



EL CAPITAN MOTEL – HOMEKEY APPLICATION

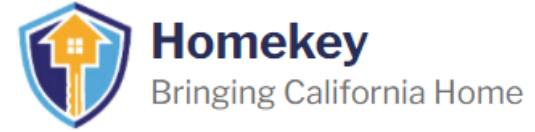
Jessica Hill

Director of Community and Economic
Development

February 4, 2025



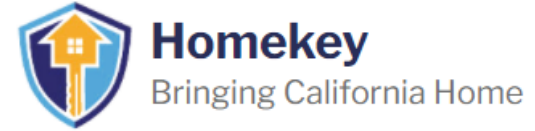
BACKGROUND



- One of the core initiatives of the City's Community Development Division is to encourage, fund, and support the development of Affordable Housing within the City of Modesto.
 - The City receives grant funding annually from the State of California and the U.S. Department of Housing and Urban Development for this initiative.
 - Throughout the last several years, the City has been engaging affordable housing developers to build in Modesto – and UPholdings submitted the El Capitan Motel proposal for funding consideration ahead of the State's Homekey+ announcement.
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HOMEKEY+ BACKGROUND



- Through the approval of Proposition 1 in March 2024, Homekey+ was created as an additional funding source to support the development of permanent supportive housing specifically for veterans, and individuals with behavioral health or substance use challenges and experiencing or at-risk of homelessness.
 - There is approximately \$2.1 billion in Homekey+ funding for eligible projects from Proposition 1 bond funds.
 - Income levels served: Eligible tenants are **extremely low income**. Income must not exceed 30% of Area Median Income.
 - For a 2-person household, their annual income is not to exceed \$21,900. The maximum that a 2-person household would pay is \$547 per month.
 - Awarded funds are eligible for the following uses:
 - Acquisition and rehabilitation of motels
 - Master leasing of properties for permanent supportive housing
 - New construction
 - Among other uses
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PROJECT SCOPE

El Capitan Motel – 1121 Needham Street

- This project would serve as a housing opportunity for individuals and veterans with behavioral health challenges.

Unit Mix* - 49 total units

- 24 Veteran units
- 24 Behavioral health units
- 1 on-site manager unit

Services Available

- Services will be provided by County Behavioral Health and Recovery Services, and the Veteran Services Agency.
- Onsite supportive services including case management, peer support, mental health services and linkage to medical and dental health care

**Final unit mix is subject to underwriting, and voucher availability*





PROJECT LOCATION AND DETAILS

Project Location: 1121 Needham St.

Zoning: C-1 Commercial (by-right)

Parking: Site offers sufficient parking for tenants

Street and areas of interest:

- Modesto Junior College: .2 miles
- Graceada Park: .3 Miles
- Golden Valley Health Center: .3 miles

Transit options

- Available public transit – bus stop is available in front of the property on Needham St.





PROJECT COSTS

Project Costs	Amount
Estimated Capital Costs	
Acquisition and Rehabilitation	\$ 14,144,353
Pre-Development and Soft Costs	\$ 2,204,000
Contingency	\$ 1,096,157
Total Capital	\$ 17,444,510
Ongoing Operational Costs (20 years)	
Operational Subsidies and Reserves	\$ 5,451,490
TOTAL PROJECT COST	\$ 22,896,000



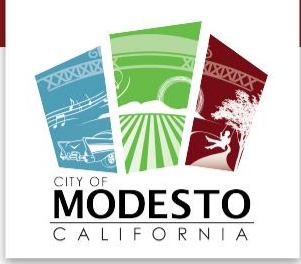
PROJECT SOURCES

Project Sources	Amount
Homekey+ Capital (pending application)	\$13,014,510
Homekey+ Operating and Reserves (pending application)	\$5,451,490
Local Match	\$4,430,000
<i>City of Modesto</i>	<i>\$3,007,163</i>
<i>Stanislaus Community System of Care– (Secured)</i>	<i>\$922,837</i>
<i>Stanislaus County BHRS– (Secured)</i>	<i>\$500,000</i>
Total Project Sources	\$22,896,000



PARTNERSHIPS – FINANCIAL CONTRIBUTORS

1. Stanislaus County Behavioral Health and Recovery Services approved an allocation of **\$500,000** and will provide support services for clients.
 2. The Stanislaus County Community System of Care approved an allocation of **\$922,837** to support the development of the project.
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PROJECT TIMELINE

Milestone	Estimated Date
Application Submittal	February 2025
Award Announcements	Summer 2025
Construction Start (if awarded)	Winter 2025



PROJECT APPROVALS

- To meet the Homekey+ award timeline, staff is seeking the following approvals:
 - Authorization to submit an application for the El Capitan project proposal and approval of a Memorandum of Understanding (MOU) that allocates a loan in an amount not to exceed \$3,007,163 contingent on the Homekey+ award.
 - If the State funding is not approved, the MOU becomes null and void, and the City is able to reallocate the funds.
 - Approval of the State required Resolution for this project.
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Questions?



STAFF RECOMMENDATIONS

- Resolution approving the City of Modesto's Homekey+ Project Application to the California Department of Housing and Community Development (HCD) for the project located at 1121 Needham St., Modesto, CA 95354, with a total project cost not to exceed \$22,896,000, and approving a Memorandum of Understanding that includes a Community Development Block Grant loan to El Capitan Homekey LP in an amount not to exceed \$3,007,163, authorizing the City Manager, or his designee, to submit the application, applicable documentation, with alterations as required by the California Department of Housing and Community Development (HCD) as well as negotiate and execute any related program agreements or documents required for the implementation and acceptance of Homekey+ Program Grant, as required by HCD.
 - A Resolution of the Governing Body of the City of Modesto authorizing joint application to and participation in the Homekey Program for the development at 1121 Needham Street.
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SCENIC DRIVE PHASE II, DRY CREEK TRAIL PHASE II, KANSAS AVENUE, & NEIGHBORHOOD TRAFFIC CALMING CYCLE I

February 4, 2025
City Council Meeting

Toby Wells, P.E.
Director of Engineering Services/City Engineer



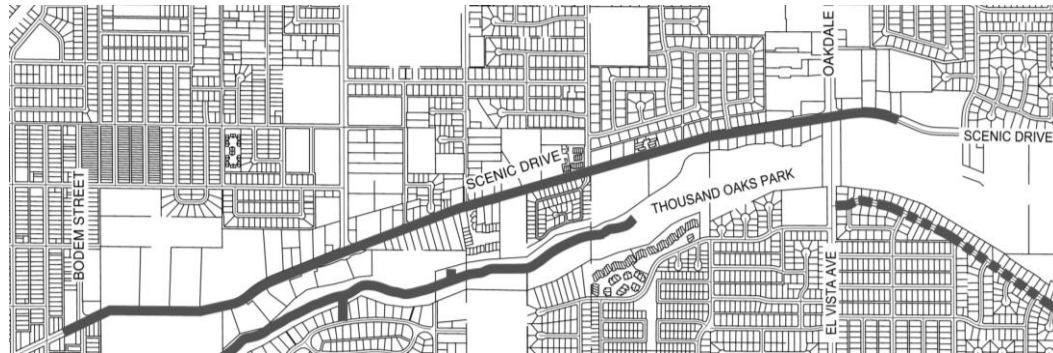
Projects Included Within This Project:

- **Scenic Drive Pavement Rehabilitation Phase II - 101169**
 - **Neighborhood ADA Improvement Program Phase II - 101391**
 - **Dry Creek Trail Phase II – 101180**
 - **Orangeburg Avenue Pavement Rehabilitation– Phase II - 101392**
 - **Kansas Avenue Pavement Rehabilitation - 101627**
 - **Neighborhood Traffic Calming Program Cycle I – 101178**
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Scenic Drive Pavement Rehabilitation Phase II

- Project Limits: Scenic Drive between Bodem Street and Oakdale Road.
- Work will include asphalt overlay, signage, striping, (ADA) upgrades at intersections, storm drainage and street light improvements.
- Construction Contract: **\$5,403,854** out of total **\$12,319,904**





Neighborhood ADA Improvement Program Phase II

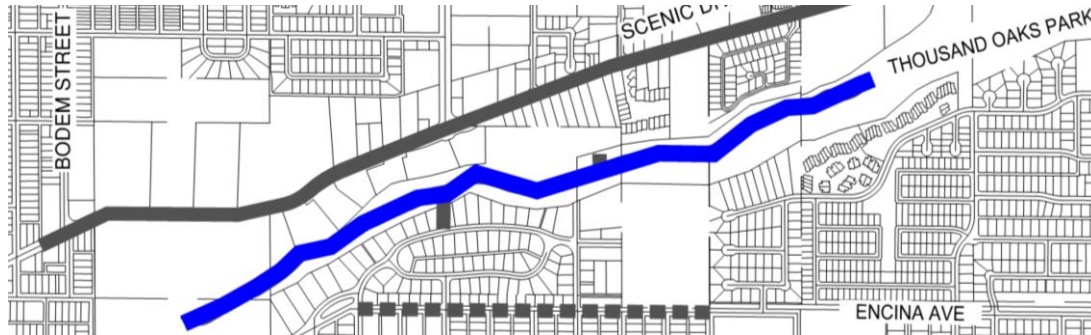
- The City of Modesto regularly receives and logs ADA curb ramp installation requests. Staff looks to strategically include new ADA curb ramp construction as funds are available.
- Constructing ADA curb ramps at various locations throughout the City of Modesto
- Construction Contract: **\$601,034** out of total **\$12,319,904**





Dry Creek Trail Phase II

- Work will include a bicycle path asphalt overlay, installation of new signage and striping, and improvements to bicycle path lighting within Kewin Park between La Loma Avenue and El Vista Avenue
- Construction Contract: **\$907,833** out of total **\$12,319,904**





Orangeburg Avenue Pavement Rehabilitation Phase II

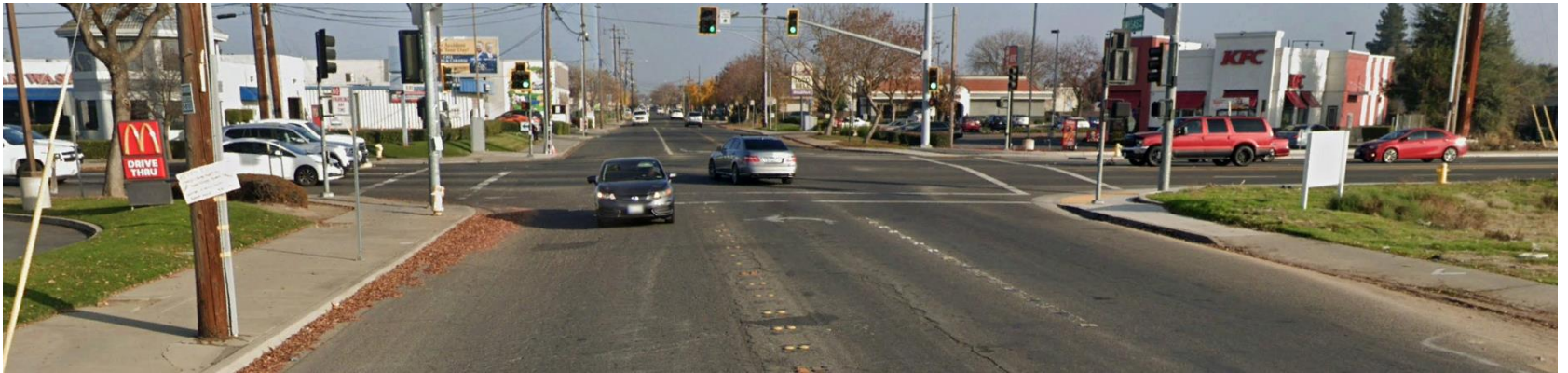
- Project Limits: Orangeburg Avenue between McHenry Avenue and Coffee Road
- Work will include roadway resurfacing, signage, ADA upgrades, striping, storm drainage improvements
- Construction Contract: **\$3,497,844** out of total **\$12,319,904**





Kansas Avenue Pavement Rehabilitation

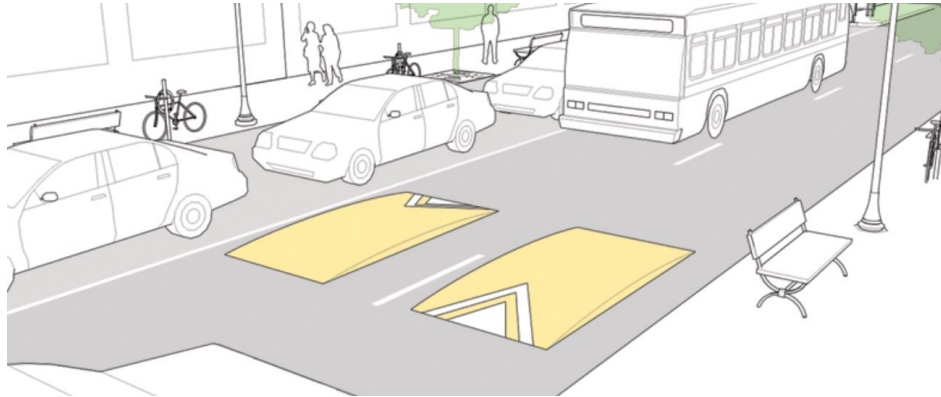
- Project Limits: Kansas Avenue between Carpenter Road and Morse Avenue.
- Work will include asphalt overlay, striping and ADA curb ramp improvements
- Construction Contract: **\$1,346,099** out of total **\$12,319,904**





Neighborhood Traffic Calming Program Cycle I

- Project Limits: 11 residential street segments throughout the City of Modesto
- Work will include the installation of speed cushions, signage and striping
- Construction Contract: **\$563,240** out of total **\$12,319,904**





Neighborhood Traffic Calming Program Cycle I – Proposed Locations





Neighborhood Traffic Calming Program Cycle I – Proposed List of Street Segments:

- 1) Ila Way – Fairmont Avenue to Maynell Avenue (4 speed cushions)
 - 2) Pine Tree Lane – Paradise Road to Kirschen Drive (3 speed cushions)
 - 3) Emerald Avenue – Maze Boulevard to Muriel Avenue (4 speed cushions)
 - 4) Lillian Drive – Orangeburg Avenue to Joanna Drive (4 speed cushions)
 - 5) Sheldon Avenue – Shawnee Drive to Jasper Avenue (4 speed cushions)
 - 6) Encina Avenue – El Vista Avenue to N. Riverside Drive (5 speed cushions)
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Neighborhood Traffic Calming Program Cycle I – Proposed List of Street Segments:

- 7) Marin Avenue – Ustick Road to Dallas Street (5 speed cushions)
- 8) Laurel Avenue – Emerald Avenue to MLK Drive (6 speed cushions)
- 9) Edgebrook Drive – El Vista Avenue to N. Riverside Dr. (4 speed cushions)
- 10) Tokay Avenue – Coddling Drive to Sunrise Avenue (3 speed cushions)
- 11) Veneman Avenue – Conant Avenue to Cambourne Drive (5 speed cushions)

Total Proposed Speed Cushions: 47 speed cushions



Total Anticipated Project Costs:

Construction Contract	\$12,319,904
Construction Contingency (10%)	\$1,231,990
Construction Management Services – TRC Engineers Inc.	\$870,525
- Additional Services (if needed)	\$87,052
Construction Admin - City Staff	\$250,000
TOTAL ANTICIPATED EXPENDITURES:	\$14,759,471

Project Funding Source: Local Measure L Funds



Staff Recommendation:

- Resolution approving the Plans and Specifications for the Scenic Drive Phase II, Dry Creek Trail Phase II, Kansas Avenue, & Neighborhood Traffic Calming Program Cycle I Project, accepting the Bid and Awarding a Contract to Bay Cities Paving & Grading, Inc., of Concord, CA, in the amount of \$12,319,904, and authorizing Change Orders up to the cumulative amount of \$1,231,990, for a total Agreement amount not to exceed \$13,551,894, and authorizing the City Manager, or his designee, to execute the Contract.
 - Resolution approving an Agreement with TRC Engineers, Inc., of Lathrop, CA for Construction Management and Inspection Services for the Scenic Drive Phase II, Dry Creek Trail Phase II, Kansas Avenue, & Neighborhood Traffic Calming Program Cycle I Project in an amount not to exceed \$870,525, plus \$87,053 for additional services, if needed, for a total amount not to exceed \$957,578, and authorizing the City Manager, or his designee, to execute the Agreement.
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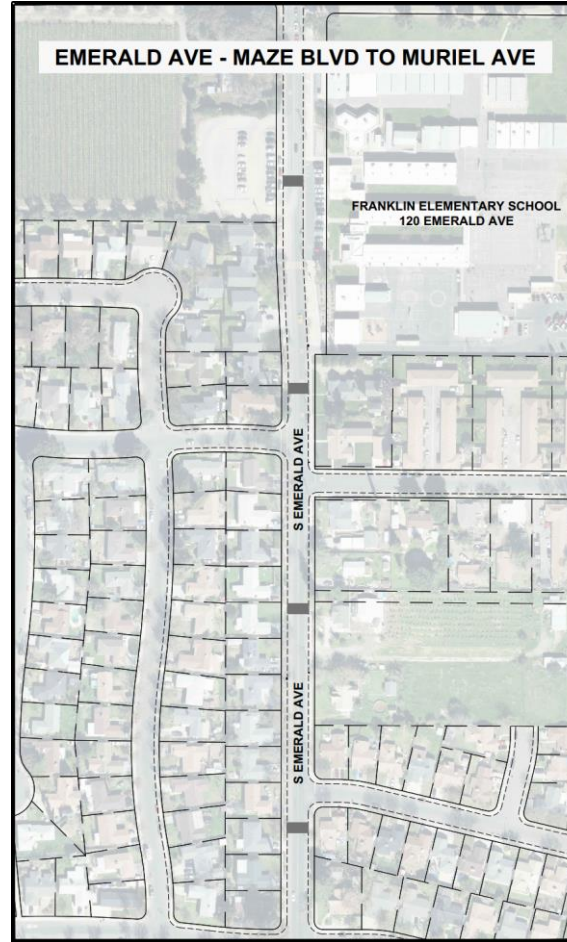


Neighborhood Traffic Calming Program Cycle I – Locations



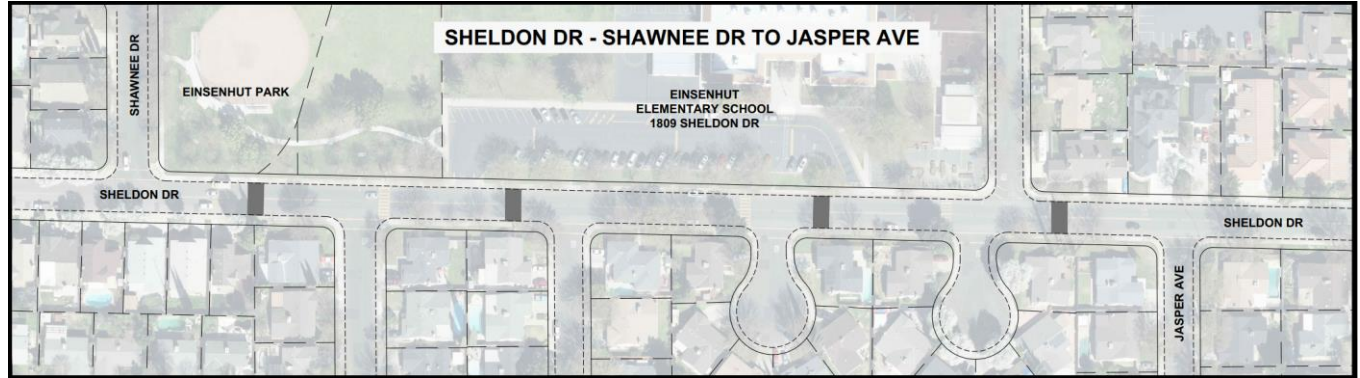


Neighborhood Traffic Calming Program Cycle I – Locations Cont.



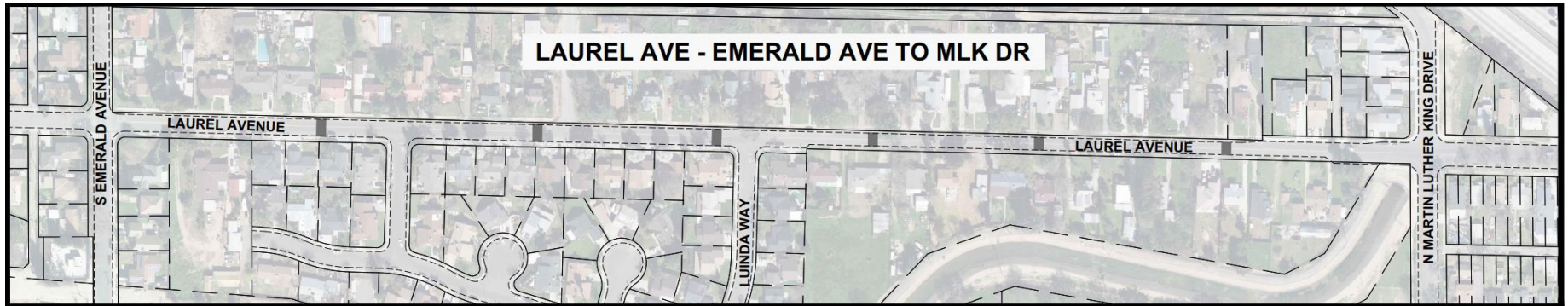
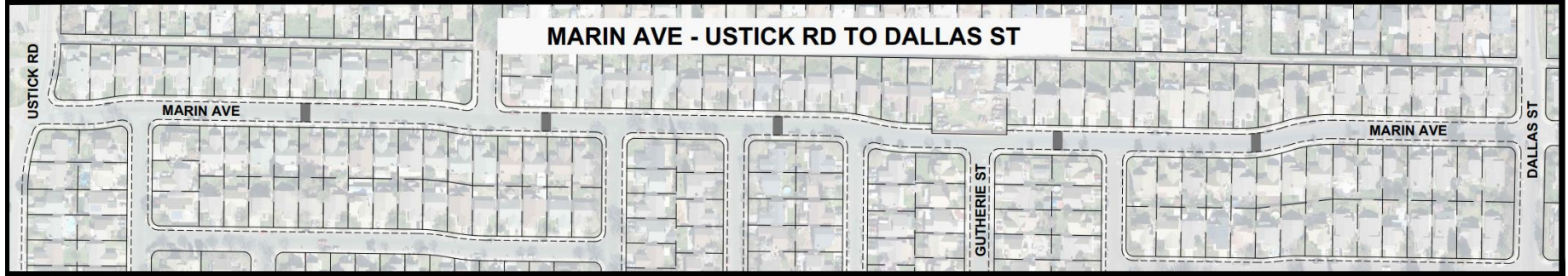


Neighborhood Traffic Calming Program Cycle I – Locations Cont.



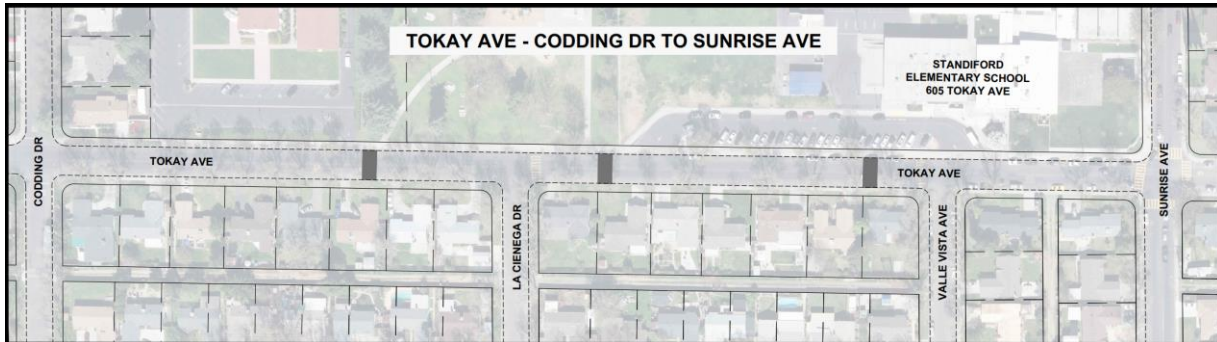
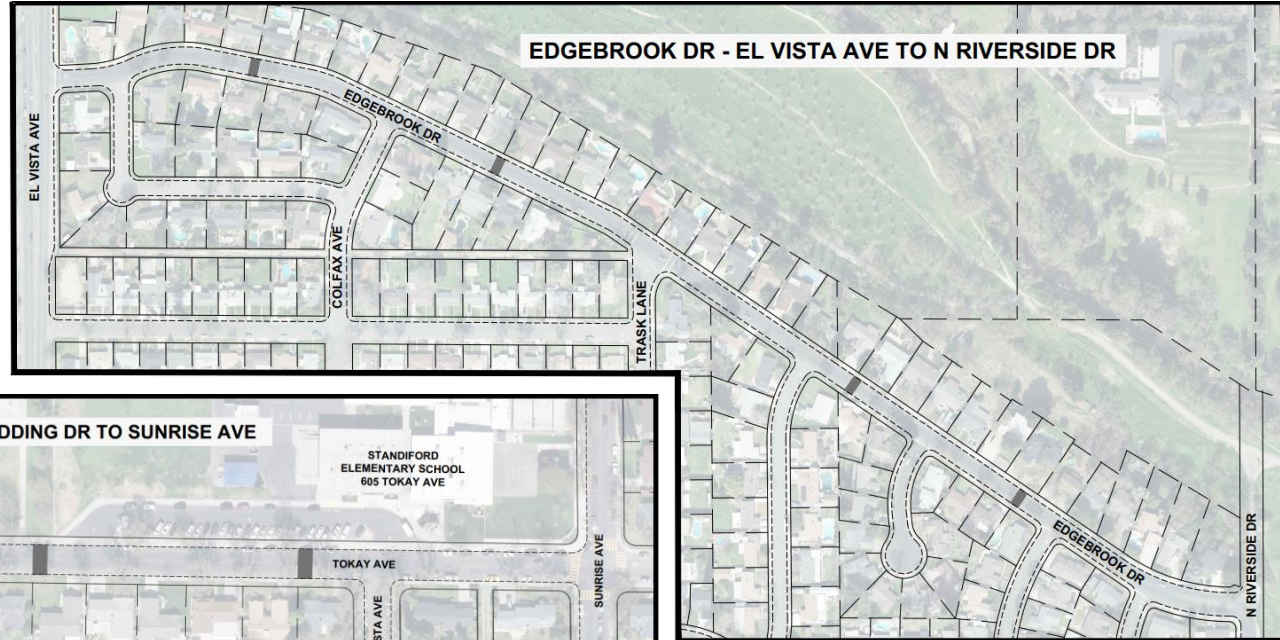


Neighborhood Traffic Calming Program Cycle I – Locations Cont.





Neighborhood Traffic Calming Program Cycle I – Locations Cont.





Neighborhood Traffic Calming Program Cycle I – Locations Cont.

