



Chapter 7
**FUNDING AND
IMPLEMENTATION**

ABOUT THIS CHAPTER

This Chapter describes how this Plan can be **implemented** along the “SR 108 Planning Corridor” (Corridor) during the Cities’ General Plan horizons, involving a variety of participants. First the Chapter describes the **relinquishment process** per Caltrans guidance. Then **cost estimates** are provided to help guide future construction of street improvements and pro forma analyses have been developed to identify where revenue gaps may be addressed to incentivize opportunity site designs identified in Chapter 5 of this Plan. Applicable **funding options** for streetscape improvements and infill developments have also been identified. The technical and graphic information in this Plan will be helpful in preparing more competitive grant applications to fund improvements identified in Plan and other improvements that can help to realize the vision presented in this Plan.

CALTRANS GUIDANCE FOR RELINQUISHMENT

Chapter 25 of Caltrans' Project Development Procedures Manual describes in detail the relinquishment process for a State Highway to local jurisdiction. The Caltrans relinquishment procedures for SR 108 will likely be based on State statutes and polices related to inter-regional road systems (IRRS) that also have a freight designation and include bicycle facilities. The basic steps for relinquishment of a State Highway include:

- Transportation system analysis and evaluation by Caltrans
- Local resolution of proceeding with relinquishment
- Project report and environmental document by Caltrans
- Relinquishment agreement (Caltrans and local agencies)
- Relinquishment request package sent to California Transportation Commission for vote

In the application for relinquishment for segment of a Caltrans Highway, local jurisdictions are required to provide justification for the request, on the basis of how relinquishment will help in the local functions and community integration with the street. For example, in the relinquishment of SR-82 corridor in San Jose, the City of San Jose provided the new vision for SR-82 to accommodate future BART Station, creation of a livable community that focuses on multi-modal transportation choices, integrate the proposed alignment for high-speed rail, and features a pedestrian overcrossing.

This Plan will help to serve as the basis of requesting Caltrans to relinquish portion of SR 108 to the local jurisdictions, showing how the streetscape should be improved to promote multi-modal transportation choices, facilitate infill development, and stimulate local economy by serving as a vibrant community main street. This Plan provides strategic guidance to the cities on how to expedite the objectives of creating a main street through use of various funding opportunities and implementation tools.



COST ESTIMATES: STREETSCAPE IMPROVEMENTS

Although portions of improvements along the Corridor may occur incrementally over time in conjunction with new developments, the Plan identifies costs as related to the different Corridor Typology areas for implementation.

The order-of-magnitude cost estimate provided in this Plan is based on the streetscape alternatives described in Chapter 4, Streetscape Design. More detailed plans and engineering work will be required in order to produce more specific cost estimates, such as those that may be used to receive bids to construct portions of the improved streetscape. The cost estimates provided here help the Cities and Caltrans to assess the probable level of effort required to construct within the different Typology areas discussed in this Plan. Factors including, but not limited to competitive bidding, negotiations with each City or Caltrans, and fluctuations in material costs will influence the actual cost to construct these improvements.

The following discrete elements were considered in providing conceptual cost estimates:

- Mobilization and demobilization (the set up and tear down costs);
- Clearing and grubbing;
- Grading and drainage;
- Asphaltic concrete and special street paving, along with an aggregate base;
- Striping, curb, and handicap access ramps;
- Sidewalk paving;
- Landscaping site preparation;
- Irrigation system;
- Street trees;
- Shrubs and groundcover; and
- Landscape maintenance for 3 months to establish the landscaping.

The table below provides a cost range for the various design alternatives and right-of-way width categories along the Corridor. The cost ranges assume most of the existing paving and lanes will be used with maximum effort done in re-striping the road to fit the proposed design concepts (shown in Chapter 4).

Table 7-1: Conceptual Cost Ranges for the Corridor

City	Segment	Total			Cost Range		Design Alternative Assumption
		Length (ft)	Avg ROW (ft)	Area (SF)	Low	High	
Modesto	Upper McHenry	10,788	110	1,186,645	\$13.6 M	\$18.4 M	Alternative 3: 100-120ft ROW
	Middle McHenry	3,797	88	334,136	\$4.4 M	\$6.0 M	Alternative 3: 85-90 ft ROW
	Lower McHenry	5,257	80	420,560	\$5.4 M	\$7.3 M	Alternative 3: 80-85 ft ROW
Riverbank	Atchison	3,675	80	294,000	\$3.9 M	\$5.3 M	Alternative 1: 80-85 ft ROW
					\$2.2 M	\$3.0 M	Alternative 2: 80-85 ft ROW
					\$3.3 M	\$4.4 M	Alternative 3: 80-85 ft ROW
	Callander	4,063	80	325,040	\$4.9 M	\$6.6 M	Alternative 1: 80-85 ft ROW
					\$3.0 M	\$4.1 M	Alternative 2: 80-85 ft ROW
					\$4.2 M	\$5.7 M	Alternative 3: 80-85 ft ROW
	West Patterson	6,286	110	691,460	\$15.0 M	\$20.4 M	Alternative 1: 100-120 ft ROW
					\$12.6 M	\$17.2 M	Alternative 2: 100-120 ft ROW
					\$7.5 M	\$10.2 M	Alternative 3: 100-120 ft ROW
					\$13.4 M	\$18.3 M	Alternative 4: 100-120 ft ROW
					\$13.9 M	\$18.9 M	Alternative 5: 100-120 ft ROW
	Oakdale	Downtown	5,470	80	437,600	\$6.3 M	\$8.6 M
\$3.9 M						\$5.3 M	Alternative 2: 80-85 ft ROW
\$5.4 M						\$7.4 M	Alternative 3: 80-85 ft ROW
East F Street		7,525	92	692,300	\$8.7 M	\$11.8 M	Alternative 1: 90-95 ft ROW
					\$13.8 M	\$18.8 M	Alternative 2: 90-95 ft ROW
F Street Historic		3,404	80	272,320	\$3.6 M	\$4.9 M	Alternative 1: 80-85 ft ROW
					\$2.0 M	\$2.8 M	Alternative 2: 80-85 ft ROW
					\$3.0 M	\$4.1 M	Alternative 3: 80-85 ft ROW
West F Street		7,377	100	737,700	\$17.4 M	\$23.7 M	Alternative 1: 100-120 ft ROW
					\$14.7 M	\$20.0 M	Alternative 2: 100-120 ft ROW
					\$8.6 M	\$11.8 M	Alternative 3: 100-120 ft ROW
					\$15.6 M	\$21.3 M	Alternative 4: 100-120 ft ROW
				\$16.1 M	\$22.0 M	Alternative 5: 100-120 ft ROW	



COSTS AND REVENUES: OPPORTUNITY SITE CONCEPTS

A basic pro forma analysis was conducted for several of the SR 108 Opportunity Site Concepts. A pro forma analysis provides a snapshot of the type of development the market is likely to currently support. This analysis can be used to start the conversation between jurisdictions, the development community, property owners, and the public, as to the type, and size of a development project along SR 108 that will likely be supported by stakeholders and be financially feasible.

The cost and revenue assumptions outlined in a pro forma analysis fluctuate based on a variety of market conditions and can be adjusted to reflect current realities. The assumed development type, unit size, unit count, type and quality of construction, can also be easily altered, based on market conditions and stakeholder support. In some cases, the market does not currently command high enough sales/rental/lease rates to cover the cost of development. In the near term, incentives and gap financing would likely be required to develop infill sites along SR 108. However, the development of senior and/or affordable housing could be feasible by using existing affordable housing financing programs and using the low-end of the construction cost estimate range. The low-end of cost range can likely be achieved by incorporating less expensive construction finishing materials and by administering a highly competitive contractor bidding process.

Besides, updating development standards and zoning codes (as explained in chapter 6) to cater towards infill site challenges, jurisdictions may also be able to incentivize and encourage infill development by implementing strategies and offsetting some of the typical costs associated with infill development. Here's a closer look at a few of these development related costs that likely can be decreased through public agency actions and funding:

LAND ACQUISITION AND OPPORTUNITY SITE PREPARATION

Purchase the infill site and prepare it for development by demolishing structures, perform an environmental site assessment, and ensure off-site infrastructure is adequate.

PROPERTY TAXES

Property owned by a jurisdiction would also not be subject to property taxes which would likely decrease the overall cost of the development project.

INFRASTRUCTURE

There are a number of State-sponsored infrastructure financing programs available for projects state goals in the areas of Transit Oriented Development (TOD) and improving air quality and reducing greenhouse gas (GHG) emissions. Identifying alternate infrastructure financing would obviously decrease the cost of infrastructure improvements associated with the project, but could also provide appropriate justification for reduction or elimination of a jurisdictions impact fees. See below for a description of infrastructure-related programs.

PERMITS AND FEES

Permits and fees associated the development of the prototypes likely range from 6% to 17% of the project, depending on the type of project and the jurisdictions fee structure. Waiving or deferring some of these costs could increase project feasibility.

DEVELOPMENT LOANS

Interest and fees associated with loans required to finance the development prototypes represent approximately 6% of the total development cost. Strategies for decreasing the amount of conventional financing should be considered, including identifying alternative sources of financing (i.e. developer equity, public financing, loan deferment, etc.) for components of the development project such as land acquisition, and infrastructure costs.



FUNDING OPTIONS

AFFORDABLE HOUSING DEVELOPMENT FUNDING

In the event jurisdictions along SR 108 are interested in pursuing affordable housing for the opportunity sites, there are a number of programs that should be considered.

SECTION 202 SUPPORTIVE HOUSING FOR THE ELDERLY PROGRAM:

The U.S. Department of Housing and Urban Development (HUD) provides interest-free capital to private or nonprofit sponsors for the development of supportive housing for the elderly. The funding doesn't have to be repaid as long as the project serves very low-income elderly for 40 years. Examples of projects that have used Section 202 funds include 50 affordable housing units for seniors featuring roll-in showers, an emergency call system, and radiant heating in Oroville, California. Section 202 funds were also used to build 68 new apartment units for very low-income seniors, near transit and essential amenities, in Fresno.¹

LOW-INCOME HOUSING TAX CREDIT PROGRAM:

The California Tax Credit Allocation Committee (CTCAC) administers the federal and state Low-Income Housing Tax Credit (LIHTC) program with the goal of encouraging private investment in affordable rental housing projects. Projects generally have to remain affordable for 55 years and must meet the following requirements: 40% of the units occupied by households with incomes that are 60% or less of the area median income (AMI), or 20% of the units occupied by households with incomes that are 50% or less of the AMI. Units built using tax credits include the Orange Tree Senior Apartments, an apartment community with 49 units for seniors and the Hillview Ridge Apartments I & II, a multi-family community with 129 one, two, three, and four bedroom units to accommodate larger families. Both developments are located in Oroville. There are many other successful examples of the use of this program in contexts relevant to SR 108.²

HOME INVESTMENT PARTNERSHIPS PROGRAM:

The HOME Investment Partnerships program (HOME) is administered by HUD and provides formula grant to localities to fund affordable housing related projects. Jurisdictions are required to match 25 cents of every dollar in HOME funds. In 2014, the City of Chico received a HOME award in the amount of

¹ For more info, please see: <http://portal.hud.gov/hudportal/documents/huddoc?id=202-811Sum.pdf> and http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/progdesc/eld202

² For more info, please see: <http://www.treasurer.ca.gov/ctcac/>

\$267,246 to build, buy and/or rehabilitate affordable housing for rent or homeownership or providing direct rental assistance to low-income people.³ Chico has participated in the program since 1995 and as of June, 30, 2014, has cumulatively completed 238 units. There are many other successful examples of the use of this program in contexts relevant to SR 108.⁴

MULTIFAMILY HOUSING PROGRAM (MHP):

Administered by the California Department of Housing and Community Development (HCD), this program provides low-interest deferred payment loans for new construction, rehabilitation, and preservation of permanent and transitional rental housing for lower income households. In 2013, South County Housing received MHP program funds to help replace labor camp housing in Soledad, California with new two- and three- bedroom apartments.⁵ The project will include a new water system, sanitation services, laundry, and community center.⁶

INFRASTRUCTURE AND INFILL DEVELOPMENT FUNDING

As with any public improvement project, this Plan requires sources of funding for both construction and operational phases. The Cities along SR 108 will not likely have the ability to fund the improvements described in this Plan for the State Highway corridor without identifying additional funding sources. There are a variety of reoccurring and periodic sources of funding that could be used to implement the improvements described herein.

AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES PROGRAM:

The Affordable Housing and Sustainable Communities Program (AHSC Program) is supported by auction proceeds derived from the California Air Resources Board's Cap and Trade Program, and appropriated in the annual State Budget to the Greenhouse Gas Reduction Fund (GGRF). Accompanying legislation, SB 862, apportions 20 percent of the GGRF's proceeds on an annual basis to the AHSC program beginning in FY 2015-16. The Strategic Growth Council will provide grant and/or loans ranging from \$500,000 to \$15 million that implement land use, housing, transportation, and agricultural land preservation practices to support infill and compact development, and that support related and coordinated public policy objectives. The application selection criterion includes project readiness, underwriting requirements for loans and documentation of the need for grants. Points will be assigned based upon the demonstration of reduction of auto trips, energy use and carbon sequestration and climate resilience, health and public safety, economic and environmental co-benefits. The SR 108 Reinvestment Plan will likely meet the

³ For more info, please see: <https://www.hudexchange.info/grantees/chico-ca/>

⁴ For more info, please see: http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/affordablehousing/programs/home/

⁵ For more info, please see: <http://www.hcd.ca.gov/fa/mhp/mhpgeneral.html>

⁶ For more info, please see: <http://www.hcd.ca.gov/fa/mhp/>



“leverage of Prior Planning Efforts” criteria. Final program guidelines are anticipated to be adopted in December, 2014.⁷

REDEVELOPMENT AGENCY TAX INCREMENT:

Jurisdictions that formerly administered redevelopment agencies captured a portion of the property tax from properties located within redevelopment areas. In February 2012, redevelopment agencies throughout the state were dissolved. The dissolution of redevelopment directed the portion of the property taxes that went to redevelopment agencies to other taxing entities including the local jurisdictions. Jurisdictions now have the option of directing a portion of the property tax dollars that formerly went to redevelopment agencies to other services, including economic development, infrastructure improvement functions, and affordable housing.

ENHANCED INFRASTRUCTURE FINANCING DISTRICTS

The Enhanced Infrastructure Financing District (EIFD), an economic development tool, was signed into law (SB 628) by Governor Brown in September 2014. EIFDs allow jurisdictions to issue bonds and use tax increment financing (property tax growth) to fund a wide-range of infrastructure related projects including, transportation, affordable housing, and water management systems. EIFDs require a public vote; however the new legislation lowers the needed voter approval to 55 percent from the two-thirds threshold required under the infrastructure financing districts that were created in 1990. The California Economic Summit created a how-to guide for using EIFDs which includes a case study on how infill development could be supported through an EIFD.⁸

COMMUNITY DEVELOPMENT BLOCK GRANT:

The Community Development Block Grant (CDBG) program is administered by HUD and provides formula grants to localities to benefit low- and moderate-income persons, prevent or eliminate blight, or address community development needs that pose a serious and immediate threat to the health or welfare of the community.⁹

INFILL INFRASTRUCTURE GRANT PROGRAM (IIG):

The Infill Infrastructure Grant Program administered by HCD, provides grants up to \$4,000,000 to support the new construction and rehabilitation of infrastructure that supports higher-density affordable and mixed-income housing in locations designated as infill. For fiscal year 2013/2014, Mercy

⁷ For more info, please see: http://www.sgc.ca.gov/docs/Draft_AHSC_Guidelines_for_posting_082314.pdf

⁸ For more info, please see: <https://cafwd.app.box.com/s/p8re0h7s6vkhm1st2uwq>

⁹ For more info, please see: http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/programs

Housing of California received an IIG grant to help build a mixed-use project which will include 45 housing units in downtown Roseville.¹⁰ There are many other successful examples of the use of this program in contexts relevant to SR 108.¹¹

INFRASTRUCTURE STATE REVOLVING FUND PROGRAM:

The Infrastructure State Revolving Fund (ISRF) provides loans of up to \$25,000,000 to public agencies and nonprofits for a variety of infrastructure projects. The ISRF Program helped fund the Del Paso Boulevard Streetscape Project in City of Sacramento.¹² The project constructed a new traffic signal and new curb, gutter, sidewalk, street lighting and landscaping improvements. The project created a pedestrian friendly environment by promoting foot traffic, and in turn stimulating economic development. There are many other successful examples of the use of this program in contexts relevant to SR 108.¹³

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY:

The California Statewide Communities Development Authority (CSCDA) offers a variety of funding program to cities and counties, including the Statewide Community Infrastructure Program (SCIP). SCIP allows jurisdictions to receive impact fees prior to development, with the property owner repaying the tax-exempt obligation over a thirty year bond term. Cities, such as Galt and Placerville have partnered with the SCIP to offer developers a cost-effective option for funding development impact fees and capital improvements within their jurisdictions.¹⁴

NEW MARKET TAX CREDITS:

The U.S. Department of the Treasury administers the Community Development Financial Institutions Fund (CDFI) which manages the New Market Tax Credit Program (NMTC Program). The NMTC Program attracts investment capital for real estate projects located in low-income communities. Genesis LA CDE, LLC provided NMTC financing to the Friends Community Housing project which used the funds to rehabilitate 10 abandoned and foreclosed homes located in highly distressed, low-income areas across Los Angeles.¹⁵

¹⁰ For more info, please see: http://www.hcd.ca.gov/fa/iig/IIG_Round_3_Award_List.pdf

¹¹ For more info, please see: <http://www.hcd.ca.gov/fa/iig/>

¹² For more info, please see: http://www.waterboards.ca.gov/water_issues/programs/grants_loans/funding_fair_2008/docs/ibank_track1.pdf

¹³ For more info, please see: http://www.ibank.ca.gov/infrastructure_loans.htm

¹⁴ For more info, please see: <http://www.cacommunities.org/public-agency-programs/>

¹⁵ For more info, please see: http://www.cdfifund.gov/what_we_do/programs_id.asp?programID=5





MAINTENANCE

Long-term maintenance will be required to maintain the appearance and functionality of improvements to the highway corridor. Solid waste pick-up, landscape maintenance, street sweeping, painting, and general cleaning will be needed. Long-term maintenance costs have been accounted for in the design of this Plan. The Cities will be responsible for the non-structural maintenance activities and may use financing districts or other similar tools (landscaping and lighting districts, local improvement districts, etc.) to ensure funding for ongoing operations and maintenance.