

2000 – 2004

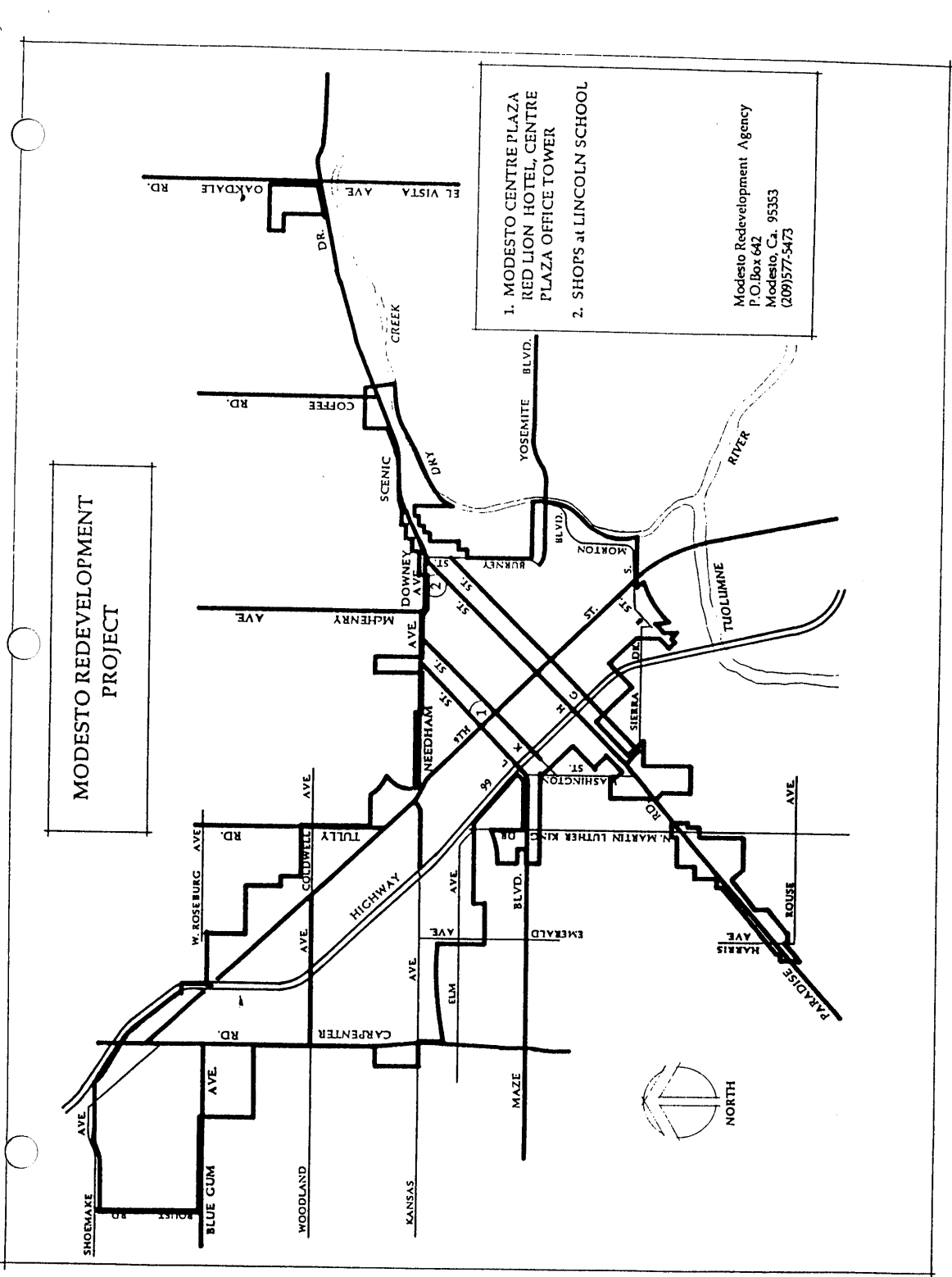
IMPLEMENTATION PLAN
MODESTO REDEVELOPMENT PROJECT

MODESTO REDEVELOPMENT AGENCY

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MODESTO REDEVELOPMENT PROJECT

- 1. MODESTO CENTRE PLAZA
RED LION HOTEL, CENTRE
PLAZA OFFICE TOWER
 - 2. SHOPS at LINCOLN SCHOOL
- Modesto Redevelopment Agency
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I. INTRODUCTION

In 1993 and 1994 the State Legislature passed laws amending the redevelopment process in California (AB 1290 and SB 732). One change in the law was to require Redevelopment Agencies to adopt five-year "implementation plans" for project areas. The purpose of this implementation plan is to comply with these new statutory requirements.

The Implementation Plan describes:

- ❖ the blight present at the time of adoption of the Redevelopment Plan
- ❖ the specific goals and objectives of the Agency
- ❖ specific programs proposed to be undertaken, including potential projects and estimated expenditures
- ❖ how the goals and programs will alleviate blight within the project area

For housing activities, the implementation plan includes:

- ❖ a Housing Production Plan, showing how the Agency will utilize its low and moderate income housing funds to increase, improve and preserve low and moderate income housing
- ❖ an Inclusionary Housing Plan, showing how the Agency will fulfill its state law requirements for the inclusion of low and moderate income housing in both Agency assisted and private housing developments
- ❖ a description of the requirement for Replacement Housing Plans when the activities of the Agency will result in the loss of low or moderate income housing units

Modesto has a single redevelopment project area, the Modesto Redevelopment Project. The area was first adopted in 1983, and then expanded in 1991 to the current boundaries shown on Attachment No.1.

The Agency's first Implementation Plan for the period 1995-1999 was adopted in November 1994. This document represents Modesto's first update of that plan.

II. AGENCY GOALS AND PROGRAMS

The Redevelopment Agency's goal is to eliminate blighting influences and stimulate new private and public investment in the redevelopment area. The Agency can help to stimulate investment through land assembly, construction of upgraded public improvements, incentive programs for building renovation and business expansion, participation in catalyst projects aimed at spurring other complementary private investments, and expenditure of its low and moderate income housing funds.

To create a framework to guide the Agency's activities regarding new private and public investments, the Agency has adopted a Vision and a Master Plan in. Over the next five years, the continued implementation of strategies in the Master Plan will be the Agency's primary programs.

The Vision

"Redevelopment is an economic development and community development program of prime importance to the Modesto Community, one that capitalizes upon all of the areas assets and natural resources.

The Modesto Redevelopment Area will be the focal point of community life and the social, cultural, business, governmental and entertainment center of the northern San Joaquin Valley.

Housing will be an integral part of the project area, complemented by and stimulated by creation of a safe and attractive, tree-lined environment. Modern transportation systems shall provide convenient transportation to and within the Project Area.

This vision will be achieved through partnerships between private enterprise and government agencies. The Redevelopment Agency shall take the lead through strategic investments in public infrastructure and by recruiting and assisting with new private investment".

The Strategies

The Agency has identified nine key strategies or programs for implementing this vision.

Strategy No.1: J Street Arts, Entertainment and Retail District. Downtown Modesto shall be the center for arts and cultural events, entertainment, restaurants, and specialty retailers. These activities shall be encouraged to cluster around a corridor centered on J Street. This corridor runs roughly from 9th Street to McHenry, and from H to L Streets.

Strategy No.2: Downtown Office Core. Downtown Modesto shall be the location for all new major public and private office buildings with the exception of medical buildings. These offices shall generally be within walking distance of the J Street District.

Strategy No.3: New Housing Construction and the Preservation of Existing Housing. Downtown Modesto should be a desirable place to live as well as work or visit. The residential strategy should focus both on new construction and the preservation and renovation of existing housing.

Strategy No.4: Incubator Area Between Highway 99 and 9th Street. This district east of Highway 99 and west of 9th Street should continue to serve as an "incubator" area for small and start-up commercial and industrial uses.

Strategy No.5: Industrial District. Woodland to Kansas. This area provides the best opportunity with the redevelopment area for creation of a new, modern industrial park subdivision. The Agency should work with the property and business owners in the area to coordinate its redevelopment.

Strategy No.6: Upgrade Commercial and Residential Uses Along Paradise Road. Major upgrading of both the commercial and residential areas along Paradise Road is needed to strengthen this portion of the redevelopment area.

Strategy No.7: Develop New Community Commercial Areas: Two areas are proposed for new community scale commercial and/or industrial development. These areas are the current County Center No.3 at Scenic and Oakdale, and the eastern and northern portions of the West Campus of Modesto Junior College.

Strategy No.8: Tuolumne River Family Learning/Recreation Center: The Tuolumne River is the foremost natural asset in the redevelopment area. Bluff property overlooking the park should be investigated as a site for a regional educational and recreational facility oriented primarily to children and families.

Strategy No.9: Historic Preservation. The Agency has worked with the Landmark Preservation Commission to identify buildings in the downtown area worthy of preservation. The Agency's activities and projects should respect these buildings and make every effort to preserve them.

Attachment No.2 shows the location of many of these programs.

The Agency has begun work on a number of specific projects and programs to implement these strategies. These include:

Strategy No. 1. To help implement this strategy the Agency entered into a Disposition and Development Agreement with Civic Partners for construction of a 18 screen cinema and retail space as part of the 10th Street Place Project. The cinema opened in May 1999 and the retail spaces will be fully constructed and leased by mid 2000.

Over the last five years the Agency contributed funds for the construction of two public art projects at McClatchy Square and Five Points. As part of 10th Street Place the Agency requested the Culture Commission to establish a Public Art Committee and create an on-going public art program. The program has been created and has initially been funded by the Agency, the City-County Joint Powers Agency I and the 10th Street Place private developer and cinema operator.

The Agency has provided three facade grants to the State Theatre on J Street to assist with its renovation. And the Agency, in concert with other downtown organizations, co-sponsors the Downtown Sampler Program, a program that aims to bring the public to the J Street corridor and sample its culinary and retail establishments.

A Performing Arts Center has been proposed on 11th Street between H and I Streets. Agency will work with various public and private sponsors of this project toward its implementation.

Proposed Expenditures:

- Performing Arts Center - \$10 million
- Mixed-use retailer/entertainment center - \$1 million
- Façade Grants, Sampler Program: J Street streetscape/beautification - \$500,000

Strategy No. 2. The Agency was instrumental in construction of the first new high-rise office building downtown. Through a Disposition and Development Agreement, the Centre Plaza Office Tower was constructed.

Through an agreement to provide parking for tenants, the Agency assisted with the leasing of the City Towers Office Building.

Through an agreement with the City-County Joint Powers Agency, 250,000 square feet of office space for the City and County was constructed as part of 10th Street Place. The relocation of the County offices to 10th Street Place also permits the relocation of the County Office of Education downtown to the former County offices.

In addition to the public office space at 10th Street Place, through a Disposition and Development Agreement another 25,000 square feet of private office space will be constructed and open by mid-2000.

In early 2000 the Agency hopes to complete development agreements for the construction of two new mid-rise private office buildings, each with about 75,000 square feet.

Proposed Expenditures:

- Office/Parking Garage - \$1 million
- Mixed-use office - \$500,000
- High rise office complex - \$1 million

Strategy No. 3. Over the last five years the Agency has contributed roughly \$2 million toward the construction and renovation of low and moderate-income housing. Discussion of the Agency's housing program is included in the following section of this Plan.

Proposed Expenditures:

- Mixed-use residential - \$2 million
- Down-payment assistance - \$500,000

Strategy No. 4. Over the past few years the Agency has awarded a number of facade grants for properties in the "incubator" area. The Agency's Traffic Committee has begun a study of downtown entryways and their identification, including those within the "incubator" area.

Proposed Expenditures:

- Streetscape/beautification - \$500,000
- Façade Improvements - \$250,000
- Mixed-use buildings - \$500,000

Strategy No. 5. The Agency has been working with three key landowners; FMC, Foster Farms and the Modesto Irrigation District, on the redevelopment of the property between Kansas and Woodland. Through an engineer hired by the Agency, plans for new traffic circulation in the area are being prepared in anticipation of large-scale redevelopment.

Proposed Expenditures:

- Brownfield remediation and development - \$750,000

Strategy No. 6. Over the past five years substantial progress has been made toward the upgrading of this area along Paradise Road. Two key projects were the renovation of the neighborhood shopping center at Paradise and Martin Luther King through an Owner Participation Agreement, and the Gateway Village family apartment complex. Both projects received Agency financial assistance.

Proposed Expenditures:

- Mixed-use development - \$1 million

Strategy No. 7. Once the County Office of Education moves from County Center 3 to its new downtown location, private redevelopment of Center 3 can proceed. The County has entered into an agreement for development of a neighborhood scale shopping center on the property.

The Agency is also assisting the Yosemite Community College District with redevelopment of a portion of its West Campus. Plans for this property have been submitted to the City for approval and required traffic and environmental studies are being undertaken in conjunction with the City's adjacent College West Neighborhood project.

Proposed Expenditures:

- Development assistance - \$850,000
- Infrastructure - \$750,000

Strategy No. 8. The cities of Modesto and Ceres, and the County of Stanislaus, have begun the process of updating the plan for the Tuolumne River Regional Park. The Redevelopment Agency will be participating in this process.

The updating focuses on the "gateway" area just south of downtown. In concert with this effort the Agency will be exploring activity centers for the bluff land that would be complementary with the park plans. Among the ideas to be explored is an educational and recreational center than caters to children and families.

Proposed Expenditures:

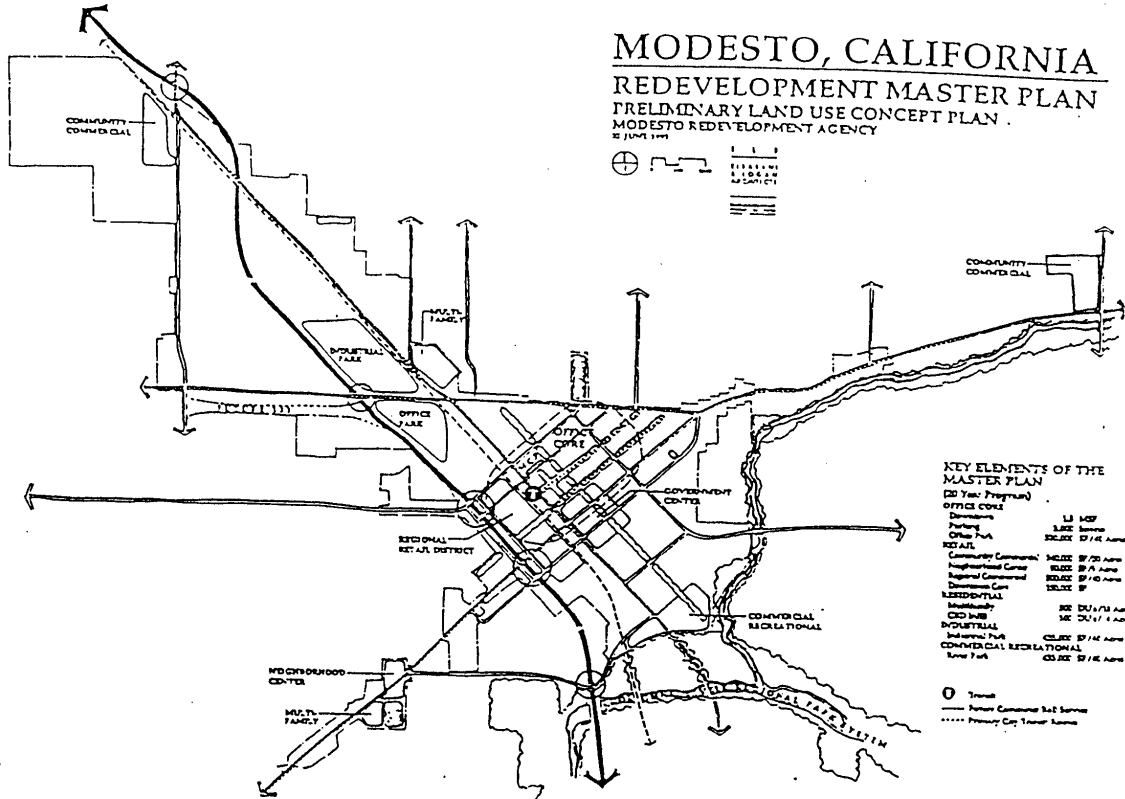
- Master Plan - \$500,000
- Development assistance - \$500,000

Strategy No. 9. The Agency and the Landmark Preservation Commission, over the last two years, have conducted a survey of historic buildings in the downtown area. This work is close to completion. The resulting list of buildings will provide guidance to the Agency so that the Agency's activities do not result in the removal of these buildings.

The Agency fully anticipates that as the redevelopment work progresses, additional specific projects in pursuit of all of these strategies will be identified and that more specific estimates of potential expenditures will be made at those times.

Proposed Expenditures:

- Preservation grants - \$500,000



III. HOUSING PRODUCTION PLAN

State law requires that 20% of the tax increment revenues received by the Agency be placed in a Low and Moderate Income Housing Fund. The Housing Production Plan provides the framework for expenditure of monies from this Fund, which must be used to increase, improve and preserve the supply of low and moderate income housing.

For the five-year period of 2000-2004, it is projected that \$1,844,000.00 in tax increment funds will be available in the Low and Moderate Income Housing Fund.

The Housing Production Plan has three goals:

1. Increase and preserve the supply of transitional housing.
2. Increase and preserve the supply of rental housing.
3. Increase and preserve the supply of owner-occupied housing.

Following is a detail on these three goals, the types of programs anticipated to be used to achieve the goals, and the funding anticipated to be available in each of the Plan's five years. Then following this detail on the three goals, there is a description defining in more detail the anticipated programs.

Goal No.1: Increase and Preserve the Supply of Transitional Housing

It is planned that approximately 15% of the Agency's Low and Moderate Income Housing Funds will be allocated in a given year for transitional housing needs. It is estimated that the Agency's contribution toward the development of a transitional housing unit will need to be \$35,000-\$40,000. This relatively high level of support is needed due to the lack of other available funding sources.

This support could be provided in a number of ways. These include new housing construction assistance, property acquisition, housing rehabilitation, and infrastructure improvements. (For further definition of these types of assistance please see the next section).

Based on projected tax increment revenues to the Agency I and the 15% allocation of housing funds for transitional housing, it is projected that the following funds would be available over the five years of the Implementation Plan.

<u>Calendar Year</u>	<u>Approximate Funding Level</u>	<u>Units Produced</u>
2000	\$39,000.00	1
2001	\$47,000.00	1
2002	\$55,000.00	1
2003	\$63,000.00	2
<u>2004</u>	<u>\$72,000.00</u>	<u>2</u>
Total	\$276,000.00	7

Transitional housing projects throughout the City of Modesto will be eligible for this funding with preference given to those within the Project Area.

Goal No.2: Increase and Preserve the Supply of Rental Housing

It is planned that approximately 65% of the Agency's Low and Moderate Income Housing Funds will be allocated in a given year for rental housing needs. These needs could include those of low and moderate income households, or of special households such as seniors, single parent households, large families, disabled persons, and year round farm workers.

It is estimated that the Agency's contribution toward rental housing would need to be about \$7,000 per unit. This assumes that additional public subsidy would also be available. It is expected that the City of Modesto may provide federal funding (CDBG, HOME) as well for these rental projects. Any Agency or City funding will be used to leverage additional funds from other sources.

This support for rental housing could be provided in a number of ways. These include new housing construction assistance, property acquisition, housing rehabilitation, and infrastructure improvements.

Based on projected tax increment revenues to the Agency, and the 65% allocation of housing funds for rental housing, it is projected that the following funds would be available over the five years of the Implementation Plan.

<u>Calendar Year</u>	<u>Approximate Funding Level</u>	<u>Units Produced</u>
2000	\$169,000.00	24
2001	\$203,000.00	29
2002	\$239,000.00	34
2003	\$275,000.00	39
<u>2004</u>	<u>\$313,000.00</u>	<u>45</u>
Total	\$1,199,000.00	171

Rental housing projects throughout the City of Modesto will be eligible for this funding with preference given to proposals within the Project Area.

Goal No.3: Increase and Preserve the Supply of Owner Occupied Housing

It is planned that approximately 20% of the Low and Moderate Income Housing Funds will be allocated in a given year for owner-occupied housing. Specifically, the funds are to be used for assistance for first time homebuyers.

It is anticipated that approximately \$7,500 in assistance would be required per unit. It is expected that the City of Modesto may provide federal funding (CDBG, HOME) for down payment assistance as well.

Based on projected tax increment revenues to the Agency, and the 20% allocation for **home buyer** assistance, it is projected that the following funds would be available over the five years of the Implementation Plan.

<u>Calendar Year</u>	<u>Approximate Funding Level</u>	<u>Units Produced</u>
2000	\$52,000.00	7
2001	\$63,000.00	8
2002	\$73,000.00	10
2003	\$85,000.00	11
<u>2004</u>	<u>\$96,000.00</u>	<u>13</u>
Total	\$369,000.00	49

Home buyer assistance will be available for housing units throughout the City of Modesto with preference given to projects within the Project Area.

Definition of Programs/Methods

New Housing Construction Assistance

New Housing Construction Assistance 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 15 years for rental housing and 10 years for owner-occupied housing.

Funding could be applied to the construction cost of single-family I multi-family, or transitional housing projects. Funding amounts would be based on the type of and number of housing units to be constructed, need, construction costs and available financing.

These funds could best be used by leveraging them to secure additional funding sources. Therefore, funding would generally be subordinate "gap" financing and would be awarded only after the majority of permanent financing is in place.

Funds could also be used to buy down interest rates on other financing, pay City development fees, make infrastructure improvements, or pay predevelopment expenses.

Home Buyer Assistance

Home buyer Assistance is intended to assist eligible homebuyers become owners of new or existing housing. This housing must be available at affordable housing costs to qualified households in the low and moderate income categories.

Funding **could** take the form of down payment assistance loans, with payments of principal and interest deferred until the house is sold or title is otherwise transferred. The funds could also

be used to buy down the interest rates of conventional mortgage loans or pay for development fees on new housing.

As loans are repaid, the funds could be loaned to additional applicants as part of a revolving loan program.

Property Acquisition

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.

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. Housing units assisted in this manner would also need to be maintained as affordable housing.

The Agency could acquire land directly and sell it to a developer at cost or at a reduced price, or the Agency could assist with the purchase of property by a private developer.

Housing Rehabilitation

Housing rehabilitation is intended to assist the owners of transitional, rental and owner-occupied housing. 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 15 years for rental housing and 10 years for owner-occupied housing.

Funding 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. These funds could best be used by leveraging additional funding from other sources.

Predevelopment Assistance

Predevelopment Assistance is intended to assist the developers of transitional, rental and owner-occupied housing. At least 30% of the units assisted would need to be affordable and available to very low, low and moderate income households and remain affordable for not less than 15 years for rental housing and 10 years for owner-occupied housing.

Funding could be applied to any predevelopment costs necessary to undertake a housing project, such as design and engineering fees, loan application fees, and other similar costs.

Fee Abatement

Fee Abatement is intended to assist developers of transitional, rental and owner-occupied housing. The housing units assisted must be affordable and available to qualified very low, low and moderate-income households and remain affordable for not less than 15 years for rental housing and 10 years for owner-occupied housing.

Funding would be in the form of loans to offset City Capital Facilities Fees, utility hook-up fees, etc. The loans would be due 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 benefit the affordable units. The housing subsidized in this manner would need to be affordable and available to low and moderate income households.

Eligibility and Process for Funding

Non-profit and for-profit developers will be eligible to annually compete for funding from all of the Agency's housing programs.

Funding for the down payment assistance will be available directly to households and applications for this assistance can be made at any time during the year.

It is possible that the Agency may consolidate the application process with the City's process for determining allocation of CDBG and HOME funds.

V. INCLUSIONARY HOUSING PLAN

Agency Developed Housing

At least thirty percent (30%) of all new or substantially rehabilitated housing units developed by the Agency shall be available to low and moderate income households. These units must remain at affordable prices for the longest time feasible, but not less than the term of the land use controls established in the Redevelopment Plan, except as otherwise provided by law.

Not less than half of these units, or 15% of all new or substantially rehabilitated housing units developed by the Agency shall be available at affordable housing cost to, and occupied by very low income households.

These requirements apply to Agency developed housing both inside and outside the project area.

Privately Developed Housing

When new or substantially rehabilitated housing units are produced within the project area, the Agency incurs an obligation for the production of units affordable to low or moderate income households. The Agency is not required to place affordability covenants on each residential project in the Project Area, but must satisfy this inclusionary obligation in the aggregate throughout the Project Area.

Regardless of whether the requirement is met by the private project or separately by the Agency, at least 15% of all new or substantially rehabilitated units developed within the Project Area, by persons or entities other than the Agency, must be made available at affordable cost to low or moderate households. At least 40% of these units (or 6% of the total) must be reserved for very low income households.

These inclusionary requirements may be satisfied by the development of 2 housing units outside a project area for each housing unit that otherwise would have had to be available inside the Project Area.

Estimated Inclusionary Requirement for Future Agency Housing Activity

As noted earlier, one of the Agency's nine strategies or programs is the construction of new housing in the Project Area. However, the Agency does not anticipate developing any housing units directly, but rather rely on other entities to develop the units with the assistance of the Agency where feasible and appropriate.

Estimated Inclusionary Requirement for Future Private Housing Activity

Given the lack of housing development in the Project Area over the past several years, and the very small amount of residentially zoned vacant land within the Project Area, the Agency cannot at this time reasonably project the construction of new housing units by private entities. If any such residential activity occurs, the Agency will be subject to meeting the 15% inclusionary requirement.

However, as the revitalization of Modesto's central business core continues the demand for affordable housing opportunities in close proximity to the workplace increase. This will lead to greater interest by private entities in acquiring and rehabilitating existing housing or converting non-residential structure into housing. Project proposals of these types will be given priority consideration in the use of the Agency Low and Moderate-income Housing Funds to meet this 15% inclusionary requirement.

As noted in the Housing Production Plan, over the life of the Plan the Agency estimates that 227 units can be developed or rehabilitated with assistance from Agency housing funds. Therefore, based on the inclusionary housing requirements, a minimum of 69 units would be available at an affordable housing cost for qualified low and moderate-income households. These units can be used to satisfy the inclusionary requirement for future private housing activity if the units are developed within the Project Area.

VI. REPLACEMENT HOUSING PLANS

In accordance with Section 33413(a) of the Health and Safety Code, redevelopment agencies are required to replace any dwelling units housing low or moderate income persons or families that are removed or destroyed as a result of a redevelopment project, or a project that is assisted by the Agency. A plan for such replacement must be adopted not less than 30 days prior to the execution of an agreement for the acquisition of property, for the disposition and development of property, or for the execution of an owner participation agreement when such would result in the destruction of low or moderate income housing. Existing units shall not be destroyed or removed from the low and moderate income housing market until the Agency has by resolution adopted the Replacement Housing Plan.

A Replacement Housing Plan must include the following:

- a. the general location of the housing to be rehabilitated, developed or constructed to replace housing to be removed.
- b. an adequate means of financing said rehabilitation, development or construction.
- c. a finding that the replacement housing does not require the approval of voters pursuant to Article XXXIV of the California Constitution, or that such approval has been obtained.
- d. the number of dwelling units housing persons and families of low or moderate income planned for construction or rehabilitation.
- e. the timetable for meeting the plan's relocation, rehabilitation and replacement housing objectives. At least 75% of the replacement dwelling units shall replace dwelling units at affordable housing cost in the same income level as the persons displaced from the destroyed or removed units.

Replacement housing units must remain affordable for the longest feasible time, but for not less than the period of land use controls established in the Redevelopment Plan.

VII. ALLEVIATING BLIGHT

As previously noted, the redevelopment project area has suffered from a lack of public and private investment. This lack of investment has manifested itself in the problems summarized earlier. The Agency's goal is to stimulate new public and private investment to overcome the problems that have been created in past decades. Through new investment, both the physical and social environment of the project area will be improved. Examples include:

- ❖ Through use of the Agency's low and moderate income housing funds, existing housing stock can be improved and new housing stock constructed.
- ❖ New private investment, creating both construction and permanent employment, will be created through such strategies as the Regional Retail District, the Industrial Park, the Office and Specialty Retail Core, the Regional Recreation area, the redevelopment of the Paradise Road commercial area, the Governmental Center, and the emphasis of cultural and community activities and the arts.

These investments, with the assistance of the Agency, will help to overcome the blight created by deteriorated and obsolete buildings, will help to stabilize land uses, will provide needed parking, and will create new parcels amenable to modern development.

Employment opportunities, both in the short and long term, will help to overcome problems of poverty not only in the project area, but the City as a whole. Increased employment opportunities, appropriate project design, and most importantly higher levels of activity in the Project Area, especially in the evenings, should help to decrease the crime rates in the project area.