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Downtown Modesto: Upward and onward

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MODESTO --]

There are several reasons to be hopeful for improvements in Modesto's downtown, already one of the liveliest in the San Joaquin Valley.

As Bee columnist Jeff Jardine outlined in Sunday's Bee, developer Peter Janopaul III has appealing plans for the El Viejo post office on I Street, which his investment group bought for just more than \$1 million in the fall. Janopaul is proposing to build lofts — a type of housing that has proved popular in many larger cities — and to make use of the historic features of the 1933 building.

Most of the housing in the square mile that makes up downtown Modesto is older and most of it is, well, modest. Ralston Tower was built to serve low-income seniors, and the new complex planned at Tower Park is aimed at the same audience. There are several other apartment buildings and some old bungalows, many of which are rentals.

Janopaul is not the first developer to propose market rate apartments or condos in downtown Modesto, but his timing may be better than it was for the earlier projects, which lost momentum in the housing crash. First of all, there is a demand for this kind of housing among young professionals, a small but important demographic. Second, Modesto Mayor Garrad Marsh is a big advocate of downtown — growing up, not out, as he said in his campaign.

The up-not-out argument also got a boost in a presentation last week by a North Carolina developer. Joe Minicozzi of Asheville ran some numbers that showed that downtown Modesto creates more property tax revenue per acre than the sprawling shopping centers at the north edges of the city. Minicozzi offered a persuasive density-equals-dollars argument. Or, to put it in terms familiar to farmers: choosing your crops to earn the highest yield per acre. Minicozzi's study showed that the seven-story City Tower building, at 10th and H streets, generates the highest property taxes per acre — \$20,700 per acre for the city and \$41,300 per acre for the county. Vintage Faire, in contrast, generates only \$4,470 per acre, according to Minicozzi's calculations.

Local decision-makers haven't talked much about this specific formula in their land-use discussion. Most of their conversations about new developments revolve around jobs — short and long term — and around potential sales tax income for the respective city and county. One reason is that sales tax generally generates more revenue for local government than property tax. For the city of Modesto, for instance, sales tax receipts amount to about 24 percent of the city's \$102 million general fund while property taxes make up only 11 percent.

We hope officials will use this property tax yield per acre as another way to quantify the importance of downtown — and of in-fill projects.

Finally, at tonight's City Council meeting, Modesto's Community and Economic Development Director Brent Sinclair will provide an update on the code changes proposed to allow mixed-use projects downtown. This kind of zoning would allow some single-story buildings but also buildings as high as 15 floors, featuring shops or offices on ground level and residential units on higher floors. More would be done to promote sidewalk eateries and other elements to make downtown interesting and appealing. These changes have been in the works for more than two years.

Ultimately, downtown Modesto's future will hinge in large part on how and when the economy improves and on which site is chosen for a new courthouse. But it's exciting to see some visionary thinking and solid financial arguments to put more life into the heart of our city.

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