

**CITY OF MODESTO 2012-2013  
CONSOLIDATED ANNUAL PERFORMANCE AND EVALUATION REPORT  
DRAFT**

**INTRODUCTION**

HUD and its Community Planning and Development (CPD) formula grant program grantees will be transitioning to a new Integrated Disbursement and Information System (IDIS). All Entitlement grantees should be using the system to track disbursements and report performance on outputs and outcomes for the program year. Grantees must report on program year accomplishments, outcomes, and performance and Field Office staff subsequently must review that performance.

Beginning October 1, 2006, each Consolidated Annual Performance and Evaluation Report (CAPER) or Performance and Evaluation Report (PER) should include the status of the grantee's efforts toward implementing outcome performance measurement system requirements described in the Federal Register Notice dated March 7, 2006. All CAPER or PER reports should provide a description of how the jurisdiction's or State's program provided new or improved availability/accessibility, affordability, sustainability of decent housing, a suitable living environment, and economic opportunity. The CAPER/PER must include a comparison of the proposed versus actual outcomes for each outcome measure submitted with the consolidated plan and explain, if applicable, why progress was not made toward meeting goals and objectives.

These steps guide the jurisdiction through the process of preparing its consolidated plan and action plan submission to HUD.

**I. Executive Summary**

Provide a brief overview that includes major initiatives and highlights how activities undertaken during the program year addressed strategic plan objectives and areas of high priority identified in the consolidated plan. *(This should be summary information so that HUD and citizens can easily assess annual progress made toward meeting longer term goals.)*

The United States Department of Housing and Urban Development (HUD) requires consolidated planning and reporting of all communities as a condition of receiving federal Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME) and Emergency Solutions Grants (ESG) funds. At the end of each fiscal year, CDBG, ESG and HOME recipients report to their citizens, elected officials, and other stakeholders how they have utilized their grant funds to further the intents of these federal programs. The consolidated Annual Performance and Evaluation Report (CAPER) is the HUD prescribed vehicle for providing this information.

The City of Modesto has successfully completed the third year of the City's Five-Year Consolidated Plan (Consolidated Plan). Activities undertaken during this period reflect the goals and objectives as stated in the 2012-2013 Annual Action Plan. The Housing Division of the Parks, Recreation, and Neighborhoods Department is responsible for the management of grant programs that directly impact the lives of low- and moderate-income people and those experiencing homelessness throughout the City and continues its efforts to be effective stewards of federal funds in the service of its residents.

### Major accomplishments in PY 2012 of CDBG-, HOME-, and ESG -Funded Activities:

The City of Modesto provided decent and suitable housing through three CDBG funded housing rehabilitation programs.

1. The Home Repair Loan Program
2. The Minor Home Repair Grant Program and
3. The Energy Efficiency Improvement Grant Program.

These programs offered financial and technical assistance for owner occupied homes and mobile homes. Major repairs such as roofs, bathroom remodels, electrical, and handicap modifications were completed through the loan program, and small repairs, such as leaking faucets and electrical repairs, water heater replacement, light fixture replacement, etc. were completed through the Minor Home Repair Grant Program.



Energy Efficiency Improvement Grant provided funding for HVAC, windows, water heaters, doors, fans, appliances, solar vents, insulation, and one cool roof. In some cases, the grant money assisted homeowners to make energy improvements that may not have been possible without access to the grant money due to lack of resources, or homeowners who lacked equity in their homes or mobile homes.

### Public Facilities and Improvements (CDBG)

The Senior Citizens Center ADA Upgrades Project, located at the Senior Citizens Center facility at 211 Bodem Street, was completed in PY2012. This project included remodeling the restrooms to ensure ADA compliance, increasing restroom size and reconfiguring restroom



fixtures. The exterior upgrades include path of travel, parking lot signage and striping. City Council awarded the plans and specifications for the Senior Citizens Center ADA Upgrades project, accepted the bid, and approved an Agreement with Barham, Inc. dba BC Construction, of Ceres, CA. Construction. The project was completed November 28, 2012 and was funded with \$262,583.79 in CDBG funds.

The need for emergency and transitional shelters for the homeless population continues to grow in Modesto. For the past few years, the City of Modesto has annually supported a winter emergency shelter and has directed funds for the purpose of sheltering homeless people. \$170,000 in CDBG was allocated to leverage funding for facility improvements at the Salvation Army Transitional Housing facility

### Public Services

The City provided financial assistance to agencies that assist seniors with food and social services. Second Harvest Food Bank (SHFB) activities were available to individuals and families citywide. United Samaritans Foundation (USF) provided meals five days a week to low-income persons and persons experiencing homelessness.

The City of Modesto funded Disability Resource Agency for Independent Living (DRAIL) Assistive Technology Program to purchase durable medical equipment, assistive technology and adaptive aids.

### HOME

Hope Village: Phase 2 of the single family homes developed by Habitat for Humanity was completed. Ten of the last twenty units were sold to low and very low income families.



Archway Commons, a 76 affordable housing rental units project, began construction during this reporting period. 11 of the 76 units are HOME- assisted units. In addition, the developer hired a local Contractor to build this affordable housing project.

Meadow Glen, a 32 unit apartment complex, is a very unique development in this region. This complex will serve Emancipated Foster Youth and Homeless Youth between the ages of 18 and 28 years old. In addition to the investment of HOME funds the City of Modesto leveraged \$4.8 million in federal stimulus funds for this project. The units are in the completion stage awaiting final certificate of occupancy.



Job creation: It is also important to understand the economic benefits of affordable housing, with a struggling economy and high levels of unemployment these affordable housing developments created jobs, and incentivized the economy in the Modesto area.

### Homelessness Prevention and Rapid Re-Housing

Center for Human Services received ESG funds to assist homeless families or those faced with imminent homelessness with safe, reliable short-term shelter. The Haven's Women's Center of Stanislaus provided a transitional living facility to serve women who have experienced domestic

and sexual violence. Services included crisis intervention, safety planning, peer counseling, and legal and other system advocacy.

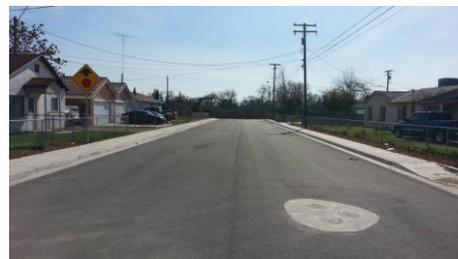
### Neighborhood Revitalization Strategy Area

In May 2011, City Council approved the purchase of a three-bedroom, two-bathroom duplex to be converted into a 2,400 square-foot community center. The establishment of a community center in the Airport Neighborhood has long been a top priority for residents and other stakeholders of the neighborhood. City staff worked closely with project architect in finalizing the plans and technical specifications. The City of Modesto is pleased to report that the grand opening of the Airport Neighborhood Community Center was held on March 28, 2013. This public facility is located near



other public facilities in the neighborhood, particularly Orville Wright Elementary School (the sole school and hub of activity in the neighborhood) and George Rogers Park (the neighborhood park), and will provide a space for residents to access and carry out community, cultural, educational, and recreational activities, and services

The Empire Avenue Capital Improvement Project (CIP) was strategically selected for its proximity to Orville Wright Elementary School and provides improved access to the southernmost street of the neighborhood, Hillside Drive, and Legion Park; and improved one of the arterial streets of the neighborhood. This project included street widening, new sidewalks, improved drainage, and new lighting.



A project that has been a great success for the City of Modesto was a combined effort between the City of Modesto and the County of Stanislaus to clean up the Airport Neighborhood, a revitalization strategy area for Modesto. Located in a low-income census tract known for illegal dumping and blight as well as criminal activity, the larger neighborhood is a mixture of both City and County jurisdictions. City and County residents along with civic groups, faith-based groups, and others came together, filled several dumpsters and cleaned out multiple alleyways and areas that had become blighted dumping grounds.

In addition, CDBG provided funding for revitalization efforts in the Airport Neighborhood for:

- ◆ Code Enforcements
- ◆ Housing Demolition/Board ups
- ◆ Neighborhood Clean ups

## Summary of Resources and Distribution of Funds

Identify the Federal funds made available for furthering the objectives of the consolidated plan. For each formula grant program, the grantee shall identify the total amount of funds available (including estimated program income and proceeds from Section 108), the total amount of funds committed during the reporting period, the total amount expended during the reporting period, and the geographic distribution and location of expenditures. Jurisdictions are encouraged to include maps in describing the geographic distribution and location of investment (including areas of low-income and minority concentration). The geographic distribution and expenditure requirement may be satisfied by specifying the census tracts where expenditures were concentrated and the percentage of funds expended in target areas. The local jurisdiction must also submit an updated CDBG Financial Summary Report (PR26).

HUD awarded the City of Modesto the following funds for the 2012 Program Year:

- ◆ Community Development Block Grant (CDBG) \$ 1,703,833
- ◆ Emergency Solutions Grants (ESG) \$182,643
- ◆ HOME Investment Partnerships (HOME) \$671,157

The table attached (PRO3) details the funds available and expenditures during program year 2012-2013 (July 1, 2012 – June 30, 2013). The table first shows funds available at the end of the prior year for each program. To arrive at the funds available to draw as of July 1, 2012, the 2012-2013 entitlement amounts and the program income earned in 2012-2013 are added and the expenditures during 2012-2013 are subtracted.

## II. Three - Five Year Plan Assessment of Progress

1. Three - Five Year goals and objectives
  - a. Describe the accomplishments in attaining the goals and objectives for the reporting period. *(This should be summary information so that HUD and citizens can easily assess progress made toward meeting longer term goals.)*
  - b. Provide a breakdown of the CPD formula grant funds spent in attaining the goals and objectives.
  - c. If applicable, explain why progress was not made towards meeting the goals and objectives.

The City of Modesto was not able to make progress on certain Special Economic Development Activities. Namely, in an effort to incentivize either the infill development or new construction of a full-service grocery store in the Airport Neighborhood (a Neighborhood Revitalization Strategy Area or NRSA), the City of Modesto created a Special Economic Development – Financial Assistance to a For-Profit Business Activity and despite its best efforts in courting and facilitating such development, potential development projects fell through due to circumstances outside of the City of Modesto's control. While the City of Modesto will reprogram these funds in Program Year 2013, the City of Modesto intends to continue to facilitate the development of a supermarket in the Airport Neighborhood to create jobs and bring affordable and healthy food options to the neighborhood.

Another Special Economic Development – Financial Assistance to a For-Profit Business Activity, the CDBG Small-Business Revolving Loan Program, was put on hiatus during this program year for retooling to target more strategic, community-based business ventures. HUD staff also took advantage of this time to build a stronger reporting and accountability structure for existing small business subrecipients. The City of Modesto will move this activity forward in earnest in the 2013 Program Year.

Five Year Goals and Objectives Table Attached.

2. Describe the manner in which you would change your program as a result of your experiences.

Again, with regard to the CDBG Small-Business Revolving Loan Program, the City of Modesto is considering redesigning the program to more strategically target businesses that have a greater impact on the community than simply the creation and/or retention of jobs. The City of Modesto may also consider implementing the program as originally designed and provide financial assistance to businesses with the most job-creating/-retaining potential – greatest return of CDBG investment.

### III. Assessment of Annual Progress

#### 1. Affirmatively Furthering Fair Housing

- a. Actions taken to affirmatively further fair housing.
- b. Summary of impediments to fair housing choice in the Analysis of Impediments (AI).

While the AI report identifies a number of potential issues that could affect housing choices, some issues, such as lending practices are beyond the ability of a local jurisdiction to address.

The actions proposed below focus on those issues that the City could feasibly address. The City has identified the following potential fair housing concerns:

- Access to information about housing availability and choices among recent immigrants who are disproportionately lower-income;
- Lack of access to adequate housing due to poor credit history, insufficient funds for move in expenses, and other factors among financially vulnerable groups, such as female-headed households with children and the homeless;
- Barriers faced by large, low-income and moderate-income families due to occupancy restrictions imposed by rental property owners; and
- The need to assist homeowners who have experienced foreclosure, who are disproportionately minority households, to find alternative living arrangements.

- c. Identify actions taken to overcome effects of impediments identified in the AI.

The City's Analysis of Impediments (AI) identified the following social and economic characteristics as they relate to local public- and private-sector housing practices and housing market conditions that may expose certain population groups to the potential for housing discrimination:

- ◆ Persistently high rate of foreclosure
- ◆ Persistently high rates of unemployment and underemployment
- ◆ Poor credit as a result of prior foreclosure
- ◆ Households with special needs
- ◆ Large households
- ◆ Single-female-headed households
- ◆ Households lacking sufficient funds for move-in and other housing costs

- d. Summary of impediments to fair housing choice in the Analysis of Impediments (AI).

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- ◆ The need to assist homeowners who have experienced foreclosure, who are disproportionately minority households, to find alternative living arrangements.

The City of Modesto implemented an Affirmative Marketing Policy for use in its HOME program in order to comply with HUD fair housing objectives. Both the borrower/developer and the City share the responsibility to inform the public about federal fair housing laws. The City, through its monitoring of the HOME units, evaluates the effectiveness of the marketing efforts. The beneficiaries are held to the terms of the policy by reference in the HOME Loan Agreement and Trust Deed executed to secure the HOME loan.

Additionally, the City of Modesto Council appoints representative members of the community to serve on a joint Equal Opportunity/Disability and Human Relations Commission, whose primary responsibility is to advise and assist the City Manager and staff in matters that relate to equal opportunity and persons with disabilities, and to make recommendations for furthering human relations and fair housing in the community, respectively. These commissions are comprised of members of protected classes, such as women, racial and ethnic minorities, persons with disabilities, etc.

The Housing Authority of the County of Stanislaus (HACS) is responsible for the County's public housing and rental assistance (i.e. Housing Choice Vouchers, previously Section 8), operates rental housing rehabilitation programs, and is the project sponsor for selected affordable housing programs.

Private, non-profit organizations provide the majority of housing, shelter, and direct services funded under the Plan.

Various private entities, including homebuilders and homebuilders associations, lenders, real estate professionals and associations, and rental property owners and associations collaborate with the City, other public agencies, and nonprofit organizations to provide housing and financing for housing, and to promote fair housing programs. Specifically, the City of Modesto provides CDBG Public Services funds to Project Sentinel to provide fair housing services, including tenant-landlord counseling; as well as Habitat for Humanity, Stanislaus County to provide credit counseling and homebuyer education.

The Stanislaus Housing and Support Services Collaborative (SHSSC) is the planning and coordinating body for homeless issues in Stanislaus County. Representation includes nonprofit organizations, homeless persons, formerly homeless persons, local governments, disability

service organizations, the public housing authority, police and fire departments, faith-based and other community based organizations, service agencies, community members, government agencies and housing developers. SHSSC is also the lead agency for the Turlock-Modesto-Stanislaus County Continuum of Care.

HOME funds were used to promote the construction of affordable housing units for very low-, low-, and moderate-income households during this reporting period. Details of projects accomplishments are addressed in section 2 Affordable Housing.

## 2. Affordable Housing

Evaluate progress in meeting its specific affordable housing objectives, including:

- a. Comparison of proposed numeric goals (from the consolidated plan and annual action plan) with the actual number of extremely low income, low income, and moderate income renter and owner households assisted during the reporting period.

### Hope Village:

In FY 2012-2013, Habitat for Humanity, Stanislaus completed Phase Two of the Hope Village Project. Habitat's sold 10 single family units this past year. The Hope Village subdivision provided the City with 20 homeownership units for very low and low-income households in Modesto.

### Archway Commons:

EAH, Inc. commenced the construction of the proposed 76 units for low and very low income households this past fiscal year. To date 32 units have been completed and are currently occupied. EAH received a Tax Credit Allocation, Redevelopment Agency funds, HOME funds and private financing. The Archway Commons project is still under construction and will be a 100% affordable rental housing on an 8.3 acre site that will provide 76 units to a mix of household types for a wide array of users, including single individuals, couples, and households with children and seniors. The project consists of a group of two-story, slab-on-grade, wood framed, and garden-style apartment buildings. Unit types include two bedroom/one bath units, three bedroom/two bath units and one bedroom/one bath units. All apartments will be furnished with full kitchens and all ground level units will be compliant with American with Disabilities Act (ADA) regulations. The proposed apartment units range in size from 710 square feet (one bedroom unit) to 1,150 square feet (three bedroom unit). Adjacent to the project there is some undeveloped land currently owned by the City of Modesto that could be considered for future development of additional or multi-family housing units.



In FY 2009-2010, the City of Modesto allocated \$1.0 million in HOME funds through a Loan Agreement which could be used for pre-construction and construction costs. In addition the Modesto Redevelopment Agency committed \$6.7 million towards this project.

#### Downey Terrace:

The City of Modesto previously allocated \$250,000 in HOME funds for pre-development activities for the Downey Avenue project. Some of the funds were expended on pre-development funds and \$85,000 was also moved to another HOME project. On February 9, 2010, Staff released a Request for Proposal (RFP) soliciting affordable housing developers for this project. The scope of the RFP included a maximum dwelling unit count of 11 and noted that additional \$500,000 in HOME entitlement funds would be used in the construction of the project. During Program Year 2010-2011 the City of Modesto approved 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. This project has also been approved to receive future HOME funds for the development of Senior Housing. To date the City of Modesto entered into an agreement with the Housing Authority for the development of 11 units. Bids for the construction of the project were released and a contractor has been selected to construct the 11 units that will be serving senior citizens.

#### Tower Park Senior Apartments:

During Program Year 2010-2012 the City of Modesto approved a HOME Loan Agreement between the City of Modesto, Satellite Housing (Satellite) and American Baptist Homes of the West (ABHOW) in the amount of \$2.7 million, for the development of Tower Park Apartments, a 48-unit affordable senior community on the corner of 17th and G Streets. Satellite and ABHOW will leverage the City's commitment to secure an additional \$10.6 million in federal funding and private equity. In addition Satellite and ABHOW estimate that the construction of Tower Park Apartment will create approximately 270 construction and design jobs as well as opportunities for local vendor contracts once the development is completed. The developer applied for the First Round of Tax Credits and was not able to receive an allocation of tax credit funds. The developer has also submitted an application for the Second Round of Tax Credit Allocation. The awards for second round allocations should be released on September 2013.

#### Meadow Glen:

During Program Year 2011-2012 the City of Modesto allocated \$4.8 million in other grant funds to the Emancipated Foster Youth and Homeless Youth to the previously HOME funded project



Meadow Glen. This project is currently under construction and will house 31 youth between the ages of 18 to 28 that are emancipated from the foster care system and /or are homeless. In addition supportive services will be provided by partner agencies such as Behavioral Health and Recovery Services, Aspiranet, Community Services Agency among others. The units have been constructed and are in the process of finalizing minor items in order to get the Final Occupancy Certificate. It is estimated that the units can be leased in early October.

- b. Report the number of households served meeting the Section 215 requirements of affordable housing (essentially meeting the definitions in 24 CFR 92.252 and 92.254 for renters and owners, respectively).

As per HOME regulations twenty percent of the rental housing units constructed will be accessible for persons with disabilities.

- c. Description of efforts to address worst case needs (defined as low-income renters with severe cost burden, in substandard housing, or involuntarily displaced).

The City of Modesto in an effort to address worse case needs such as low income renters with severe cost burden, allocated HOME funds for an 11-unit housing development for seniors. Many seniors in this area live on a fixed income and have to pay more than 30% of their monthly income for rent.

There are also unassisted very low-income renters experiencing severe housing needs due to the fact that they either live in inadequate conditions or pay more than 30% of their monthly income for rent. The City of Modesto invested in previous years HOME funds that will provide units to very low and low income households. Some of these projects are in the completion stages.

- d. Description of efforts to address the accessibility needs of persons with disabilities.

### **3. Homeless and Other Special Needs**

Evaluate progress in the jurisdiction's progress in meeting its specific objectives for reducing and ending homelessness through:

- a. Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs.

All ESG subrecipients that carried out emergency shelter activities had a street outreach component to its operations. Additionally, these ESG subrecipients also participated in the local Continuum of Care's point-in-time count in January 2013, which afforded them an opportunity to reach out to unsheltered persons. Also, through the local CoC, the City participated in the annual Street Relief event, which provided a variety of services (bike repair, veterinary, haircut, information and referral, etc.) to approximately 200 persons experiencing homelessness, which included unsheltered persons. The City's ESG subrecipients that provide emergency shelter also provide case management with prerequisite assessment so that they may develop an individualized plan comprised of personal goals.

- b. Addressing the emergency and transitional housing needs of homeless persons.

The City of Modesto awarded CDBG and/or ESG funds to the following emergency shelter and transitional housing providers:

- ◆ The Salvation Army provides both emergency shelter and transitional housing services
- ◆ Center for Human Services provides transitional housing services
- ◆ Children's Crisis Center, Family Promise, and Haven Women's Center all provide emergency shelter services

- c. Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again.

City of Modesto, its ESG subrecipients, and other partners have been especially strategic in building housing that will stably house and promote the self-sufficiency of these subpopulations of persons experiencing homelessness. For example, City of Modesto's Homelessness Prevention and Rapid Re-Housing (HPRP) activities through Children's Crisis Center included the allocation of ESG funds for HUD-VASH program participants (veterans and/or their families experiencing homelessness) so that they may receive security deposit assistance, which is not available through this otherwise-comprehensive permanent supportive housing program.

Another subpopulation that was targeted with ESG HPRP financial assistance is families with dependent children. In addition to helping these persons make the transition to stable housing and self-sufficiency using its ESG funds, the City of Modesto invested millions of dollars using federal stimulus funds to develop, in partnership with its subrecipient, the Housing Authority of the County of Stanislaus, a 32-unit complex designed to serve youth experiencing homelessness and former foster youth (ages 18-28) with permanent supportive housing.

Center for Human Services' Pathways serves as a transitional supportive housing pathway to this 32-unit permanent supportive housing project.

- d. Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families who are likely to be discharged from publicly funded institution and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); and those receiving assistance from public or private agencies that address housing, health, social service, employment, education or youth needs.

In addition to targeting families with dependent children at imminent risk of experiencing homelessness, this particular homeless subpopulation, i.e., potential ESG program participants that are currently (or will within six months be) receiving mainstream benefits, were also targeted with ESG HPRP financial assistance.

The City of Modesto has invested years of effort and millions of dollars of HOME, federal stimulus, and Redevelopment funds to develop and address the affordable housing needs of

other special needs populations (e.g., elderly and frail elderly; persons with mental, physical, and/or developmental disabilities; persons with alcohol and other drug addiction; persons with mental illness; persons with HIV/AIDS and their families; and public housing residents):

Population	Project
Elderly	Downey Terrace (11 units)
Elderly	Tower Park (50 units)
Special needs populations with mental disabilities, including: Elderly, Adult individuals Foster Youth, Homeless Youth	Bennett Place (18 units)

In addition to affordable housing development, the City of Modesto targeted elderly and frail elderly and persons with disabilities through its CDBG Public Services activity: United Cerebral Palsy's Community Project for Safe Seniors, which employed adults with developmental disabilities to provide at-home services for elderly and frail elderly persons – as well as Disability Resource Agency for Independent Living, which provided assistive devices for persons with physical disabilities.

#### **4. Describe Other Actions in Strategic Plan or Action Plan Taken To:**

##### **a. Address obstacles to meeting underserved needs.**

There is an ongoing gap in the availability of services across most categories of underserved needs, including seniors, persons with disabilities, individuals with chronic illness, persons with other conditions affecting their ability to function independently and productively, foster youth and homeless. In addition, there is a need to link access to supportive services to affordable and appropriate housing.

The City of Modesto allocated entitlement funding in the community enabling local organizations to provide services that would meet underserved needs.

Needs Table Attached

##### **b. Foster and maintain affordable housing.**

The 2012-2013 objectives and housing priorities involved commitment and expenditure of current and prior year HOME, CDBG, stimulus funds and Redevelopment Agency funds, since the majority of activities and projects are multi-year funded. Some of the projects that received these funds are Downey Terrace, Bennett Place and Tower Park Apartments.

##### **c. Eliminate barriers to affordable housing.**

The City of Modesto has worked to eliminate internal barriers to the development of affordable housing through the following continuing efforts:

The City of Modesto's CDBG Public Services and ESG allocations reflect the City's priorities in meeting underserved needs, such emergency shelter and street outreach (individuals, survivors

of domestic violence, families, and children), homelessness prevention and rapid re-housing, food security, neighborhood revitalization, foster youth, seniors, youth, and persons with disabilities.

- ◆ Providing funding for land acquisition, secondary financing, and infrastructure costs;
- ◆ Assisting qualified households to purchase homes utilizing the homebuyer assistance programs;
- ◆ Exemption or deferral of Capital Facilities Fees for projects providing low-income housing;
- ◆ Using the adopted streamlining process for environmental review;
- ◆ Continuing to work with non-profit housing agencies in the provision of supportive services and programs;
- ◆ Using streamlined application review and permit processing; and
- ◆ Reduction of parking standards.

#### d. Overcome gaps in institutional structures and enhance coordination.

Examples of efforts taken to overcome gaps in the institutional structure and enhance coordination include:

The Acting Deputy Director of Parks, Recreation, and Neighborhoods Department (PRND), which oversees CDBG, HOME, ESG and stimulus funds administration, conducted regular meetings with staff to discuss current projects and prospective activities.

PRND Housing staff and Finance Department personnel met monthly to review process to monitor Federal program expenditures. Staff verified and cross-referenced the information on the monthly budget activity reports with supporting documentation maintained by the Division. In addition, Staff assigned a unique number to each activity that provided easy identification on both the City's financial reporting system and the Federal Integrated Disbursement and Information System (IDIS).

Staff worked closely with Finance, Public Works Departments and Parks Planning and Development Division to ensure Capital Improvement Projects (CIPs) were on schedule and consistent with Federal program requirements (both statutory and regulatory), and that invoices were paid in a timely manner for work completed. This process ensured the timely expenditure of HUD funds as required in provision 24 CFR 570.902 of the CDBG regulations. This regulation states that a grantee is considered to be timely, if 60 days prior to the end of the grantee's program year, the balance in its line-of-credit does not exceed 1.5 times the annual grant.

Staff participated in the City's Development Review Team which meets to review and discuss proposed residential and commercial developments in the City to ensure sustainability or "smart growth" and mitigate impact to environment and surrounding neighborhoods. The team includes traffic engineers, landscape architects, planners, etc.

Staff provided technical assistance workshops to non-profit agencies on the types of services that are eligible for ESG and CDBG Public Services funding, as well as a detailed explanation of new ESG requirements. Staff also conducted a pre-award workshop for reporting

requirements and Federal regulatory and statutory requirements for these programs.

Staff participated in housing, homeless and public service funding committees. (i.e. Stanislaus Housing and Support Services Collaborative (Continuum of Care), Emergency Food and Shelter Board (EFSP), and United Way Impact Councils).

The Acting Deputy Director and Program Managers for HOME, CDBG, ESG and stimulus funds met monthly with the two approved Community Housing Development Organizations (CHDOs) to review projects, anticipate and resolve issues, and monitor spending.

Staff continued to be involved with initiatives that originated from the City's Housing Element. The HOME Program Manager was especially involved in discussions concerning multi-family and affordable housing, as well as the evaluation of the effectiveness of HUD-funded projects relating to housing.

**e. Improve public housing and resident initiatives.**

The City of Modesto does not own or operate public housing, so this section is not applicable.

**f. Evaluate and reduce lead based paint hazards.**

The dangers of lead based paint, especially to children have always been known. Homes built prior to 1978 and undergoing construction under a housing rehabilitation program are tested for the presence of lead based paint, or lead-based paint is presumed. If there is a presence of lead-based paint, safe work practices are used and the paint is encapsulated. A lead-based paint clearance is obtained at completion of the project. If a loan for homebuyer's assistance is being obtained through a City program, a lead-based paint risk assessment report is obtained for the property. If the property does not pass the risk assessment, the lead-based paint must be remedied prior to the property being eligible under the homebuyer's assistance program. All tests, clearances, and risk assessments are performed by someone who is certified by the State of California.

The City's Housing Rehabilitation Specialists successfully completed the HUD Lead Hazard Control's Visual Assessment course, pursuant to 24 CFR part 35.

The City's Environmental Review Specialist, a State of California Department of Public Health (DPH) Certified Inspector/Assessor, followed up to become a DPH Certified Supervisor in 2003. The City continued to send Staff to training to better prepare them for dealing with lead-based paint in conjunction with construction regulations.

As of April 22, 2010, all contractors, property managers and others who perform renovations for compensation in residential units built before 1978 are required to be a certified firm and take the Environmental Protection Agency (EPA) certified Lead-Based Paint Renovation, Repair and Painting Program (RRP) course. The City offers a certified training course for all contractors and developers working with City HUD-funded programs.

As an additional effort in spreading the word about the effects of lead-based paint, the City

provided copies of the English- and Spanish-language versions of the EPA's pamphlet entitled "Protect Your Family From Lead in Your Home" reproduced for program applicants and distribution at neighborhood meetings in low- and moderate-income neighborhoods. Copies of the pamphlets are also available at the information counter at the Parks, Recreation and Neighborhoods Department.

**g. Ensure compliance with program and comprehensive planning requirements.**

Actions taken during the last year to ensure compliance with program and comprehensive planning requirements included a public notice published on August 20, 2013 in the city's local newspapers announcing the availability of the CAPER and inviting public comment. The Housing and Community Development Committee (CH&CDC) held a public meeting on August 18, 2013, to review the CAPER.

A public hearing was held before the City Council on September 24, 2013, to review the City's progress in meeting its performance goals. The public hearing also provided additional opportunity for the public to comment on the FY 2012-2013 CAPER.

**h. Reduce the number of persons living below the poverty level.**

Providing opportunities for low-income families to improve their economic status is an area of focus for the City, and is reflected in the City's Strategic Plan. The City leverages its federal grant funds from CDBG and ESG to:

- ◆ Support organizations and businesses interested in furthering economic development opportunities through the use of small business loans to create and retain jobs for low and moderate-income workers.
- ◆ Increase the supply of affordable housing in our community. While the production and preservation of affordable housing on its own will not raise people's income or lift them from poverty, it does contribute to stabilizing living expenses for low- income families, so that they have more discretionary income for other living expenses.

During the 2012-2013 program year the City allocated a total of \$322,782 in CDBG funds and \$102,576 in ESG funds to community-based organizations for various programs to assist individuals and families experiencing homelessness or at risk of experiencing homelessness and low and moderate-income individuals and families achieve self-sufficiency

## **5. Leveraging Resources**

To adequately address community development needs in the neighborhood, the City leveraged HUD funding with private donations and other forms of state and federal grants as well as financial institutions to carry out tasks. City staff monitors all projects and organizations funded through the various programs to ensure that they are in compliance with all regulations, including matching of funding

**a. Identify progress in obtaining "other" public and private resources to address needs.**

**b. How Federal resources from HUD leveraged other public and private**

## resources.

The City of Modesto revitalization efforts in the Airport Neighborhood inspired other public and private partnerships to be forged, resulting in the following:

- ◆ Stanislaus County developed an NRS Plan for the Airport Neighborhood to build upon City successes Stanislaus County in partnership with City of Modesto developed a proposal for an Urban Greening Planning for Sustainable Communities (Proposition 84) grant that was awarded by the State of California Strategic Growth Council
- ◆ In partnership with the City of Modesto, Stanislaus County secured a planning grant for septic-to-sanitary-sewer construction project for the unincorporated area of the neighborhood through the State of California State Water Resources Control Board and worked toward putting an advisory vote on the ballot so that the partnership could be eligible to secure construction funds from the Water Board
- ◆ The City of Modesto was credited by the U.S. Department of Veterans Affairs (VA) and HUD for developing a best practice that effectively leverages the resources of the two federal agencies for a joint program: HUD-VA Supportive Housing Program (HUD-VASH) by providing security deposit assistance through ESG.

### c. How matching requirements were satisfied.

ESG dollar-for-dollar match requirement was satisfied through requiring ESG subrecipients match dollar-for-dollar their ESG allocations.

## 6. Citizen Comments

Describe steps taken to obtain citizen input and provide a summary of citizen comments it received regarding the programs covered by its consolidated plan and the disposition of those comments. (Section 91.105(d)(2) of the consolidated plan regulations requires that grantees consider any comments or views of citizens, received in writing or orally at public hearings, in preparing the CAPER.)

It is the intent of the City of Modesto to encourage and facilitate citizen participation by:

1. Soliciting needs in the neighborhood;
2. Obtaining community input regarding how funds should be invested;
3. Building a sense of community among residents;
4. Encouraging community empowerment and greater community voice; and
5. Providing neighborhoods with information about City services

A copy of the Citizens Participation Plan is available for review on the City's website ([www.modestogov.com](http://www.modestogov.com)). As noted in the plan, comments can be submitted anytime by sending an email to [housing@modestogov.com](mailto:housing@modestogov.com)

The Citizens Housing & Community Development Committee (CH&CDC) provides overall review of the City's HUD funds. This Council-appointed committee provides policy and funding recommendations to the City Council regarding the City's use of HUD entitlement funds

No citizen comments were received on the CAPER.

## 7. Self Evaluation

Provide an evaluation of accomplishments. This evaluation must include a comparison of the proposed versus actual outcomes of each outcome measure submitted with the consolidated plan and explain, if applicable why progress was not made toward meeting goals and objectives.

The City actively worked at using the resources identified in the FY 2012-2013 Annual Action Plan to carry out the programs and activities. The City of Modesto continued to take an active role in the promotion and production of affordable housing as well as addressing the social and economic needs of low- and moderate-income individuals, as well as the special needs populations within the City.

## 8. Monitoring

a. Describe how and the frequency with which you monitored your activities.

b. What is the status of your grant programs?

- Are any activities or strategies falling behind schedule? No? N/A
  - Are grant disbursements timely? Yes
  - Do actual expenditures differ from letter of credit disbursements? No

The following are the City's monitoring standards, procedures, and actions as required by 24 CFR 91.230.

Staff assessed risk of CDBG and ESG subrecipients according to different risk factors to determine extent of monitoring for any given CDBG-/ESG-funded activity.

Risk factors include:

- ◆ Subrecipient experience administering CDBG/ESG funds (i.e., new subrecipients);
- ◆ Subrecipient experience carrying out funded activity (i.e., new activities);
- ◆ Past performance administering CDBG/ESG funds;
- ◆ Past performance carrying out funded activity;
- ◆ Subrecipients with limited administrative capacity;
- ◆ Innovative activities that may be high-risk (e.g., economic development activities); and
- ◆ Turnover in activity-delivery staff/leadership

Extent of monitoring ranges from frequent desk audits (i.e., monthly review of project files – performance reports, invoices and supporting documentation, ensuring timely expenditure, tracking progress toward Consolidated Plan/Annual Action Plan goals, etc.) for all CDBG-/ESG-funded activities to more extensive and less frequent (at least once every program year) on-site audits for “high-risk” subrecipients with certain risk factors as described above.

These on-site audits consist of the following:

- ◆ Letter to subrecipient in preparation for the on-site visit;

- ◆ Entrance conference;
- ◆ Key informant interviews;
- ◆ Review of beneficiary, financial, policies and procedures, and other records;
- ◆ Exit conference;
- ◆ Monitoring letter describing both positive feedback and detailed deficiencies; and
- ◆ Follow up

The following is a summary of the City's monitoring objectives:

- ◆ To determine if subrecipient is carrying out project as described in subgrant agreement.
- ◆ To determine if subrecipient is allocating costs to the project that are eligible and reasonable.
- ◆ To determine if subrecipient is conducting activities with adequate control over project and financial performance, and in a way that minimizes opportunities for waste, mismanagement, fraud, and abuse.
- ◆ To assess if subrecipient has a continuing capacity to carry out project, as well as future funding opportunities for which it may apply.
- ◆ To identify potential problem areas and to assist subrecipient in complying with applicable statutes and regulations.
- ◆ To assist subrecipient in resolving compliance problems through discussion, negotiation, and the provision of technical assistance and training.
- ◆ To provide adequate follow-up measures to ensure that performance and compliance deficiencies are corrected by subrecipient, and not repeated.
- ◆ To comply with federal monitoring requirements of 24 CFR 570.501(b) and with 24 CFR 84.51 and 85.40, as applicable.
- ◆ To determine if any conflicts of interest exist in the operation of project, per 24 CFR 570.611.
- ◆ To ensure that required records are maintained to demonstrate compliance with applicable regulations.

The City uses "Appendix 5-21" of *Managing CDBG: A Guidebook for CDBG Grantees on Subrecipient Oversight* for the basic structure of its CDBG/ESG monitoring and specific HUD-developed monitoring protocols according to activity/CPD program (*CPD Monitoring Handbook 6509.2*).

The City of Modesto conducted on-site audits of the following CDBG/ESG subrecipients:

- ◆ Court Appointed Special Advocates (CASA) of Stanislaus County
- ◆ Children's Crisis Center of Stanislaus County
- ◆ Center for Human Services
- ◆ Disability Resource Agency for Independent Living (DRAIL)
- ◆ Habitat for Humanity, Stanislaus County
- ◆ Howard Training Center
- ◆ Haven Women's Center of Stanislaus County
- ◆ Parent Resource Center
- ◆ The Salvation Army, Modesto Citadel

Other CDBG-/ESG-funded subrecipients that were not monitored on-site were low-risk, seasoned subrecipients and/or were audited in the prior program year,

As contract agreements are prepared for the various local organizations receiving entitlement funds, strict controls are incorporated in the agreement as to the use of the funds. Whenever possible, payments were made for units of service delivered to beneficiaries or reimbursement for eligible costs incurred by the organization. Desired outcomes and performance measures or outputs (e.g., number of individuals served, type of activity, accomplishments, etc.) were established as part of the agreements. This enables Staff to monitor the effectiveness of HUD-funded projects and ensure compliance with program requirements. The agreement for services also included general performance standards, including the provision of monthly activity reports to the City and written requests for disbursement of funds.

Staff conducted desk audits (in-house review of sub-grantee materials, such as progress reports, drawdown requests, written agreement, etc.) of all CDBG Public Services and ESG activity sub-grantees prior to approving invoices for payment. In addition, periodic field visits are conducted of those sub-grantees with limited organizational capacities, new subgrantees, sub-grantees that have experienced high turnover in key staff positions, subgrantees with previous compliance or performance problems, and sub-grantees carrying out high-risk activities due to its innovative nature (e.g., economic development projects). Field visits also serve as opportunities for staff to build collaborative relationships with sub-grantee personnel and assist sub-grantees in creating effective record-keeping systems for accurate reporting.

These monitoring practices ensured compliance with all regulations governing internal and sub-grantee administrative, financial, and programmatic operations. These practices also ensured sub-grantees achieved performance objectives on schedule and within budget. The City's monitoring plan is appropriate for its performance tracking capabilities. Staff used The HUD Community Planning and Development Monitoring Handbook (Handbook 6509.2) when monitoring both internal and sub-grantee HUD-funded projects.

The basic monitoring process is as follows: notification letter (to encourage preparation); entrance conference with key project staff; documentation, data acquisition, and analysis; exit conference with key project staff; and a follow-up monitoring letter that presents what the monitoring revealed.

A finding is presented as an issue of noncompliance with program rules and regulations. For each finding, corrective actions that must be taken are specified. A concern is presented as instances where the deficiency is not a finding, or where noncompliance may occur in the future because of weaknesses in project operations. Recommendations for improvement are specified for each concern. Monitoring letters are issued within thirty days after the exit conference.

In addition to implementing agreements for services for local organizations, Staff prepares written Memoranda of Understanding (MOUs), with department personnel within the City who expend service time using HOME, CDBG or ESG funds. These City personnel submit written requests with supporting documentation for disbursement of funds. Staff and other City personnel time was monitored prior to each draw as well as quarterly to ensure the usage fell within the regulations.

Staff and Finance Department personnel conducted a monthly review process to monitor

Federal program expenditures. Staff verified and cross-referenced the information on the monthly budget activity reports with supporting documentation maintained by the Division. In addition, Staff assigned a unique number to each activity that provided easy identification on both the City's financial reporting system and the Federal Integrated Disbursement and Information System (IDIS).

This financial monitoring system offered a form of checks and balances to monitor expenditures and determine the availability of funds.

The Housing Rehabilitation support staff monitored the use of the funds for projects funded under the Housing Rehabilitation Loan Program. Funds were disbursed according to a detailed Real Property Improvement Agreement executed by the property owner and the contractor. When a phase of the work was completed, the Housing Rehabilitation Specialist confirmed the completeness of the phase of rehabilitation in accordance with the appropriate housing codes and the work write-up specifications. The Housing Rehabilitation Specialist reviewed the work with the property owner and the owner signed a payment request voucher that authorized the disbursement of funds according to the contract. The Housing Financial Specialist reviewed and verified each payment voucher and the invoice was then approved by the Acting Deputy Director of the Parks, Recreation and Neighborhoods Department. The City's Finance Department monitored the disbursement of funds and balance of the project account.

HOME-assisted rental units are monitored for rent, income, housing quality, and other affordability criteria in accordance with section 92.252. The City of Modesto performs on-site inspections of HOME-assisted units as required. For HOME-assisted units containing one to four units, the monitoring is performed not less than once every three years; complexes containing five to 25 units are monitored once every two years, and projects containing 26 units or more are monitored every year.

There are different levels of monitoring that Staff follows beginning at project predevelopment and through the period of affordability. During the predevelopment and construction process staff reviews each draw request. Staff meets with developers to provide technical assistance if necessary and makes periodic site visits to follow-up on project progress. In addition, Staff constantly monitors to see if the project is meeting the standards established in initial agreement, costs are on target and check on quality of construction. During the past fiscal year no onsite monitoring took place. Staff is working on monitoring schedules of affordable housing projects for this fiscal year.

Staff conducted on-site inspections of units to determine compliance with property standard requirements. Staff verified information obtained by the owners in regards to lease, income verification, rent, utility allowances and compliance with provision of written agreements.

The City of Modesto monitors the HUD programs regularly to ensure successes. As problems or issues arise, the programs are modified to ensure maximum results. Oversight of HUD programs on a regular basis has been the key to maximizing the benefit for the citizens of Modesto.

#### **IV. Program Narratives**

In addition to the general narrative, a grantee must provide narratives that address the following requirements of each of the four consolidated plan programs for which it received funding.

**All Grantees Receiving CDBG Funds Must Submit the Following Narrative Information:**

**1. Assessment of Relationship of CDBG Funds to Goals and Objectives**

- a. Assess use of CDBG funds (including program income and Section 108) in relation to the priorities, needs, goals, and specific objectives in the Consolidated Plan, particularly the highest priority activities.
- b. Evaluate progress made toward meeting goals for providing affordable housing using CDBG funds, including the number and types of households served.

Local communities use the resources of the CDBG Program to develop flexible, locally designed community development strategies to address the program's primary objective, which is to develop viable urban communities by providing decent housing, creating suitable living environments, and expanding economic development opportunities principally for persons of low and moderate income.

Through the CDBG program, cities are allowed to develop programs and funding priorities, but are limited to activities that address one or more of the national objectives of the program. The national objectives include benefiting low- and moderate-income persons, aiding in the prevention or elimination of blight, and addressing other urgent community development needs.

In 2012-2013, the Housing Division was responsible for allocating Community Development Block Grant and Emergency Solutions Grant funds for community development activities in Modesto.

Allocation for funding and assignment of priorities are informed by the national goals established by HUD regulations, PRN Division goals and public input.

In partnership with the Citizen's Housing & Community Development Committee (CH&CDC) and approval from the Modesto City Council, the City adopted the community development program areas and priorities as outlined in the 5-year Consolidated Plan and 2012-2013 Annual Action Plan. These priorities and strategies along with Program Year Three results are attached.

Each activity funded by the City's CDBG Program addresses at least one of HUD's National Objectives. The three National Objectives are:

1. Benefit low- and moderate-income persons (as an Area Benefit, Limited Clientele, Housing, or Job Creation/Retention activity)

2. Aid in the prevention or elimination of slums or blight (on an Area Basis, Spot Basis, or a previously approved Urban Renewal project area)
3. Meet an urgent need (must pose a serious and immediate threat; be of recent origin, unable to be financed by the entitlement, and with no other sources of funding available)

During the program year, most applicable activities addressed the National Objective of benefit to low- and moderate-income persons and two activities addressed the elimination of slums or blight.

## **2. Changes in Program Objectives**

- a. Identify nature of and reasons for any changes in program objectives and how the jurisdiction would change its program as a result of its experiences.

No changes in Program objectives

## **3. Assessment of Efforts in Carrying Out Planned Actions**

- a. Indicate how you pursued all resources indicated in the Consolidated Plan.
- b. Indicate how you provided certifications of consistency in a fair and impartial manner.

The only certifications of consistency that were issued in the 2012 program year were issued to Project Sentinel in the hopes that our community would secure more funding for fair housing services, which clearly aligns with the intent of the Consolidated Plan.

- c. Indicate how you did not hinder Consolidated Plan implementation by action or willful inaction.

The City did not hinder Consolidated Plan implementation by action or willful inaction, as evidenced by the fact that most all activities included in the Annual Action Plan were successfully and expeditiously implemented.

## **4. Use of CDBG Funds for National Objectives**

- a. If CDBG funds were not used exclusively for activities benefiting low/mod persons, for slum/ blight activities, or to meet urgent community needs, explain why?
- b. If you did not comply with certification to expend no less than 70% of your CDBG funding during the specified period on activities that benefit low/mod person, explain why? N/A

## **5. Anti-displacement and Relocation -- for activities that involve acquisition, rehabilitation or demolition of occupied real property:**

- a. Steps actually taken to minimize the amount of displacement resulting from the CDBG-assisted activities.

Program Year 2012 saw no displacement or relocation.

- b. Steps taken to identify households, businesses, farms or nonprofit organizations who occupied properties subject to the Uniform Relocation Act or Section 104(d) of the Housing and Community Development Act of 1974, as amended, and whether or not they were displaced, and the nature of their needs and preferences.

The City did not carry out any activities that were subject to the URA or Section 104(d) of the HCD Act.

- c. Steps taken to ensure the timely issuance of information notices to displaced households, businesses, farms, or nonprofit organizations.

The purpose of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 is to ensure the uniform, fair, and equitable treatment of individuals and businesses whose property is acquired by agreement and not coercion or who are displaced in connection with a federally funded project.

As a matter of policy, City of Modesto and its subrecipients do not undertake acquisition, rehabilitation, or demolition activities that cause the displacement of households, businesses, farms, or nonprofit organizations. General information notices are issued to all property owners when grantee carries out acquisition, rehabilitation, and demolition – even when relocation assistance does not apply.

**6. Low/Mod Job Activities** -- for economic development activities undertaken where jobs were made available but not taken by low or moderate income persons:

- a. Actions taken by grantee and businesses to ensure first consideration was or will be given to low/mod persons. N/A
- b. List by job title of all the permanent jobs created/retained and those that were made available to low/mod persons. N/A
- c. If any of jobs claimed as being available to low/mod persons require special skill, work experience, or education, a description of steps being taken or that will be taken to provide such skills, experience, or education.

Special Economic Development Activities were not carried out in Program Year 2012

**7. Program income received**

- a. Amount of program income reported that was returned to each individual

revolving fund, e.g., housing rehabilitation, economic development, or other type of revolving fund.

- b. Amount repaid on each float-funded activity. N/A
- c. All other loan repayments broken down by the categories of housing rehabilitation, economic development, or other
- d. Amount of income received from the sale of property by parcel.

Program income generated during the program year is as follows:

CDBG: \$ \$44,024.49

Revolving Loan Fund (RLF): \$187,918.27

HOME: \$77,388.76

**8. Prior period adjustments** -- where reimbursement was made this reporting period for expenditures (made in previous reporting periods) that have been disallowed, provide the following information:

- a. Activity name and number as shown in IDIS.
- b. Program year(s) in which the expenditure(s) for the disallowed activity(ies) was reported.
- c. Amount returned to line-of-credit or program account.

\$8,457.50 to the HOME Line-of-Credit

- d. Total amount to be reimbursed and the time period over which the reimbursement is to be made, if the reimbursement is made with multi-year payments.

## **9. Loans and other receivables**

- a. Principal balance for each float-funded activity outstanding as of the end of the reporting period and the date(s) by which the funds are expected to be received. N/A
- b. Total number of other loans outstanding and the principal balance owed as of the end of the reporting period.
- c. List separately the total number of outstanding loans that are deferred or forgivable, the principal balance owed as of the end of the reporting period, and the terms of the deferral or forgiveness.
- d. Total number and amount of loans made with CDBG funds that have gone

into default and for which the balance was forgiven or written off during the reporting period.

- e. A list of the parcels of property owned by the grantee or its subrecipients that have been acquired or improved using CDBG funds and that are available for sale as of the end of the reporting period.

#### **10. Lump sum agreements N/A**

- a. Name of the financial institution.
- b. Date the funds were deposited.
- c. Date the use of funds commenced.
- d. Percentage of funds disbursed within 180 days of deposit in the institution.

#### **11. Neighborhood Revitalization Strategies** – for grantees that have HUD-approved neighborhood revitalization strategies:

- a. Progress against benchmarks, i.e. outputs and outcomes for the program year.

For grantees with Federally-designated EZs or ECs that received HUD approval for a neighborhood revitalization strategy, reports that are required as part of the EZ/EC process shall suffice for purposes of reporting progress.

For recipients of Neighborhood Stabilization Program funds, identify progress in addressing areas of greatest need.

- ◆ Establish a Community Center – City of Modesto converted a 2,000 square-foot duplex into a 2,400 square-foot community center. Construction was completed and grand opening was celebrated March 28, 2013.
- ◆ Widen Last Stretch of Empire Avenue – City of Modesto completed this public improvement project (street widening, installation of curbs, gutters, sidewalks, etc) on February 5, 2013.
- ◆ Attract a Full-Service Grocery Store to the Neighborhood – City of Modesto was not successful in attracting a supermarket to the neighborhood. The City, through its Community and Economic Development Department, will continue to prioritize attracting a full-service grocery store to bring healthy, affordable, and accessible food options to the neighborhood, which is considered a “food desert” by the U.S. Department of Agriculture.
- ◆ Establish a Community-Based Development Organization (CBDO) – The City of Modesto and its community-based stakeholders were unsuccessful in starting up a community development corporation that could be certified as a CBDO.

While this was the final year of the Airport Neighborhood’s CDBG Revitalization Strategy Plan, the City and its stakeholders will continue to rely on extensive collaboration among local government and community-based organizations to revitalize the neighborhood.

## **All Grantees Receiving HOME Funds Must Submit the Following Narrative Information:**

### **1. Assessment of Relationship of HOME Funds to Goals and Objectives**

- a. Assess the use of HOME funds in relation to the priorities, needs, goals, and specific objectives in the consolidated plan, particularly the highest priority needs.

#### Assessment of Relationship of HOME Funds to Goals and Objectives

The HOME Investment Partnerships, introduced in the Cranston-Gonzalez National Affordable Housing Act of 1990, provides funding that can be used for rehabilitation, new construction, acquisition of affordable housing, and/or tenant-based rental assistance. HOME is the largest Federal block grant to State and local governments designed exclusively to create affordable housing for low-income households. The program's flexibility allows States and local governments to use HOME funds for grants, direct loans, loan guarantees or other forms of credit enhancement, or rental assistance or security deposits.

#### Recapture/Resale for Home Ownership Activities:

The City of Modesto follows specific requirements for the Homebuyers Assistance Program. These guidelines apply when a homebuyer or developer is assisted with HOME Investment Partnerships Program funds and the homebuyer sells or transfers the assisted property subsequent to the initial HOME Investment. The recapture option allows the City to recapture the entire HOME subsidy, subject to net proceeds, if the homeowner sells his or her property, does not occupy the home as the owner's principal place of residence, or violates the program requirements within the period of affordability. All HOME assisted unit sales under the recapture option shall meet the following criteria:

- ◆ The homebuyer may sell the property to any willing buyer
- ◆ The homebuyer can sell the property at any price
- ◆ The City of Modesto must collect a part or all of the direct assistance from the net sales proceeds of the unrestricted sale, if sufficient net sales proceeds exist.

Recapture provisions shall be enforced through a HOME loan agreement, note and recapture agreement including affordability covenants recorded filed with the Stanislaus County Clerk Recorder, and the requirements within shall be triggered upon sale or transfer of the HOME assisted property.

The City of Modesto requires that when the recapture provision is triggered by a sale (whether voluntary or involuntary), it will recapture the HOME investment up to the total net proceeds remaining after the sale as modified by program specific choices under 24 CFR Part 92.254(a)(5)(ii)(A)(1) through (4). Net proceeds are the sales price minus the superior loan repayment (other than HOME funds) and any closing costs. The specific method of recapture as capped by net proceeds may be one of the four choices outlined in 24 CFR Part 92.254(a)(5)(ii)(A)(1) through (4). These options include:

1. Recapture the entire amount -- The City may recapture the entire amount of the HOME investment from the homeowner, with total collections capped by net proceeds;
2. Reduction during the affordability period -- The City may elect to reduce the HOME investment amount to be recaptured on a pro rata basis for the time the homeowner has owned and occupied the housing measured against the required affordability period;
3. Shared Net Proceeds -- When the net proceeds (i.e., the sales price minus loan repayment, other than HOME funds, and closing costs) are insufficient to repay the direct HOME subsidy and the homebuyer's investment, the net proceeds shall be shared according to the following formula. Recapture of the HOME funds is based on the ratio of the HOME subsidy to the sum of the homeowner's investment (including down payment and any capital improvement investment made by the owner since purchase), plus the HOME subsidy:  

$$\Rightarrow \text{HOME Subsidy} + \text{Homeowner Investment} \times \text{Net Proceeds} = \text{HOME Recapture}$$
4. Owner investment returned first

The City Modesto may permit the homebuyer to recover the homebuyer's entire investment (down payment and capital improvements made by the owner since purchase) before recapturing the HOME investment.

City staff shall select one of these four options based on the specific project/program. The selected method must be included in the contract between the City of Modesto and any partner.

- b. Evaluate progress made toward meeting goals for providing affordable housing using HOME funds, including the number and types of households served.

2012-2013 HOME-Funded Projects with Expected Number of Units by Percent of AMI

Project	HOME Funds	Population Served	Units	AMI	Status
Meadow Glen	\$713,162	Emancipated Foster Youth and Homeless Youth	32	50%	Waiting for Certificate of Completion
Archway Commons	\$1,000,000	Low, Very Low Income Households	76	30-80%	32 units completed and occupied
Bennett Place	\$1,025,427	Seniors, Adult individuals Foster Youth, Homeless Youth	18	30-80%	Predevelopment
Hope Village	\$962,984.30	Low, Very Low Income Households	10	30-80%	10 units sold

#### Progress made during the past fiscal year:

Meadow Glen a 32-unit apartment complex for Emancipated Foster Youth and Homeless Youth

and developed by the Housing Authority of the County of Stanislaus is completed. The estimated time to obtain the final certificate of occupancy is mid-September and the estimated time for occupancy is the first or second week of October 2013. In California approximately 65% of youth leaving foster care do so without a place to live. Housing emancipated foster youth and homeless youth in a program providing support services (mental health, educational and vocational counseling, job placement, financial literacy and life skills training and mentoring), will create a safety net for these former foster youth - - now young adults as well as homeless young adults. Supportive services will be available to qualified residents by supportive services agencies such as Stanislaus County Behavioral and Recovery Services, Aspiranet, Center for Human Services, and Stanislaus County Community Services Agency. Other agencies such as CASA, City of Modesto, the Housing Authority of the County of Stanislaus, STANCO are also part of the stakeholders that participated in the planning and implementation of the development and supportive services.

Archway Commons developed by EAH, Inc. has completed 32 of the 76 proposed units and 32 of these units are also occupied.

Bennett Place completed some predevelopment activities. This project is being developed by STANCO.

Hope Village a project developed by Habitat for Humanity Stanislaus completed the sale of the second phase of single family units. The last ten of the 20 units were sold and closed escrow by May 2013.

## **2. HOME Match Report**

- a. Use HOME Match Report HUD-40107-A to report on match contributions for the period covered by the Consolidated Plan Program year.

HOME Match Report HUD-40107-A attached

## **3. HOME MBE and WBE Report**

- a. Use Part III of HUD Form 40107 to report contracts and subcontracts with Minority Business Enterprises (MBEs) and Women's Business Enterprises (WBEs).

Minority Business Enterprises (MBEs) and Women's Business Enterprises (WBEs) Part III of HUD Form 40107 attached

## **4. Assessments**

- a. Results of on-site inspections of rental housing.

No on-site inspections for HOME rental housing were performed during the past fiscal year.

- b. HOME jurisdiction's affirmative marketing actions.

The City of Modesto implemented an Affirmative Marketing Policy for use in its HOME program in order to comply with HUD fair housing objectives. Both the borrower/developer and the City share the responsibility to inform the public about federal fair housing laws. The City, through its monitoring of the HOME units, evaluates the effectiveness of the marketing efforts. The beneficiaries are held to the terms of the policy by reference in the HOME Loan Agreement and Trust Deed executed to secure the HOME loan. The loan agreements require compliance with all applicable civil rights laws, including Section 504, Section 3 and the Age Discrimination Act. The City requires the reporting of direct benefit activities in order to track those who have been served with Federal/state or local funding.

The City maintains monitoring records demonstrating that it has reviewed the affirmative marketing actions for each monitored project. The City also requires that Fair Housing logos be placed on all agency publications as an effort to affirmatively further fair housing.

**c. Outreach to minority and women owned businesses.**

The City of Modesto has a Small, Minority Business Enterprise/Women's Business Enterprise (MBE/WBE) policy and procedures guideline that was accepted by HUD in May 1994.

## **2. Affordable Housing**

Evaluate progress in meeting its specific affordable housing objectives, including:

- e. Comparison of proposed numeric goals (from the consolidated plan and annual action plan) with the actual number of extremely low income, low income, and moderate income renter and owner households assisted during the reporting period.**

Hope Village:

In FY 2012-2013, Habitat for Humanity, Stanislaus completed Phase Two of the Hope Village Project. Habitat's sold 10 single family units this past year. The Hope Village subdivision provided the City with 20 homeownership units for very low and low-income households in Modesto.

Archway Commons:

EAH, Inc. commenced the construction of the proposed 76 units for low and very low income households this past fiscal year. To date 32 units have been completed and are currently occupied. EAH received a Tax Credit Allocation, Redevelopment Agency funds, HOME funds and private financing. The Archway Commons project is still under construction and will be a 100% affordable rental housing on an 8.3 acre site that will provide 76 units to a mix of household types for a wide array of users, including single individuals, couples, and households with children and seniors. The project consists of a group of two-story, slab- on-grade, wood framed, and garden-style apartment buildings. Unit types include two bedroom/one bath units, three bedroom/two bath units and one bedroom/one bath units. All apartments will be furnished

with full kitchens and all ground level units will be compliant with American with Disabilities Act (ADA) regulations. The proposed apartment units range in size from 710 square feet (one

## **All Grantees Receiving ESG Funds Must Submit the Following Narrative Information:**

### **1. Assessment of Relationship of ESG Funds to Goals and Objectives**

- a. Identify actions to address emergency shelter and transitional housing needs of homeless individuals and families (including significant subpopulations such as those living on the streets).
- b. Evaluate progress made in using ESG funds to address homeless and homeless prevention needs, goals, and specific objectives established in the consolidated plan.
- c. Detail how ESG projects are related to implementation of comprehensive homeless planning strategy, including the number and types of individuals and persons in households served with ESG funds.

Receiving ESG and CDBG Public Services funds allow the City of Modesto to partner with emergency shelter and transitional housing providers to help address the needs of individuals and families experiencing homelessness.

- The Salvation Army, Modesto Citadel – Berberian Shelter and Transitional Living Center provided Emergency and Transitional Shelter for Adults Living on the Streets
- Center for Human Services Pathways Transitional Housing served Transition Aged Youth
- Children s Crisis Center of Stanislaus County – Child Respite Services Transitional Housing Activity served Children
- Family Promise of Greater Modesto – Case Management Transitional Shelter served Families
- Haven Women’s Center of Stanislaus County Emergency and Transitional Shelter served Individuals and Families Fleeing Domestic Violence, Dating Violence, Sexual Assault, and Stalking

ESG projects and CDBG Public Services projects that relate to homelessness and homelessness prevention are informed by formal consultation with the local Continuum of Care and other key stakeholders. For example, during the 2011-2012 program year, City of Modesto undertook a planning process with the Continuum of Care to design an innovative ESG activity to address the homelessness prevention and rapid re-housing components of ESG for the 2012-2013 program year. This particular activity is now considered a best practice for its close collaboration with the local Housing Authority and the regional U.S. Department of Veterans Affairs Palo Alto Health Care System (HUD-VASH Program).

### **2. Matching Resources**

- a. Provide specific sources and amounts of new funding used to meet match as

required by 42 USC 11375(a)(1), including cash resources, grants, and staff salaries, as well as in-kind contributions such as the value of a building or lease, donated materials, or volunteer time.

TOTAL HUD Funds \$102,576. The dollar-for-dollar matching resources of ESG subgrantees are as follows:

#### SUBRECIPIENT ESG FUNDS MATCHING RESOURCES

ESG Subrecipient	ESG Funds	Matching Funds	Source
Salvation Army	\$34,072	\$34,072	\$15,000 (United Way of Stanislaus County); \$24,568 (Cash)
Children's Crisis Center	\$132,164	\$132,164	\$31,496 (Stanislaus County Children & Families Commission); \$100,668 (Cash)
Center for Human Services	\$34,072	\$34,072	\$34,072 (Cash)
Haven Women's Center	\$12,777	\$12,777	\$12,77 (State of California Emergency Management Agency)
Family Promise	\$1,538	\$1,538	\$1,538 (Cash)
<b>TOTAL</b>	<b>\$214,623</b>	<b>\$214,623</b>	<b>\$214,623</b>

#### 4. Activity and Beneficiary Data

- a. Include the number of persons assisted, the types of assistance provided, and the project or program outcome data measured under the performance standards developed in consultation with the Continuum (s) of Care.
- b. Completion of ESG Program Performance reports showing ESGP expenditures by type of activity. Also describe any problems in collecting, reporting, and evaluating the reliability of this information.

All City of Modesto subrecipients working with individuals and families experiencing homelessness or who are at risk of experiencing homelessness are required to use the Homeless Management Information System (HMIS) of the local Continuum of Care. These subrecipients have not reported having any problems collecting, reporting, and evaluating the reliability of beneficiary data during the monthly Continuum of Care subcommittee meetings for ESG grantees and subgrantees. This may be attributed to the effective overhaul of the Continuum of Care's HMIS under the leadership of the local Housing Authority. Activity data relating to ESG expenditures by type of activity is tracked at the City of Modesto in both a financial management system, as well as in a separate spreadsheet in order to cross reference these expenditures.

#### 5. Chronic Homelessness

- a. Describe actions steps taken to address chronic homelessness.

City of Modesto considers addressing chronic homelessness a high priority and prioritizes available ESG and CDBG Public Services funds accordingly. In addition to providing such funding to shelter, transitional, and permanent supportive housing providers with which it partners, City of Modesto also formed a Blue-Ribbon Commission on Homelessness to develop a plan to further the City's efforts. Recommendations of this appointed body will be presented in the 2012-2013 program year. City of Modesto affordable housing development strategies funded by different state competitive and federal formula and competitive grants are also informed by the City of Modesto-adopted Ten-Year Plan to End Long-Term Homelessness.

## 6. Homeless Discharge Coordination

As part of the government developing and implementing a homeless discharge coordination policy, ESG homeless prevention funds may be used to assist very-low income individuals and families at risk of becoming homeless after being released from publicly funded institutions such as health care facilities, foster care or other youth facilities, or corrections institutions or programs.

- a. Explain how your government is implementing a homeless discharge coordination policy, and how ESG homeless prevention funds are being used in this effort.

As part of the government developing and implementing a homeless discharge coordination policy, ESG homeless prevention funds may be used to assist very-low income individuals and families at risk of becoming homeless after being released from publicly funded institutions such as health care facilities, foster care or other youth facilities, or corrections institutions or programs.

Homeless discharge coordination policy, and how ESG homeless prevention funds are being used in this effort.

Unfortunately, the local health, human, and housing service provider infrastructure in Modesto and Stanislaus County is unable to meet the unprecedented demand for housing and essential services for very-low income individuals and families at risk of experiencing homelessness after being released from publicly funded institution, especially the intended and unintended consequences of the State of California's corrections realignment plan, which shifts responsibility from the state to counties for the custody, treatment, and supervision of individuals convicted of crimes. City of Modesto and other units of local government and community-based organizations are further developing a homeless discharge coordination policy to better meet this challenge. This challenge is further deepened by the recent "realignment," which effectively shifts responsibility for the supervision of newly-convicted low-level offenders without current or prior serious or violent offenses stay to local (county) jails to serve their sentences.

The following IDIS reports with an asterisk (\*) contain information that must be provided to citizens in order to satisfy annual performance report requirements contained for Consolidated Plan under 24 CFR 91.520.

## **Emergency Solutions Grant Program**

Jurisdictions receiving funding under the Emergency Solutions Grant program pursuant to the interim rule published on December 5, 2011 must include, in a form prescribed by HUD, the number of persons assisted, the types of assistance provided, and the project or program outcomes data measured under the performance standards developed in consultation with the Continuum(s) of Care.

The City of Modesto is an active member of the local Continuum of Care, the Stanislaus housing and Support Services Collaborative (SHSSC). The SHSSC drafted the Ten-Year Plan to End Long-Term Homelessness, which was adopted by the Modesto City Council in June 2007. This plan continues to inform the City's Consolidated Plan strategies, priorities, and program-year activities. The City is not a grantee of competitively awarded Continuum of Care programs (Supportive Housing Program [SHP], Shelter Plus Care [S+C], and Single Room Occupancy [SRO]); however, the City participates in the planning, strategizing, and decision-making of the local Continuum of Care. The City formally consults with the Continuum of Care to inform its ESG and CDBG Public Services funding priorities to more effectively address homelessness. Both the City and the Continuum are increasingly prioritizing strategic permanent supportive housing that targets vulnerable population groups (e.g., families, persons with disabling conditions, veterans, persons exiting public institutions, etc.) and those experiencing long-term homelessness as a means of addressing and preventing homelessness. Also, the City coordinates with other Federal resources, including those administered by the HACS and the U.S. Department of Veterans Affairs (VA), to leverage CDBG, HOME, and ESG funds.

### **Public Participation**

This component requests information needed to satisfy public participation requirements.

It is important that the reports provided to citizens, community groups, and local political leaders present a clear and complete statement of what has been accomplished not only to HUD, but also to citizens, community groups, and local political leaders. Therefore, we urge your attention to assembling this information in a manner that relates back to the needs, strategies, and objectives as described and presented in your approved Consolidated Plan and Action Plan.

Before submitting performance reports to the HUD Field Office for review, the jurisdiction must make the report available to the public for examination and comment for a period of at least 15 days. A copy of the performance information made available to HUD, including the summary of public comments received as a result of the public participation process, must be available for examination by the public upon request.

The grantee must provide the public a summary of community accomplishments for each priority need that the community designated in the strategic plan. For public services, this must include the number of persons served during the reporting period. For public facilities and improvements, this must include the number of projects assisted and the number of projects completed during the reporting period.

For economic development needs, this must include the actual number of businesses assisted, jobs assisted, and the actual number of extremely low-, low-, and moderate-income persons assisted during the reporting period.

This summary of accomplishments can be met using the standard reports generated from the Integrated Disbursements and Information System (IDIS). IDIS information retrieval and reporting capability currently can provide the basic accomplishment and program information needed to identify the eligibility and funding status of activities.

<b>ESG Expenditures</b>			
<b>A. ESG Expenditures for Homelessness Prevention</b>			
Dollar Amount of Expenditures in Program Year	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
Expenditures for Rental Assistance		6450	49693
Expenditures for Housing Relocation & Stabilization Services - Services			10400
Subtotal Homelessness Prevention		6450	60093
<b>B. ESG Expenditures for Rapid Re-Housing</b>			
Dollar Amount of Expenditures in Program Year	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
Expenditures for Rental Assistance			25360
Expenditures for Housing Relocation & Stabilization Services - Services			5357
Subtotal Homelessness Prevention			30717
<b>C. ESG Expenditures for Emergency Shelter</b>			
Dollar Amount of Expenditures in Program Year	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
Essential Services	18886		
Operations	79859	110964	109580
Renovation	14200		
Subtotal	112945	110964	109580
<b>D. Other Grant Expenditures</b>			
Dollar Amount of Expenditures in Program Year	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
Administration	2724	4070	10874
<b>E. Total ESG Grand Funds</b>			
Total ESG Funds Expended	115669	121484	21264
<b>F. Match Source</b>			
Other Non- ESG HUD Funds			11239
State Government	64858	77846	153541
Private Funds 48087	39568	35610	35610
Total Match Amount	112945	117414	200390
<b>G. Total</b>			
Total Amount of Funds Expended on ESG Activities	228614	238898	411654

**Other Attachments and Narratives**

Table 1C, 2C, 3A, 3B

Financial Summary Report (PR26)

Summary of Accomplishments Report (C04PR23)

Summary of Consolidated Plan Projects for Report Year 2012 (C04PR06)

CDBG Financial Summary Report (C04PR26)

CDBG Summary of Activities (C04PR03)

CDBG Performance Measures Report (C04PR83)

CDBG Strategy Area, CDFI, and Local Target Area (C04PR84)

HOME Housing Performance Report (Grantee/PJ) (C04PR85)

ESG Performance Measures Report (C04PR81)