

# City of Modesto 2005–2009 Consolidated Plan Executive Summary



Public Review Draft (April 2005)

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## 2005 – 2009 Consolidated Plan

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## Introduction

### Purpose of the Plan

*The Consolidated Plan directs the City's investment of federal funds to meet priority needs for housing, public services, and community and economic development*

The City of Modesto (City) receives funds each year from the federal government for housing and community development activities.<sup>1</sup> These funds are intended to meet priority needs locally identified by the City. To receive these federal funds, the City must submit a strategic plan—the Consolidated Plan—every five years to the U.S. Department of Housing and Urban Development (HUD) that identifies local needs and how these needs will be addressed. The Consolidated Plan must also demonstrate how the City will meet national goals set by the U.S. Congress to develop viable communities by providing decent housing, a suitable living environment, and economic opportunities, principally for persons of low- and moderate-income<sup>2</sup> (lower-income).

The Consolidated Plan is guided by three overarching goals:

*The overall goals of the Consolidated Plan are:*

- Provide decent and affordable housing*
- Provide a suitable living environment*
- Expand economic opportunities*

- **To provide decent and affordable housing** for lower-income and homeless persons and increase the supply of supportive housing to enable persons with special needs to live with dignity.
- **To provide a suitable living environment** by improving the safety and livability of neighborhoods.
- **To expand economic opportunities** by creating jobs accessible to lower-income persons and empowering lower-income persons to achieve self-sufficiency.

### Focus of the Plan

As required by the federal government, the identification of needs and the adoption of strategies to address those needs must focus primarily on lower-income individuals and households. The Consolidated Plan must also address “special” needs identified by the federal government or locally, such as the needs of the elderly, persons with disabilities, large families, single parents, homeless individuals and families, and persons with HIV/AIDS.

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<sup>1</sup> Federal programs covered by the Consolidated Plan are: Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), Emergency Shelter Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA).

<sup>2</sup> Low-income households are defined as earning 50 percent or less of the Stanislaus County area median income (AMI), as defined by the federal government. Moderate-income households earn between 50 percent and 80 percent of the County AMI.

## Priority Needs and Strategies

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

- Affordable housing;
- Supportive services to maintain independence;
- Investment in lower-income and deteriorating neighborhoods, and in facilities that serve lower-income populations; and
- Education and technical skills that allow individuals to obtain jobs paying self-sufficiency wages.

*The housing affordability gap leads to high rates of overcrowding, overpayment, and substandard housing conditions among lower-income households*

The City, by focusing on these overall priorities, seeks to address community concerns such as:

- A need for additional affordable housing to address the growing gap between housing costs and local incomes, which leads to rising rates of overcrowding, overpayment, and substandard housing conditions for the City's lowest income residents;
- Supportive services that increase the ability of seniors, persons with disabilities, and others with special needs to live independently and avoid institutions;
- A network of shelter, housing, and support services to prevent homelessness, move the homeless to permanent housing and independence, and eliminate homelessness within ten years; and
- Programs that promote economic development and create jobs, and that increase the job skills level of potential employees.

Specific priorities and how these priorities were established are described below.

One of the main obstacles to meeting community needs is inadequate resources for programs that could address these needs. Although California voters approved dedicated funding for mental health services through a 2004 voter initiative, other State and federal funding sources for housing and community development programs are expected to be limited for the foreseeable future.

## Housing Needs

*Housing costs have increased significantly in Modesto, causing a growing gap between home prices and local incomes*

In recent years, Modesto has experienced a significant increase in home prices and rents. High housing costs reduce economic opportunities, access to jobs and services, and the ability of lower-income households to live in the communities and neighborhoods of their choice. The affordability gap results in a concentration of lower-income households in older neighborhoods that have higher levels of substandard housing and overcrowding. Some of the indicators of housing need and the challenges facing the City are described below.

- Since 2000, the median home price in Stanislaus County has doubled, while the median rent has increased by over 50 percent. From 2002 to February 2005, the median home price in Modesto increased by 44 percent.
- Few lower-income households can afford to purchase homes. Most households earning less than 50 percent of the area median income face difficulties in finding affordable rental housing, as well.
- Approximately 18,100 lower-income households in the City did not have adequate housing in 2000.<sup>3</sup>
- There are only approximately 1,180 assisted rental units affordable to lower-income households, of which 735 units are at risk of converting to market-rate housing within the next ten years.
- Over 2,600 rental housing vouchers are provided to City households by the Housing Authority of the County of Stanislaus (HACS). The HACS reports over 1,600 City applicants on its waiting list for rental housing vouchers.
- According to the Stanislaus Council of Governments (Stan COG) regional housing needs allocation, the City should accommodate 5,985 new housing units affordable to lower-income households between 2001 and 2008 (800 per year).
- Approximately 2,000 beds in 78 residential care facilities are available for individuals with special needs, (such as frail elderly and persons with disabilities) who cannot live independently in conventional housing. However, this is significantly less than the population of frail elderly, disabled, and others who may need a supportive housing environment.

*Households most affected by the cost of housing are those earning 30 percent of median income, large families, senior renters, and others with special needs*

<sup>3</sup> Based on calculations provided by HUD from the 2000 Census on overpayment, overcrowding, and substandard housing conditions.

Due to the ongoing gap in the availability of affordable housing, the City has assigned a high priority to new housing construction, homeownership assistance, and housing rehabilitation, particularly for households earning less than 50 percent of the area median income. Despite the high cost, it is essential to expand the supply of affordable housing and supportive housing, because the affordability gap cannot be addressed solely through existing housing.

Priorities and strategies for addressing affordable housing needs are as follows:

### **Priorities**

***Priority H-1. Increase the supply of affordable rental housing.***

***Priority H-2. Provide homeownership opportunities.***

***Priority H-3. Preserve existing affordable housing stock.***

***Priority H-4. Continue to support fair housing.***

### **Strategies**

- Increase rental housing by partnering with the Modesto Redevelopment Agency (RDA) to develop housing units.
- Use HOME funds to leverage funding for the construction of new housing units.
- Use the Revolving Loan Fund to acquire property for affordable housing.
- Continue monitoring the Down Payment Assistance Program closely, along with the housing market, to ensure the program can benefit as many first-time homebuyers as possible while protecting the City's investment.
- Investigate preserving existing affordable housing covenants in Section 8 rental housing units.
- Complete the Highway Village Mandatory Housing Rehabilitation Target Area project.

*The City shall increase rental housing by partnering with RDA to develop housing units*

*An estimated 2,000-2,500 persons in Stanislaus County become homeless each year, and an estimated 5,400 households in Modesto are at risk of becoming homeless*

- Begin a new City-wide Housing Rehabilitation Program, with fewer restrictions and higher loan limits, to encourage rehabilitation of existing housing units.
- Consider new Mandatory Target Area to coordinate with the Police Department's "Weed and Seed" designation, starting with Roselawn Area "A".
- Implement the recommendations in the City's Analysis of Impediments to Fair Housing Choice, currently being prepared.

## **Homeless Needs**

The priorities for ending homelessness are based on the recognition that homelessness results from more than just a lack of affordable housing, although providing housing is the ultimate objective.

An estimated 2,000-2,500 people experience homelessness in Stanislaus County at some point during the year. A homeless point-in-time count conducted in January 2005 found 1,613 homeless persons countywide, 935 of whom were living outdoors and the rest in shelters, transitional housing, soup kitchens, and other programs serving the homeless. Of the homeless persons counted, 623 were members of homeless families, and the remainder homeless individuals. It is not known how many of the homeless were identified in Modesto, but it is expected that a majority were located in the City, due to the size and availability of services.

In addition, an estimated 5,400 households in the City have extremely low incomes and are at risk of homelessness, paying an excessive portion of their income for rent. An unexpected job loss, illness, or eviction can force these individuals and families onto the streets because high rents and other financial problems preclude them from accumulating a savings cushion to protect themselves.

The City has participated in countywide planning to move individuals and families from homelessness to permanent housing and independent living through a network of supportive services linked to housing. The primary strategy document is the Continuum of Care. A draft plan to end homelessness has been prepared for Stanislaus County, but has not yet been adopted by the County or the City.

Priorities and strategies for addressing affordable housing needs are as follows:

### **Priorities**

**Priority HM-1. Address chronic homelessness.**

**Priority HM-2. Increase transitional housing.**

**Priority HM-3. Provide permanent supportive housing.**

**Priority HM-4. Prevent homelessness for those at most risk.**

**Priority HM-5. Provide intensive and coordinated case management.**

**Strategies**

- Establish a "One-Stop Homeless Service Center" within the former Social Security Administration building at 1230 12<sup>th</sup> Street.
- Investigate entering into "Master Leasing" arrangements with non-profit organizations and the County's Behavioral Health Department.
- Consider longer-term contracts for Direct Shelter Services for ESG or CDBG funding.
- Develop and adopt a ten-year plan to end long-term homelessness, and identify the number of units and the support services needed to assist the homeless.
- Increase options for long-term transitional housing, especially for certain affected groups such as women with children, and those with mental health and chemical dependency issues.
- Apply for federal and State grants and other special funding that is designed to increase shelter and transitional housing options for homeless individuals, such as State of California Proposition 46 funds.
- Support services and agencies listed in the Stanislaus County 2004 Continuum of Care Application.
- Support the Homeless Management Information System (HMIS) to better identify gaps in service and to maintain accurate data about housing and service needs.

*Many individuals with special needs require access to a coordinated network of support services to achieve economic self-sufficiency and independent living*

## **Community Development Needs**

To achieve the City's goals for economic opportunity leading to self-sufficiency, a suitable living environment, and decent housing, a network of support services is needed to ensure that lower-income residents are trained and educated for the labor needs of today and tomorrow. This network is also needed to ensure that lower-income residents have access to transportation between work, home, and other daily activities; and have access to health care to remain self-sufficient. For working parents, access to childcare and/or programs for their school-age children is important. The network of services must ensure that lower-income residents can live as independently as possible within their physical and developmental abilities, and can be secure in their homes without the threat of violence.

Within the City, in various degrees, there is an ongoing gap in the availability of services across most categories of special need, including seniors, at-risk youth, working parents, persons with disabilities, individuals with chronic illness, and persons with other conditions affecting their ability to function independently and productively. In addition, there is a need to link access to supportive services to affordable and appropriate housing. More coordination and collaboration is needed between housing providers and service providers.

Based upon a community questionnaire, the following community development needs were determined to have a High priority:

- Affordable housing
- Health care facilities and health services
- Youth centers
- Fire stations and equipment
- Anti-crime programs
- Youth activities
- Child care centers
- Transportation services
- Park and recreational facilities
- Community centers
- Libraries
- Homeless shelters/services
- Child care services

Affordable housing and homeless needs are addressed under their respective sections. Priorities and strategies for addressing community development needs are as follows:

### *Community/Economic Development*

## Priorities

**Priority CD-1. Infrastructure improvements in low-income neighborhoods.**

**Priority CD-2. Americans with Disabilities Act (ADA) accessibility improvements.**

**Priority CD-3. Community centers/recreation facilities in low-income neighborhoods .**

**Priority CD-4. Infrastructure improvements to attract job-creating businesses.**

**Priority CD-5. Comprehensive workforce training.**

**Priority CD-6. Business recruitment and retention.**

General public services are intended to improve the quality of life and independence of lower-income persons, and promote prevention and early intervention on a variety of social concerns

## Strategies

- Continue to fund the renovation of the Maddux Youth Center, a facility located in a low-income area.
- Continue to fund the Neighborhood Center at Marshall Park, which contains a fire station, a police substation, and an office of the City's Parks, Recreation and Neighborhoods Department.
- Continue street paving in low-income areas as defined by HUD.
- Continue with installation of ADA curb cuts.
- Develop a Neighborhood Revitalization Strategy that will complement the "Weed and Seed" program. Components of this strategy will include the following:

- Code enforcement
- Housing rehabilitation
- Police Department's "Beat Health" programs
- Neighborhood clean-ups

### Public/Supportive Services

#### **Priorities**

**Priority CD-7. Supportive services that allow for independent living by populations with special needs.**

**Priority CD-8. Supportive services combined with housing programs for homeless persons and families .**

**Priority CD-9. Training in life skills and job and language skills.**

**Priority CD-10. Child care services.**

**Priority CD-11. Programs for at-risk youth.**

**Priority CD-12. Transportation services for those with special needs.**

#### **Strategies**

- Continue to fund public services at the highest percentage allowed by HUD regulations.
- Combine housing and services for homeless populations.
- Investigate new program to increase child care opportunities to low-income families.
- Investigate the use of CDBG funds for assistance in funding health care issues for low-income families and individuals.

### **How Priorities Were Established**

Priorities for the Consolidated Plan derive from the primary goals described at the beginning of this Executive Summary:

- To provide decent housing;
- To provide a suitable living environment; and
- To expand economic opportunities.

Priorities are also based on the City's belief that, by increasing self-sufficiency and economic opportunity, many of the housing, social service, educational, and other needs can be addressed more readily.

Members of the City are committed to allocating funds that serve the needs of the lowest-income and most disadvantaged residents. Households with incomes less than 50 percent of the area median income, particularly those with extremely low incomes (less than 30 percent of area median income), are particular priorities. The City has also identified special needs individuals as among those who face the greatest challenges and who should receive high priority in the expenditure of federal funds, including at-risk children and youth, lower-income families, the homeless and persons threatened with homelessness, the elderly (especially frail elderly), and persons with disabilities.

As described below, the City undertook an extensive outreach process to public and private organizations and individuals to identify priority needs and methods establishing those priorities.

## **The Planning Process**

The preparation of the Consolidated Plan began with "in-reach" among public agencies in the City. The City sought first to identify potential needs, service gaps, and key issues on which to focus the community outreach process.

The City also solicited input through the distribution of service provider questionnaires and resident surveys. Service providers were asked to identify critical issues pertaining to housing and community development needs, and any unmet needs or gaps in service. Residents were asked to rank various service and public facility needs in the City. The results were tabulated and priorities were established based on an average score.

To obtain further public input on the identification of priority needs and proposed strategies to address those needs, the City conducted a public workshop on the Consolidated Plan in February 2005, and a public hearing on the draft Consolidated Plan in May 2005.

## **Funding to Implement the Plan**

City members have identified several potential funding sources to implement the strategies contained in the 2005 – 2009 Consolidated Plan. These sources include, but are not limited to:

- Federal funds covered under the Consolidated Plan: CDBG, HOME, ESG, and HOPWA (provided through an agreement with the State of California as a recipient of HOPWA funds);
- Funds provided under other HUD programs, the Department of Commerce, the Federal Emergency Management Agency, and other federal agencies;
- State funds provided under various programs of the California Department of Housing and Community Development and the California Housing Finance Agency;
- State and federal tax credits and mortgage credit certificates;
- Tax-exempt bond proceeds;
- City's Redevelopment Agency tax increment funds and the low/moderate income set-aside from those funds;
- City's General Fund; and
- Private industry sources such as the Federal Home Loan Bank Board's Affordable Housing Program.