

**MODESTO REDEVELOPMENT AGENCY  
RESOLUTION NO. 01-2010**

**RESOLUTION APPROVING AN AGREEMENT TO NEGOTIATE EXCLUSIVELY WITH SATELLITE HOUSING AND AMERICAN BAPTIST HOMES OF THE WEST FOR THE FUTURE DEVELOPMENT OF 17<sup>TH</sup> AND G STREETS, ALSO REFERRED TO AS TOWER PARK, AND AUTHORIZING THE EXECUTIVE DIRECTOR, OR HIS DESIGNEE, TO EXECUTE THE AGREEMENT**

WHEREAS, the Redevelopment Agency of the City of Modesto (the “Agency”) is carrying out the Redevelopment Plan for the Modesto Redevelopment Project (the “Project”); and

WHEREAS, on September 22, 2009, the Agency approved Satellite Housing and American Baptist Homes of the West as the developer for the future development of 17<sup>th</sup> and G Streets, also referred to as Tower Park; and

WHEREAS, the Agency authorized staff to prepare an Agreement to Negotiate Exclusively (ANE) with the developer, Satellite Housing and American Baptist Home of the West, and to return with the final ANE for Agency approval;

NOW, THEREFORE, THE REDEVELOPMENT AGENCY OF THE CITY OF MODESTO DOES HEREBY approve an Agreement to Negotiate Exclusively with Satellite Housing and American Baptist Homes of the West as the developer for the future development of 17<sup>th</sup> and G Streets, also referred to as Tower Park.

BE IT FURTHER RESOLVED that the Executive Director, or his designee, is authorized to execute the Agreement.

The foregoing resolution was introduced at a regular meeting of the Redevelopment Agency of the City of Modesto held on the 12<sup>th</sup> day of January, 2010, by Agency Member Lopez, who moved its adoption, which motion is being duly seconded by Agency Member Marsh, was upon roll call carried and the resolution adopted the following vote:

AYES: Agency Members: Geer, Hawn, Lopez, Marsh, Muratore, Olsen,  
Chair Ridenour

NOES: Agency Members: None

ABSENT: Agency Members: None

ATTEST:   
STEPHANIE LOPEZ, Agency Secretary

(SEAL)

APPROVED AS TO FORM:

By:   
SUSANA ALCALA WOOD, General Counsel

**REDEVELOPMENT AGENCY  
RESOLUTION NO. 02-2010**

**A RESOLUTION ADOPTING THE MODESTO REDEVELOPMENT PROJECT  
AREA FIVE-YEAR IMPLEMENTATION PLAN FOR 2010-2014**

WHEREAS, in December of 1999, the Redevelopment Agency adopted a five-year (2000-2004) Implementation Plan, and

WHEREAS, in December of 2005, the Redevelopment Agency adopted a five-year (2005-2009) Implementation Plan, and

WHEREAS, pursuant to California Health and Safety Code 33490, an updated Implementation Plan must be adopted for the period of 2010-2014, and

WHEREAS, the purpose of the Agency's five-year Implementation Plan is to:

- Outline the specific goals and objectives of the Agency for the project area
- Outline the specific programs, including potential projects and estimated expenditures proposed to be made during the five years covered by the Implementation Plan, and
- Provide an explanation of how the goals and objectives, programs and expenditures will eliminate blight within the project area and implement the requirements pertaining to affordable housing,

NOW, THEREFORE, BE IT RESOLVED by the Redevelopment Agency of the City of Modesto that the Modesto Redevelopment Project Area Five-Year Implementation Plan for 2010-2014 is hereby adopted.

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The foregoing resolution was introduced at a regular meeting of the Redevelopment Agency of the City of Modesto, held on the 9<sup>th</sup> day of March 2010, by Agency member Hawn, who moved its adoption, which motion being duly seconded by Agencymember Lopez, was upon roll call carried and the resolution adopted by the following votes:

AYES: Agency Members: Geer, Hawn, Lopez, Marsh, Muratore, Olsen, Chair Ridenour

NOES: Agency Members: None

ABSENT: Agency Members: None

ATTEST:   
STEPHANIE LOPEZ, Secretary

(Seal)

APPROVED AS TO FORM:

By:   
SUSANA ALCALA WOOD  
General Counsel

**EXHIBIT A**

**MODESTO REDEVELOPMENT PROJECT AREA FIVE-  
YEAR IMPLEMENTATION PLAN  
2010-2014**

# MODESTO REDEVELOPMENT PROJECT AREA 5-YEAR IMPLEMENTATION PLAN

JANUARY 1, 2010 – DECEMBER 31, 2014

PREPARED  
DECEMBER 2009

FOR THE  
MODESTO REDEVELOPMENT AGENCY



BY

**A-COM**

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## PURPOSE AND OVERVIEW

### PURPOSE OF THE REDEVELOPMENT IMPLEMENTATION PLAN

This Modesto Redevelopment Project Area 5-Year Implementation Plan (Implementation Plan) identifies the programs, projects, and financing for the Modesto Redevelopment Project Area (Project Area) for the period January 1, 2010 through December 31, 2014. The Implementation Plan complies with the stipulations of California Health and Safety Code, Division 24, Part 1, Community Redevelopment Law 33000 et. seq. that requires an implementation plan is developed every five years to guide redevelopment activities throughout the effective time limit of the Project Area.

### PROJECT AREA BOUNDARY

The Project Area was initially established in 1983 and was amended in 1991 to include the area shown in Figure 1. The Project Area currently consists of approximately 2,000 acres.

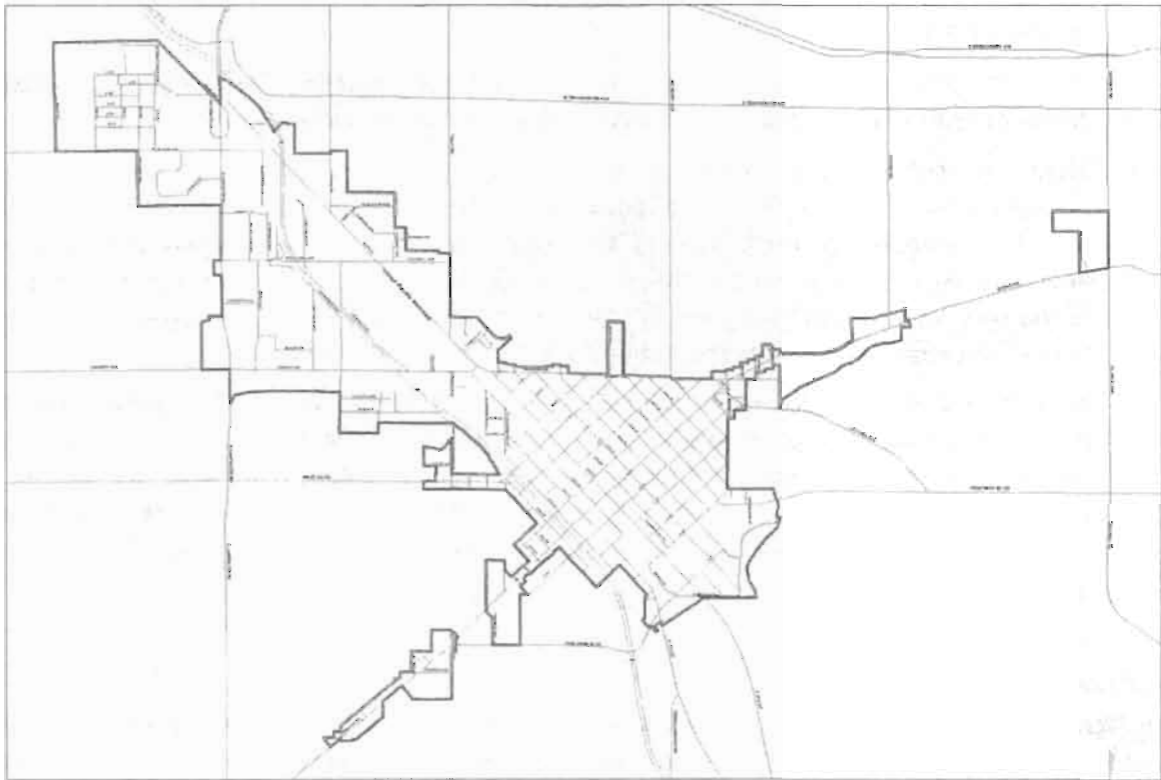


Figure 1. Modesto Redevelopment Project Area (as amended 1991)

The Project Area established in 1983 will expire in 2026, and the Project Area as amended in 1991 will expire in 2032.



## REDEVELOPMENT PLAN

The Agency seeks to eliminate blighting conditions under the original Redevelopment Plan, amendments to that plan, 5-year implementation plans, and redevelopment master plans, summarized as follows:

- June 19, 1984. The Redevelopment Plan was amended by Ordinance No. 2269-C.S.
- 1991. The Project Area was expanded to its current boundaries by amendment (Ordinance No. 2793-C.S.). The amended Redevelopment Plan was adopted by the Stanislaus County Board of Supervisors because the amended area included areas located in unincorporated Stanislaus County (County Ordinance No. C.S. 454).
- 1994. The *Redevelopment Master Plan* (Master Plan) was adopted to guide projects and programs within the amended Project Area of the Redevelopment Plan and to add or modify limitations pursuant to Assembly Bill (AB) 1290 (Ordinance No. 2931-C.S. and County Ordinance No. C.S. 580).
- 2005. The *Modesto Redevelopment Project Area 5-Year Implementation Plan* (2005-2009) was adopted to fulfill requirements under California Redevelopment Law.
- 2007. The Redevelopment Plan was amended to eliminate time limits on incurring debt, extend the time limit on the effectiveness of the *Redevelopment Plan*, and extend the time limit for the receipt of tax increment and repayment of debt for the Project Area. These amendments were processed pursuant to Senate Bill (SB) 211, which allowed the deletion of the time limit to incur debt, and SB 1045 and 1096 that required that payments be made to the Education Revenue Augmentation Fund (Ordinance No. 3454-C.S.).

An updated *Modesto Redevelopment Master Plan* defining goals and objectives for the Project Area over an approximately 20-year period was approved (Resolution No. 09-2007). Redevelopment master plans are not required by California Redevelopment Law, but were carried out by the Agency to additionally direct efforts to eliminate blight. An accompanying environmental impact report (EIR) was completed and approved.

The *Mid-term Review of the 5-year Implementation Plan* was adopted (Resolution No. 13-2005).

## VISION AND GOALS

The 2007 Master Plan was adopted, in part, to identify goals and objectives for eliminating blighting conditions in the Project Area and to identify specific improvements required for preferred development. The Vision and Goals identified in the Master Plan continue to guide redevelopment in the Project Area and are as follows:

### Vision

- Modesto's parks, plazas, and greenways contribute to a public realm that provides an attractive, inviting "Oasis in the Valley."
- Modesto's unique history and character are preserved to make the city a pleasant place to live and are actively promoted to attract new investment.
- The downtown is a vibrant mixed-use area with an established residential element.

- Transportation opportunities are multi-modal and well-connected throughout the Modesto Redevelopment Project Area, city, and region.

## Goals

**Goal 1.** Create a unique and recognizable image for Modesto, and use it to strenuously 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.** Provide the rationale and impetus for the City to update its development standards to support the goals identified in this document.

**Goal 5.** Develop a variety of housing types in the Redevelopment Area, including affordable housing, 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, plazas, and streets, and by creating new parks and plazas that offer public access.

**Goal 7.** Develop historic I and 10th Streets as an attractive, pedestrian-oriented zone. Create a clear sense of arrival at Modesto's downtown by enhancing the 6th and I Street Gateway and the intersection of I and 10th Streets.

**Goal 8.** Promote efficient automobile, bicycle, and pedestrian circulation and linkages into and through the Redevelopment Area.

## AGENCY ACCOMPLISHMENTS

The Master Plan was devised to provide direction for overall redevelopment within the Project Area to include infrastructure, parks and open space, and roadway improvements, as well as to promote infill development. The Master Plan has therefore served as the impetus for a wide variety of projects and programs that the Agency has facilitated, often in coordination with City of Modesto departments, as described below:

### Projects

**10th Street Place Project.** (1010 Tenth Street Place) Construction of an 18-screen cinema, retail development, and the City Towers office building, which includes 250,000 square feet of office space for the City and County.

**Doubletree Hotel.** (1150 9th Street) Construction of a hotel and conference center.

**The Shops at Lincoln School.** (Paradise Road and Martin Luther King Drive) Renovation of an older neighborhood shopping center to a grocery-anchored shopping center supported by a drug store and other neighborhood-serving shops.

**Gallo Center for the Arts.** (10<sup>th</sup> and I) The Agency was one of numerous entities contributing to the construction of the performing arts center, which was completed in 2007.

**Renaissance Office Project.** (12<sup>th</sup> and I) Construction of a 90,000 square foot office building. Certificate of Occupancy issued 2009.

**Development Standards and Design Guidelines.** The City has sponsored several design documents to encourage good design and provide a clearly defined regulatory environment for potential development, in keeping with Master Plan goals promoted by the Agency. The documents consist of *Design Guidelines for Commercial and Industrial Development* (2006), *Multi-family Residential Design Guidelines* (2009), and *Neighborhood Compatibility Guidelines* (2009).

**Downtown Cameras.** The Agency purchased 10 cameras and associated equipment for use in the downtown area. These cameras allow the police department to conduct low profile policing that aid in responses to incidents and investigations of crimes.

#### **Programs**

**Façade Improvement Grant Program.** The program supports façade upgrades to buildings in the Project Area.

**Gateway and Wayfinding Signage.** Distinctive identification and wayfinding signage was installed in the downtown area to contribute to a unique streetscape appearance and assist visitors.

**Streetscape Plans, 10<sup>th</sup> and I.** Conceptual improvement plans have been developed for these two key downtown streets.

**Infrastructure Master Planning and Upgrades.** The City of Modesto Public Works Department has sponsored numerous studies analyzing needed infrastructure improvements in the Project Area. Implementation of studies such as the *Storm Drainage Master* (2008) and the *Final Integrated Groundwater Management Plan* (2009) contribute to an environment supportive of new development in the Project Area.

#### **ONGOING AND PROPOSED PROGRAMS AND PROJECTS**

The following programs and projects are proposed for implementation during the 2010-2014 Implementation Plan period.

**Kansas-Woodland Business Park.** (Northwestern portion of the Project Area, west of North 9<sup>th</sup> Street) Support and promotion of a business park that is subject to the *Kansas Woodland Business Park Specific Plan* and an approved tentative map. Initial roadway and intersection improvements are underway to establish the business park and prepare it for development. A Letter Agreement has been executed by FMC Corporation (FMC) and the Redevelopment Agency of the City of Modesto (Agency) to establish July 31, 2010 as the outside date for the Close of Escrow under the Purchase and Sales Agreement dated January 27, 2009 by and between FMC and the Agency. (Goal 2)

**Mixed-Use Building.** (10th and H) This mixed-use project is intended to meet several Agency objectives including adding covered public parking, adding retail space, adding office space and adding market rate residential units. The project was reviewed and approved October 19, 2009 by the Planning Commission. (Goal 3)

**City Zoning Code.** The Agency intends to encourage mixed-use development by working with the City of Modesto to create and adopt a Downtown Core Form-Based Mixed-Use zone as part of a specific area plan for the Downtown Core. A mixed use zone can allow the City to adopt more comprehensive and detailed development standards that could help to foster a human-scale pedestrian-oriented environment. In 2008, a public workshop was held to initiate dialogue with downtown property and business owners on what the downtown core area might look like. Input from the workshop, and subsequent input from the Citizens Redevelopment Advisory Commission, resulted in the completion of a scope of work by City planning staff. A new Form-Based Zoning Code for the downtown area is in the process of being written and a second workshop is scheduled for December 2009. The new Downtown Core Development Code is scheduled to be completed in the spring of 2010. (Goal 4)

**Standard Specifications.** Streetscape specifications are being revised in coordination with the City Public Works Department to promote a street environment in downtown Modesto conducive to mixed-use development. (Goal 7)

**Outreach and Coordination.** The Agency will continue to partner with City departments to advance business development objectives. Staff will also continue to meet regularly with leaders of the Modesto Chamber, Downtown Improvement District, the Alliance, and Convention & Visitors Bureau in a collaborative effort to further the common goals of business attraction and retention (Goal 1).

**Proposed Modification of Project Area Boundaries.** Three areas have been identified for possible expansion of the Project Area (see Figure 2 on the following page):

- McHenry Avenue, between Needham Street and Briggsmore Avenue. The area is primarily auto-oriented commercial/retail.
- Yosemite Boulevard, East of Dry Creek. The area is primarily commercial/retail frontage on the north side of the Yosemite Boulevard, and light industrial on the south side.
- The area of the former Modesto Tallow Plant at Crows Landing and Zeff Roads. The area is primarily residential with some agricultural uses. A blight analysis is proposed for the 2010-2014 Redevelopment Implementation Plan period.

Funding for the expansion of the Redevelopment Area is not projected in the 2010 budget year. Future funding will be considered during the budget preparation process.

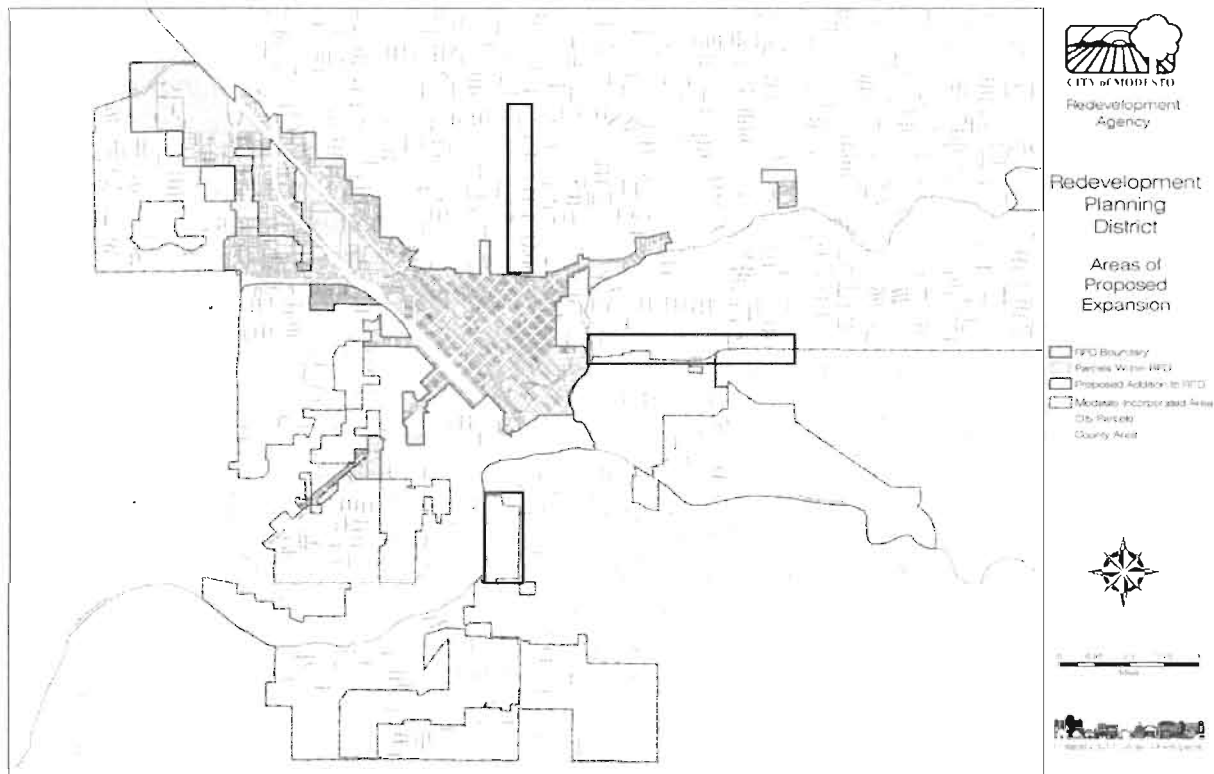


Figure 2. Proposed Redevelopment Project Area Boundary (proposed expansion identified in red)

### ONGOING BLIGHTING CONDITIONS

The original Project Area was established based on blighting conditions identified at the initiation of the Redevelopment Plan. The Agency, in conjunction with City agencies, has since made significant efforts to eliminate blight in the Project Area. Achievements, such as the construction of the Gallo Center for the Arts, have continued to enhance the role of Modesto’s downtown as the civic, cultural, and commercial center of the city and region. The Agency and City have also been successful in creating an environment that is conducive to infill and business development by creating updated development standards and design guidelines and streetscape standards. The Agency has also been successful in attracting the type of mixed-use development consistent with the vision for downtown Modesto. However, the Project Area is still subject to ongoing blighting conditions that may be addressed in the ensuing planning period, including:

- **Lack of Housing.** Most of the Agency’s housing assistance has occurred outside the Project Area. With the exception of existing single-family homes, most of the Project Area still exhibits a notable housing deficit and could benefit from more units serving varied needs and income ranges.
- **Lack of Public Open Space.** The Gallo Center for the Arts includes a public plaza near the important intersection at 10<sup>th</sup> and I Streets in downtown Modesto. However, the Project Area overall continues to lack sufficient public open space providing that can serve as gathering places, contribute to walkability (in the form of paths and trails) and offer visual relief in the urban environment. The Agency should continue to seek opportunities to incorporate public open space throughout the Project Area.

- **Need for Better Commercial/Retail Mix.** The Project Area includes the downtown area and Paradise Road, with many established commercial/retail businesses. Although these areas have distinctive characteristics and serve different shopping niches, they would both benefit from a broader range of neighborhood-serving commercial/retail.
- **Inadequate Parking.** A parking study performed in 2007 analyzed a portion of the downtown area and concluded that parking was near capacity for use by employees, leaving inadequate parking for special events and daily short-term uses.
- **Outdated or Inadequate Infrastructure.** Sewer, water, and storm water drainage systems in the Project Area are inadequate and/or in need of replacement in order to support the economic growth projected in the 2004 market study conducted by the Agency.

## **FINANCING**

### **Funding Mechanisms**

The Agency's primary source of funding is tax increment revenue that is projected to total \$5,868,000. In addition, the Agency will obtain tax increment, interest, and lease revenues totaling \$6,737,833 for the 2009-2010 budget period (see page 11, Redevelopment Agency Adopted Budget 2009-2010). The amount of tax increment revenue available to the Agency has been negatively impacted by lower property values during the budget period, necessitating reductions in program and project expenditures. Tax increment projections for FY 2010 represent an approximate 10% reduction from actual Tax Increment revenue in FY 2009.

### **Obligations and Expenditures**

Obligations and expenditures for the 2009-2010 calendar year totaled \$6,203,940, including administrative costs, housing funding, loan repayment, and transfer obligations (again, see page 14-17, Appendix A for a complete explanation) The largest ongoing obligation is debt service of \$3,037,789. This amount includes \$1,954,017 for the 9th Street Garage Lease, and \$980,676 for the Tenth Street Place Bond. In addition, included in the ongoing expenses are the pass-through payments to various taxing agencies. Administrative costs represent a smaller proportion of the Agency's overall expenditures (\$175,969 for fiscal year 2010), and include professional services and staffing.

Obligations during the current fiscal year include the transfer of a portion of the tax increment revenue to the State's Supplemental Educational Revenue Augmentation Fund (SERAF) to help meet the financial obligations to public schools. The Redevelopment Advisory Commission recommends: 1) Utilizing ERAF payment funds carried over from FY 08-09, 2) Delaying payment to FMC for the Kansas-Woodland Business Park site for one year and utilizing the funds for the site insurance, and 3) Borrowing from RDA Housing Fund Reserves. The State Department of Finance issued a letter on November 13, 2009 to all County Auditors, Redevelopment Agencies, and their Legislative Bodies which notified the Agency of a SERAF payment in the amount of \$2,015,341.

### **Proposed Expenditures**

Funds set aside for program and project purposes have dropped to \$217,788 for fiscal year 2010, and are limited to administrative costs, professional services, and staff service credits (see page 19, Appendix A). The Agency is effectively not funding new projects during the current fiscal year due to the lack of available revenues.

## HOUSING COMPONENT

### IMPLEMENTATION PLAN REQUIREMENTS

The Housing Component covers the affordable housing elements that must be addressed in the Implementation Plan and sets forth the Agency's goals and objectives, projects, and expenditures for the period covered by the Implementation Plan. Per Community Redevelopment Law (CRL) of the State of California, the Housing Component must specifically include:

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

Generally, a redevelopment agency's requirements for affordable housing have to do with producing affordable housing and replacing removed housing, funding low and moderate housing, and building housing that remains affordable for the longest feasible amount of time. These requirements are detailed below.

#### **Housing Production/Replacement Requirement**

For those project areas that were adopted after 1976 and that contained land designated for residential uses, the Agency is required to meet stipulated housing production and to produce a plan showing how those stipulations will be met. The requirement is that 30 percent of all housing units 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. At least 40 percent of these units must be affordable to households with very low incomes. The requirements for new or substantially rehabilitated units to be provided are aggregated, and not on a project-by-project basis, for each dwelling unit created or substantially rehabilitated, unless so required by an agency.

To count units toward 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 accommodating 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.

### **Housing Fund Requirement**

The CRL requires an agency to set aside at least 20 percent of all tax increment revenue generated from its project areas in a Housing Fund to increase, improve, and preserve the community's supply of low- and moderate-income housing. Agencies are specifically required to expend the monies in the Housing Fund to assist households with very low, low, and moderate incomes, generally defined as:

- **Very Low Income:** Incomes at or below 50 percent of area median income, adjusted for family size.
- **Low Income:** Incomes at or below 80 percent of area median income, adjusted for family size.
- **Moderate Income:** Incomes at or below 120 percent of area median income, adjusted for family size.

### **Affordable Housing Cost and 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 households with low and moderate incomes 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, as appropriate, insurance, property taxes, homeowner’s fees and assessments and utilities.

The CRL also requires placing and recording 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 so that they remain affordable for the longest feasible time, but not less than 15 years for units built prior to January 1, 2002, and for 55 years for units built after January 1, 2002. For owner-occupied housing, controls must be recorded that equal 10 years for units built before 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.

## **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, as are all redevelopment project areas.

### **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 1, on the following page, shows that no new housing units have been developed or



rehabilitated by the private sector within the Project Area since adoption of the Project Area. However, three projects are proposed to be constructed in the Project Area (see “Estimate of Future Housing Production” below). These projects have yet to be built; therefore, no obligation to make 15 percent of the units affordable exists in the Project Area. As shown in Table 1, the Agency has assisted with a number of affordable projects outside the Project Area that have created a surplus of affordable units, which can be counted against any future obligation.

In total, the Agency has assisted in creating 102 housing units, of which 52 units can be counted toward the Agency’s housing production requirement. Of the 52 units, 23 units have been made available to very-low-income persons and 29 units have been made available to low- and moderate-income persons.

**Table 1: Historic Production of Housing Units**

Project (Year Built)	In/Out of Project Area	Total Number of Units	Units Toward Requirement <sup>1</sup>		
			Total	Very Low	Low/Moderate
Gateway Village (1997)	Out	8	4	4	
Wydlewood-Habitat (2003)	Out	6	3	3	
1216 Ricardo–Stanco (1997)	Out	1	1	1	
Ashwood Village (1998)	Out	18	9	5	4
Woodstone (2001)	Out	9	5	3	2
Palm Valley Apartments (2008)	Out	40	20	5	15
Village One/Town Center (2008)	Out	20	10	2	8
<b>Total Affordable Units</b>		<b>102</b>	<b>52</b>	<b>23</b>	<b>29</b>
<b>Obligation Surplus/Deficit</b>		<b>102</b>	<b>52</b>	<b>23</b>	<b>29</b>

<sup>1</sup> Units built outside of the Project Area are counted 2 for 1

### Estimate of Future Housing Production

Table 2 provides an estimate of the number of housing units that may be developed in the Project Area over the 5-year period of the Implementation Plan (2010 through 2014) and the subsequent 5-year period. Table 2 also shows the resulting number of low and moderate income units that would need to be developed.

**Table 2: Future Estimate of Housing Units**

	Total Units	Total Affordable Units	Very Low	Low/Moderate
2009–2014	258	39	15	24
2014–2019	492	74	30	44
<b>Total Housing Units<sup>1</sup></b>	<b>750</b>	<b>113</b>	<b>45</b>	<b>68</b>
<b>Potential Future Obligation<sup>2</sup></b>		<b>61</b>	<b>22</b>	<b>39</b>

<sup>1</sup> The 2007 Modesto Redevelopment Master Plan estimates that 750 new residential units could be constructed downtown.

<sup>2</sup> The surplus from Table 1 was been subtracted to determine the potential future obligation.

The Agency does not anticipate significant nonhousing development activity in 2009 through 2012 because of the current economic downturn. However, the Agency anticipates three major housing projects to be built in the Project Area during this period, totaling 208 units. In the latter part of the Implementation Plan period, an additional 50 units are anticipated to be produced in the Project Area, for a combined total of 258 units. The three anticipated projects are described below:

- **Archway Commons—North 9th Street and Carver Road.**  
(Estimated Agency Expenditure: \$6,749,000) This project is anticipated to be a 150-unit affordable housing project in the Project Area along North 9th Street, near the intersection of Carver Road. The site has been cleared and is ready for development.
- **416 Downey Street—Senior Housing.**  
(Estimated Agency Expenditure: \$525,000) In February 2010, the Agency anticipates releasing a request for proposal to develop the site as 13 units of senior housing.
- **Tower Park—17th and G Street.**  
(Estimated Agency Expenditure: \$780,000) This site, approximately 25,000 square feet of buildable space, is anticipated to provide 45 units of senior housing.

The 2007 *Modesto Redevelopment Master Plan* estimates that 750 potential new residential units could be constructed in the downtown area, and the 2009 Urban Growth Review assumes the new downtown residential redevelopment will occur by 2018. Thus, after the three projects listed above are built, an additional 492 units (totaling 750 units) are assumed to be built during the 2014–2019 implementation period.

The Agency will not be developing or substantially rehabilitating any housing units; therefore, the 15 percent inclusionary requirement (discussed on page 1) applies during this implementation period and the subsequent period. The Agency is required to assist in developing 41 affordable units in fiscal year 2009–2014 and 72 affordable units in fiscal year 2014–2019. Of the 113 total units, 45 units are required to be affordable to very-low-income households and 68 for low- or moderate-income households. The Agency has exceeded its historical requirement for housing unit production by 52 units (Table 1), reducing the affordable requirement to 61 units (Table 2). Archway Commons is anticipated to have 74 very low income units. With this project alone, it is likely the Agency will produce a surplus of affordable units that can be counted against any future obligation.

#### **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 removing 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 destroying or removing affordable housing.

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

The CRL requires that the Housing Component of the Implementation Plan set forth the Agency's goals and objectives for affordable housing during the next 5 years. The Agency proposes the following specific affordable housing goals during the 5-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 by implementing its New Housing Construction Assistance Program.

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

### **Applicable Deposit and Expenditure Provisions**

The following deposit and expenditure provisions are used by the Agency to meet its housing goals.

#### ***Set Aside of Tax Increment***

The Project Area is required to meet the requirement to set aside at least 20 percent of all tax increment revenue generated from its project areas in a Housing Fund. The Agency has been meeting this requirement since the adoption of the original Project Area.

#### ***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 with low and very low incomes. To determine the proportion of Housing Fund monies that should be spent for housing persons of low and very low income, the Agency uses the Stanislaus Council of Governments Regional Housing Needs Determination for the City for the period 2009–2014. Table 3 on the following page 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 have been used 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). The Agency must spend 40 percent of the Project Area's Housing Fund money on housing for persons with very low incomes and 28 percent on persons with low incomes.

The Agency must also spend Housing Fund monies over the Implementation Plan period to provide housing that is available to all persons regardless of age in at least the same proportion as the population under age 65 years to the total population of the community. According to the American Community Survey 1-Year Estimates, the population of the City of Modesto was 209,308 in 2008. The population under 65 years of age was 185,715 or 89 percent of the total population. Therefore, the Agency must 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 (that is, for housing that is not age restricted to persons 65 years of age or more).

**Table 3: City of Modesto Fair Share Housing Allocation**

Income Level	RHNA 2007–2014	Targeting Requirement
Very Low	2,596	40%
Low	1,818	28%
Moderate	2,145	33%
<b>Sum</b>	<b>6,559</b>	<b>100%</b>

Note: RHNA = Regional Housing Needs Assessment

***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 4 fiscal years.

The analysis of deposits and balances in the Housing Fund provided in Table 4 indicates that the Agency will not have an excess surplus during this Implementation Plan period. Therefore, the Agency will not be required to transfer monies in the Housing Fund to other housing providers.

**Housing Fund Resources**

Table 4 includes information on beginning balances, revenues, and expenditures into and out of the Housing Fund for the years 2009–2010 through 2013–2014. The amounts shown on Table 4 are estimates, and actual revenues from the tax increments and resulting housing set-aside revenues could be more or less than the amounts shown on Table 4 on the following page.

The housing set-aside fund is expected to **expend** approximately \$960,000 in housing capital improvement projects in fiscal year 2009–2010. Historically the Agency has spent approximately \$21,000 per unit; based on this estimate, the housing set-aside fund would support the development of 46 units in fiscal year 2009–2010. Throughout the Implementation Plan period, the Agency is estimated to expend \$5.74 million dollars on housing capital improvement projects and support 258 units. The Agency will combine its housing funds with Community Development Block Grant Funds and HOME funds to maximize the financial leverage.

**Table 4: Illustrative Project Cash Flow: Housing Program<sup>1</sup>**

	<u>Plan Period</u>				
	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
<b>Resources</b>					
Beginning Balance	\$414,522	\$0	\$30,000	\$30,000	\$30,000
<b>Revenues</b>					
Set-Aside Tax Increment (20% of total tax increment)	\$1,173,600	\$1,245,727	\$1,270,641	\$1,296,054	\$1,321,975
Interest	\$50,000	\$60,000	\$70,000	\$80,000	\$90,000
Misc—Mobile Home Assistance	\$28,000	\$28,000	\$28,000	\$28,000	\$28,000
Loan Repayment from Fund 9020	\$103,096	\$103,096	\$103,096	\$103,096	\$103,096
<b>Total Resources</b>	<b>\$1,769,218</b>	<b>\$1,436,823</b>	<b>\$1,501,738</b>	<b>\$1,537,150</b>	<b>\$1,573,071</b>
<b>Expenditures</b>					
Administrative Expenses (Property Tax Collection)	\$21,215	\$21,851	\$22,507	\$23,182	\$23,878
Professional Services	\$33,502	\$34,507	\$35,542	\$36,609	\$37,707
Staff Charges	\$112,385	\$115,757	\$119,229	\$122,806	\$126,490
City Internal Cost Allocations	\$1,144	\$1,178	\$1,214	\$1,250	\$1,288
Loan Repayment—City General Plan	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Mobile Home Rental Assistance	\$56,000	\$56,000	\$56,000	\$56,000	\$56,000
Transfer out to Housing CIPs	\$961,169	\$1,127,529	\$1,187,246	\$1,217,303	\$1,247,709
Set-Aside ERAF 08-09	\$414,522	\$0	\$0	\$0	\$0
SERAF 09-10	\$119,281	\$0	\$0	\$0	\$0
<b>Total Expenditures</b>	<b>\$1,769,218</b>	<b>\$1,406,822</b>	<b>\$1,471,738</b>	<b>\$1,507,150</b>	<b>\$1,543,071</b>
<b>Balance Available</b>	<b>\$0</b>	<b>\$30,000</b>	<b>\$30,000</b>	<b>\$30,000</b>	<b>\$30,000</b>

Notes: CIP = Capital Improvement Programs; ERAF = Education Revenue Augmentation Fund;  
SERAF = Supplemental Education Revenue Augmentation Fund

<sup>1</sup>Rounded to nearest dollar

### The Housing Program and Potential Financing

As shown in Table 4, the cumulative housing set-aside revenues from the Project Area that are estimated to be available over the 5-year period of this Implementation Plan are approximately \$6.3 million. Based on the Agency's adopted budget for fiscal year 2009-2010, the Agency entered the new Implementation Plan period with a beginning fund balance of approximately \$1.4 million. The total resources that could be available during the Implementation Plan period equal \$7.8 million.

The possible components of the housing program, discussed below, reflect 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.

### ***Current Options for Components of the Housing Program***

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

- **New Housing Construction Assistance.** This program is intended to assist in developing transitional, rental, and owner-occupied housing. The new housing that is produced with Agency assistance must be available at affordable costs to households with very low, low, and moderate incomes 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 the construction cost of single-family, multifamily, or transitional housing projects; used to leverage additional funding sources; and 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.

In 2008–2009, the Agency assisted in developing multiple affordable housing projects, including Village One (Town Center) and Palm Valley Apartments. Village One’s 20 rental units are affordable, with 16 designated as low and moderate income and four as very-low-income households. Palm Valley Apartments has 20 one-bedroom units and 20 two-bedroom units, 10 of which are affordable to very-low-income households (five one-bedroom and five two-bedroom units) and 30 of which are affordable to low- or moderate-income households (15 one-bedroom and 15 two-bedroom units).

- **Property Acquisition and Rehabilitation Program.** The acquisition of vacant property is intended to assist in developing transitional, rental, and owner-occupied housing. Housing produced on property acquired with this assistance must 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 it could assist with purchasing property from 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.

In 2008–2009, the Agency assisted with parcel acquisition and land assembly for Archway Commons, the Downey Avenue Senior Housing project, and the Tower Park Project. As previously mentioned, Archway Commons will consist of 150 units, 74 of which will be affordable to very low income households. The Downey Avenue project is anticipated to consist of 11 to 13 units for seniors and will be affordable to households with incomes below 120 percent of the area median income. The Tower Park (17th and G Streets) will be for seniors and will be affordable to households with incomes below 120 percent of the area median income.

### ***Future Options for Components of the Housing Program***

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 households with very low, low, and moderate incomes 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 nonprofit organizations that provide affordable housing. The assistance may also be used to leverage other funding sources.

- **Homebuyer Assistance Program.** This program is designed to assist first-time homebuyers with low and very low incomes with buying new or existing homes. Agency assistance could be in the form of loans to assist with down payments, 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 is intended to assist developers of transitional, rental, and owner-occupied housing. The housing units assisted must be affordable and available to households with very low, low, and moderate incomes and remain affordable for not less than 55 years for rental and 45 years for owner-occupied homes. Agency assistance would be in the form of loans to offset, for example City Capital Facilities Fees and utility hook-up fees. The loans would be due and payable at the time each housing unit is sold or during 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 households with very low, low, and moderate incomes, with deed restrictions implemented by the Agency.
- **Administrative Expenses.** Administrative costs will be incurred in the course of implementing the housing program. Such expenditures include salaries, overhead, consultant and legal expenses, and supplies.

**Housing Element Consistency**

By law, every city and county in California must adopt a Housing Element as part of its General Plan. The purpose of the Housing Element is to ensure that local governments adequately plan to meet the housing needs of all people within the community – regardless of their income. The Housing Element is being updated for the next five year housing cycle (2009 to 2014). The Agency is identified in the draft 2009–2014 Housing Element as a key resource for creating housing opportunities for households with very low, low, and moderate incomes. Furthermore, redevelopment is looked to in the Housing Element to revitalize residential neighborhoods and commercial/industrial areas with blighted conditions. The proposed plans and programs presented in this Implementation Plan for improving the supply of affordable housing in the City are similar to the plans and policies in the Housing Element; therefore, the Implementation Plan is consistent with the Housing Element.



**APPENDIX A**  
**ADOPTED BUDGET, FISCAL YEAR 2009-2010**



**MODESTO REDEVELOPMENT AGENCY  
RESOLUTION NO. 03-2010**

**RESOLUTION APPROVING A TWO-PHASED APPROACH TO THE PROJECT KNOWN AS "ARCHWAY COMMONS" AND REAFFIRMING THE REDEVELOPMENT AGENCY'S COMMITMENT OF \$6,749,000 IN AFFORDABLE HOUSING SET-ASIDE FUNDS TO THE FIRST PHASE OF THE PROJECT WITH 102 UNITS WITH FURTHER CONSIDERATION OF THE SECOND PHASE TO OCCUR AFTER THE AWARD OF STATE TAX CREDITS FROM THE FIRST FUNDING CYCLE**

WHEREAS, the Redevelopment Agency of the City of Modesto (the "Agency") is carrying out the Redevelopment Plan for the Modesto Redevelopment Project (the "Redevelopment Project"); and

WHEREAS, in conformance with Health and Safety Code Section 33490, the Agency adopted a five-year Implementation Plan (the "Implementation Plan") for the Redevelopment Project; and

WHEREAS, on April 28, 2009, by Resolution No. 10-2009, the Agency approved a Purchase Agreement to acquire three (3) of four (4) parcels (the "Site") needed for the development of an affordable housing apartment complex, also referred to as Archway Commons (the "Housing Project"), and by Resolution No. 11-2009, the Agency approved an Agreement to Negotiate Exclusively ("ANE") with EAH, Inc. ("Developer") to negotiate the terms and provisions of an agreement for the development of the Housing Project; and

WHEREAS, a Purchase Agreement was approved on June 2, 2009, by Resolution No. 13-2009, for the acquisition of the fourth (4th) and final parcel needed for the Housing Project; and

WHEREAS, the Agency closed escrow on the first three (3) parcels of the Site on May 21, 2009, and closed escrow on the fourth parcel on July 1, 2009; and

WHEREAS, the Agency previously entered into a Disposition and Development Agreement ("Existing DDA"), dated June 2, 2009, with Developer providing an option for the Developer to either purchase or ground lease from the Agency the Site for the development of a 150-unit affordable Housing Project; and

WHEREAS, on August 11, 2009, the Agency approved an Amended and Restated Disposition and Development Agreement (the "Amended DDA") to clarify that the Developer would purchase the Site from the Agency, and make other conforming changes related thereto; and

WHEREAS, the proposed Amended DDA further provided that the Developer would develop the Housing Project on the Site, consisting of approximately 150 affordable housing units; and

WHEREAS, the Amended DDA also provided for Agency assistance for the Housing Project in an amount not to exceed \$6,749,000.00 (the "Agency Loan"), which consists of three elements, including a Predevelopment Loan in the amount of \$900,000; a Development Loan, not to exceed \$1,869,900; and a Purchase Loan for the purchase price in the amount of \$3,980,000, which amounts are consistent with the Agency Assistance provided for under the Existing DDA; and

WHEREAS, in light of certain conditions and facts, it has been determined that the amount of federal and state tax credits available to the Developer for this Housing Project is insufficient to fully fund the project as originally envisioned; and

WHEREAS, in order to make the Housing Project financially feasible, the Developer has approached the Agency with a request to phase the 150-unit affordable

housing complex into two phases with the first phase consisting of 102 units with a second phase of 48 units; and

WHEREAS, it is in the Agency's best interest to enhance the viability of the Housing Project through the approval of a phased approach,

NOW, THEREFORE, BE IT RESOLVED, by the Redevelopment Agency of the City of Modesto as follows:

1. The Agency agrees to a two-phased approach to the Housing Project with 102 units in Phase I and 48 units in Phase II.
2. The Agency reasserts its commitment of financial support for the Housing Project and hereby authorizes the use of all commitment funds for Phase I.
3. The Agency further commits to additional consideration of the Phase II viability after the outcome of the first tax credit funding cycle is known.

BE IT FURTHER RESOLVED that the Executive Director and Secretary are authorized to undertake such actions and execute such documents as are necessary to carry out the provisions of this Resolution and to complete the obligations of the Agency under the Amended DDA on behalf of the Agency, including without limitation, the execution of deeds trust agreement, and all other actions and documents necessary for the sale of the Site to the Developer, and funding of the remainder of the Agency Assistance, all as provided for in the Amended DDA.

The foregoing Resolution was introduced at a regular meeting of the  
Redevelopment Agency of the City of Modesto held on the 23<sup>rd</sup> day of March, 2010, by  
Agency Member Marsh, who moved its adoption, which motion is being duly seconded  
by Agency Member Olsen, was upon roll call carried and the resolution adopted the  
following vote:

AYES: Agency Members: Geer, Hawn, Lopez, Marsh, Olsen, Mayor Ridenour

NOES: Agency Members: None

ABSENT: Agency Members: Muratore

ATTEST:   
STEPHANIE LOPEZ, Agency Secretary

(SEAL)

APPROVED AS TO FORM:

By:   
SUSANA ALCALA WOOD, General Counsel

**MODESTO REDEVELOPMENT AGENCY  
RESOLUTION NO. 04-2010**

**A RESOLUTION ADOPTING THE ANNUAL REDEVELOPMENT AGENCY  
OPERATING AND CAPITAL IMPROVEMENT (CIP) BUDGET FOR THE  
FISCAL YEAR ENDING JUNE 30, 2010**

WHEREAS, pursuant to Health & Safety Code Section 33606, a proposed budget for the 2010-2011 Fiscal Year has been submitted to the Redevelopment Agency by the Executive Director, and the Redevelopment Agency has made such revisions as it has deemed advisable and is **attached** hereto as **Exhibit "A"** and made a part hereof by this reference, and

WHEREAS, the proposed budget was reviewed by the Finance Committee on May 24, 2010, and the Committee recommended the budget to the Agency for approval which approval includes, but is not limited to, the following specific recommendations more particularly described in the Budget Summary located on Page 11 of the budget document:

- A. The Tax Increment revenues for FY 10-11 are budgeted in the amount of \$5,868,000 and will be allocated between the following funds in the amount stated:
  - a. Debt Service Fund 9020 (Debt Service) - \$3,227,214
  - b. Debt Service Fund 9020 (Pass-throughs) - \$1,136,499
  - c. Administration Fund 9050 - \$188,683
  - d. Housing Set-Aside Fund 9060 - \$1,173,600
  - e. RDA Projects Fund 9080 - \$142,004
  
- B. No General Fund loan is needed for Fiscal Year 2010-2011

- C. Transfer funds into the existing Capital Improvement Project Account Affordable Housing Projects Q244 for the purpose of assisting with an affordable housing project(s) for the budgeted amount of \$20,000 from Account No. 9060-140-1491
- D. Transfer funds into the existing Capital Improvement Project Account - Archway Commons K743 for the purpose of assisting with multi-family affordable housing units for the budgeted amount of \$456,447 from Account No. 9060-140-1491
- E. Transfer funds into the existing Capital Improvement Project Account – Downey Avenue K746 for the purpose of assisting with senior affordable housing units for the budgeted amount of \$15,000 from Account No. 9060-140-1491
- F. Transfer funds into the existing Capital Improvement Project Account – Tower Park XXXX for the purpose of assisting with senior affordable housing units for the budgeted amount of \$286,438 from Account No. 9060-140-1491

WHEREAS, the Citizens Redevelopment Advisory Commission reviewed the proposed budget on May 5, 2010, and recommended its adoption, and

WHEREAS, in accordance with Health & Safety Code Section 33606, a public hearing was held on June 8, 2010 to review the proposed Agency budget and allow for public comment, and

WHEREAS, copies of the proposed budget have been and are available for inspection by the public at the office of the Agency Secretary, and

WHEREAS, the Agency has reviewed the budgetary control and authority policy report prepared by staff,

NOW, THEREFORE, BE IT RESOLVED by the Redevelopment Agency of the City of Modesto that the Operating and Capital Improvement Budget for the Fiscal Year ending June 30, 2011 is hereby adopted.

BE IT FURTHER RESOLVED that the Tax Increment Revenues for FY 10-11 budgeted in the amount of \$5,868,000 shall be allocated between the Agency funds as set forth in said budget document and this resolution.

BE IT FURTHER RESOLVED that no General Fund loan is needed for Fiscal Year 2010-2011.

BE IT FURTHER RESOLVED that for the purpose of assisting with an affordable housing project(s), funds shall be transferred into the existing Capital Improvement Project Account – Affordable Housing Projects Q244 for the budgeted amount of \$20,000 from Account No. 9060-140-1491.

BE IT FURTHER RESOLVED that for the purpose of assisting with multi-family affordable housing units, funds shall be transferred into the existing Capital Improvement Project Account – Archway Commons K743 for the budgeted amount of \$456,447 from Account No. 9060-140-1491.

BE IT FURTHER RESOLVED that for the purpose of assisting with senior affordable housing units, funds shall be transferred into the existing Capital Improvement Project Account – Downey Avenue K746 for the budgeted amount of \$15,000 from Account No. 9060-140-1491.



BE IT FURTHER RESOLVED that for the purpose of assisting with senior affordable housing units, funds shall be transferred into the existing Capital Improvement Project Account Tower Park XXXX for the budgeted amount of \$286,438 from Account No. 9060-140-1491.

BE IT FURTHER RESOLVED that the Treasurer is hereby authorized to take the necessary steps to implement the provisions of this resolution.

BE IT FURTHER RESOLVED that the budgetary control and authority policy defined in **Exhibit "B"**, which is **attached** hereto and made a part hereof by this reference, is hereby adopted for the Fiscal Year 2010-2011.

The foregoing resolution was introduced at a special meeting of the Redevelopment Agency of the City of Modesto, held on the 9<sup>th</sup> day of June, 2010, by Agency member Marsh, who moved its adoption, which motion being duly seconded by Agency member Lopez, was upon roll call carried and the resolution adopted by the following votes:

AYES: Agency Members: Geer, Hawn, Lopez, Marsh, Muratore, Olsen, Chair Ridenour

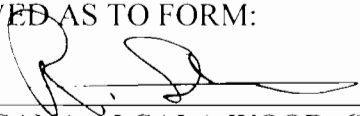
NOES: Agency Members: None

ABSENT: Agency Members: None

ATTEST:   
STEPHANIE LOPEZ, Agency Secretary

(SEAL)

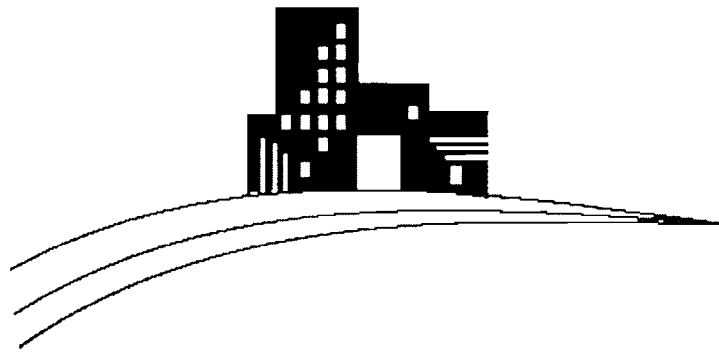
APPROVED AS TO FORM:

By:   
SUSANA ALCALA WOOD, General Counsel

**EXHIBIT A**

**FY 2010-2011 REDEVELOPMENT AGENCY  
OPERATING AND CIP BUDGET**

# Modesto Redevelopment Agency



## Proposed Budget

Fiscal Year 2010-11



1010 Tenth Street, Suite 3300  
PO Box 642  
Modesto, CA 95353-0642  
209.571.5111  
Fax 209.491.5798  
Email rda@modestogov.com

June 8, 2010

To: Chair and Members of the Modesto Redevelopment Agency

I am very pleased to present the Agency with the Modesto Redevelopment Agency budget for Fiscal Year 2010-2011. In accordance with State Health & Safety Code Section 33606 et seq., the Agency's FY 10-11 budget includes the following:

- (1) The proposed expenditures of the Agency, including administrative expenses
- (2) The proposed indebtedness of the Agency
- (3) The anticipated revenues of the Agency
- (4) The proposed work program for Fiscal Year 2010-2011, including goals
- (5) A review of FY 2009-2010 achievements and a comparison of these achievements with the goals set by the Agency in FY 2008-2009

We have provided the Agency with a budget that accurately reflects Redevelopment Law and details the requirements for each fund. The budget document is organized into three major sections: (1) History, Work Program, Accomplishments and Future Plans; (2) Proposed budget for FY 2010-2011; and (3) Capital Improvement Project Programs. These sections define each of the Agency's projects and detail the corresponding funds needed to complete these projects. The enclosed Executive Summary outlines the overall revenues, expenditures and projects.

A budget summary detailing the revenue and expenditures for Fiscal Year 2010-2011 is shown on Page 11. The fiscal picture for next year has been significantly impacted by the Supplemental Education Revenue Augmentation Fund (SERAF) payment to the State of California. In July 2009 the State legislature and Governor approved budget bill ABX4-26 as part of the 2009 State budget which authorized taking \$2.05 billion from local redevelopment agencies. This included \$1.7 billion in FY 09-10 and another \$350 million in FY 10-11. On October 20, 2009 the California Redevelopment Association (CRA) and two member agencies filed a lawsuit challenging the constitutionality of this action. On May 4, 2010 the Superior Court ruled against CRA and in favor of the State. As a result, the Modesto Redevelopment Agency was required to pay \$2,015,341 in FY 09-10 and will owe \$414,522 in FY 10-11. Therefore, there is no funding for projects other than those budgeted in the Housing Set-Aside funds.

Funding to pay the FY 09-10 SERAF payment came from several sources. First, \$1,176,704 from the CIP budget established for the acquisition of the FMC property (for the development of Kansas/Woodland Business Park) was used for the payment. These funds were designated for the land

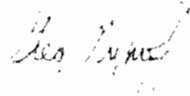
June 8, 2010

Page Two

acquisition and hazard insurance expenses. In addition, loans from the Housing Set-Aside fund were used to make up the remaining balance of \$836,689. In order to make the FY 10-11 payment an additional loan of \$365,100 will be required from the Housing Set-Aside fund. Repayment of these loans has been scheduled into the proposed budget.

Because of the SERAF payments, the proposed budget does not contain funding for any existing or new projects outside of the Housing Set-Aside funds. There is, however, activity in housing that will continue through the next fiscal year.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Nyhoff".

Greg Nyhoff  
RDA Executive Director

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# Executive

**T**he Modesto Redevelopment Agency was formed to eliminate the amount of physical and economic blight in Modesto's downtown, as well as areas west of State Route 99 and along Scenic Drive. Since 1983, the Agency has accomplished many of the strategies set forth in the Implementation Plan, which is the framework used to guide the Agency's activities.

The Agency budget for FY2010-11 is outlined below.

The estimated gross tax increment for FY 2010-11 is \$5,868,000, which is equivalent to the gross tax increment projected for FY 2009-10. Due to a decrease in property value and a slowdown in construction within the Project Area, the estimated revenue will remain static from the previous fiscal year. In addition, the Agency will receive approximately \$225,900 in miscellaneous revenue from property leases and interest from funds within the RDA reserves. From the gross revenue of \$5,868,000 (including reserves), we deduct the following non-discretionary, statutory payments:

1. \$1,136,499 - Tax revenue pass-throughs to outside agencies
2. \$1,173,600 - 20% revenue transfer to the Housing Set-aside fund
3. \$ 106,258 - County administrative expenses

After these deductions, it is estimated that the Agency will net approximately \$3,451,643.

For annual debt service, approximately \$3.1M is budgeted for FY 2010-11. For staff services, approximately \$397,260 is budgeted and is shown in the form of service credits from the Agency to the City. The Agency does not employ staff. Instead, the Agency provides service credits to certain City staff for needed services including legal, financial and administrative.

In addition, approximately \$72,174 is budgeted for administrative costs and contracts with outside service providers including McDonough, Holland and Allen for legal review and Keyser-Marston for financial consultation.

The Agency has identified the following projects and programs for FY 2010-2011. For detailed descriptions and objectives of the Capital Improvement Project (CIP) accounts, please refer to the Capital Improvement Project section in this budget document.

Total CIP Expenditures for FY 10-11: \$1,949,417. See CIP Section for details.

# Executive

(cont.)

	Archway Commons - 150 Unit Affordable Housing Project (Multi-family)		Dec 2010		Feb 2012
	Project is ready to start construction pending the award of Federal & State Tax Credits				
	Please refer to the description included in the Capital Improvement Program Section of this Budget				
	416 & 412 Downey Avenue - 11 Unit Affordable Housing Project (Senior)		Spring 2011		Spring 2012
	The Request for Proposals is currently being reviewed in order to select a potential developer				
	Please refer to the description included in the Capital Improvement Program Section of this Budget				
	17th & G Streets "Tower Park" - 48 Unit Affordable Housing Project (Senior)		Nov 2012		Nov 2013
	A developer has been selected and award of funding to the project is anticipated by June 8, 2010				
	Please refer to the description included in the Capital Improvement Program Section of this Budget				
	Kansas-Woodland Business Park		2002		Delayed
	On hold due to lack of funding				
	Please refer to the description included in the Capital Improvement Program Section of this Budget				
	Mixed-Use Project - 10th & H Streets		June 2010		Delayed
	On hold				
	<p>This Mixed-use Project is intended to meet several Agency objectives, including: (1) Add covered public parking; (2) Add retail space; (3) Add office space; and (4) Add market-rate residential. The proximity of this project to existing destinations is critical to its success. The Gallo Center for the Arts is directly across 10th Street and the main theater and restaurant district is within one block of this location.</p> <p>The Agency owns four (4) parcels of land at the southwest corner of 10th &amp; H Streets, which is the Project Site. The Agency Board distributed a Request for Proposal (RFP) to solicit a public-private partnership for the development of a high-quality, Mixed-Use Project on this 31,500 square-foot Site. The Agency selected a developer ("Team Modesto") for this project and entered into an Agreement to Negotiate Exclusively with Team Modesto. The goal is to deliver the desired development and provide for the redevelopment of this critical corner property. Team Modesto has negotiated with the Agency to expand the project to include the east side of the block between 9th &amp; 10th Streets and G &amp; H Streets.</p>				
	Public Parking Garages in Downtown Area		Pending		Pending
	On hold				
	Parking within the Downtown Area is in extremely short supply. This project is intended to meet the Agency objective of providing needed infrastructure to support the variety of uses within the Downtown Core, including proposed residential, commercial and entertainment. There is a severe parking shortage in the downtown and the Agency will continue to utilize partnerships to develop additional spaces to meet the growing demand.				



# Executive

(cont.)

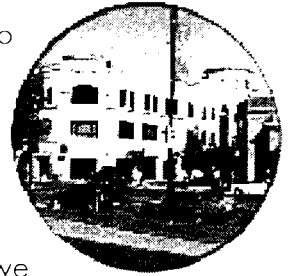
	Implement amendments to the City of Modesto Zoning Code to encourage mixed-use development in the Downtown Core	Jan 2009	July 2010
	Completion of the Downtown Core Form Based Code is anticipated for July 2010		
	The RDA will encourage mixed-use development by working with the City of Modesto to create and adopt a Downtown Core Form Based Code. A form based code allows the City to adopt more comprehensive and detailed development standards that facilitate intensification of the downtown core, while ensuring a human-scaled, pedestrian-oriented environment. The form based code should include development provisions that address, at minimum, specifications for building placement, building massing and heights, the public/private interface, parking, and signage. Application of new development standards should dictate that the Downtown Core will include the highest residential densities and the greatest intensity of land uses in the city.		
	Conduct a Land Use & Business Survey on Carpenter Road, including Modesto Junior college West	May 2009	Delayed
	On hold		
	The Agency intends to initiate several steps to foster the development of the Carpenter Road Corridor as a cohesive commercial corridor with mutually supporting uses. The preponderance of home improvement businesses on North Carpenter Road suggests that this market niche could be expanded. The Agency will conduct a land use survey of North Carpenter Road to determine what types of businesses are present. In addition, business owners will be surveyed to determine what type of new development they believe would complement and support existing development. These surveys will help to determine whether there is an adequate cluster of businesses that warrants further recruitment in a particular niche, such as home improvement. If so, the Agency could actively target new development that expands this niche.		
	Implement streetscape improvements on 10th Street, from J Street to the Tuolumne River	Sept 2009	Delayed
	On hold		
	Produce a Design Plan for implementation of streetscape improvements on 10th Street, from J Street to the Tuolumne River. The ultimate goal is to have a Plan in place that can be used as a partnership document between the Agency and private sector developers. A companion goal is to use the Plan to receive and target future funding. The streetscape will promote shade, walkability, and public gathering places. Streetscape improvements will be designed to fit the context of the block as well as the street. The Plan will also consider the installation of traffic calming measures on I Street, particularly at the intersections of 10th and I Streets, to promote pedestrian access and safety.		
	Modification of Project Area Boundaries	Undetermined	
	Under Consideration		
	Three areas have been identified for possible expansion of the Project Area: McHenry Avenue, between Needham Street and Briggsmore Avenue; Yosemite Avenue to El Vista Avenue; and the area formerly occupied by the Modesto Tallow Plant. These areas will be considered by the Citizen Redevelopment Advisory Commission for recommendation to the Agency Board.		

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# Why Have

The purpose of forming a Redevelopment Agency is to eliminate physical and economic blight in a specific area of a community. The State of California enacted the Redevelopment Law for the specific purpose of assisting cities and counties in breathing new life into those targeted areas of cities that had fallen into economic and physical ruin. The heart of Modesto, our downtown, was one of those targeted areas. Modestans remember what the downtown was like before 1999. Back then, many were hesitant to walk alone in certain areas of the downtown because of the vacant buildings and seedy areas that seemed to be everywhere.

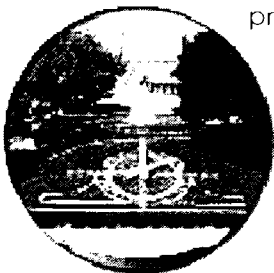
The only way to bring a blighted area to life is to attract private investment dollars to rebuild and redevelop the blighted properties. But, as one can imagine, investors are not anxious to put money into a dilapidated area with high risk and a very low rate of return. Understanding this, a Redevelopment Agency is formed for the specific purpose of providing a small amount of public funding to encourage investors to make a commitment within a blighted area. The Redevelopment Agency is given the role of using minimal public funds to leverage a much larger amount of private investment dollars to transform the blighted area from high risk to high activity --- which is what we have done with the new Tenth Street Place and other projects within the Redevelopment Project Area.



There are two key points to understand about a Redevelopment Agency. **First, the Agency is a distinct political body that is totally separate from the City.** In some cities, such as San Jose, the redevelopment agency is a separate board with separate offices and staff. In Modesto, as in many other California cities, the City Council is the Agency board. This provides a cost savings to the Agency since the same offices and staff are used for both the City and the Agency. But, while it is a cost savings, it can be confusing. It is important to remember that the Agency and the City are separate agencies with separate laws, separate budgets and separate funding sources.

The second key factor is the source of funding for the Redevelopment Agency. The funds for redevelopment come from the property taxes of only those properties within the Redevelopment Project Area. The Redevelopment Project Area was established by law when the Redevelopment Agency was formed and it includes the downtown and areas along Carpenter Road, Paradise Road and Scenic Drive. The Agency receives a specified percentage of the property taxes as properties are improved and then incurs debt by reinvesting this money back into the Project Area to improve even more properties. Again, the goal is to leverage a small amount of public funds with private investment dollars to redevelop the Project Area before the Agency is terminated. The Agency can operate for 40 years and then there is an additional 10 years to pay off all debt. For Modesto, the Agency will terminate in November 2031 and all debt will be paid by November 2041.

State law allows a redevelopment agency to invest in very specific uses. For example, a redevelopment agency cannot build a new city hall nor can they use the funds for operation or maintenance of any private or government-owned facility. The Redevelopment Agency can invest in many types of private projects including office buildings, parking garages and retail centers within the Project Area. For example, Modesto's Agency has partnered with the private sector to construct Tenth Street Place and two new office buildings on Tenth Street and 12th Street. Also, the Agency has joined with the private sector and Stanislaus County to construct the Gallo Center for the Arts. This Center will not only provide a benefit to the downtown but it will also increase the assessed value of the properties in the Project Area that, in turn, will increase the assessed property value. When the assessed value goes up, the taxes go up which means there is more money for the Agency to repay the debt they

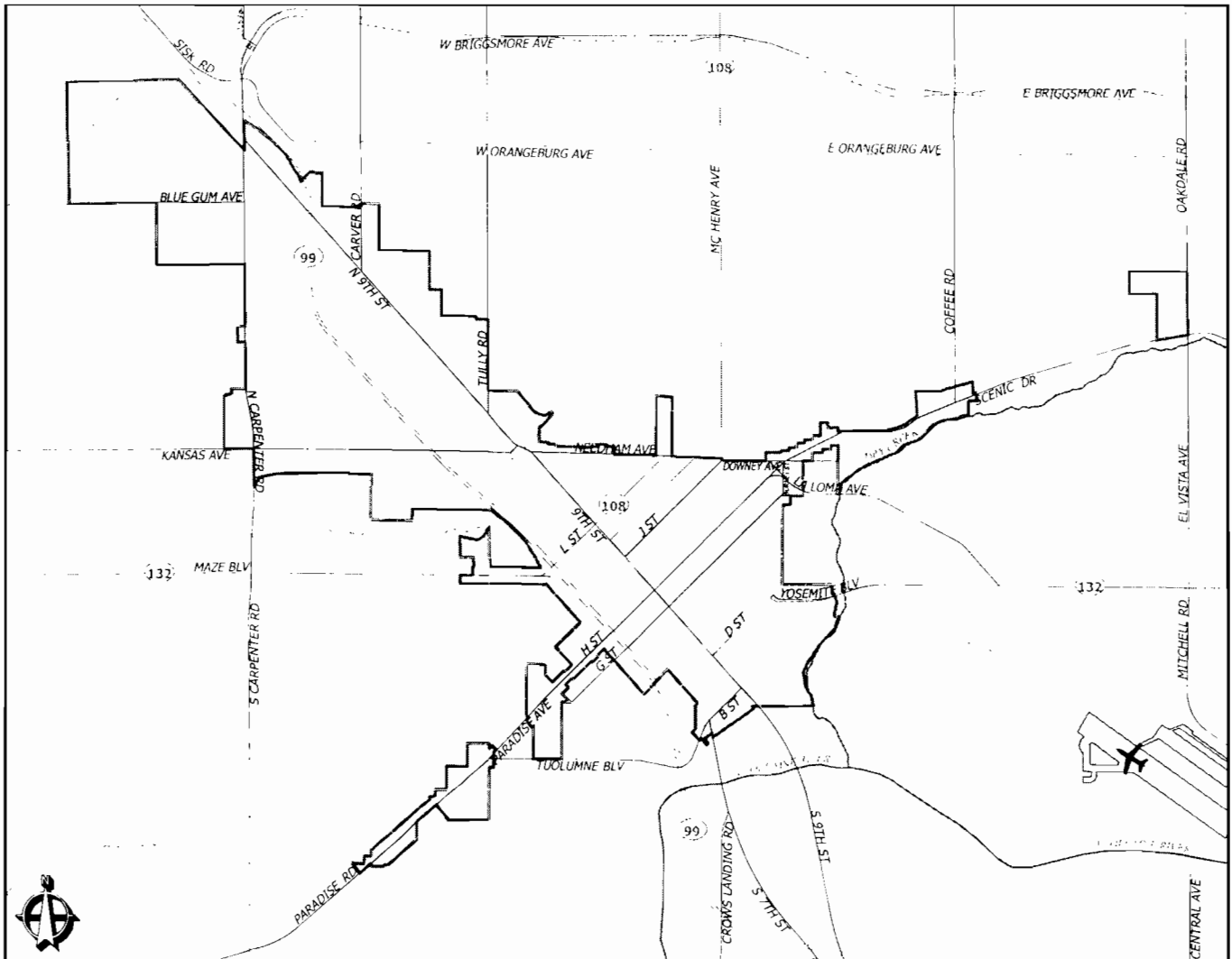


# Why Have

(cont.)

have incurred and contribute towards future projects. This is a perfect example of the redevelopment funding cycle and the role of redevelopment in a community.

Redevelopment has been an important and successful tool in renovating many cities. In Modesto, we think that it has been the main reason for attracting new investors into the downtown and for creating alliances between the City and the County to provide better services for our citizens in a central location. Also, we have added entertainment destinations in the downtown along with restaurants and new retail stores. All in all, redevelopment is performing its job well here in Modesto. Beyond the projects now under construction, housing is another objective for the Redevelopment Agency and we expect to see new housing projects starting within the next year.



# Implementation

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, participation in catalyst projects aimed at spurring other complementary private investments, and expenditure of its low and moderate income housing funds for development of affordable housing.

To create a framework to guide the Agency's activities, the Agency has adopted a Vision and an Implementation Plan.

This Plan was approved in March 2010 for the period of 2010-2014.

- Modesto's parks, plazas, and greenways contribute to a public realm that provides an attractive, inviting "Oasis in the Valley."
- Modesto's unique history and character are preserved to make the city a pleasant place to live, and are actively promoted to attract new investment.
- The downtown is a vibrant mixed-use area with an established residential element.
- Transportation opportunities are multi-modal and well-connected throughout the Redevelopment Area, city, and region.

1. Create a unique and recognizable image for Modesto and use it to strenuously promote the City.
2. Promote the economic viability of the Redevelopment Area by attracting new development.
3. Implement higher density, mixed-use development to create a balanced, vibrant downtown and active neighborhood centers.
4. Provide the rationale and impetus for the City to update its development standards to support the goals identified in this document.
5. Develop a variety of housing types in the Redevelopment Area, including affordable housing, particularly in the downtown, to act as a catalyst for other types of development.
6. Enhance the visual appeal of Modesto's public spaces by upgrading existing parks, plazas, and streets, and by creating new parks and plazas that offer public access.
7. Develop historic I and 10th Streets as an attractive, pedestrian-oriented zone. Create a clear sense of arrival at Modesto's downtown by enhancing the 6th and I Street Gateway and the intersection of I and 10th Streets.
8. Promote efficient automobile, bicycle, and pedestrian circulation and linkages into and through the Redevelopment Area.

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# Agency

## Completed Projects



- Modesto Centre Plaza
- DoubleTree Hotel
- 9th Street Garage



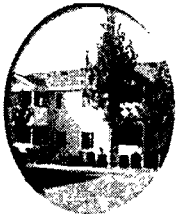
- Master Plan and EIR
- Facade Grants
- Wayfinding Signage



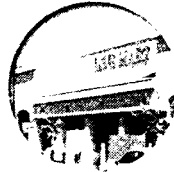
- Gallo Center for the Arts
- City Towers Offices
- Renaissance Office & Garage



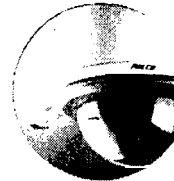
- Tenth Street Place
  - Parking Garage
  - Brenden Theatres
  - First Floor Retail



- Affordable Housing
  - Gateway
  - Ashwood Village
  - Woodstone
  - Dan West Court
  - Town Center
    - Palm Valley



- Shopping Center on Paradise Road



- Downtown Cameras

## FY 2009 - 2010 Project Goals

- Amend Zoning Code to create Downtown Mixed-Use Zoning Plan:
- Kansas-Woodland Business Park - Approval of Parcel Acquisition:
- 10th & H Street Mixed-Use Project: CEQA Review and Planned Development Zone Application
- Affordable Housing Projects:
  1. Archway Commons - Agency funding of parcel acquisition
  2. Palm Valley Apartments - Agency funding of property acquisition and handicapped unit
  3. Downey Avenue Senior Housing - Agency funding of land assembly and related items
- Downtown Parking Garage: Create parking garage plan in conjunction with private projects

## FY 2009- 2010 Goals Achieved

- Amend Zoning Code to create Downtown Mixed-Use Zoning Plan:
  - Projected Completion Date: 06/10
- Kansas-Woodland Business Park - Approval of Parcel Acquisition:
  - Projected Completion Date: Delayed
- 10th & H Street Mixed-Use Project: CEQA Review and Planned Development Zone Application
  - Projected Completion Date: 11/09
- Affordable Housing Projects:
  1. Archway Commons - Agency funding of parcel acquisition
    - Completion Date: Acquisition complete
  2. Town Center - Agency funding of affordable units
    - Completion Date: 10/08
  3. Palm Valley Apartments - Agency funding of acquisition and handicapped unit
    - Completion Date: 05/09
  4. Downey Avenue Senior Housing - Agency funding of land assembly and related items
    - Completion Date: 06/09

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# Budget

FY2010-11					
	\$	420,000		1,246,081	
<b>Adjusted Reserves</b>	\$	420,000		1,246,081	
Bond Reserve Fund (COPS) (2)	\$	1,977,050			
TI - Revenue Received	\$	3,227,214	188,683	1,173,600	142,004
TI for Pass-thrus (3)	\$	1,136,499			
Interest (4)	\$	1,000	2,000	30,000	10,000
Miscellaneous - Mobile Home Assistance	\$			28,000	
Loan Repayment from Fund 9020	\$			422,167	
Leases (5)	\$	110,590			
JPA Operating Lease for Civic Partners (6)	\$	72,310			
Transfer in from Fund 9060 (Loan)	\$	365,100			
<b>Total</b>	\$	4,912,713	190,683	1,653,767	152,004
9th Street Garage Lease (7)	\$	1,952,810			
Debt - Tenth Street Place Bond - 2007 Re-fi: (8)	\$	1,148,839			
County Administrative Costs (9)	\$	80,906	1,782	21,759	1,811
Administration	\$				
Professional and Admin Services	\$		20,285	30,000	21,889
Staff/Service Credits (10)	\$	36,295	127,080	115,757	118,128
City Internal Cost Allocations	\$	24,365	41,536	50,794	10,176
Pass-thrus	\$	1,136,499			
TI Rebate - Renaissance Project (11)	\$	44,000			
JPA Operating Maintenance Costs (12)	\$	72,310			
Loan Repayment - Housing Fund (13)	\$	422,167			
Loan Repayment (Downey) - City General Fund	\$			50,000	
Educational Revenue Augmentation Fund	\$	414,522			
Mobile Home Rental Assistance	\$			56,000	
Transfer out: Housing CIP Q244	\$			20,000	
Transfer out: Housing CIP K743	\$			456,447	
Transfer out: Tower Park Housing CIP	\$			286,438	
Transfer out: Housing CIP K746	\$			15,000	
Transfer out: Loan to Fund 9020	\$			365,100	
Previous Years Funds: Housing CIP K743	\$			1,432,553	
<b>Total</b>	\$	5,332,713	190,683	2,899,848	152,004
Available Working Capital	\$				
Transfer to Reserves	\$				
KWBP Land - Q243 (Fund 9080)	\$	135,000	135,000		
KWBP Plan - Q246 (Fund 9080)	\$	605,000	595,296		
Housing - Q244 (Fund 9060)	\$	86,214	61,620	20,000	20,000
Archway Commons - K743 (Fund 9060)	\$	6,079,146	4,642,287	456,447	1,889,000
Palm Valley - K745 (9060)	\$	830,000	804,583		25,417
Downey Avenue - K746 (9060)	\$	520,000	520,000	15,000	15,000
Tower Park - XXXX (9060)	\$			286,438	
10th & H Mixed Use - 9080 - 1494	\$	90,833	88,277		
Archway Commons - 9060 - 1495	\$	73,150	69,827		3,323
KWBP - TT Modesto - 9060 - 1496	\$	1,000			

**MODESTO REDEVELOPMENT AGENCY  
RESOLUTION NO. 05-2010**

**RESOLUTION APPROVING THE HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS AS THE DEVELOPER FOR THE 412/416 DOWNEY AVENUE PROPERTIES; AND AUTHORIZING STAFF TO DRAFT AN AGREEMENT TO NEGOTIATE EXCLUSIVELY WITH THE SELECTED DEVELOPER**

WHEREAS, the Redevelopment Agency of the City of Modesto (the “Agency”) is carrying out the Redevelopment Plan for the Modesto Redevelopment Project (the “Project”), and

WHEREAS, the Agency desires to approve the Housing Authority of the County of Stanislaus as the selected developer for the 412/416 Downey Avenue properties, and

WHEREAS, the Agency desires to authorize staff to draft an Agreement to Negotiate Exclusively (ANE) with the selected developer, and

WHEREAS, the final ANE will be brought back to the Agency for final approval,

NOW, THEREFORE, THE REDEVELOPMENT AGENCY OF THE CITY OF MODESTO DOES HEREBY approve the Housing Authority of the County of Stanislaus as the selected developer for the 412/416 Downey Avenue properties.

BE IT FURTHER RESOLVED that staff is hereby authorized to draft an Agreement to Negotiate Exclusively with the selected developer.

The foregoing resolution was introduced at a regular meeting of the Redevelopment Agency of the Cit of Modesto held on 22<sup>nd</sup> day of June, 2010, by Agency member Hawn, who moved its adoption, which motion is being duly seconded by Agency member Marsh, was upon roll call carried and the resolution adopted the following vote:

AYES: Agency Members: Geer, Hawn, Lopez, Marsh, Muratore, Olsen,  
Chair Ridenour

NOES: Agency Members: None

ABSENT: Agency Members: None

ATTEST:   
STEPHANIE LOPEZ, Agency Secretary

(SEAL)

APPROVED AS TO FORM:

By:   
SUSANA ALCALA WOOD, General Counsel

**MODESTO REDEVELOPMENT AGENCY  
RESOLUTION NO. 06-2010**

**RESOLUTION APPROVING A COMMITMENT OF REDEVELOPMENT  
AGENCY HOUSING SET-ASIDE (RDA) AND CITY HOME FUNDS FOR THE  
PROJECT LOCATED AT 17TH & G STREETS, ALSO KNOWN AS “TOWER  
PARK”, IN THE AMOUNT OF \$2.7 MILLION**

WHEREAS, on June 27, 2006, by Resolution No. 7-2006, the Redevelopment Agency (RDA) approved the purchase of 17th & G Streets, also known as “Tower Park”, and

WHEREAS, the RDA Housing Set-Aside Fund owns “Tower Park” and has maintained the parcel as a park with the intent to build an affordable housing project on site, and

WHEREAS, on April 22, 2009, staff released a Request for Quotations (RFQ) soliciting affordable housing developers, and Satellite Housing and American Baptist Homes of the West was selected as the preferred developer, and

WHEREAS, a funding commitment from the City will allow the developer to submit a request for other funding such as HUD 202 funds which has a submittal deadline of July 2010, and

WHEREAS, on May 5, 2010, the Citizens’ Redevelopment Advisory Commission was made aware of the project during the budget review process, and

WHEREAS, on May 26, 2010, the Citizens’ Housing and Community Development Committee approved the commitment of RDA Housing Set-Aside and City HOME funds for the project located at 17th & G Streets, also known as “Tower Park”, in the amount of \$2.7 million,

NOW, THEREFORE, BE IT RESOLVED by the Redevelopment Agency of the City of Modesto that it hereby approves a commitment of Redevelopment Agency Housing Set-Aside (RDA) and City HOME funds for the project located at 17<sup>th</sup> & G Streets, also known as "Tower Park", in the amount of \$2.7 million.

The foregoing resolution was introduced at a regular meeting of the Redevelopment Agency of the City of Modesto held on the 22<sup>nd</sup> day of June, 2010, by Agency member Geer, who moved its adoption, which motion being duly seconded by Agency member Marsh, was upon roll call carried and the resolution adopted by the following vote:

AYES: Agency Members: Geer, Hawn, Lopez, Marsh, Muratore, Olsen, Chair Ridenour

NOES: Agency Members: None

ABSENT: Agency Members: None

ATTEST:   
STEPHANIE LOPEZ, Agency Secretary

(SEAL)

APPROVED AS TO FORM:

By:   
SUSANA ALCALA WOOD, General Counsel

**MODESTO REDEVELOPMENT AGENCY  
RESOLUTION NO. 07-2010**

**RESOLUTION AUTHORIZING STAFF TO DRAFT A PRE-CONSTRUCTION  
LOAN AGREEMENT AND A DISPOSITION AND DEVELOPMENT  
AGREEMENT, WHICH WILL BE BROUGHT BACK TO THE AGENCY FOR  
FINAL APPROVAL**

WHEREAS, on June 27, 2006, by Resolution No. 7-2006, the Redevelopment Agency (RDA) approved the purchase of 17th & G Streets, also known as “Tower Park”, and

WHEREAS, the Redevelopment Agency (RDA) Housing Set-Aside Fund owns “Tower Park” and has maintained the parcel as a park with the intent to build an affordable housing project on site, and

WHEREAS, on April 22, 2009, staff released a Request for Quotations (RFQ) soliciting affordable housing developers, and Satellite Housing and American Baptist Homes of the West was selected as the preferred developer, and

WHEREAS, a funding commitment from the City will allow the developer to submit a request for other funding such as HUD 202 funds which has a submittal deadline of July 2010, and

WHEREAS, on May 5, 2010, the Citizens’ Redevelopment Advisory Commission was made aware of the project during the budget review process, and

WHEREAS, on May 26, 2010, the Citizens’ Housing & Community Development Committee approved the commitment of RDA Housing Set-Aside and City HOME funds for the project located at 17th & G Streets, also known as “Tower Park”, in the amount of \$2.7 million,

NOW, THEREFORE, BE IT RESOLVED by the Redevelopment Agency of the City of Modesto that it hereby authorizes staff to draft a Pre-construction Loan Agreement to be brought back to the Agency for final approval

BE IT FURTHER RESOLVED by the Redevelopment Agency of the City of Modesto that it hereby authorizes staff to draft a Disposition and Development Agreement to be brought back to the Agency for final approval.

The foregoing resolution was introduced at a regular meeting of the Redevelopment Agency held on the 22<sup>nd</sup> day of June, 2010, by Agency member Geer, who moved its adoption, which motion being duly seconded by Agency member Marsh, was upon roll call carried and the resolution adopted by the following vote:

AYES: Agency Members: Geer, Hawn, Lopez, Marsh, Muratore, Olsen, Chair Ridenour

NOES: Agency Members: None

ABSENT: Agency Members: None

ATTEST:   
STEPHANIE LOPEZ, Agency Secretary

(SEAL)

APPROVED AS TO FORM:

By:   
SUSANA ALCALA WOOD, General Counsel

**MODESTO REDEVELOPMENT AGENCY  
RESOLUTION NO. 08-2010**

**RESOLUTION APPROVING A REVISED PROJECT SCOPE FOR THE PROJECT KNOWN AS "ARCHWAY COMMONS" AND REAFFIRMING THE REDEVELOPMENT AGENCY'S COMMITMENT OF FINANCIAL ASSISTANCE NOT TO EXCEED \$6,749,000 FOR THE PROPOSED DEVELOPMENT OF A 118-UNIT AFFORDABLE HOUSING COMPLEX**

WHEREAS, the Redevelopment Agency of the City of Modesto (the "Agency") is carrying out the Redevelopment Plan for the Modesto Redevelopment Project (the "Redevelopment Project"); and

WHEREAS, in conformance with Health and Safety Code Section 33490, the Agency adopted a five-year Implementation Plan (the "Implementation Plan") for the Redevelopment Project; and

WHEREAS, on April 28, 2009, by Resolution No. 10-2009, the Agency approved a Purchase Agreement to acquire three (3) of four (4) parcels (the "Site") needed for the development of an affordable housing apartment complex, also referred to as Archway Commons (the "Housing Project"), and by Resolution No. 11-2009, the Agency approved an Agreement to Negotiate Exclusively ("ANE") with EAH, Inc. ("Developer") to negotiate the terms and provisions of an agreement for the development of the Housing Project; and

WHEREAS, a Purchase Agreement was approved on June 2, 2009, by Resolution No. 13-2009, for the acquisition of the fourth (4th) and final parcel needed for the Housing Project; and

WHEREAS, the Agency closed escrow on the first three (3) parcels of the Site on May 21, 2009, and closed escrow on the fourth parcel on July 1, 2009; and



WHEREAS, the Agency previously entered into a Disposition and Development Agreement ("Existing DDA"), dated June 2, 2009, with EAH Inc. ("Developer") providing an option for the Developer to either purchase or ground lease from the Agency the Site for the development of the Housing Project; and

WHEREAS, on August 11, 2009, the Agency approved an Amended and Restated Disposition and Development Agreement (the "Amended DDA") to clarify that the Developer would purchase the Site from the Agency, and make other conforming changes related thereto; and

WHEREAS, the Amended DDA further provided that the Developer would develop the Housing Project on the Site, consisting of approximately 150 affordable housing units; and

WHEREAS, the Amended DDA also provided for Agency assistance for the Housing Project in an amount not to exceed \$6,749,000 (the "Agency Loan"), which consists of three elements, including a Predevelopment Loan in the amount of \$900,000; a Development Loan, not to exceed \$1,869,900; and a Purchase Loan for the purchase price in the amount of \$3,980,000, which amounts are consistent with the Agency Assistance provided for under the Existing DDA; and

WHEREAS, in order to improve the financial feasibility of the project, on March 23, 2010, the Agency approved a recommendation from the Developer to phase the 150-unit affordable housing complex into two phases with the first phase consisting of 102 units with a second phase of 48 units; and

WHEREAS, this strategy was ineffective in gaining approval of the Tax Credits needed to make the 150-unit project viable; and

WHEREAS, it continues to be in the Agency's best interest to enhance the viability of the Housing Project,

NOW, THEREFORE, BE IT RESOLVED, by the Redevelopment Agency of the City of Modesto as follows:

1. The Agency agrees to support a single-phased project of 118 units.
2. The Agency reasserts its commitment of financial support for this project and hereby authorizes the use of all Agency commitment funds for the 118 units of affordable housing.

BE IT FURTHER RESOLVED that the Redevelopment Agency of the City of Modesto authorizes and directs the Executive Director and Secretary to undertake such actions and execute such documents as are necessary to carry out the provisions of this Resolution and to complete the obligations of Agency under the Amended DDA on behalf of the Agency, including, without limitation, the execution of deeds trust agreement, and all other actions and documents necessary for the sale of the Site to the Developer, and funding of the remainder of the Agency Assistance, all as provided for in the Amended DDA.

The foregoing Resolution was introduced at a regular meeting of the Redevelopment Agency of the City of Modesto held on the 6<sup>th</sup> day of July, 2010, by Agency Member Hawn, who moved its adoption, which motion is being duly seconded by Agency Member Marsh, was upon roll call carried and the resolution adopted the following vote:

AYES: Agency Members: Geer, Hawn, Lopez, Marsh, Olsen,  
Chair Ridenour

NOES: Agency Members: None

ABSENT: Agency Members: Muratore

ATTEST:

  
STEPHANIE LOPEZ, Agency Secretary

(SEAL)

APPROVED AS TO FORM:

By:   
SUSANA ALCALA WOOD, General Counsel

**MODESTO REDEVELOPMENT AGENCY  
RESOLUTION NO. 09-2010**

**RESOLUTION APPROVING AGREEMENT TO NEGOTIATE EXCLUSIVELY WITH THE HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS AS THE DEVELOPER FOR THE PROJECT LOCATED AT 412/416 DOWNEY AVENUE; AND AUTHORIZING THE EXECUTIVE DIRECTOR, OR HIS DESIGNEE, TO EXECUTE THE AGREEMENT AND ANY RELATED DOCUMENTS**

WHEREAS, on December 10, 2008, the Redevelopment Agency (RDA) purchased 416 Downey Avenue utilizing Set-Aside funds, and

WHEREAS, on February 28, 2008, the City purchased 412 Downey Avenue utilizing Community Development Block Grant (CDBG) funds, and

WHEREAS, on February 9, 2010, staff released a Request for Proposals (RFP) soliciting affordable housing developers for this project, and

WHEREAS, the scope of the RFP included a maximum dwelling unit count of 11 with \$500,000 in City HOME entitlement funds to be used in the construction of the project, and

WHEREAS, additional funding was anticipated from the RDA's Housing Set-Aside fund; however, with the recent court decision regarding RDA payments to the State of California, there will be no additional RDA dollars available for this project, and

WHEREAS, on June 22, 2010, the City Council approved the Housing Authority of the County of Stanislaus as the selected developer,

NOW, THEREFORE, BE IT RESOLVED by the Redevelopment Agency of the City of Modesto that it hereby approves an Agreement to Negotiate Exclusively with the Housing Authority of the County of Stanislaus as the Developer for the project located at 412/416 Downey Avenue.

BE IT FURTHER RESOLVED, that the Executive Director, or his designee, is hereby authorized to execute the Agreement and any related documents.

The foregoing resolution was introduced at a special meeting of the Redevelopment Agency held on the 3<sup>rd</sup> day of November, 2010, by Agency Member Lopez, who moved its adoption, which motion being duly seconded by Agency Member Hawn, was upon roll call carried and the resolution adopted by the following vote:

AYES: Agency Members: Geer, Hawn, Lopez, Marsh, Muratore, Olsen, Chair Ridenour

NOES: Agency Members: None

ABSENT: Agency Members: None

ATTEST:   
STEPHANIE LOPEZ, Agency Secretary

(SEAL)

APPROVED AS TO FORM:

By:   
SUSANA ALCALA WOOD, General Counsel