these as well.

### **3. Replacement Housing Requirement**

The Agency is subject to the replacement housing requirement and must replace, on a one-for-one basis, all units removed from the low and moderate income housing stock resulting from Agency involvement. Article 16.5 requires that if an implementation plan contains projects that could result in the removal of low and moderate income housing units, the plan must identify locations suitable for the replacement of such housing. The Implementation Plan does not include any projects that would result in the destruction or removal of affordable housing.

### **C. HOUSING GOALS AND OBJECTIVES OF THE IMPLEMENTATION PLAN**

The CRL requires that the Housing Component of the Implementation Plan must set forth the Agency's goals and objectives for affordable housing during the next five years. The Agency proposes the following specific affordable housing goals during the five year Implementation Plan period:

- Improve, Increase, and Preserve the Community's Supply of Affordable Housing.
- Strengthen the Community's Residential Areas and Promote a Safe and Quality Living Environment.

To implement the above goals, the Agency's major objective will be to assist in building housing at an affordable cost through implementation of its New Housing Construction Assistance Program.

### **D. THE HOUSING FUND, RESOURCES AND THE HOUSING PROGRAM**

#### **1. Applicable Deposit and Expenditure Provisions**

##### **a. Set-Aside of Tax Increment**

The Project Area is required to meet the housing set-aside deposit requirement. Since adoption of the Original Area, the Agency has been depositing 20 percent of its tax increment into the Housing Fund.

##### **b. Proportional Expenditure for Low- and Very Low-Income Housing**

The Project Area is subject to the CRL mandate that the Agency expend monies in the Housing Fund in proportion to the unmet need for housing for persons and families of low and very low income. In order to determine the proportion of Housing Fund monies, which should be spent for housing persons of low and very low income, the Agency uses the Stanislaus Council of Governments (StanCOG) Regional Housing Needs Determination for the City for the period 2001-2008. The table below shows the fair share housing allocations and the percentages they represent of the housing units allocated to the three income categories. (Please note that the units shown below have been utilized to calculate the percentage allocation of Housing Fund money to be used for housing persons of low and very low income. The units do not represent a current or future obligation of the Project Area to produce units).

City of Modesto Fair Share Housing Allocation

<u>Income</u>	<u>Units</u>	<u>Percent</u>
Very Low	1,998	22.0 %
Low	<u>1,544</u>	<u>17.0 %</u>
<b>Subtotal</b>	<b>3,532</b>	<b>39.0 %</b>
Moderate	<u>5,540</u>	<u>61.0 %</u>
<b>Total</b>	<b>9,082</b>	<b>100.00 %</b>

Source: Stanislaus Council of Governments

The Agency must spend approximately 39 percent of the Project Area's Housing Fund money on housing for persons of very low and low income. The Housing Set-Aside monies have historically been used (through 2003-2004) to assist in the construction of 88 affordable units (24 very low income units and 64 low to moderate income units). However, not all of these units were regulated by the Agency and can not be counted towards housing production requirements documented in Table 3 (page 24). In total, the Agency has spent 71 percent of its Housing Fund money to assist very low and low income persons. Agency activities and historical expenditures of Housing Fund monies have exceeded the CRL percentage requirements for targeting very low and low-income households. During the term of this Implementation Plan, the Agency will target not less than 39 percent of its future spending of Housing Fund monies to creation and preservation of low and very low income units.

The Agency must also spend Housing Fund monies over the Implementation Plan period to assist housing that is available to all persons regardless of age in at least the same proportion as the population under age 65 bears to the total population of the community. Census data shows that persons that are over the age of 65 represent 11 percent of the population of the City. The Agency must therefore spend 89 percent of its Housing Fund money during the Implementation Plan

period to assist housing that is available to all persons regardless of age.

### **c. Transfer of Housing Funds to Other Providers**

The Project Area is subject to the provisions requiring the transfer of housing funds to other housing producers in the Modesto area. Such transfers could possibly occur if the Housing Fund contained "excess surplus." Excess surplus means any unexpended and unencumbered amount in a Housing Fund that exceeds the greater of \$1 million or the aggregate amount deposited into the Housing Fund during the preceding four fiscal years. The first fiscal year to be included in this computation is the 1989-1990 fiscal year, and the first date on which an excess surplus may exist was July 1, 1994.

The analysis of deposits and balances in the Housing Fund provided later indicates that the Agency had an excess surplus at the end of 2004-2005. The Agency is currently in negotiations with a non profit housing developer and intends to expend the cumulative excess by 2007-2008. If these negotiations are successful an excess surplus will not exist in the Housing Fund for the Project during the Implementation Plan's remaining term. Therefore, the Agency will not be required to transfer monies in the Housing Fund to other housing providers.

## **2. Housing Fund Resources**

Table 5 includes information on beginning balances and actual deposits into the Housing Fund for the years 2004-2005 and 2005-2006. The amounts shown on Table 5 for the period 2006-2007 through 2008-2009 are estimates, and actual tax increment revenues and resulting housing set-aside revenues could be more or less than the amounts shown on Table 5.

## **3. The Housing Program and Potential Financing**

As shown on Table 5, the cumulative housing set-aside funds from the Project Area that are estimated to be available over the five-year period of this Implementation Plan are approximately \$5.6 million. Based on Agency audited financial statements, the Agency entered the new Implementation Plan period with an available fund balance of \$4.0 million. The total resources that could be available during the Implementation Plan period equal \$8.2 million.

The Housing Program discussed in this section reflects the potential expenditure of housing set-aside funds and not the total cost of a housing project. As required by the CRL, the Agency will use its housing set-aside funds to leverage other forms of financial assistance, including private and commercial financing. Should housing set-aside funds comprise more than 50 percent of the cost of a proposed

project the Agency will make the findings that are required per the CRL.

The Agency may implement one or more of the programs discussed below.

**New Housing Construction Assistance.** This program is intended to assist in the development of transitional, rental and owner occupied housing. The new housing that is produced with Agency assistance must be available at affordable costs to very low, low and moderate income households and remain affordable for not less than 55 years for rental housing and 45 years for owner occupied.

Financial assistance could be applied to the construction cost of single-family, multi family, or transitional housing projects and used to leverage additional funding sources and could be subordinate to other permanent financing. Assistance can also be used to buy down interest rates on other financing, pay City development fees, make infrastructure improvements, or pay predevelopment expenses.

The Agency is currently negotiating agreements for two affordable housing projects. The first project is with the Stanislaus County Housing Authority to build 20 rental units at the intersection of Roselle Avenue & Bellharbour Drive. The development will also include 37 single family units that will not be regulated by the Agency and not receive any assistance. The second project is with a non profit housing developer to build 150 multifamily rental units on the east side of N. 9<sup>th</sup> Street, north of the Carver Road intersection. It is anticipated that the Agency will provide financial assistance to these projects in the range of \$7 million - \$8 million.

**Property Acquisition and Rehabilitation Program.** Acquisition of vacant property is intended to assist in the development of transitional, rental and owner occupied housing. Housing produced on property acquired with this assistance would need to be developed and maintained as affordable housing. The Agency could acquire land directly and sell it to the developer at cost or at a reduced price, or they could assist with the purchase of property by a private developer.

Acquisition of existing housing in need of rehabilitation or reconstruction is intended to preserve or expand the supply of transitional, rental or owner occupied housing. Agency assistance may take a variety of forms as appropriate to the specific project, and may include deferred payment loans, selected grants, on-site improvements and other incentives, as required to entice landlords to undertake quality rehabilitation efforts on existing rental housing. Any such assistance, however, would only be in an amount sufficient to render the proposed rehabilitation project feasible.

The Agency continues to work on the Tower Park project. Property was acquired for this project in 2006-07 at a cost of \$770,000. The exact project that may be

built on this site, or the number of units that may be created is not currently known.

The Agency may also implement one or more of the following types of programs in the future. The ability to assist these projects will be dependent on the generation of sufficient resources to pay for such projects.

**Housing Rehabilitation.** The program is intended to assist the owners of transitional, rental and owner occupied housing to rehabilitate units. Substantially rehabilitated units would have to be affordable and available to very low, low and moderate income households and remain affordable for not less than 55 years for rental housing and 45 years for owner occupied housing.

Financial assistance could be applied to improving, enlarging, or renovating distressed or dilapidated housing. Rehabilitated units could also be sold, with affordability covenants to qualified households or non-profit organizations that provide affordable housing. The assistance also be used to leverage other funding sources.

**Homebuyer Assistance Program.** This program is designed to assist low and very low income first-time home buyers become owners of new or existing homes. Agency assistance could be in the form of down payment assistance loans, with payments deferred until the house is sold or title is otherwise transferred. The assistance could also be used to buy down interest rates on conventional mortgage loans, or pay for development fees on new housing. The Agency may create a revolving loan program as loans are repaid for use to provide additional assistance.

**Fee Abatement.** This program intended to assist developers of transitional, rental and owner occupied housing. The housing units assisted must be affordable and available to very low, low and moderate income households and remain affordable for not less than 55 years for rental and 45 years for owner occupied. Agency assistance would be in the form of loans to offset City Capital Facilities Fees, utility hook-up fees, etc. The loans would be due and payable at the time each housing unit is sold or title transfers. To be eligible for these funds, developers would first need to pursue waiver of the fees by the City.

**Infrastructure Improvements.** Infrastructure improvements are intended to assist developers of transitional, rental and owner occupied housing. Funding would be available for such improvements as water and sewer lines and other improvements to the public right-of-way which directly benefits the affordable units. The housing assisted in this manner would need to be affordable and available to very-low, low and moderate income households, with deed restrictions implemented by the Agency.

**Administrative Expenses.** In the course of implementing the Housing Program, administrative costs will be incurred. Such expenditures include salaries, overhead, consultant and legal expenses, supplies, etc.

Table 5 provides an illustrative example of how the Housing Program could be financed on an annual basis over the Implementation Plan period. The preparation of the Illustrative Cash Flow, shown on Table 5, is meant to provide an indication of the financing of the Housing Program and of the estimated expenditures to be made during the Implementation Plan period. The intent is not to restrict Agency activities to only those projects, programs and expenditures shown on Table 5. Specific decisions on each of these items will be made as part of the Agency's annual budget process. Table 6 provides an indication of the number of units of housing that could be assisted over the coming five year period by income category.

#### **E. SUMMARY OF PLANNED HOUSING ACTIVITY**

The Agency intends to use its housing funds for the programs described in the previous section. The Housing Program will result in the creation of 170 units of affordable housing. Very low income housing may comprise 72 units, with the balance available to low and moderate income housing.

It is estimated that expenditures for very low and low income housing will equal approximately 99 percent of the total expenditures. The target for such expenditures is 39 percent. As mentioned earlier, the Agency will continue to monitor expenditures from the Housing Fund to ensure expenditures in proportionate amounts, reflective of the unmet need for low and very low income housing.

Table 5  
Modesto Redevelopment Agency  
Modesto Project Area

**ILLUSTRATIVE PROJECT CASH FLOW - HOUSING PROGRAM**

(000's Omitted)

	Plan Period				
	1	2	3	4	5
	Actual 2004- <u>2005</u>	Actual 2005- <u>2006</u>	Estimate 2006- <u>2007</u>	Estimate 2007- <u>2008</u>	Estimate 2008- <u>2009</u>
<b>Resources</b>					
Beginning Balance	\$4,055	\$4,960	\$5,958	\$6,157	\$158
<b>Revenues</b>					
Housing Set Aside	832	946	997	1,140	1,197
Investment Earnings	80	93	70	73	15
Total Resources	<u>\$912</u>	<u>\$1,039</u>	<u>\$1,067</u>	<u>\$1,217</u>	<u>\$1,355</u>
Cumulative Deposits (not including the Beginning Balance) (1)	912	1,951	3,017	4,230	5,441
<b>Expenditures (2)</b>					
First Time Homebuyers Program	0	0	0	0	0
New Housing Development	0	0	0	7,080	0
Property Acquisition	0	34	770	0	0
Administrative Expenses / Other	7	7	98	132	136
Total Expenditures	<u>\$7</u>	<u>\$41</u>	<u>\$868</u>	<u>\$7,212</u>	<u>\$136</u>
<b><u>ESTIMATED EXCESS SURPLUS</u></b>					
<b>Balance Available</b>	<b>\$4,960</b>	<b>\$5,958</b>	<b>\$6,157</b>	<b>\$158</b>	<b>\$1,233</b>
Total of prior four fiscal year's Housing Set Aside Deposits / Or \$1.0 Million (3)	2,467	2,980	3,438	3,917	4,281
<b>Excess Surplus</b>	<b><u>\$2,493</u></b>	<b><u>\$2,978</u></b>	<b><u>\$2,719</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

(1) Equals cumulative deposits of Housing Set Aside monies, including interest, less existing obligations.

(2) Shows the use of housing set-aside funds. The Agency will also use its best efforts to leverage other funds.

(3) Amount shown is the greater of the past four fiscal years deposits or \$1.0 million.



Table 6  
 Modesto Redevelopment Agency  
 Modesto Project Area

**ESTIMATE OF AGENCY ASSISTED HOUSING UNITS**

	1 2004- <u>2005</u>	2 2005- <u>2006</u>	3 2006- <u>2007</u>	4 2007- <u>2008</u>	5 2008- <u>2009</u>	<u>Totals</u>
<u>New Housing Program:</u>						
County Housing Authority Project						
Very Low				4		10
Low/Moderate Units				16		10
Total Expenditure				\$450,000		\$450,000
N. 9 <sup>th</sup> Street Housing Project						
Very Low				68		68
Low/Moderate Units				82		82
Total Expenditure				\$6,630,000		\$6,630,000
<u>Acquisition of Property</u>						
Acquire Property						
Total Expenditure		\$34,000	\$770,000			\$804,000

Total Very low Income Units				72		72
Total Low/Moderate Income Units				98		98
Total Units						170
Total Expenditures						\$7,884,000

## Appendix A

## APPENDIX A

### ARTICLE 16.5 OF THE CALIFORNIA COMMUNITY REDEVELOPMENT LAW (HEALTH AND SAFETY CODE, SECTION 33000 *et seq.*)

#### Article 16.5. Adoption of Implementation Plans

33490. (a) (1) (A) On or before December 31, 1994, and each five years thereafter, each agency that has adopted a redevelopment plan prior to December 31, 1993, shall adopt, after a public hearing, an implementation plan that shall contain the specific goals and objectives of the agency for the project area, the specific programs, including potential projects, and estimated expenditures proposed to be made during the next five years, and an explanation of how the goals and objectives, programs, and expenditures will eliminate blight within the project area and implement the requirements of Sections 33334.2, 33334.4, 33334.6, and 33413. After adoption of the first implementation plan, the parts of the implementation plan that address Sections 33334.2, 33334.4, 33334.6, and 33413 shall be adopted every five years either in conjunction with the housing element cycle or the implementation plan cycle. The agency may amend the implementation plan after conducting a public hearing on the proposed amendment. If an action attacking the adoption, approval, or validity of a redevelopment plan adopted prior to January 1, 1994, has been brought pursuant to Chapter 5 (commencing with Section 33500), the first implementation plan required pursuant to this section shall be adopted within six months after a final judgment or order has been entered. Subsequent implementation plans required pursuant to this section shall be adopted pursuant to the terms of this section, and as if the first implementation plan had been adopted on or before December 31, 1994.

(B) Adoption of an implementation plan shall not constitute an approval of any specific program, project, or expenditure and shall not change the need to obtain any required approval of a specific program, project, or expenditure from the agency or community. The adoption of an implementation plan shall not constitute a project within the meaning of Section 21000 of the Public Resources Code. However, the inclusion of a specific program, potential project, or expenditure in an implementation plan prepared pursuant to subdivision (c) of Section 33352 in conjunction with a redevelopment plan adoption shall not eliminate analysis of those programs, potential projects, and expenditures in the environmental impact report prepared pursuant to subdivision (k) of Section 33352 to the extent that it would be otherwise required. In addition, the inclusion of programs, potential projects, and expenditures in an implementation plan shall not eliminate review pursuant to the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code), at the time of the approval of the program, project, or expenditure, to the extent that it would be otherwise required.

(2) (A) A portion of the implementation plan shall address the

agency housing responsibilities and shall contain a section addressing Sections 33334.2, 33334.4, 33334.6, the Low and Moderate Income Housing Fund, and, if subdivision (b) of Section 33413 applies, a section addressing agency-developed and project area housing. The section addressing the Low and Moderate Income Housing Fund shall contain:

- (i) The amount available in the Low and Moderate Income Housing Fund and the estimated amounts which will be deposited in the Low and Moderate Income Housing Fund during each of the next five years.
- (ii) A housing program with estimates of the number of new, rehabilitated, or price-restricted units to be assisted during each of the five years and estimates of expenditures of moneys from the Low and Moderate Income Housing Fund during each of the five years.
- (iii) A description of how the housing program will implement the requirement for expenditures of moneys in the Low and Moderate Income Housing Fund over a 10-year period for various groups as required by Section 33334.4. For project areas to which subdivision (b) of Section 33413 is required to be implemented shall be the same 10-year period within which subdivision (b) of Section 33413 applies, the 10-year period within which Section 33334.4 is required to be implemented. Notwithstanding the first sentence of Section 33334.4 and the first sentence of this clause, in order to allow these two 10-year time periods to coincide for the first time period, the time to implement the requirements of Section 33334.4 shall be extended two years, and project areas in existence on December 31, 1993, shall implement the requirements of Section 33334.4 on or before December 31, 2014, and each 10 years thereafter rather than December 31, 2012. For project areas for which subdivision (b) of Section 33413 does not apply, the requirements for Section 33334.4 shall be implemented on or before December 31, 2014, and each 10 years thereafter.
- (iv) The requirements to include a description of how the housing program will implement Section 33334.4 in the implementation plan shall apply to implementation plans adopted pursuant to subdivision (a) on or before December 31, 2002.

(B) For each project area to which subdivision (b) of Section

33413 applies, the section addressing the agency developed and project area housing shall contain:

- (i) Estimates of the number of new, substantially rehabilitated or price-restricted residential units to be developed or purchased within one or more project areas, both over the life of the plan and during the next 10 years.
- (ii) Estimates of the number of units of very low, low, and moderate income households required to be developed within one or more project areas in order to meet the requirements of paragraph (2) of subdivision (b) of Section 33413, both over the life of the plan and during the next 10 years.
- (iii) The number of units of very low, low, and moderate income households which have been developed within one or more project areas which meet the requirements of paragraph (2) of subdivision (b) of Section 33413.
- (iv) Estimates of the number of agency developed residential units that will be developed during the next five years, if any, which will be governed by paragraph (1) of subdivision (b) of Section 33413.
- (v) Estimates of the number of agency developed units for very low, low, and moderate income households which will be developed by the Agency during the next five years to meet the requirements of paragraph (1) of subdivision (b) of Section 33413.

(C) The Section addressing Section 33333.10, if applicable, and Section 33334.4 shall contain the following:

- (i) The number of housing units needed for very low income persons, low income persons, and moderate income persons as each of those needs have been identified in the most recent determination pursuant to Section 65584 of the Government Code, and the proposed amount of expenditures from the Low and Moderate Income Housing Fund for each income group during each year of the implementation plan period.
- (ii) The total population of the community and the population of those under 65 years of age as reported in the most recent census of the United States Census Bureau.
- (iii) A housing program that provides a detailed schedule of actions, the

Agency is undertaking or intends to undertake to ensure expenditure of the Low and Moderate Income Housing Fund in the proportions required by Section 33333.10, if applicable, and Section 33334.4.

- (iv) For the previous implementation plan period, the amounts of Low and Moderate Income Housing Fund moneys utilized to assist units affordable to, and occupied by, extremely low income households, very low income households, and low income households; the number, the location, and the level of affordability of units newly constructed with other locally controlled government assistance and that are required to be affordable to, and occupied by, persons of low, or extremely low income for at least 55 years for rental housing or 45 years of homeownership housing, and the amount of Low and Moderate Income Housing Fund moneys utilized to assist housing units available to families with children, and the number, location, and level of affordability of those units.

(3) If the implementation plan contains a project that will result in the destruction or removal of dwelling units that will have to be replaced pursuant to subdivision (a) of Section 33413, the implementation plan shall identify proposed locations suitable for those replacement dwelling units.

(4) For a project area that is within six years of the time limit on the effectiveness of the redevelopment plan established pursuant to Section 33333.2 or 33333.6, 33333.7 or 33333.10, the portion of the implementation plan addressing the housing responsibilities shall specifically address the ability of the agency to comply, prior to the time limit on the effectiveness of the redevelopment plan, with subdivision (a) of Section 33413 with respect to replacement dwelling units, subdivision (b) of Section 33413 with respect to project area housing, and the disposition of the remaining moneys in the Low and Moderate Income Housing Fund.

(b) For a project area for which a redevelopment plan is adopted on or after January 1, 1994, the implementation plan prepared pursuant to subdivision (c) of Section 33352 shall constitute the initial implementation plan and thereafter the agency after a public hearing shall adopt an implementation plan every five years commencing with the fifth year after the plan has been adopted. Agencies may adopt implementation plans that include more than one project area.

(c) Every agency, at least once within the five-year term of the plan, shall conduct a public hearing and hear testimony of all interested parties for the purpose of reviewing the redevelopment plan and the corresponding implementation plan for each redevelopment project within the jurisdiction and evaluating the progress of the redevelopment project. The hearing required by this subdivision should take

place no earlier than two years and no later than three years after the adoption of the implementation plan. An agency may hold one hearing for two or more project areas if those project areas are included within the same implementation plan.

(d) Notice of public hearings conducted pursuant to this section shall be published pursuant to Section 6063 of the Government Code and posted in at least four permanent places within the project area for a period of three weeks. Publication and posting shall be completed not less than 10 days prior to the date set for hearing.