

City of Merced  
California

# **Appendix G: City of Merced**

## **2024-2032 Merced County Mult-Jurisdictional Housing Element Update**

*Public Review Draft | May 13, 2024*

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# Table of Contents

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G1	Review of Past Accomplishments .....	G1-1
G1.1	Effectiveness in Addressing Special Needs .....	G1-1
G1.2	Quantified Objectives .....	G1-1
G1.3	Review of Past Accomplishments .....	G1-2
G2	Public Participation .....	G2-1
G2.1	Pop-Up Events.....	G2-1
G2.2	Community Workshops .....	G2-1
G2.3	Study Sessions.....	G2-3
G2.4	Survey.....	G2-4
G2.5	Stakeholder Interviews .....	G2-4
G2.6	Response to Community Input .....	G2-5
G3	Housing Needs Assessment .....	G3-1
G3.1	Population Characteristics .....	G3-1
G3.2	Population Growth.....	G3-1
G3.3	Age Characteristics.....	G3-1
G3.4	Race and Ethnicity.....	G3-2
G3.5	Economic Characteristics .....	G3-3
G3.6	Household Characteristics .....	G3-6
G3.7	Large Households.....	G3-7
G3.8	Overcrowding.....	G3-7
G3.9	Special Needs Groups .....	G3-8
G3.10	Housing Stock Characteristics .....	G3-19
G3.11	Distribution of Owner-Occupied Units .....	G3-27
G3.12	Housing Rents .....	G3-28
G3.13	Housing Affordability .....	G3-29
G3.14	Assisted Housing Units.....	G3-33
G4	Housing Constraints Analysis.....	G4-1
G4.1	Summary of Local Housing Constraints .....	G4-1
G4.2	Non-Governmental Constraints .....	G4-1
G4.2.1	Land Costs.....	G4-2
G4.2.2	Construction Costs.....	G4-3
G4.2.3	Availability of Financing .....	G4-4
G4.2.4	Requests for Lower Development Densities .....	G4-6
G4.3	Governmental Constraints.....	G4-6
G4.3.1	Land Use Controls.....	G4-6
G4.3.2	Residential Development Standards .....	G4-11

G4.3.3	Density Bonus .....	G4-15
G4.3.4	On-/Off-Site Improvement Standards .....	G4-16
G4.3.5	Provision of a Variety of Housing Types .....	G4-17
G4.3.6	Housing for Persons with Disabilities .....	G4-27
G4.3.7	Planning and Development Fees .....	G4-29
G4.3.8	Permit Types .....	G4-32
G4.3.9	Permit Procedures and Processing Times .....	G4-36
G4.3.10	Transparency in the Development Review Process .....	G4-38
G4.3.11	Short-Term Housing Rentals .....	G4-38
G4.3.12	Code Enforcement .....	G4-39
G4.4	Environmental Constraints .....	G4-39
G4.4.1	Flood .....	G4-39
G4.4.2	Seismic Zones.....	G4-40
G4.4.3	Wildland/Urban Fire Hazards .....	G4-40
G5	Affirmatively Furthering Fair Housing (AFFH).....	G5-1
G5.1	Introduction .....	G5-1
G5.2	Methodology.....	G5-1
G5.3	Data Sources .....	G5-4
G5.4	Summary of AFFH Analysis Findings .....	G5-5
G5.5	Fair Housing Resources .....	G5-5
G5.6	Compliance with Fair Housing Laws.....	G5-5
G5.7	Ability to Address Complaints.....	G5-6
G5.8	Segregation and Integration Patterns and Trends.....	G5-7
G5.9	Disparities in Access to Opportunities .....	G5-24
G5.10	Disproportionate Housing Needs.....	G5-34
G5.11	Local Area Knowledge .....	G5-42
G5.12	Subsidized Housing .....	G5-45
G5.13	Housing Site Inventory Analysis.....	G5-47
G5.14	Contributing Factors and Meaningful Actions .....	G5-61
G5.15	Meaningful Actions to Address Fair Housing Issues .....	G5-63
G6	Merced Housing Resources .....	G6-1
G6.1	Regional Housing Needs Allocation (RHNA) .....	G6-1
G6.2	Meeting the RHNA .....	G6-2
G6.2.1	RHNA Credits .....	G6-2
G6.3	Summary of RHNA Credits .....	G6-6
G6.4	Methodology.....	G6-7
G6.4.1	Suitable Sites for Affordable Housing.....	G6-7
G6.5	Nonvacant Sites .....	G6-7
G6.5.1	Adequacy of Nonvacant Sites .....	G6-7



G6.6	Development Trends.....	G6-9
G6.6.1	Realistic Development Capacity .....	G6-10
G6.6.2	Likelihood of 100 percent Nonresidential Uses on Sites .....	G6-11
G6.7	Site Inventory .....	G6-12
G6.7.1	Rezone Sites.....	G6-23
G6.7.2	Sites used in Previous Planning Periods .....	G6-28
G6.7.3	Adequacy of Residential Site Inventory in Meeting RHNA .....	G6-28
G6.8	Availability of Infrastructure and Services .....	G6-29
G6.8.1	Wastewater System.....	G6-29
G6.8.2	Potable Water System .....	G6-29
G6.8.3	Storm Water and Drainage.....	G6-29
G6.8.4	Dry Utilities .....	G6-30
G6.9	Environmental Considerations.....	G6-30
G6.10	Opportunities for Energy Conservation .....	G6-30
G7	Housing Plan .....	G7-1
G7.1	Goals and Policies .....	G7-1
G7.2	Implementing Programs .....	G7-3
G7.3	Quantified Objectives .....	G7-19

## Tables

Table G1-1	Quantified Housing Objective and Achieved Accomplishments.....	G1-1
Table G1-2	Review of Past Accomplishments .....	G1-2
Table G3-1	Population Change (2000 - 2021) .....	G3-1
Table G3-2	Population by Age Group (2021).....	G3-2
Table G3-3	Population by Race.....	G3-2
Table G3-4	Employment by Industry (2021) .....	G3-3
Table G3-5	HUD Income Limits by Person per Household (dollars).....	G3-4
Table G3-6	State of California Income Categories.....	G3-4
Table G3-7	Median Household Income by Race/Ethnicity (dollars).....	G3-5
Table G3-8	Cost Burdened Households by Tenure.....	G3-6
Table G3-9	Overpayment by Tenure (dollars).....	G3-6
Table G3-10	Households by Type .....	G3-6
Table G3-11	Large Households by Tenure.....	G3-7
Table G3-12	Overcrowding Severity by Tenure.....	G3-7
Table G3-13	Senior Households by Tenure .....	G3-8
Table G3-14	Overpayment by Tenure Among Senior Households.....	G3-8
Table G3-15	Cost-Burdened Senior Households .....	G3-9
Table G3-16	Inventory of Senior Housing.....	G3-10
Table G3-17	Population by Number of Disabilities .....	G3-10

Table G3-18	Disability by Age for the Total Population .....	G3-11
Table G3-19	Developmental Disability by Age .....	G3-11
Table G3-20	Large Households by Tenure.....	G3-12
Table G3-21	Large Households and Units .....	G3-12
Table G3-22	Single Female-Headed Households with Own Children.....	G3-13
Table G3-23	Female-Headed Family Households by Tenure .....	G3-13
Table G3-24	Extremely Low-Income Households by Tenure .....	G3-14
Table G3-25	Extremely Low-Income Households Overpaying by Tenure .....	G3-14
Table G3-26	Inventory of Public Assisted Complexes, Merced.....	G3-15
Table G3-27	Farmworker Population .....	G3-16
Table G3-28	Homelessness by Type (2023).....	G3-17
Table G3-29	Homelessness by Ethnicity (2023), Merced County .....	G3-18
Table G3-30	Emergency and Transitional Housing.....	G3-19
Table G3-31	Total Housing Units Over Time (1980 to 2020).....	G3-20
Table G3-32	Total Housing Units by Type .....	G3-21
Table G3-33	Housing Units by Tenure .....	G3-22
Table G3-34	Vacancy Status by Type for Total Vacant Units.....	G3-23
Table G3-35	Housing Unit Size .....	G3-24
Table G3-36	Total Occupied Housing Units by Year Built.....	G3-25
Table G3-37	Substandard Housing Units.....	G3-26
Table G3-38	Median Housing Value Over Time (1980 to 2020).....	G3-26
Table G3-39	Median Housing Value from 2017 to 2021 .....	G3-27
Table G3-40	Owner Occupied Units by Race.....	G3-28
Table G3-41	Median Gross Rent Over Time, Merced.....	G3-28
Table G3-42	Median Rent by Number of Bedrooms .....	G3-29
Table G3-43	Housing Affordability Matrix – Merced (2021) .....	G3-29
Table G3-44	Cost Burdened Owner-Occupied Households Over Time .....	G3-32
Table G3-45	Cost Burdened Renter-Occupied Households Over Time .....	G3-32
Table G3-46	Cost Burden by Income and Tenure.....	G3-32
Table G3-47	Inventory of Public Assisted Complexes – Merced .....	G3-34
Table G4-1	Listed Land Prices – City of Merced .....	G4-2
Table G4-2	Sold Land Prices – City of Merced.....	G4-2
Table G4-3	Estimated Construction Cost.....	G4-3
Table G4-4	Bellevue Corridor Community Plan Zoning Designations .....	G4-8
Table G4-5	Lot Area Per Dwelling Unit.....	G4-10
Table G4-6	Residential Development Standards.....	G4-12
Table G4-7	Residential Parking Requirements .....	G4-13
Table G4-8	Maximum Required Parking for Qualifying Projects.....	G4-14
Table G4-9	Density Bonus Summary .....	G4-15

Table G4-10	Residential Use Matrix .....	G4-18
Table G4-11	Emergency Shelter Capacity Analysis.....	G4-24
Table G4-12	Residential Development Planning Fees.....	G4-29
Table G4-13	Residential Development Fees.....	G4-30
Table G4-14	Residential Development Fee Comparison.....	G4-31
Table G4-15	Timelines for Permit Procedures .....	G4-37
Table G4-16	Typical Processing Procedures by Project Type .....	G4-37
Table G5-1	Population by Racial Group (City of Merced) .....	G5-7
Table G5-2	Employment Status by Disability Status (City of Merced) .....	G5-13
Table G5-3	Tenure by Household Type and Presence of Children (City of Merced).....	G5-13
Table G5-4	Cost Burden by Income Category (2015-2019).....	G5-35
Table G5-5	Large Households (City of Merced).....	G5-38
Table G5-6	Race/Ethnicity of Unhoused Population and Overall Population (City of Merced) .....	G5-39
Table G5-7	Proposed Housing Units by Resource Area.....	G5-48
Table G5-8	Site Inventory by Census Tract Characteristics .....	G5-59
Table G6-1	Merced 2024-2032 RHNA .....	G6-1
Table G6-2	Pipeline Projects.....	G6-3
Table G6-3	Accessory Dwelling Unit Production, City of Merced .....	G6-6
Table G6-4	Remaining Share of RHNA.....	G6-6
Table G6-5	Representative Nonvacant Sites .....	G6-8
Table G6-6	Merced Development Trends .....	G6-10
Table G6-7	Realistic Capacity of Sites by Zoning District.....	G6-11
Table G6-8	Merced Site Inventory – Opportunity Sites .....	G6-17
Table G6-9	Proposed Rezone Sites to Accommodate RHNA Shortfall .....	G6-24
Table G6-10	Adequacy of Residential Site Inventory .....	G6-28

## Figures

Figure G3-1	Median Household Income .....	G3-5
Figure G3-2	Homelessness by Type Over Time, Households, Merced County.....	G3-17
Figure G3-3	Homelessness by Type by Race (2023) .....	G3-18
Figure G3-4	Median Contract Rent.....	G3-28
Figure G5-1	Merced Neighborhoods .....	G5-3
Figure G5-2	Percent of Total Non-White Population (City of Merced) .....	G5-8
Figure G5-3	Predominant Populations (City of Merced) .....	G5-9
Figure G5-4	Racial Segregation and Integration (City of Merced).....	G5-10
Figure G5-5	Disability by Type (City of Merced) .....	G5-11
Figure G5-6	Percent of Population with a Disability (City of Merced).....	G5-12
Figure G5-7	Female-Headed Households with Children Present, No Spouse/Partner Present (City of Merced) .....	G5-15

Figure G5-8	Married Couple Households with Children Present (City of Merced) .....	G5-16
Figure G5-9	Median Household Income (City of Merced).....	G5-19
Figure G5-10	Low- and Moderate-Income Population (City of Merced).....	G5-20
Figure G5-11	Areas of High Segregation and Poverty (City of Merced) .....	G5-21
Figure G5-12	Poverty Status (City of Merced) .....	G5-22
Figure G5-13	Racially Concentrated Areas of Affluence (City of Merced) .....	G5-23
Figure G5-14	Walkability Index (City of Merced).....	G5-27
Figure G5-15	TCAC Opportunity Areas – Education Outcomes (City of Merced).....	G5-28
Figure G5-16	TCAC Opportunity Areas - Economic (City of Merced) .....	G5-29
Figure G5-17	CalEnviroScreen 4.0 Percentile Scores (City of Merced).....	G5-31
Figure G5-18	TCAC Opportunity Areas - Environmental (City of Merced) .....	G5-32
Figure G5-19	SB 535 Disadvantaged Communities (City of Merced) .....	G5-33
Figure G5-20	Overpayment by Home Owners (City of Merced) .....	G5-36
Figure G5-21	Overpayment by Renters (City of Merced) .....	G5-37
Figure G5-22	Overcrowded Households (City of Merced).....	G5-40
Figure G5-23	Displacement Risk (City of Merced) .....	G5-41
Figure G5-24	Housing Choice Vouchers (City of Merced) .....	G5-46
Figure G5-25	Housing Opportunity Sites by TCAC Resource Area.....	G5-49
Figure G5-26	Housing Opportunity Sites by Income Population.....	G5-51
Figure G5-27	Housing Opportunity Sites by Overcrowding.....	G5-52
Figure G5-28	Housing Opportunity Sites by Overpayment by Renters .....	G5-53
Figure G5-29	Housing Opportunity Sites by Total Non-White Population .....	G5-55
Figure G5-30	Housing Opportunity Sites by Displacement Risk.....	G5-56
Figure G5-31	Housing Opportunity Sites by CalEnviroScreen Percentile Score .....	G5-57
Figure G6-1	Pipeline Projects.....	G6-5
Figure G6-2	Merced Site Inventory (Current Zoning) .....	G6-15
Figure G6-3	Merced Site Inventory (Proposed Zoning) .....	G6-16
Table G7-1	Quantified Objectives 2024-2032 .....	G7-19

# G1 Review of Past Accomplishments

To develop appropriate programs to address the housing issues identified in the 2024-2032 Housing Element (6<sup>th</sup> cycle), the City of Merced has reviewed the housing programs adopted in the 2015-2022 Housing Element (5<sup>th</sup> cycle) and evaluated the effectiveness of these programs in delivering housing services and assistance. Table 1 summarizes the City’s progress toward the previous Regional Housing Needs Allocation (RHNA) and Table 2 provides a detailed program-level assessment of housing accomplishments over the 5<sup>th</sup> cycle planning period. Programs that are routine staff functions with no specific actions and no direct City involvement are not continued as housing programs in the 6<sup>th</sup> Cycle Housing Element.

## G1.1 Effectiveness in Addressing Special Needs

The City was successful in facilitating the development of housing for special needs groups during the 5<sup>th</sup> Cycle Housing Element. Several programs were incorporated during the 5<sup>th</sup> cycle that identified specific solutions to housing for special needs groups such as seniors, homeless, female-headed households, large families, low-income households, and/or persons with disabilities. This includes Program H1.3.a and H1.3.b in which the City worked with the Central Valley Coalition for Affordable Housing to enter into joint development agreements to develop the affordable housing project at Childs and B Street to support special needs groups. In addition, the City has also worked with the Community Housing Development Organization and UP Holdings to provide and develop transitional and special needs supportive housing per Program H1.7.b. The City also continues to work with Housing Authority of the Merced County, the Community Action Agency, the Salvation Army, Continuum of Care partners, Merced Rescue Mission, and Sierra Saving Grave to implement Program H3.1.b, which encourages the City to coordinate with local agencies to provide housing assistance to extremely low-, very low-, and low-income households.

## G1.2 Quantified Objectives

Table G1-1 summarizes the City’s progress toward meeting the previous 5<sup>th</sup> Cycle Housing Element RHNA, as well as objectives to rehabilitate and conserve/preserve existing housing stock. The City of Merced, although it had a compliant 5<sup>th</sup> Cycle Housing Element Site Inventory, did not reach its 5<sup>th</sup> cycle RHNA goals in the Extremely Low-, Very Low-, Low-, and Moderate-Income categories.

**Table G1-1 Quantified Housing Objective and Achieved Accomplishments**

	New Construction		Rehabilitation		Preservation (At-Risk Units)	
	RHNA (2016-2024)	Actual	Objectives	Actual	Objectives	Actual
Extremely Low-Income	-	-	-	-	-	-
Very Low-Income	1,351	58	-	-	-	-
Low-Income	966	61	-	-	-	-
Moderate-Income	886	733	-	-	-	-
Above Moderate-Income	2,348	2,490	-	-	-	-
<b>Total</b>	<b>5,551</b>	<b>3,342</b>	-	-	-	-



## G1.3 Review of Past Accomplishments

Table G1-2 provides a detailed program-level assessment of housing accomplishments during the 5<sup>th</sup> Cycle Housing Element planning period.

**Table G1-2 Review of Past Accomplishments**

Program	Program Objectives	Progress and Continued Appropriateness
Program H1.1.a - Evaluate for Multi-Family Housing Development	The City will complete evaluation of vacant and underutilized parcels throughout the City to determine suitability and feasibility for potential multi-family development, considering at least, but not limited to, location, size, circulation, and available infrastructure. Staff will monitor and evaluate whether the higher density sites are providing realistic development opportunities for low-income households through the general plan annual review process (Government Code 65400). In addition, staff will work to educate the public and decision-makers about affordable housing, especially multi-family developments, to help alleviate “NIMBYism” when developments are proposed and to ensure decisions regarding developments are made based on adopted plans and policies. The City will encourage developments devoted exclusively to Senior housing.	<p>The City maintains a listing of vacant sites for residential development. The City strives to update the list on an annual basis. In 2023, the City completed a Residential Infill Study, which is a complete list of vacant and developable land for residential development. Each parcel has a score, rating its proximity to schools, parks, and bus stops as well as available infrastructure. The Infill Report is publicly available on the City’s webpage. The City recently reviewed Table 9.4.4 and 9.4.8 of the Housing Element and concluded that the City still has sufficient land designated for multifamily development to meet the RHNA requirement for extremely low-, very low-, and low-income households. The City advises developers of multifamily projects to host neighborhood meetings to help educate the neighborhood on their project. The City participates in these meetings by answering questions and helping to provide education about multifamily projects. In 2021, City staff attended two such meetings. The Planning Department provides information at the front counter and on the Planning Department website to educate the public about NIMBYism. The City also provides a Tentative Subdivision Activity List and Development Activity List on the Planning Department website. Additionally, the City has streamlined the approval process for many projects requiring a discretionary review from requiring a Conditional Use Permit before the Planning Commission or a Site Plan Review Permit to a staff-level approval is required.</p> <p><b>Continued Appropriateness:</b> Program H1.1.a will be refined and incorporated into the 6<sup>th</sup> Cycle Housing Element as Housing Program 2.</p>

Program	Program Objectives	Progress and Continued Appropriateness
Program H1.1.b - Promote the use of Residential Planned Development Zoning	Expedite processing of Residential Planned Development (RPD) permits to encourage innovative site planning, multi-level developments, clustered housing design and planned open space. Evaluate the use of incentives, such as allowing higher densities, or other incentives determined to be appropriate, to developers providing childcare centers within their development. Provide more education to the public and decision-makers regarding the benefits of small lot developments.	<p>The City's building permit review process has been streamlined to allow for master plan reviews. This allows the developer to submit specific house plans or in the case of multifamily development, specific building plans for review, then pull subsequent building permits with only a site plan and any other required documents for an expedited review. This process is used within all zones in the city. The City encourages higher-density developments and the inclusion of childcare centers within multifamily developments but has not yet developed an incentive program for such. The City is receptive to small lot developments and has included a section in the Zoning Ordinance (refined in 2016) to address small lot single-family homes.</p> <p><b>Continued Appropriateness:</b> Program H1.1.b is partially complete and will be refined and incorporated into the 6<sup>th</sup> Cycle Housing Element as Housing Program 7.</p>
Program H1.1.c - Encourage Mixed Use Development	Expand the use of mixed-use residential/office/retail developments in the City's core downtown and other appropriate commercial centers to support both affordable housing and economic development goals through priority permit processing. Proposed amendments to the City's Zoning Ordinance would allow residential uses as a principally permitted use in Central Commercial (C-C) zone which encompasses most of the downtown area and would be consistent with the City's Downtown Strategy. The city will promote development consistent with the "Downtown Strategy." In addition, proposed changes in the Zoning Ordinance update would reduce the parking requirements for residential developments near approved transit stops. The use of other incentives will be reviewed.	<p>In 2016, the City adopted a comprehensive update to the City's Zoning Code. This update included allowing multifamily development as a permitted use in the Central Commercial Zone (most of the downtown area). The update also included parking reductions for mixed-use developments and developments near transit stops. The City continues to promote development in the downtown area to include more housing and mixed-use developments. In 2020, the former Tioga Hotel, now renamed Tioga Apartments, opened its doors as an apartment complex in the downtown area providing approximately 79 units. Also, in 2020, a mixed-use development (The Hub) that included 200 market-rate units was approved in the northeast section of the City. This development is currently under construction and will be ready for tenants in 2024.</p> <p><b>Continued Appropriateness:</b> Program H1.1.c is ongoing and will be incorporated into the 6<sup>th</sup> Cycle Housing Element as part of the meaningful actions.</p>

Merced County Association of Governments  
**Merced County Multi-Jurisdictional Housing Element (2024-2032)**

Program	Program Objectives	Progress and Continued Appropriateness
Program H1.1.d - Review and Update the City's Zoning Ordinance to Assure Compliance with State Law	Review Zoning Ordinance at least annually to assure compliance with state law. Complete comprehensive Zoning Ordinance update.	<p>The City completed the comprehensive Zoning Code Update and the new Zoning Code became effective October 19, 2016. The City does an annual review to ensure compliance with state laws and would make any amendments necessary to implement any new laws. In 2019 the City refined the Accessory Dwelling Unit (ADU) Ordinance and made updates in 2020, 2021, and 2023 to comply with changes to state law. The City was awarded Senate Bill (SB) 2 Grant Funds which will be used to update the Zoning Code to provide provisions for tiny home development, expand the development of duplexes in single-family zones as a "by-right" development, streamline small-lot development, and update the tentative subdivision map process. The City also added a section into the ADU ordinance to allow tiny homes on wheels as ADU's. The City has also incorporated a procedure for reviewing SB 35 applications in 2020 but will be reviewing those procedures in 2023 and 2024.</p> <p><b>Continued Appropriateness:</b> Program H1.1.d is partially complete. The 6<sup>th</sup> Cycle Housing Element will identify further constraints in the Zoning Ordinance addressed in Housing Program 6.</p>
Program H1.1.e - Encourage Alternate Housing Types	Through priority permit processing, encourage the development of alternate housing designs that can be built on smaller footprints. The Planning Division will inform potential developers of the benefits/cost savings of alternate housing designs and smaller footprints fostering a larger return on investment (ROI) with more units per acre, thus providing more affordable housing. Priority processing saves developers time and money to help keep development affordable and is also important for them to meet State and Federal tax credit deadlines. The City's "Small Lot Design Guidelines" have been incorporated in the comprehensive Zoning Ordinance update and setback requirements have been increased providing more open space to encourage the public to be more accepting of the small lot design concept. Additionally, staff will encourage developments to build 2 and 3-story houses to provide more floor area on a smaller lot.	<p>The refined Zoning Code included a section on small lots to make the development of these lots easier for developers. This section provides development standards and guidelines for small lot developments. Small lot developments require Conditional Use Permit approval which can typically be obtained within 60 to 90 days, as opposed to a zone change process which could take up to four to six months. The City has also added a section to the Zoning Code for ADUs in compliance with state requirements. The City continues to update this ordinance in compliance with state law. Additionally, the City added a section to provide for the development of tiny homes and tiny homes on wheels as ADUs. The city developed Pre-Approved ADU, duplex, and triplex design programs so that residents can save design costs when building these types of homes</p> <p><b>Continued Appropriateness:</b> Program H1.1.e priority processing is ongoing with the adoption of the comprehensive Zoning Code in 2016 and will be incorporated into the 6<sup>th</sup> Cycle Housing Element as Housing Programs 5 and 6.</p>

Program	Program Objectives	Progress and Continued Appropriateness
Program H1.1.f - Encourage the Use of the Density Bonus Provision to allow a 50% increase in the number of units allowed in medium and high density zones dedicated exclusively for Senior Housing, if at least 50% of the units are affordable to very low-income households.	Complete the adoption of the Draft Zoning Ordinance which includes a provision to allow a reduction in the number of parking spaces for “low demand” uses. Senior housing could be considered “low demand,” and be eligible for such a reduction.	<p>The updated Zoning Code brought the City's Density Bonus requirements into compliance with state law. The City continues to monitor changes to the Density Bonus law and make updates as needed; the most recent changes were in 2023. The updated Zoning Code also has provisions for parking reductions when there is a low-demand use such as senior housing or when located near a transit stop.</p> <p><b>Continued Appropriateness:</b> Program H1.1.f is ongoing with the adoption of Zoning Ordinance update in 2016 and 2023, and will be incorporated into the 6<sup>th</sup> Cycle Housing Element as Housing Program 6.</p>
Program H1.1.g - Work with UC Merced to Develop a Student Housing Plan	City staff will work with representatives of UC Merced to consider the development of a Student Housing Plan. The plan should address issues of student housing within residential neighborhoods. It should include programs to educate students on being good neighbors. It should also address the need to locate fraternity/sorority housing within Medium-High and High Density Zones until such time as they can be supported on campus.	<p>This program was initiated in December 2018. The City has not initiated talks with University of California (UC), Merced specifically related to housing. However, there have been several private developers who have been working with UC Merced to help provide student housing. The City supports the efforts of developers to provide multifamily student housing developments. The City will work to make contact with UC Merced to discuss the issues related to student housing in residential neighborhoods. In 2021, the City Council directed staff to begin the process to annex the UC Merced Campus using the provisions of Assembly Bill (AB) 3312, which should lead to more coordination between the City and UC on many issues.</p> <p><b>Continued Appropriateness:</b> Program H1.1.g is incomplete and will be refined and incorporated into the 6<sup>th</sup> Cycle Housing Element as Housing Program 10.</p>
Program H1.1.h - Encourage the use of the City's Lot Split Process (Parcel Map) to subdivide large parcels into smaller parcels that would be more likely to be developed for affordable housing.	Encourage developers of affordable housing to consider subdividing large lots into smaller lots more suitable for affordable housing. This process is done through staff-level approval with no public hearings before the City Council or Planning Commission. The process takes approximately 3 weeks.	<p>The City's Lot Split process continues to be available to all property owners to create smaller parcels for development. Lot Split applications are reviewed by the Minor Subdivision Committee, a staff level committee, which helps to expedite the process.</p> <p><b>Continued Appropriateness:</b> Program H1.1.h is ongoing and will be incorporated into the 6<sup>th</sup> Cycle Housing Element as Housing Program 7.</p>

Merced County Association of Governments  
**Merced County Multi-Jurisdictional Housing Element (2024-2032)**

Program	Program Objectives	Progress and Continued Appropriateness
Program H1.2.a - Review Design Standards, Update for Affordability	Deviations to improvement standards contained in the Subdivision Ordinance may currently be granted by the Planning Commission through the Tentative Subdivision Map process. To reduce the need for multiple case-by-case considerations, continue periodic review of infrastructure and road requirements. Identify potential revisions to reduce construction/improvement costs for new development without negative impact to quality or capacity.	<p>The City's Engineering Department does an annual review of the City's Improvement Standards. The City is currently working on a comprehensive update of all the City Standards. It is anticipated that the revised City Standards would be adopted in 2022.</p> <p><b>Continued Appropriateness:</b> Program H1.2.a is ongoing and will be incorporated into the 6<sup>th</sup> Cycle Housing Element as Housing Program 6.</p>
Program H1.2.b - Continue City Housing Program	Provide incentives to encourage affordable housing development through the use of grant funds such as CDBG and HOME funds.	<p>The City continues to receive Community Development Block Grant Programs (CDBG) and HOME funds to be used to help develop new affordable housing and maintain existing affordable housing units. The Housing Division works with Habitat for Humanity, Merced/Stanislaus Counties to perform rehabilitation projects on owner-occupied single-family homes and works with developers to provide new affordable housing projects (both single-family and multifamily). Currently, the City is working with the Central Valley Coalition for Affordable Housing to construct a new 68-unit affordable housing apartment complex (Gateway Terrace II). It was expected that this project would begin construction prior to the end of 2020. However, due to an issue with the Environmental Review for the project, the project has been delayed. Construction is expected to begin in mid-2024. The City also works with the Merced Rescue Mission, Habitat for Humanity, Merced/Stanislaus Counties, and Sierra Saving Grace to provide housing assistance. The City has used HOME &amp; CDBG funds and a United States Department of Housing and Urban Development (HUD) 108 Loan to help fund one 119-unit affordable apartment complex at Childs &amp; B Street and is working to help fund the Mercy Village project on Park Avenue and Devonwood Apartments, a 156-unit multi-family affordable project on Devonwood Dr. The City is working with a developer on a Home Key project to provide 93 permanent supportive housing units that just opened its doors in December 2023. Also, the City is working with a developer to open a 21-unit container home project specifically to provide permanent homes for homeless veterans.</p> <p><b>Continued Appropriateness:</b> Program H1.2.b is ongoing and will be refined and incorporated into the 6<sup>th</sup> Cycle Housing Element as Housing Program 7.</p>



Program	Program Objectives	Progress and Continued Appropriateness
Program H1.2.c - Conduct studies to identify the needs of disadvantaged communities per Senate Bill 244	As annexations occur, conduct studies to determine the needs of disadvantaged communities within the City Sphere of Influence in proximity to the proposed annexation. Identify the areas lacking sewer and/or water availability and those areas in need of other revitalization efforts and other infrastructure upgrades (sidewalks, fire hydrants, etc.). Ensure that land annexed into the city for development can be supplied by the City's sewer and water facilities.	<p>The City is currently working on two active annexations and has preliminary applications for five additional annexations. As part of the annexation process, the City will evaluate each area for disadvantaged communities. As part of the annexation process, an evaluation is conducted to ensure the city can supply adequate sewer and water to the annexation area. The City hired a consultant in 2023 to assist with an SB 244 analysis that is nearing completion.</p> <p><b>Continued Appropriateness:</b> Program H1.2.c shall continue as funds are available and as annexation occurs. This program will be incorporated into the 6<sup>th</sup> Cycle Housing Element as part of the AFFH meaningful actions.</p>
Program H1.2.d - Pursue funding strategies to assist disadvantaged communities	Apply for funding such as the Community Revitalization and Investment Authority (AB 2) that focus on addressing distressed.	<p>The City has not applied for any funds to date, but staff continue to monitor all available funding will apply when appropriate to do so.</p> <p><b>Continued Appropriateness:</b> Program H1.2.d is incomplete and will be refined and incorporated into the 6<sup>th</sup> Cycle Housing Element as part of the AFFH meaningful actions.</p>
Program H1.3.a - Participate in Joint Development Agreements	Continue City staff exploration and pursuit of feasible development agreements for joint public/private development of affordable rental and ownership housing, including senior housing, "special needs" housing, farmworkers, supportive and transitional housing, or emergency shelters for the homeless within the city. Said development agreements shall ensure affordable housing mix, appropriate covenants of affordability terms, and conditional recapture provisions. Specifically, the city will invite developers of affordable housing to participate in Joint Development Agreements. Special focus will be placed on agreements for the development of housing for extremely low income households. The City's goal is to execute one agreement annually to achieve 50 units of low-mod housing. Use development agreements to encourage the construction of childcare centers within affordable housing developments.	<p>The City continues to work with the Central Valley Coalition for Affordable Housing and enters into joint development agreements to provide affordable housing. Such agreements are being used for the Development of the 119-unit affordable apartment project at Childs &amp; B Street. This development will provide units for extremely low- and very low-income households as well as permanent supportive housing units. The City went out for a Request For Proposal in 2021 to find qualified affordable housing developers. A number of developers responded and the City is working with them to bring forth developments for affordable housing. Projects include 1213 V Street, that just opened 96 units of permanent supportive housing for formerly homeless people. Several other developers have projects in various stages of pre-development with the City, most are expected to start construction in 2023 or 2024.</p> <p><b>Continued Appropriateness:</b> Program H1.3.a is ongoing and will be revised and incorporated into the 6<sup>th</sup> Cycle Housing Element as Housing Program 7.</p>

Merced County Association of Governments  
**Merced County Multi-Jurisdictional Housing Element (2024-2032)**

Program	Program Objectives	Progress and Continued Appropriateness
Program H1.3.b - Encourage the construction of childcare centers within new housing developments through the use of Joint Development Agreements.	The city recognizes the need for quality childcare. In addition, the city recognizes the large amount of traffic and emissions produced by the numerous trips families make throughout the city in going to and from childcare centers. The city also recognizes that many families who need affordable housing, especially female-headed households, need childcare on-site (within apartment complexes) or within close proximity to their home or transit services.	<p>This program was initiated in December 2019. The City encourages development of childcare centers within all housing developments. However, an incentive program has not been developed.</p> <p><b>Continued Appropriateness:</b> Program H1.3.b is incomplete and will be refined incorporated into the 6<sup>th</sup> Cycle Housing Element as part of the AFFH meaningful actions.</p>
Program H1.4 - One-Stop Permit Center Fast Tracked Processing	Continue the City's current procedures for processing development proposals and approving permits; accelerating the approval process for affordable and senior housing developments.	<p>Procedures remain in place to expedite the approval process for affordable and senior housing. City staff review these procedures every two years to determine if changes or updates to the current procedures need to be made. The City has incorporated a review process in compliance with SB 35. In addition, the City submitted an application for SB 2 funding and was awarded funding for various projects to promote housing. An application for Local Early Action Planning (LEAP) funding was submitted and received in 2021. The City committed to developing an "off-the-shelf" plan for ADUs and pre-designed duplex units to help expedite the development process and reduce development costs; those projects were completed in 2023.</p> <p><b>Continued Appropriateness:</b> This is a routine procedure for the City. Therefore, this program will not be carried over into the 6<sup>th</sup> Cycle Housing Element.</p>
Program H1.5.a - Encourage Homeowners to Construct Second Units	Continue to publicize the Second Unit Ordinance and the income benefits of second unit construction to homeowners in the city. Link this promotion with information on the availability of low-interest rehabilitation loans and other funding programs to support second unit development and provide technical support as necessary to interested homeowners. Provide information on second units and their benefits via the City's website, monthly newsletter, and brochures at the front counter.	<p>The City provides information to customers when they inquire about building second units, now known as ADUs. The City's Zoning Code, which includes the regulations for ADUs, is available on the City's website. The City adopted a refined ADU ordinance in 2019, 2021, and continues to update the ordinance to be in compliance with state law, the most recent update being in 2023. The Ordinance now includes provisions for using tiny homes on wheels as ADUs.</p> <p><b>Continued Appropriateness:</b> Program H1.5.a is ongoing and will be incorporated into the 6<sup>th</sup> Cycle Housing Element as Housing Program 5.</p>

Program	Program Objectives	Progress and Continued Appropriateness
Program H1.6.a - Apply for Funding to Support New Housing Construction	Continue to seek potential funding sources and actively pursue funding for affordable housing.	<p>The City continues to actively seek different funding opportunities to help support the development of affordable housing. The City currently receives CDBG and HOME funds, as well as Cal-Home First-Time Home Buyer funds. The City received funds from the Affordable Housing Sustainable Communities (AHSC) program through the California Department of Housing and Community Development for the Childs &amp; B Street project. The City has also received American Rescue Plan Act funds, of which a portion has been designated for affordable housing development. The City was awarded over \$28 Million for two Homekey projects. The City also has a five-year Permanent Local Housing Allocation grant for affordable housing.</p> <p><b>Continued Appropriateness:</b> Program H1.6.a is ongoing and will be incorporated into the 6<sup>th</sup> Cycle Housing Element as Housing Program 1 and 7.</p>
Program H1.6.b - Provide Assistance for Private and Nonprofit Applicants to State and Federal Programs	Assist private individuals and nonprofit organizations in applying for State and Federal funds at least once each year. Assistance may take the form of information referral, consultation regarding program applications, and/or lobbying by local officials on behalf of the applicant. Special focus will be given to applicants applying for funding to assist in the development of extremely-low income housing.	<p>The City has assisted in assembling the funding for the Childs and B Street project. The City has also consulted other developers on possible funding opportunities and assists with completing forms needed for developers to receive federal and state tax credits.</p> <p><b>Continued Appropriateness:</b> Program H1.6.b is ongoing and will be incorporated into the 6<sup>th</sup> Cycle Housing Element as Housing Program 10.</p>
Program H1.7.a - Continue Continuum of Care Development and Participation	The City will continue to work with Merced County and the Merced County Association of Governments to implement the Continuum of Care to address the homeless issues in Merced. The city will continue to research funding opportunities for homeless and transitional shelters and will work with other agencies to ensure the needs of the homeless community are met.	<p>The City continues to participate in the Continuum of Care through the Housing Department. Typically, City employees have participated in the annual Homeless Count, but due to COVID-19, that count was not performed in 2020 or 2021.</p> <p><b>Continued Appropriateness:</b> Program H1.7.a is ongoing and will be incorporated into the 6<sup>th</sup> Cycle Housing Element as Housing Program 10.</p>
Program H1.7.b - Promote and Develop Housing to Meet Special Needs	Assist private and nonprofit developers, such as the Central Valley Coalition for Affordable Housing, by identifying potential sites and financial resources for the construction of housing to meet special needs. Such projects might include, but are not limited to: senior housing, including congregate care facilities; housing for people with physical and mental disabilities; transitional housing for the homeless; an emergency shelter for	<p>The Housing Program works with the City's Community Housing Development Organization (CHDO) to complete at least one project annually to provide housing to those with special needs. The City will continue to work with the CHDO and any other agencies in an effort to provide more affordable housing for extremely low-, very low-, low income-, and special needs households. The City worked to help develop the Childs &amp; B Street Project in conjunction with a private developer and the Central Valley Coalition for Affordable Housing.</p>

Merced County Association of Governments  
**Merced County Multi-Jurisdictional Housing Element (2024-2032)**

Program	Program Objectives	Progress and Continued Appropriateness
	the homeless; and housing for large families, extremely low-income families, and farmworkers. The City will provide further assistance to the identified need of additional emergency shelter facilities by applying for Proposition 46 funding to provide for such facilities or by supporting other agency applications.	This project provides 119 units for affordable housing, including 30 permanent supportive housing units. Additionally, the City worked with UPHoldings to develop a Homekey project for 95 permanent supportive housing units.  <b>Continued Appropriateness:</b> Program H1.7.b will be incorporated into the 6th Cycle Housing Element as Housing Program 10.
Program H1.7.c - Assist in Obtaining Funding for Farmworker Housing	The City shall apply for or support applications for funding for farm worker housing. The City shall periodically review available funding programs to identify additional funding sources for farmworker housing.	The city has not identified any funding specifically available for farmworkers but supported a developer with an application for which they were awarded a grant for farmworker housing. The city will continue to monitor funding opportunities and will apply when appropriate.  <b>Continued Appropriateness:</b> Program H1.7.c will be monitored annually and incorporated into the 6th Cycle Housing Element as Housing Program 11.
Program H1.7.d - Assess the need for Farmworker Housing	Work with farm owners and central labor providers to determine the number of farmworkers who may need housing. The resulting report should address permanent workers, seasonal resident works, and migrant workers.	This program was initiated in December 2019. Due to limited staff and resources, the City has not met with farm owners and central labor providers to date.  <b>Continued Appropriateness:</b> Program H1.7.d is incomplete and will be refined and incorporated into the 6 <sup>th</sup> Cycle Housing Element, as Housing Program 11.
Program H1.7.e - Provide incentives for the development of farmworker housing	Provide fast-track permit processing: offer a reduction in the number of parking spaces required based on the number of vehicles used for transportation; Explore the use of modified site development standards, e.g. - street widths, paving, curbs/gutters, placement of public works improvements, or landscaping.	The City has not received any applications for farmworker housing to apply any of these processes.  <b>Continued Appropriateness:</b> Program H1.7.e is ongoing and will be incorporated into the 6 <sup>th</sup> Cycle Housing Element as Housing Program 11.
Program H1.7.f - Consider amending the Zoning Ordinance to allow a reduction in parking requirements for persons with disabilities.	Complete the adoption of the Draft Zoning Ordinance which includes a section to allow the reduction in required parking spaces for uses considered to be “low demand.” This could include parking requirements for developments for persons with disabilities.	This program was initiated in December 2016 and completed with the adoption of the Zoning Code Update in 2016.  <b>Continued Appropriateness:</b> Program H1.7.f was completed in 2016 and will not be incorporated into the 6 <sup>th</sup> Cycle Housing Element.

Program	Program Objectives	Progress and Continued Appropriateness
Program H1.8.a - In-fill and Multi-family Lot Inventory	Develop an inventory of available infill and multi-family lots. The inventory will include location, parcel sizes, amenities, and available infrastructure. The city will keep said inventory current and information will be made available to developers.	<p>The City has developed an inventory of available infill and multifamily lots and refines it as needed and makes it available to the public. Most recently an Infill Study was completed and posted online for the public to use.</p> <p><b>Continued Appropriateness:</b> Program H1.8.a will be monitored as needed and incorporated into the 6<sup>th</sup> Cycle Housing Element, as Housing Program 2.</p>
Program H1.8.b- Prioritize City efforts to encourage residential development by focusing on in-fill development and densification within the existing City Limits.	City staff will encourage development within the existing City Limits and especially within the City's Core Area. Staff will analyze vacant and underutilized land to identify constraints to in-fill development. Using the information found in the analysis, staff will develop an "In-fill Strategy." Staff will work with neighborhood and business groups, as well as with other interested organizations, to identify and address their concerns and preferences related to in-fill development. In addition, staff shall consider providing incentives such as reduced fees or priority permitting for in-fill developments, especially within the City's Core Area.	<p>City staff continue to work with developers to develop infill sites. The city has approved entitlements for two apartment projects in 2021 totaling 160 units. The Infill Study was completed in 2023 , the City is making good progress with the implementation of this policy. The city provides a Tentative Subdivision Map Activity list and a Development Activity list on the Planning Department website to provide information on current developments and future subdivisions.</p> <p><b>Continued Appropriateness:</b> Program H1.8.b is ongoing and will be refined and incorporated into the 6<sup>th</sup> Cycle Housing Element as Housing Program 2.</p>
Program H1.8.c - Provide Ample Land Through Planned Annexations	The City will continue to monitor residential land availability and encourage and pursue annexations as necessary to maintain a 10-year supply of zoned vacant residential property.	<p>The city is currently working on an annexation that would include 540 apartment units, plus an additional 30 units as part of a mixed-use development. The city is also working on another small annexation that includes 13.5 acres of land designated for multifamily development. The city has incorporated a preliminary application process to allow the City Council to review preliminary annexation applications and provide direction on the applications. The City is currently processing five preliminary applications, all of which would include land for housing.</p> <p><b>Continued Appropriateness:</b> The Site Inventory does not include any sites that would require annexation. Therefore, this program will not be carried over into the 6<sup>th</sup> Cycle Housing Element.</p>



Merced County Association of Governments  
**Merced County Multi-Jurisdictional Housing Element (2024-2032)**

Program	Program Objectives	Progress and Continued Appropriateness
Program H2.1.a - Continue the Housing Rehabilitation Loan Program	Continue to allocate monies from the City's Affordable Housing Program and expand the City's Housing Rehabilitation Grant Program.	<p>The City continues to receive CDBG and HOME funds which are used to help develop new affordable housing and maintain existing affordable housing units. The Housing Program works with Habitat for Humanity, Merced/Stanslaus Counties to perform rehabilitation projects on owner-occupied single-family homes and works with developers to provide new affordable housing projects (both single-family and multifamily). Currently, the city is working with the Central Valley Coalition for Affordable Housing to construct a new 68-unit affordable housing apartment complex (Gateway Terrace II). It was expected that this project would begin construction prior to the end of 2022. However, due to an issue with the Environmental Review for the project, the project has been delayed. Construction is expected to begin in mid-2024. The City also works with Sierra Saving Grace and the Merced Rescue Mission to provide funding for housing assistance.</p> <p><b>Continued Appropriateness:</b> Program H2.1.a is ongoing and will be incorporated into the 6<sup>th</sup> Cycle Housing Element as Housing Programs 7 and 9.</p>
Program H2.1.b - Identify and Notify Owners of Substandard Units	Notify property owners regarding available rehabilitation programs to remedy code violations.	<p>The City's Code Enforcement Officers work with the Inspection Services Department to identify substandard housing. Property owners are given an opportunity to correct violations and may be eligible for funding through the Housing Division. The City's Building and Housing Board of Appeals hears appeals regarding citations issued by the Code Enforcement officers related to substandard housing.</p> <p><b>Continued Appropriateness:</b> Program H2.1.b is continuous and will be incorporated into the 6<sup>th</sup> Cycle Housing Element as Housing Program 9.</p>
Program H2.1.c - Provide Public Information on Preventative Maintenance and Energy Conservation	Utilize information dissemination programs such as the City's website and monthly newsletter to educate the public on low-cost preventative maintenance, as well as energy conservation measures, they can take to prolong the life and quality of their home and reduce their long-term utility and maintenance costs.	<p>The city continues to provide information on homeowner maintenance through the dissemination of brochures and information on the City's website.</p> <p><b>Continued Appropriateness:</b> Program H2.1.c is ongoing and will be incorporated into the 6<sup>th</sup> Cycle Housing Element as Housing Program 9.</p>

Program	Program Objectives	Progress and Continued Appropriateness
Program H2.1.d – Conservation of At-Risk Units	The city will continue to contact owners and operators of such units at least annually to monitor when/if the units are being considered for conversion. The city will, as needed, assist potential non-profit buyers to apply for California Housing Finance Agency funding to purchase and operate “At-Risk” facilities for continued affordability. The City will investigate possible incentive programs to encourage property owners to keep their properties affordable. Staff will work with the Housing Authority to determine if they offer programs that will assist property owners in maintaining their property as affordable units.	The City continues to monitor units that have a covenant for affordability and make contact with property owners as needed when units are considered to be “at-risk” of losing their affordability. An annual review is done to ensure existing affordable units are maintained as affordable.  <b>Continued Appropriateness:</b> Program H2.1.d will be monitored annually and incorporated into the 6 <sup>th</sup> Cycle Housing Element as Housing Program 8.
Program H2.1.e - Energy Conservation	The City shall continue to assist low-income homeowners and renters in securing energy audits through local utility companies. Informational flyers should be provided at City offices and other public buildings to advertise funding sources for making any necessary changes such as energy conservation fixtures and devices. All projects funded through the Housing Program shall be designed to meet all state energy efficiency standards. The City will also continue to promote its participation in the HERO program.	The City Housing Division continues to provide information on energy efficiency and to ensure that all projects undertaken through the Housing Department meet the minimum energy standards required by the California Energy Code.  <b>Continued Appropriateness:</b> Program H2.1.e is ongoing and will be incorporated into the 6 <sup>th</sup> Cycle Housing Element as Housing Program 9 and 12.
Program H2.1.f - Encourage Energy Conservation and Weatherization	The City will continue to assist low/moderate income families in obtaining information and participating in the Community Action Agency's weatherization program.	The City Housing Program continues to refer homeowners to the Community Action Agency for assistance with energy conservation and weatherization. Additionally, any new projects constructed through the Housing Program are constructed to meet current energy conservation standards.  <b>Continued Appropriateness:</b> Program H2.1.f is ongoing and will be incorporated into the 6 <sup>th</sup> Cycle Housing Element as Housing Program 12.
Program H2.2 - Apply for State and Federal Funds to Support Housing Conservation and Rehabilitation	Identify and apply for funding at the State and Federal levels to help finance housing conservation and rehabilitation in the City.	The City Housing Program Supervisor, Management Analyst, and Development Services Director review funding opportunities and apply for funds when appropriate. The City currently receives CDBG and HOME funds to assist in the rehabilitation and conservation of existing housing units for income eligible households. The City is currently applying for REAP 2.0 funding to support Planning efforts.  <b>Continued Appropriateness:</b> Program H1.7 will be reviewed annually and incorporated into the 6 <sup>th</sup> Cycle Housing Element as Housing Program 11.

Merced County Association of Governments  
**Merced County Multi-Jurisdictional Housing Element (2024-2032)**

Program	Program Objectives	Progress and Continued Appropriateness
Program H3.1.a - Pursue State and Federal Funds for Down Payment Assistance	Continue the City's revolving loan fund and grant fund programs to provide low-interest loans to first-time low and moderate-income homebuyers. Expand utilization of the loan program to provide an "affordability gap" between housing prices and household incomes to sustain a live/work environment. The loan program is funded through state, CDBG, and HOME funds. There are established guidelines setting forth terms and conditions for loans. Annually review loan amount caps, need for requirement changes, etc., to meet changing housing markets. The City will continue to apply annually, or as available, for CalHome and BEGIN, and NSP funds. The city will explore and pursue all other available funding as it becomes available. The city will strive to assist at least one developer annually to apply for state and/or federal tax credits. Funding assistance is identified at the beginning of each fiscal year through the Housing Program's Annual Action Plan.	<p>This program was initiated in 2015-2016. In 2021, the City applied for \$2.5 million in CalHome funds for down payment assistance, owner occupied rehabilitation, ADUs and JADUs, and mobile homeowner-occupied rehabilitation. In 2021, the city completed its Permanent Local Housing Allocation Plan, which included two years of funding in the amount of \$1.3 million in support of 67 supportive units on Park Avenue. The city received Cares Act Money through the federal Coronavirus Relief Funding. These funds were distributed to Sierra Saving Grace and Salvation Army to provide mortgage, rental, and utility assistance.</p> <p><b>Continued Appropriateness:</b> Program H3.1.a will be monitored annually and incorporated into the 6<sup>th</sup> Cycle Housing Element as Housing Program 14.</p>
H3.1.b - Coordinate with Local Agencies to Provide Housing Assistance to Extremely Low, Very Low, and Low Income Households	Work with other agencies to assist in identifying and procuring funding for extremely-low, very-low, and low-income rental programs. Examples of other agencies include, but are not limited to, Housing Authority (Housing Choice/Section 8), Community Action and Salvation Army (displaced person's temporary assistance and limited financial grants), and Continuum of Care partners (transitional housing and homeless shelters).	<p>The City continues to work with the Housing Authority of Merced County, the Community Action Agency, the Salvation Army, and other Continuum of Care partners to provide funding for income-eligible households. Recently, the City incorporated a program in conjunction with the Merced Rescue Mission and Sierra Saving Grace to provide deposit assistance for income-eligible households to obtain permanent rental houses.</p> <p><b>Continued Appropriateness:</b> Program H3.1.b is ongoing and will be incorporated into the 6<sup>th</sup> Cycle Housing Element as Housing Program 10.</p>
Program H3.1.c - Minimize Governmental Constraints on Housing Development, Improvements, and Maintenance	Review governmental processes and regulations to identify any potential constraints to the development, improvement, or maintenance to housing.	<p>The program was initiated in 2016. The City continues to review development processes and regulations to identify any potential constraints. The adoption of the updated Zoning Code in October 2016 eliminated some of the previous constraints by bringing the City's Zoning Code into compliance with state requirements. The Housing Division completed an update of the City's Analysis of Impediments to Housing in 2020. The city is reviewing that document and working on addressing any areas that may need to be improved as a result of the analysis.</p> <p><b>Continued Appropriateness:</b> The identification of governmental constraints to the</p>

Program	Program Objectives	Progress and Continued Appropriateness
		development of housing was completed as part of this Housing Element (Chapter G4, <i>Housing Constraints Analysis</i> ). Therefore, this program will not be carried over into the 6 <sup>th</sup> Cycle Housing Element.
Program H4.1.a - Provide Ongoing Public Information on Affordable Housing Issues and Programs	Establish a community notification list including, but not limited to, Housing Authority, Chamber of Commerce, schools, grocery and drug stores, PSAs, Community Resource Counsel, civic and service organizations, and community centers. Distribute information flyers and give public presentations on affordable housing issues and programs in the City of Merced to such groups, in addition to City residents, developers, and local lenders, by placing program brochures, copies of City documents, and other pertinent information in the City libraries and at the Merced Civic Center. In addition, make this information available to community-based groups serving lower income residents, such as the Lao Family Community Center, and add information to the city website. Consider a program for builders' and developers' informational meetings to explain available programs and designations, as well as a program to educate first time homebuyers on the process of purchasing a home.	<p>The Housing Division provides information on its website regarding available programs, current plans, and other information for tenants, landlords, and property owners. During the COVID-19 Pandemic, outreach has been limited, but Housing staff utilized several online survey tools and virtual meetings. As COVID-19 restrictions are reduced additional outreach can be accomplished. All required public notices are also available on the Housing Division website. All notices required under the HUD Community Outreach Guidelines are provided in English, Spanish, and Hmong. The notices are published in two local newspapers as well as on the City's website.</p> <p><b>Continued Appropriateness:</b> Program H4.1.a is ongoing and will be incorporated into the 6<sup>th</sup> Cycle Housing Element as part of several different programs related to resources and housing programs for residents, including Housing Programs 5, 10, 12, and 14.</p>
Program H4.1.b - Establish a Tenant and Landlord Education Program	Continue to work with the County Housing Authority, the Merced County Rental Housing Association, and other relevant organizations. Provide sponsorship of Fair Housing and Tenant/Landlord relationships and rights workshops to educate tenants and landlords on their rights and responsibilities.	<p>Fair housing matters are referred to Project Sentinel, which is the outside agency contracted to handle fair housing issues. Additionally, contact information is provided to Central California Legal Services for tenant/landlord disputes, and issues of substandard housing in the City of Merced are referred to the City's Code Enforcement Department.</p> <p><b>Continued Appropriateness:</b> Program H4.1.b is ongoing and will be incorporated into the 6<sup>th</sup> Cycle Housing Element as Housing Program 14.</p>
Program H6.1.a - Use CDBG funds for fair housing enforcement, education, and technical assistance activities.	Continue to contract with an outside agency to provide Fair Housing information to the City's residents.	<p>The City continues to contract with an outside agency (Project Sentinel) for fair housing enforcement.</p> <p><b>Continued Appropriateness:</b> Program H6.1.a is ongoing and will be incorporated into the 6<sup>th</sup> Cycle Housing Element as Housing Program 14.</p>

Merced County Association of Governments  
**Merced County Multi-Jurisdictional Housing Element (2024-2032)**

Program	Program Objectives	Progress and Continued Appropriateness
Program H6.1.b - Prepare a HUD Consolidated Plan every 5 years	Prepare a Consolidated Plan every 5 years to include certification that the city will affirmatively further fair housing, conduct an analysis to identify impediments to fair housing choice, and take actions to overcome the effects of any impediments identified.	The City Council approved the Consolidated Plan covering 2020 to 2024 on November 16, 2020, and it was approved by HUD in 2021.  <b>Continued Appropriateness:</b> The City prepares a Consolidated Plan every five years to identify and address impediments to fair housing choice. As this is a routine function of the City, this program will not be carried over into the 6 <sup>th</sup> Cycle Housing Element.
Program H6.1.c - Prepare an Analysis of Impediments to Fair Housing every 5 to 7 years	Prepare and Analysis of Impediments (AI) every 5 to 7 years and take steps to address all barriers to affordable housing identified in the report.	The City Council approved the most recent Analysis of Impediments on November 16, 2020. The city continues to review the impediments identified and work on ways to remove or reduce those impediments. It takes five to seven years to prepare the report. Actions to address barriers to affordable housing are an ongoing task.  <b>Continued Appropriateness:</b> The City prepares an Analysis of Impediments to Fair Housing approximately every five years to identify and address impediments to fair housing choice. As this is a routine function of the City, this program will not be carried over into the 6 <sup>th</sup> Cycle Housing Element.
Program H6.2 - Ensure all new, multifamily construction meets the accessibility requirements of the federal and State fair housing acts through local permitting and approval processes.	Review all applications for multifamily construction to ensure all federal and State fair housing acts are being complied with. This shall be done through building permit review or other review as required (i.e., CUP, etc.).	All multifamily housing projects are reviewed during the entitlement process and building permit process to ensure compliance with all federal and state fair housing laws.  <b>Continued Appropriateness:</b> This is a routine procedure performed during the entitlement and building permit process for all multifamily development. Therefore, this program will not be carried over into the 6 <sup>th</sup> Cycle Housing Element.
Program H6.3 - Encourage a range of housing types to be constructed in subdivisions and large developments	Promote Neighborhoods that contain a variety of housing types, as allowed by the R-1, R-2, R-3, R-4, and P-D zones of the Merced Zoning Ordinance.	The City's Zoning Code allows a wide range of housing types. In 2021, 734 single-family homes and 160 multifamily units received entitlement permits.  <b>Continued Appropriateness:</b> Program H6.3 is ongoing and will be refined and incorporated into the 6 <sup>th</sup> Cycle Housing Element as part of the AFFH meaningful actions.



## G2 Public Participation

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This section documents the efforts the City of Merced made to engage the public and gather input to inform development of this Housing Element update. There were several public engagement efforts conducted at a regional level, including a community survey and stakeholder interviews. These efforts are described in Chapter 1, *Introduction and Regional Collaboration*.

### G2.1 Pop-Up Events

At the City's Spring Fair between May 3 and May 7, 2023, City staff distributed flyers with links to project website and survey to increase community awareness of the Housing Element process and encourage participation.

### G2.2 Community Workshops

Flyers advertising the workshops were distributed by the City of Merced and posted to the City's website in advance of the workshop series to encourage public attendance and participation. The bilingual (English and Spanish) flyers provided meeting details (dates, times, locations, Zoom links) and links to the Housing Element Update website and email list.

Two workshops on the Housing Element were hosted in Merced on August 22 and August 26, 2023. The workshops consisted of an informative PowerPoint presentation on housing sites, a questionnaire about the proposed sites, and a Q&A and public discussion period. The workshop activities invited participants to share their opinions on what makes their neighborhood great and their experience finding housing, take part in a sticker activity to rank the most effective housing programs, and reasons it is difficult to find housing in their communities. Participants were also asked to weigh in on the selected housing opportunity sites. The PowerPoint presentation was available in Spanish via written translation. Live Spanish translation was available upon request.

Eleven participants attended the workshop on August 22, and 16 participants attended the workshop on August 26. In general, the key findings from the workshop are as follows:

- Seniors on Supplemental Security Income face severe cost burdens, and evictions disproportionately impact seniors.
- Affordability challenges affect all residents, including the younger population.
- El Capitan and hospital areas are identified as suitable for multifamily housing and North Merced needs both multifamily and affordable housing options.
- Homebuyers from outside the community are buying homes due to the comparatively low real estate costs in the city. This raises concerns about housing accessibility for local residents.
- Community members value sustainability and climate-conscious housing.
- Walkability is crucial and public transit needs expansion.
- Increased housing development that expands into North Merced contributes to inequality. Housing discrimination issues persist.
- Affordable housing programs need fewer constraints.
- Better resources are needed to address homelessness challenges.

Participants were asked to provide their opinions on areas of Merced that would benefit from additional housing development. Participants noted that parts of northeast Merced near the University, as well as in the south and west of Merced. In particular, participants stated that South Merced would benefit from mixed-use development, senior housing, low-income housing above ground-floor commercial, and ADU incentives.

Participants were also asked how their experience has been in finding housing and what makes a neighborhood great. Residents expressed concerns about the lack of available and affordable housing, with affordable options often situated in proximity to polluted or industrial areas. The concentration of industrial land uses and pollution, such as excessive smog and traffic congestion, particularly in South Merced near schools, raises environmental and health issues. Affordability was a common theme, affecting young single residents seeking independence and low-income households in need of habitable and safe housing. Issues such as high security deposits, expensive rent applications, and discrimination were also noted, along with a lack of accessible housing for people with disabilities. Additionally, residents raised concerns about predatory behavior from landlords or management companies.

Participants voted on the reasons it is difficult to find housing. “Rent affordability or increases” and “difficult to buy a home” were voted as the two largest barriers to accessing housing in Merced with eight votes each. “Discrimination based on protected characteristics” and “lack of housing with supportive services” were voted as the next most significant housing barriers each with five votes. “Community opposition to new housing” was voted as the least significant barrier to accessing housing with one vote.

Participants noted that green infrastructure, such as streets lined with trees and safe parks, is considered crucial, especially in South Merced, providing both recreational spaces for children and contributing to overall safety. Residents value sustainable housing and renewable energy, including net zero homes and prefabricated options, aiming to reduce car dependency. Social housing is desired to prevent communities from being priced out. Access to essential resources, including grocery stores, parks, green spaces, and health clinics, as well as reliable infrastructure, is seen as vital for a thriving neighborhood.

Homelessness prevention and housing was the most voted program for effectively addressing housing needs in Merced with nine votes. This was closely followed by housing for special needs populations with eight votes. Rent-restricted affordable housing development and fair housing services both received seven votes. Housing rehabilitation, variety of new housing development, and development of rental housing for large households all received four votes.

Additionally, general comment cards were provided during the workshops to offer attendees an opportunity to submit any comments to the planning staff. A summary of the received comments is provided below.

- A survey is not adequate community engagement for the fair housing needs assessment. Jurisdictions and consultants should speak with community members (in contexts beyond the few workshops) to get a sense for the community’s fair housing needs.
- Merced needs more deed-restricted affordable units for the City’s lowest-income residents in high resource neighborhoods, rent control, right to counsel for tenants facing eviction or other landlord issues, more general tenant protection, long-term rental assistance programs, and first-time homebuyer programs.
- The City should eliminate barriers to accessing housing by eliminating rental application fees for tenants applying to rent.

- The City must include policies, programs, and actions that will address the historical and current concentration of polluting land uses in South Merced and areas that are predominantly communities of color.
  - This includes rezoning areas of South Merced away from industrial and to green space, residential, or commercial.
- The City should consider starting remediation programs to address lasting pollution from the past, and stopping new pollution by not siting new warehouses, distribution centers, or pollution causing projects near residential areas.
- The City must address the service needs of South Merced residents within the City's sphere of influence. These include water and sewer, stormwater drainage, fire protection services, as well as sidewalks and street lighting.
- Merced development is not sustainable.
- Residents brought up the need for the following policies/programs:
  - Right to counsel
  - Rent control ordinance
  - Affordable housing in high resourced areas
  - Inclusionary housing
  - More tenant protections
  - Permanent rental assistance program
  - First time home buyer program
  - Water/sewer service to unincorporated South Merced
  - Addressing inequitable land use planning
- In-lieu fee (City council resolution) as currently proposed does not fully fund the need for affordable housing, or properly ensure that developers build affordable housing in the same place as market-rate housing.
- The Housing Element must go beyond what it is currently doing to address its long history of discrimination which means taking meaningful actions that overcome pattern of segregation and foster inclusive communities free from barriers that restrict access to opportunities.

In addition, a member of Merced Lao Family Community, Inc. provided the consulting team with a survey that they conducted to better understand the housing preferences specific to this community. The survey asked individuals to indicate which home sizes are most needed in Merced County. The survey reports that three-bedroom homes are the most needed, followed by one-bedroom, four-bedroom, and two-bedroom homes.

## G2.3 Study Sessions

A presentation to the City Council was held on August 7, 2023, to provide an overview of the 6<sup>th</sup> Cycle Housing Element Update as an informational only session. No comments were received.

## G2.4 Survey

The County conducted a community survey to inform the 6th Cycle Housing Element update. The survey was made available from March 27 through December 22, 2023. The survey was also made available during various community outreach events. The survey consisted of 16 questions and used different formats for questions: checkbox, ranking, and open-ended questions. A total of 172 people responded to the survey. Of these, 131 respondents either live, work, attend school, or own a business or property in the City of Merced.

The input provided by the respondents included the following major themes:

- Affordability and quality and size of housing are the most important aspects when looking for new housing, followed by close to resources such as commercial, medical facilities, and work and school. Safe neighborhoods were also noted as important when searching for housing. Respondents want housing near public transit stops, employment, and shopping centers.
- The largest barriers to affordable desirable housing are the cost of quality housing and the limited supply of housing, particularly affordable housing. Respondents also noted the lack of good paying jobs to be able to afford housing.
- In addition to affordability and availability of housing, respondents noted that homelessness and housing quality were also urgent issues in the Merced Region.
- Respondents would like to see programs related to housing vouchers, homebuyer loan counseling services, landlord/tenant mediation services, and home rehabilitation assistance.
- Housing with three or more bedrooms, housing with one or two bedrooms, and accessory dwelling units are the most needed housing in the region.
- In the City of Merced, participants suggested housing development throughout northern and southern parts of the city, in downtown, near East Childs Avenue, near Dan Ward Road and Beachwood Drive, near State Route 59, near State Route 99, near Mission Avenue, near the University of California, Merced, and on vacant and underutilized lots.

Full survey results can be found in Appendix 1 to the Regional Housing Element, *Community Survey Results*.

## G2.5 Stakeholder Interviews

The City also participated in a series of stakeholder interviews with service providers, residents, and housing developers held between August 8, 2023, and August 23, 2023. A complete summary of the stakeholder interviews can be found in Chapter 1, *Introduction*, to the Regional Housing Element.

Key findings included:

- Service providers stated there is a need for affordable housing throughout the county with access to resources.
- Residents expressed that rental units need maintenance and repair.
- Additional housing services are needed throughout communities in the county include transitional housing, rental assistance, first-time homebuyer assistance, and education on tenants' rights.
- Residents expressed concern over the high cost of housing, particularly for renters.

- Residents identified a need for more community engagement efforts that allow residents to participate in a meaningful way, including workshops and translation services during outreach events.

## G2.6 Response to Community Input

During community outreach, community members identified the following overarching themes regarding housing in Merced. Each one is discussed with how it is addressed in the Housing Element.

### **Need more affordable housing for both renters and buyers.**

The City will accommodate at least 6,123 units affordable to very low-, low-, and moderate-income households. The City will accommodate these units on sites that are currently vacant or underutilized, including sites that will be rezoned to allow higher residential densities.

Housing Program 5 includes actions to encourage the development of at least 16 accessory dwelling units (ADUs) during the planning period by creating standard plans and streamlining the permit process. ADUs often provide relatively affordable rental options.

Through Housing Program 7, the City looks to expand multifamily housing stock through contacting non-profit and private developers to facilitate the production of affordable housing as well as pursue funding opportunities available at the local, regional, state and federal levels. Multifamily housing provide affordable housing options to add into the city's housing stock.

The City has 1,472 housing units that are deed restricted as affordable housing for lower-income households, and 233 units are at risk of conversion to market rate by 2033. Under Program 8, the City will work to preserve these units as affordable housing and will proactively monitor all other units to encourage continued affordability beyond existing covenants and work proactively with owners of affordable units to assist in rehabilitation needs.

### **Support for transit-oriented development and increasing density in areas with existing services.**

Housing opportunity sites were prioritized by location, including proximity to transit, job centers, and community services. Site selection focused heavily on infill development of vacant and nonvacant sites along strategic corridors and in neighborhoods with existing services.

Housing Program 1 directs the City to collaborate with other jurisdictions on housing efforts, including funding opportunities, best practices, and other efforts to address housing, transit, economic development, and homeless issues in Merced County. This Program includes participation in MCAG to manage and implement regional transit services, including an annual community workshop to identify transportation needs for Merced residents.

Housing Program 13 directs the City to create a well-maintained city infrastructure to provide a safe and accessible urban environment. The City will implement an Active Transportation Plan and seek funding for and include pedestrian and bicycle improvements in Capital Improvement Planning, as feasible. This Plan will foster street connections and pedestrian/bicycle networks.

### **Need for rental assistance for low-income families and rent-restricted housing.**

Housing Program 12 directs the City to assist in the development of housing to meet the needs of extremely low, very low- and low-income households and special needs households. The City will continue to work with Housing Authority of the County of Merced to provide housing choice vouchers (HCV), public housing, project-based voucher program, and migrant housing. Starting in 2025 the City will annually conduct an outreach event for landlords on the HCV program, with a goal of seven events during the planning period.

### **Need to increase the variety of available rental and for-sale housing types, including apartments and townhomes, and more options for three-bedroom units.**

In order to facilitate a variety of housing types, especially housing for lower-income households and those with special needs, the City will remove constraints on housing development by amending the Zoning Code through Housing Program 6. This would include zoning amendments to remove constraints associated with development standards, density bonus, ADUs, single-room occupancy, emergency shelters, residential care facilities, farmworker housing, and supportive housing.

Through Housing Program 7, the City looks to expand multifamily housing stock through contacting non-profit and private developers to facilitate the production of affordable housing as well as pursue funding opportunities available at the local, regional, state and federal levels. Multifamily housing will increase the variety of available rental and for sale housing types.

### **Need for housing rehabilitation services homeowners with aging housing stock and those with flood damage.**

Housing Program 9 directs the City to utilize various programs and community partnerships to encourage the rehabilitation of housing units, as well as maintaining the supply of affordable housing. The City will work with non-profits in their community to assist with rehabilitation, annually research funding opportunities, with a goal to partner with Self-Help Enterprises for 10 owner-occupied rehabilitations, five manufactured home rehabs, and five ADU/JADU rehabs. The City will also partner with Habitat for Humanity for six rehab projects, and assist with five units annually through the Weatherization Program.

### **Need increased education on housing rights and legal resources for tenants and landlords.**

Under Housing Program 14, the City will continue to work with the Merced County Housing Authority to provide fair housing information and resources to residents and housing providers. Educational flyers and factsheets will be distributed and shared on the City's website, and annual staff trainings will start in 2025 on how to refer residents for fair housing complaints.

## G3 Housing Needs Assessment

This chapter provides an individual assessment of housing needs for the City of Merced. This section summarizes demographic, employment, and housing characteristics. The main source of the information is the pre-approved data package for jurisdictions approved by the California Department of Housing and Community Development (HCD). This data is primarily sourced from the United States (U.S.) Census, the U.S. Department of Housing and Urban Development's (HUD's) Comprehensive Housing Affordability Strategy (CHAS), and American Community Survey (ACS) 2017-2021 5-year estimates. Tables and Figures also include comparable data for Merced County and California where it is found most useful.

### G3.1 Population Characteristics

Population characteristics, such as growth rate, age, and income levels, affect the type and amount of housing needed in a community. Residents' age and income, employment trends, and other factors influence the type of housing needed and the community's ability to afford housing. The following section analyzes the City of Merced's population characteristics and trends.

### G3.2 Population Growth

Table G3-1 analyzes population change from 2000 to 2021. Merced experienced a large percent change in population of 21.5 percent from 2000 to 2010, and 8.9 percent from 2010 to 2021. This was consistent with the county percentages but significantly higher than the statewide population growth.

**Table G3-1 Population Change (2000 - 2021)**

Jurisdiction	2000	2010	2021	Percent Change 2000-2010	Percent Change 2010-2021
Merced	63,893	78,958	85,993	23.6%	8.9%
Merced County	210,554	255,793	281,202	21.5%	9.9%
California	33,971,648	37,253,956	39,346,023	9.7%	5.6%

Source: U.S. Census Bureau, Census 2000, 2010; Social Explorer tables for Census 2021.

### G3.3 Age Characteristics

Table G3-2 shows population by age group and each group's percentage of the total population. The age groups include preschool (under five years), school-age students (five to seventeen years), college-age students (18 to 24 years), young adults (25 to 44), middle-aged adults (45 to 64), and seniors (65 and over). In Merced, the largest age group is the young adult category, representing 27.5 percent of the total population, similar to the county (27 percent) and state (28.6 percent). The second-largest group in Merced is school-age students at 22.8 percent. The smallest population by age are preschoolers at 7.3 percent, which is similar to the county (7.5 percent) and higher than the state (6 percent). Merced also has a higher proportion of residents 44 years and younger (70.4 percent) compared to the county (67.7 percent) and the state (60.7 percent). This is potentially due to the presence of a community college

(Merced College) and a university (University of California Merced) within and adjacent to city boundaries.

**Table G3-2 Population by Age Group (2021)**

Jurisdiction	Under 5 years (Preschool)	5 to 17 years (School-age Students)	18 to 24 years (College-age Students)	25 to 44 (Young Adults)	45 to 64 (Middle-aged Adults)	65 years and over (Seniors)	Total Population
Merced	6,291	19,636	11,048	23,620	16,962	8,436	85,993
Percent	7.3%	22.8%	12.8%	27.5%	19.7%	9.8%	
Merced County	20,969	61,609	31,111	75,342	59,131	30,988	279,150
Percent	7.5%	22.1%	11.1%	27%	21.2%	11.1%	
California	2,350,335	6,642,097	3,665,851	11,282,671	9,844,520	5,669,879	39,455,353
Percent	6.0%	16.8%	9.3%	28.6%	25.0%	14.0%	

Source: U.S. Census Bureau, ACS 17-21 (5-year Estimates), Table B01001.

## G3.4 Race and Ethnicity

Table G3-3 shows race and ethnicity data for residents in Merced, Merced County, and California. In Merced, a majority of the population identifies as white at 45.5 percent, similar to the countywide (46.2 percent) and lower than the state (52.1 percent). The second largest population group is “Some Other Race” representing 28.7 percent of the total population in Merced. This is lower than Merced County (33.7 percent) and higher than the state (15.3 percent). In terms of ethnicity, 58.1 percent of the population of Merced identified as Hispanic or Latino. This percent is lower than countywide (61.2 percent) and higher than statewide (39.5).

**Table G3-3 Population by Race**

Jurisdiction	White Alone	Black or African American Alone	American Indian and Alaska Native Alone	Asian Alone	Native Hawaiian and Other Pacific Islander Alone	Some Other Race Alone <sup>1</sup>	Two or More Races <sup>2</sup>	Hispanic or Latino, Any Race	Total
Merced	39,154	3,842	1,429	9,652	29	24,705	7,182	49,943	85,993
Percent	45.5%	4.5%	1.7%	11.2%	0.0%	28.7%	8.4%	58.1%	
Merced County	128,897	8,057	3,267	20,945	797	93,978	23,209	170,730	279,150
Percent	46.2%	2.9%	1.2%	7.5%	0.3%	33.7%	8.3%	61.2%	
California	20,553,732	2,233,258	360,607	5,887,396	148,278	6,036,865	4,235,217	15,593,787	39,455,353
Percent	52.1%	5.7%	0.9%	14.9%	0.4%	15.3%	10.7%	39.5%	

(1) Note: “Some other race alone” includes all other responses not included in the “white alone”, “Black or African American alone”, “American Indian and Alaska Native alone”, “Asian alone” and “Native Hawaiian and Other Pacific Islander alone” race categories

(2) Note: “Two or more races” includes responses from all individuals who identify themselves as two or more of the aforementioned race groups. If an individual responded with both “two or more races” and “some other race,” their response was only included under “two or more races.”

Source: U.S. Census Bureau, ACS17-21 (5-year Estimates), Table B02001; U.S. Census Bureau, ACS17-21 (5-year Estimates), Table B03001.



## G3.5 Economic Characteristics

### Employment

Understanding employment and occupation patterns can provide insight into present housing needs. Table G3-4 shows employment by industry. Educational Services, Health Care, and Social Assistance is the most common industry category in Merced, representing 25.5 percent of total employment. This is also the most common industry countywide (22 percent) and statewide (21.4 percent). The second largest industry in Merced is Retail Trade with 11 percent, similar to the state and county.

**Table G3-4 Employment by Industry (2021)**

Industry	Merced	Percent	Merced County	Percent	California	Percent
Educational Services, and Health Care and Social Assistance	8,429	25.5%	23,797	22%	3,990,094	21.4%
Retail Trade	3,639	11.0%	11,804	10.9%	1,919,513	10.3%
Arts, Entertainment, and Recreation, and Accommodation and Food Services	3,239	9.8%	7,682	7.1%	1,835,141	9.8%
Agriculture, Forestry, Fishing and Hunting, And Mining	2,781	8.4%	12,326	11.4%	394,881	2.1%
Manufacturing	2,690	8.1%	11,778	10.9%	1,676,715	9.0%
Public Administration	2,405	7.3%	5,058	4.7%	864,476	4.6%
Professional, Scientific, and Management, and Administrative, and Waste Management Services	2,067	6.3%	7,146	6.6%	2,612,859	14.0%
Construction	1,979	6.0%	8,623	8%	1,235,586	6.6%
Transportation And Warehousing, And Utilities	1,927	5.8%	7,626	7.1%	1,071,181	5.7%
Other Services, Except Public Administration	1,466	4.4%	4,275	4.0%	927,253	5.0%
Finance and Insurance, and Real Estate, and Rental and Leasing	1,149	3.5%	3,075	2.8%	1,107,961	5.9%
Wholesale Trade	902	2.7%	4,036	3.7%	501,378	2.7%
Information	378	1.1%	968	0.9%	539,683	2.9%

Source: U.S. Census Bureau, ACS 17-21 (5-year Estimates), Table C24050.

### Income Definitions and Income Limits

The state and federal governments classify household income into several categories based upon the relationship to the county area median income (AMI), adjusted for household size. HUD estimates of AMI is used to set income limits for eligibility in federal housing programs. The income categories include:

- Acutely low-income households, which earn up to 15 percent AMI;
- Extremely low-income households, which earn up to 30 percent AMI;
- Very low-income households, which earn between 31 and 50 percent AMI;

- Low-income households, which earn between 51 and 80 percent AMI; and
- Median-income households, which earn 100 percent AMI.

For all income categories, income limits are defined for various household sizes based on a four-person household as a reference point. Income limits for larger or smaller households are calculated by HUD (see Table G3-5). According to HUD, the AMI for a four-person household in Merced County was \$80,300 in 2022.

**Table G3-5 HUD Income Limits by Person per Household (dollars)**

Household Size:	1	2	3	4	5	6	7	8
Acutely Low	\$8,450	\$9,650	\$10,850	\$12,050	\$13,000	\$14,000	\$14,950	\$15,900
Extremely Low	\$16,350	\$18,700	\$23,030	\$27,750	\$32,470	\$37,190	\$41,910	\$46,630
Very Low	\$27,300	\$31,200	\$35,100	\$38,950	\$42,100	\$45,200	\$48,300	\$51,450
Low Income	\$43,650	\$49,850	\$56,100	\$62,300	\$67,300	\$72,300	\$77,300	\$82,250
Median Income	\$56,200	\$64,250	\$72,250	<b>\$80,300</b>	\$84,730	\$93,150	\$99,550	\$106,000
Moderate Income	\$67,450	\$77,100	\$89,700	\$96,350	\$104,050	\$111,750	\$119,450	\$127,200

Source: U.S. Department of Housing and Urban Development (HUD), 2022.

HCD uses the income categories shown in Table G3-6 to determine eligibility for state housing programs. HCD's methodology for calculating AMI is slightly different from HUD's methodology, and therefore the AMI and income limits vary.

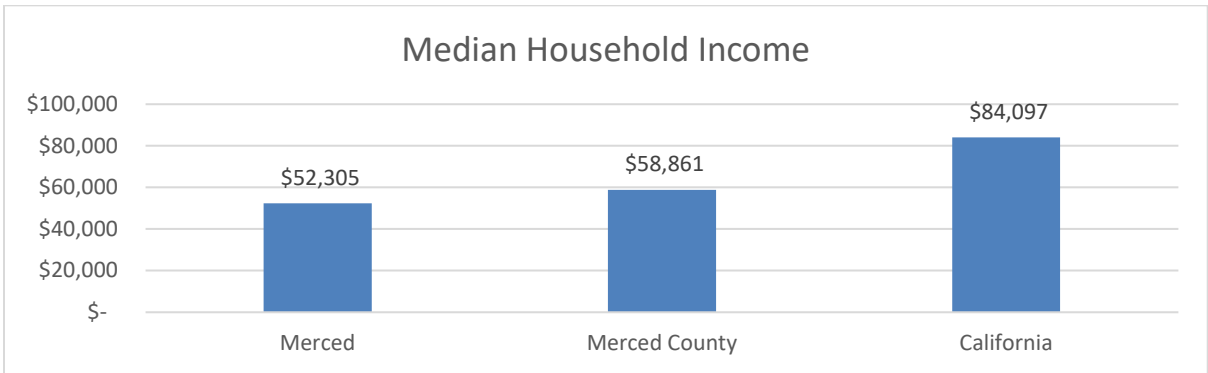
**Table G3-6 State of California Income Categories**

Income Category	Percent of County Area Median Income (AMI)
Extremely Low	0-30% AMI
Very Low	31%-50% AMI
Low	51%-80% AMI
Moderate	81%-120% AMI
Above Moderate	120% AMI or greater

Source: California, CA Health & Safety Code § 50093.

Figure G3-1 shows median household income in Merced as reported by the 2017-2021 ACS. This median income is for all households, regardless of household size. The median household income in Merced was \$52,305 in 2021, which was lower than in Merced County (\$58,861) and significantly lower than in California (\$84,097).

Figure G3-1 Median Household Income



Source: U.S. Census Bureau, ACS 17-21 (5-year Estimates), Table B19013.

Table G3-7 compares the median household income by race in 2021. In Merced, Asian and Native Hawaiian/Other Pacific Islander households had the highest median incomes at \$71,868, which is generally consistent with the state and county. This is followed by two or more races with \$54,684, similar to the county but significantly lower than the state. American Indian and Alaskan Native households had the lowest median income in Merced, significantly lower than the state and county.

Table G3-7 Median Household Income by Race/Ethnicity (dollars)

Jurisdiction	White, alone	Black or African American, alone	American Indian and Alaskan Native, alone	Asian, alone	Native Hawaiian and Other Pacific Islander, alone	Some Other Race, alone	Two or More Races, alone	Hispanic or Latino, Any Race
Merced	\$53,261	\$42,868	\$19,107	\$71,868	\$71,868	\$49,071	\$54,684	\$46,092
Merced County	\$60,918	\$45,573	\$50,214	\$71,829	\$71,829	\$55,083	\$56,355	\$54,635
California	\$88,616	\$58,958	\$66,904	\$108,477	\$87,066	\$63,975	\$79,777	\$67,327

Source: U.S. Census Bureau, ACS 17-21 (5-year Estimates), Table B19013.

Overpayment and Housing Cost Burdens

Table G3-8 lists the number of households overpaying for housing by tenure. Generally, renters are more affected by overpayment than owners. As shown, overpaying renter-occupied households represent 29.6 percent of total households in Merced, which is greater than the county and state percentages of 21.4 percent and 22.9 percent, respectively. By contrast, overpaying owner-occupied households account for 9.7 percent of total households, which is lower than in the county (11.8 percent) and state (14.4 percent).

**Table G3-8 Cost Burdened Households by Tenure**

Jurisdiction	Owner-Occupied Overpaying	Renter-Occupied Overpaying	Total Overpaying
Merced	2,594	7,908	10,502
Percent	9.7%	29.6%	39.4%
Merced County	9,611	17,470	27,081
Percent	11.8%	21.4%	33.2%
California	1,904,162	3,030,934	4,935,096
Percent	14.4%	22.9%	37.3%

Source: U.S. Census Bureau, ACS 06-10, 11-15, 17-21 (5-year Estimates), Table B25091 and B25070.

CHAS data provided by HUD provides information on cost burden based on the HUD Area Median Family Income (HAMFI). This data is included in Table G3-9 below. While the totals do not align exactly with 2021 ACS data presented above, the CHAS data identifies the level at which cost burdened households are overpaying for housing. As shown, 20.1 percent of households are cost burdened households that are paying 30 percent of their income on housing costs. Further, 20.8 percent of households are spending more than 50 percent of their income on housing. Based on CHAS data, Merced has higher rates of moderate and severe cost burden than Merced County, and a higher rate of severe cost burden than California.

**Table G3-9 Overpayment by Tenure (dollars)**

Jurisdiction	Moderate Cost Burden >30% to <=50%	Severe Cost Burden >50%	Total Households
Merced	5,129	5,310	25,490
Percent	20.1%	20.8%	100.0%
Merced County	14,710	12,285	80,010
Percent	18.4%	15.4%	100.0%
California	2,632,205	2,427,660	13,044,265
Percent	20.2%	18.6%	100.0%

Source: U.S. Department of Housing and Urban Development, CHAS 2015-19 (5-Year Estimates), Table 7.

## G3.6 Household Characteristics

Table G3-10 provides information on household types. Of the 26,673 households in Merced, 10,645 are married-couple households with or without children, and 2,499 are cohabitating couple households with or without children. While in Merced, 39.9 percent of households are married couple households, approximately half of the total households in Merced County and California fall into this category.

**Table G3-10 Households by Type**

Jurisdiction	Married-Couple Household			Cohabitating Couple Household			Total Households
	Total	Children	No Children	Total	Children	No Children	
Merced	10,645	5,017	5,628	2,499	1,546	953	26,673
Percent	39.9%	18.8%	21.1%	9.4%	5.8%	3.6%	
Merced County	39,912	18,171	21,741	6,862	3,910	2,952	81,618
Percent	48.9%	22.3%	26.6%	8.4%	4.8%	3.6%	
California	6,539,445	2,780,272	3,759,173	938,780	338,874	599,906	13,217,586
Percent	49.5%	21.0%	28.4%	7.1%	2.6%	4.5%	

Source: U.S. Census Bureau, ACS 17-21 (5-year Estimates), Table B11012.

## G3.7 Large Households

Table G3-11 provides information on large households by tenure. As shown, 19.4 percent of households in Merced consist of five or more people, which is greater than the state average but lower than the county average. In Merced, renter-occupied five-person households (7.1 percent of total households), owner-occupied five-person households (4 percent) and renter-occupied six-person households (2.9 percent) make up the largest percentage of large households, while owner-occupied seven-or-more person households make up the smallest percentage of large households. Additionally, both Merced and Merced County have a higher percentage of large households than in California.

**Table G3-11 Large Households by Tenure**

Jurisdiction	Total Large Households	Owner-Occupied Large Households			Renter-Occupied Large Households		
		5-Person	6-Person	7-or-More Person	5-Person	6-Person	7-or-More Person
Merced	5,220	1,057	601	279	1,895	761	627
Percent	19.6%	4.0%	2.3%	1.0%	7.1%	2.9%	2.4%
Merced County	17,710	4,737	1,952	1,649	5,380	2,184	1,808
Percent	21.7%	5.8%	2.4%	2.0%	6.6%	2.7%	2.2%
California	1,830,468	580,759	246,420	200,281	456,013	199,263	147,732
Percent	13.9%	4.4%	1.9%	1.5%	3.5%	1.5%	1.1%

Source: U.S. Census Bureau, ACS 17-21 (5-year Estimates), Table B25009.

## G3.8 Overcrowding

Table G3-12 provides information on overcrowding by tenure in Merced. There are 1,927 overcrowded households in the city, of which 21.6 percent (417) are owner-occupied households and 78.4 percent (1,510) are renter occupied.

**Table G3-12 Overcrowding Severity by Tenure**

Jurisdiction	Total	Owner-Occupied		Total	Renter-Occupied	
		1.0 to 1.5 Occupants per Room	More than 1.5 Occupants per Room		1.0 to 1.5 Occupants per Room	More than 1.5 Occupants per Room
Merced	11,185	310	107	15,488	1,006	504
Percent	41.9%	1.2%	0.4%	58.1%	3.8%	1.9%
Merced County	42,146	1,766	551	39,472	3,090	1,362
Percent	51.6%	2.2%	0.7%	48.4%	3.8%	1.7%
California	7,335,247	229,637	82,236	5,882,339	453,625	321,169
Percent	55.5%	1.7%	0.6%	44.5%	3.4%	2.4%

Source: U.S. Census Bureau, ACS 06-10, 11-15, 17-21 (5-year Estimates), Table B25014.

## G3.9 Special Needs Groups

Within the general population there are several groups of people who have special housing needs. These needs can make it difficult for members of these groups to locate suitable housing. The following subsections identify and discuss these special housing needs groups.

### Seniors

Table G3-13 identifies senior households in Merced, Merced County, and California. The percentage row identifies the percent of the specified age range within the owner-occupied or renter-occupied categories for the total population. There are more owner-occupied senior households in Merced (3,484 total), than renter-occupied senior households (1,896 total), which is similar to the county and state. As shown, 18.9 percent of owner-occupied households and 8.71 percent of renter-occupied households are made up of seniors between the ages of 65 and 74.

**Table G3-13 Senior Households by Tenure**

Jurisdiction	Owner-Occupied			Renter-Occupied		
	65 to 74	75 to 84	85 and over	65 to 74	75 to 84	85 and over
Merced	2,114	1,076	294	1,351	423	122
Percent	18.9%	9.6%	2.6%	8.7%	2.7%	0.8%
Merced County	7,176	4,232	1,559	3,318	1,216	495
Percent	39.9%	23.5%	8.7%	18.4%	6.8%	2.8%
California	1,386,828	679,546	288,915	501,465	229,153	132,237
Percent	43.1%	21.1%	9.0%	15.6%	7.1%	4.1%

Source: U.S. Census Bureau, ACS 17-21 (5-year Estimates), Table B25007.

Table G3-14 shows the housing cost burdens by elderly family type and tenure in Merced based on data extracted through HUD's CHAS (note that the CHAS data defines senior or elderly as age 62 and over, as opposed to the ACS that reports seniors as age 65 and older). Based on data in this table, of all elderly persons in lower-income categories (less than or equal to 80 percent HAMFI), approximately 18.8 percent of all senior-owner households and 61.0 percent of all senior-renter households in Merced had a housing cost burden of 30 percent or greater.

**Table G3-14 Overpayment by Tenure Among Senior Households**

	Owners		Renters		Total
	Elderly Family	Elderly Non-Family	Elderly Family	Elderly Non-Family	
Household Income <= 30% HAMFI Extremely Low-Income					
TOTAL HOUSEHOLDS <= 30% HAMFI	185	145	120	575	1,025
Number w/ Cost Burden <= 30%	40	45	15	120	220
Number w/ Cost Burden > 30% to <= 50%	50	50	20	145	265
Number w/ Cost Burden > 50%	95	50	85	310	540
Percent with Cost Burden >30% HAMFI	78%	69%	88%	79%	79%

	Owners		Renters		Total
	Elderly Family	Elderly Non-Family	Elderly Family	Elderly Non-Family	
Household Income > 30% to <= 50% HAMFI Very Low-Income					
TOTAL HOUSEHOLDS > 30% to <= 50% HAMFI	85	260	140	395	880
Number w/ Cost Burden <= 30%	55	95	30	45	225
Number w/ Cost Burden > 30% to <= 50%	15	70	85	160	330
Number w/ Cost Burden > 50%	15	95	25	190	325
Percent with Cost Burden >30% HAMFI	35%	63%	79%	89%	74%
Household Income > 50% to <= 80% HAMFI Low-Income					
TOTAL HOUSEHOLDS > 50% to <= 80% HAMFI	430	265	70	265	1,030
Number w/ Cost Burden <= 30%	250	250	30	40	570
Number w/ Cost Burden > 30% to <= 50%	155	15	40	195	405
Number w/ Cost Burden > 50%	25	-	-	30	55
Percent with Cost Burden >30% HAMFI	42%	6%	57%	85%	45%
Household Income > 80% to <= 100% HAMFI					
TOTAL HOUSEHOLDS > 80% to <= 100% HAMFI	130	215	110	55	510
Household Income > 100% HAMFI					
TOTAL HOUSEHOLDS > 100% HAMFI	1,160	505	130	245	2,040
Total Income <80% HAMFI and Cost Burden > 30%	635		1,285		1,920
Percent Income <80% HAMFI and Cost Burden > 30%	18.8%		61.0%		35.0%
GRAND TOTAL HOUSEHOLDS	1,990	1,390	570	1,535	5,485

Elderly family constitutes 2 persons with either or both age 62 and over.

HAMFI = HUD Area Median Family Income

Source: HUD Consolidated Planning / Comprehensive Housing Affordability Strategy (CHAS) database, 2015-2019 estimates, Table 7, accessed 2023. <https://www.huduser.gov/portal/datasets/cp.html>

Table G3-15 summarizes cost burden data for units occupied by senior households. As shown, 59.6 percent of senior households in Merced have a housing cost burden of less than or equal to 30 percent, 22.2 percent have a housing cost burden between 30 percent and 50 percent, and 18.1 percent have a cost burden greater than 50 percent. There is a significantly higher percentage of senior households with a housing cost burden of over 30 percent of household income in Merced (40.3 percent) than in Merced County (23.5 percent).

**Table G3-15 Cost-Burdened Senior Households**

Jurisdiction	Cost Burden <= 30%	Cost Burden >30% to <=50%	Cost Burden >50%	Total Senior Households
Merced	3,270	1,220	995	5,485
Percent	59.6%	22.2%	18.1%	100.0%
Merced County	12,080	3,220	2,880	18,180
Percent	66.4%	17.7%	15.8%	100.0%
California	1,963,195	620,335	736,510	3,320,040
Percent	59.1%	18.7%	22.2%	100.0%

Source: U.S. Department of Housing and Urban Development, CHAS 2015-19 (5-Year Estimates), Table 7.

### *Resources for Senior-Headed Households*

The Merced County Housing Authority manages six senior housing complexes, two of which are located in Merced, including Sierra Meadows Apartments and Merced Golden Manor. Both facilities are deed restricted for lower-income senior households. As shown in Table G3-16, this accounts for a total of 149 senior rental units in Merced. As shown in Table G3-14, there are a total of 2,105 senior rental-occupied households, of which 1,565 are lower income. Based on this data, there is a gap between lower income senior rental-occupied households and available units of more than 1,400 units.

**Table G3-16 Inventory of Senior Housing**

Housing Development	Address	City	Affordable Units	Total Units
Sierra Meadows Apartments	720 West 15th Street	Merced	99	99
Merced Golden Manor	338 T St	Merced	50	50

Note: All locally assisted or restricted developments may not be included in this list.  
Source: California Housing Partnership, 2023.

To address the deficit in housing for senior households, the City will implement Housing Program 6 and 10 to amend the Zoning Code to facilitate the development of affordable housing for special needs households, such as senior households, including reducing parking requirements and encourage the use of density bonuses for housing developments for seniors.

### **Persons with Disabilities (including Developmental Disabilities)**

Table G3-17 identifies the number of residents with one or more disabilities. In Merced, 6.5 percent of residents have one type of disability, while 7.1 percent of residents report two or more disabilities. The rate of the population with one disability in Merced (6.5 percent) is similar to the county (6.5 percent) but higher than the state (5.4 percent). However, the rate of the population with two or more disabilities is higher in Merced (7.1 percent) than in the county and state (6.3 and 5.2 percent, respectively). Among those with a disability, 47.6 percent have one disability, while 52.4 percent have two or more types of disability.

**Table G3-17 Population by Number of Disabilities**

Jurisdiction	Total	With One Type of Disability	With Two or More types of Disability	No Disability
Merced	85,330	5,542	6,097	73,691
Percent		6.5%	7.1%	86.4%
Merced County	276,304	18,099	17,266	240,939
Percent		6.5%	6.3%	87.2%
California	38,946,377	2,108,406	2,037,095	34,800,876
Percent		5.4%	5.2%	89.4%

Source: U.S. Census Bureau, ACS17-21 (5-year Estimates), Table C18108.

Table G3-18 summarizes the population with a disability by age. In Merced, residents aged 18 to 64 years make up the largest proportion of disabled individuals at 7.4 percent of the total population. The rate for this group is higher than countywide (6.6 percent) and statewide (5.1 percent). The under 18 years age group accounts for the smallest proportion of the population at 1.5 percent, similar to the



county (1.3 percent) but greater than the state (0.8 percent). In Merced, 4.7 percent of the population is 65 years and older with a disability, consistent with percentages in the county and state.

**Table G3-18 Disability by Age for the Total Population**

Jurisdiction	Total	Under 18 Years	18 to 64 Years	65 Years and Older
Merced	85,330	1,310	6,352	3,977
Percent		1.5%	7.4%	4.7%
Merced County	276,304	3,666	18,311	13,388
Percent		1.3%	6.6%	4.9%
California	38,946,377	315,849	1,964,845	1,864,807
Percent		0.8%	5.1%	4.8%

Source: U.S. Census Bureau, ACS 17-21 (5-year Estimates), Table C18108.

Table G3-19 identifies residents with a developmental disability by age. In Merced, most residents with a developmental disability are under 18 years old, which is consistent with both the state and county.

**Table G3-19 Developmental Disability by Age**

Jurisdiction	Under 18 Years	18 Years and Older	Total Population with a Disability
Merced	607	578	1,185
Merced County	1,507	1,287	2,794
California	192,384	185,353	377,737

Source: California Department of Developmental Services, DDS Quarterly Consumer Report, December 2021.

### *Resources for Persons with Disabilities*

The State Department of Developmental Services currently provides community-based services to persons with developmental disabilities through a statewide system of 21 regional centers, four developmental centers, and two community-based facilities. Regional centers provide “point of entry” services to those that are developmentally disabled. The California Department of Developmental Services operates a field office of the Central Valley Regional Center in Merced, which is a non-profit community agency that contracts with local businesses to provide services to developmentally disabled persons and their families. While there are no public housing resources that are specific to people with disabilities in Merced, there are 149 senior housing units and 1,472 total public housing units available to low and moderate-income families and individuals, including those with a disability. As shown in Table 11.17, there are 11,639 people with a disability in Merced, illustrating a significant gap in housing resources for residents with a disability.

To address the gap in housing resources for residents with a disability, the City will implement Housing Program 6 and Program 10 to amend the Zoning Code to expand resources for and facilitate the development of affordable housing for special needs households, such as households with persons with a disability, including revisions to include reasonable accommodations for persons with disabilities.

## **Large Households**

Table G3-20 provides information on large households by tenure in Merced, Merced County, and California. See Section G3.7, *Large Households* for more information. As shown, there are 1,937 owner-occupied large households and 3,283 renter-occupied large households. The percentage of total large

households in Merced (19.6 percent) is lower than the county (21.7 percent) but higher than the state (13.9 percent).

**Table G3-20 Large Households by Tenure**

Jurisdiction	Total Households	Owner-Occupied Large Households			Renter-Occupied Large Households		
		5-Person	6-Person	7-or-More Person	5-Person	6-Person	7-or-More Person
Merced	26,673	1,057	601	279	1,895	761	627
Percent		4.0%	2.3%	1.0%	7.1%	2.9%	2.4%
Merced County	81,618	4,737	1,952	1,649	5,380	2,184	1,808
Percent		5.8%	2.4%	2.0%	6.6%	2.7%	2.2%
California	13,217,586	580,759	246,420	200,281	456,013	199,263	147,732
Percent		4.4%	1.9%	1.5%	3.5%	1.5%	1.1%

Source: U.S. Census Bureau, ACS 16-20 (5-year Estimates), Table B25009.

### *Resources for Large Households*

Units with four or more bedrooms are the primary housing resource for large households. Table G3-21 compares the number of large households to the number of large units. Units with five or more rooms provide housing options for large households and work to lessen overcrowding. As shown, there are 746 units in Merced with five or more bedrooms but 5,220 large households, leaving a potential resource gap of 4,419 units. However, when considering units with four or more bedrooms (5,977 units), the number of large units exceeds the number of large households.

**Table G3-21 Large Households and Units**

Jurisdiction	Total Households	Large Households (5 or more persons)	Total Units	Large Units (4 bedrooms)	Large Units (5 or more bedrooms)
Merced	26,673	5,220	28,400	5,977	746
Percent		19.6%		22.4%	2.8%
Merced County	81,618	17,710	86,767	17,656	3,002
Percent		21.7%		21.6%	3.7%
California	13,217,586	1,830,468	14,328,539	2,373,268	596,588
Percent		13.8%		18.0%	4.5%

Source: U.S. Census Bureau, ACS 17-21 (5-year Estimates), Tables DP04.

### **Female-Headed Households**

Table G3-22 identifies single female-headed households with their own children under age 18. The table values do not include female-headed households with unrelated dependents. Merced has 2,808 single female-headed households with their own children under 18, representing 10.5 percent of total households. This rate is higher than the county (7.8 percent) and the state (4.7 percent).

**Table G3-22 Single Female-Headed Households with Own Children**

Jurisdiction	Total Households	Single Female-Headed Households*	Percent
Merced	26,673	2,808	10.5%
Merced County	81,618	6,365	7.8%
California	13,217,586	614,747	4.7%

Notes: Single Female-Headed Households with own children under age 18, does not include unrelated dependents.  
Source: U.S. Census Bureau, ACS 17-21 (5-year Estimates), Table B11012.

Table G3-23 compares female-headed households by tenure. As shown, there is a larger percentage of renter-occupied female-headed households (80.1 percent) than owner-occupied households (19.9 percent). The percentage of renter-occupied households is significantly higher in Merced (80.1 percent) than in the county (68.9 percent) or state (58.3 percent).

**Table G3-23 Female-Headed Family Households by Tenure**

Jurisdiction	Owner-Occupied	Renter-Occupied	Total
Merced	1,143	4,589	5,732
Percent	19.9%	80.1%	
Merced County	4,569	10,129	14,698
Percent	31.1%	68.9%	
California	713,100	996,675	1,709,775
Percent	41.7%	58.3%	

Source: U.S. Census Bureau, ACS17-21 (5-year Estimates), Table B17010.

### *Resources for Single-Parent and Female-Headed Households*

Resources for lower-income female-headed households include existing affordable housing units in the city as well as rental assistance provided through the County's Housing Choice Voucher (HCV) program. Below is a list of local agencies dedicated to assisting parents:

- First 5 Merced County is dedicated to improving the lives of Merced County's young children, including Merced, and their families through a comprehensive system of education, health services, and other crucial programs. The Strong Families programs enable families to raise their children in a safe, stable, and nurturing home. These programs work with families, educators, health, and social services providers to support parents and guardians.
- Ace Overcomers Program, committed to helping teens and adults overcome the effects of adverse childhood experiences (ACEs).
- Merced County Office of Education, providing educational services to children and families including childcare subsidies to offset the costs of care.
- Sierra Vista Child and Family Services, committed to supporting the community by providing mental health services to children and youth from birth to 21.
- Maternal, Child, and Adolescent Health (MCAH) Services, providing information and services to mothers and children.

To address the need for affordable housing for single-parent female-headed households, the City will implement Housing Program 6 and 7 to remove development constraints and facilitate the development of affordable housing for special needs households, such as single-parent female-headed households.

## Extremely Low-Income Residents

Table G3-24 identifies extremely low-income households by tenure in Merced. Renter-occupied extremely low-income households (4,205) make up 86 percent of total extremely low-income households. This is higher than in the county (74 percent) and the state (71 percent). Owner-occupied extremely low-income households (685) comprise 14 percent of total extremely low-income households. This is lower than in the county (26 percent) and the state (29 percent). There are 4,890 total extremely low-income households in Merced, which account for 19.2 percent of total households. This is higher than in the county (14.3 percent) and the state (15.3 percent).

**Table G3-24 Extremely Low-Income Households by Tenure**

Jurisdiction	Income <=30% HAMFI			Total Households
	Owner-Occupied	Renter-Occupied	Total ELI Households	
Merced	685	4,205	4,890	25,490
Percent	2.7%	16.5%	19.2%	100.0%
Merced County	2,940	8,540	11,480	80,010
Percent	3.7%	10.7%	14.3%	100.0%
California	592,010	1,427,405	2,019,415	13,217,586
Percent	4.5%	10.8%	15.3%	100.0%

Source: U.S. Housing and Urban Development, CHAS 2015-19 (5-Year Estimates), Table 7.

Table G3-25 summarizes cost burdens among extremely low-income households. As shown, 550 of 685 extremely low-income owner-occupied households (80 percent) in Merced are experiencing a moderate or severe housing cost burden. This is similar to the county (79 percent) and the state (80 percent). In addition, 3,800 out of 4,205 extremely low-income renter-occupied households (90 percent) are experiencing a moderate or severe housing cost burden. This is higher than in both the county (80 percent) and the state (88 percent). In Merced, 62.1 percent of extremely low-income households are renter-occupied households with a severe cost burden. This is higher than in the county (52 percent) and the state (51 percent).

**Table G3-25 Extremely Low-Income Households Overpaying by Tenure**

Jurisdiction	Owner-Occupied			Renter-Occupied			Total ELI Households
	Cost Burden <30%	Moderate Cost Burden 30%-50%	Severe Cost Burden >50%	Cost Burden <30%	Moderate Cost Burden 30%-50%	Severe Cost Burden >50%	
Merced	135	160	390	405	765	3,035	4,890
Percent	2.8%	3.3%	8.0%	8.3%	15.6%	62.1%	100.0%
Merced County	615	595	1,730	1,075	1,530	5,935	11,480
Percent	5.4%	5.2%	15.1%	9.4%	13.3%	51.7%	100.0%
California	117,890	92,945	381,175	172,130	216,880	1,038,395	2,019,415
Percent	5.8%	4.6%	18.9%	8.5%	10.7%	51.4%	100.0%

Source: US Housing and Urban Development, CHAS 2015-19 (5-Year Estimates), Table 7.

### Resources for Extremely Low-Income Households

The Housing Authority of the County of Merced currently administers the Housing Choice Voucher Program, a federal rent subsidy program under HUD. The program provides rent subsidy to families in privately owned existing rental units in Merced County. The Housing Authority of the County of Merced currently administers 2,705 Housing Choice Vouchers.<sup>1</sup>

In addition to the HCV program, the Housing Authority also administers Emergency Housing Vouchers (EHV). In order to be eligible for an EHV, an individual must meet one of the four eligibility criteria:

1. Homeless;
2. At risk of homelessness;
3. Fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking;
4. Recently homeless and for whom providing rental assistance will prevent the family's homelessness or having high risk of housing instability.<sup>2</sup>

The City will implement Housing Program 10 to expand awareness of and connect extremely low-income and low-income residents with housing assistance programs, including the Merced County Housing Authority HCV program, and conduct annual outreach with landlords to encourage greater participation in the HCV program.

Table G3-26 includes an inventory of publicly assisted affordable housing in Merced. As shown, there are 1,472 affordable units in the city. These units serve households making less than 80 percent of the area median income. Based on the identified need (4,205 extremely low-income rental households) there is a significant need for additional units affordable to extremely low-income households in the city.

**Table G3-26 Inventory of Public Assisted Complexes, Merced**

Name	Address	City	Zip	Affordable Units
Willowbrook Apartments II	1756 Willowbrook Drive	Merced	95348	21
Willowbrook Apartments	1756 Willowbrook Drive	Merced	95348	16
Sierra Meadows Apartments	720 West 15th Street	Merced	95340	99
Merced Golden Manor	338 T St	Merced	95341	50
Merced Gardens	3299 Meadows Ave	Merced	95348	47
Merced Commons I	290 Q St.	Merced	95340	76
Merced Commons II	290 Q St.	Merced	95340	71
Gateway Terrace	410 Leshner Dr.	Merced	95340	65
Childs Avenue Apartments	1296 West First Street	Merced	95340	6
Alamar Apartments	218 South Canal St.	Merced	95340	24
Alamar Apartments II	286 South Canal Street	Merced	95340	79
The Grove Apartments	340 South Parsons Avenue	Merced	95340	202
Sunnyside Apartments	988 D Street	Merced	95340	120
Sunny View Apartments	1108 D Street	Merced	95341	111

<sup>1</sup> Housing Authority of Merced County, *Housing Choice Voucher*, <http://www.merced-pha.com/housing-choice-voucher/> accessed June 2023.

<sup>2</sup> Housing Authority of Merced County, *Emergency Housing Vouchers*, <http://www.merced-pha.com/emergency-housing-vouchers-ehv-frequently-asked-questions-faq/> accessed June 2023.

Merced County Association of Governments  
**Merced County Multi-Jurisdictional Housing Element (2024-2032)**

Name	Address	City	Zip	Affordable Units
Woodbridge Place	3028 Willowbrook Dr.	Merced	95348	74
Gateway Terrace II Apartments	K Street And W. 12th Street	Merced	95340	49
Childs & B Street Tod Affordable Housing	1137 B Street	Merced	95341	118
Laurel Glen	777 Loughborough Dr	Merced	95348	127
Homekey CC915 Merced	73 South R Street	Merced	95341	21
Twelvethirteen	1213 V Street	Merced	95341	96
<b>Total</b>				<b>1,472</b>

Note: All locally assisted or restricted developments may not be included in this list.  
Source: California Housing Partnership, 2023.

The City will implement Housing Program 7 to amend the Zoning Code to facilitate the development of affordable housing for special needs households, such as extremely low-income households, by updating the Density Bonus Ordinance to comply with state law, offering regulatory concessions and incentives for housing developments with an affordable component, and allowing negotiations for improvement requirements for affordable housing developments. The City will also implement Housing Program 10 to assist in the development of housing for extremely low-income households by pursuing funding for affordable housing production and assisting private individuals and nonprofit organizations in the pursuit of funding for affordable housing.

## Farmworkers

The U.S. Department of Agriculture provides countywide farmworker population data generated by the Census of Agriculture. The most recent Census of Agriculture data (2017) identified 15,566 farmworkers in the county.<sup>3</sup>

Table G3-27 provides 2021 ACS data for the total population of residents working in the agriculture, forestry, fishing and hunting, and mining industries (including farmworkers) in Merced and Merced County. Merced had 2,781 farm workers in 2021, representing 22.6 percent of the total farmworker population across the county.

**Table G3-27 Farmworker Population**

Jurisdiction	Population in Agriculture, Forestry, Fishing and Hunting, and Mining Industries (Including Farmworkers)
Merced	2,781
Percent	22.6%
Total Merced County	12,326

Source: U.S. Census Bureau, ACS 17-21 (5-year Estimates), Table C24050.

## Resources for Farmworkers

The Housing Authority of Merced County funds four migrant housing centers, one of which is in Merced. It contains 49 units that offer temporary housing from April through November. To be eligible for migrant housing, households must earn a minimum of \$5,752.50 annually from farm labor employment. The Merced Migrant Center is located on N. Santa Fe Drive, in Merced. As reported in Table G3-27

<sup>3</sup> U.S. Department of Agriculture, Census of Agriculture, <https://www.nass.usda.gov/AgCensus/> accessed June 2023, accessed June 2023.

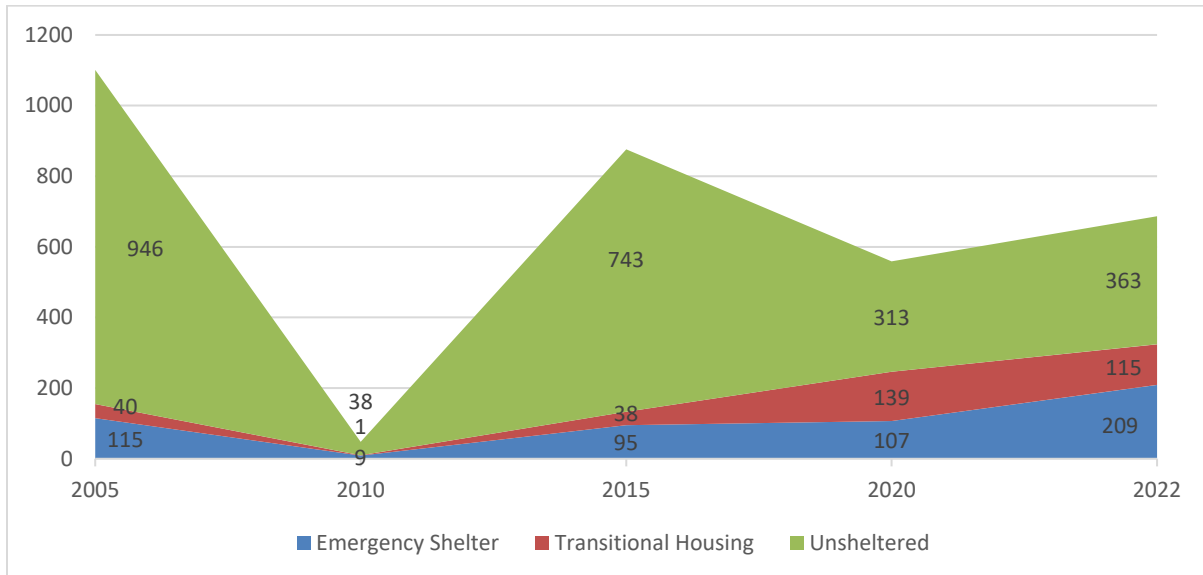
above, there were more than 2,781 farmworkers living in Merced in 2021. Despite the existing housing opportunities listed above, there is a significant gap in housing resources for farmworkers in the city.

The City will implement Housing Program 11 to amend the Zoning Code to facilitate the development of farmworker housing, including pursuing funding, identifying the number of farmworkers who need housing, and providing fast-track permit processing for farmworker housing development.

## Persons Experiencing Homelessness

Figure G3-2 shows households experiencing homelessness by type between 2005 to 2022. As shown, 2005 had the highest reported number of households (1,101) by the Merced County Continuum of Care (CoC), the majority of which were unsheltered. Data for 2020 indicates that 559 households experienced homelessness in the county, including 313 of those counted as unsheltered. These numbers increased from 2020 to 2022, at which point over 680 households experienced homelessness in the county.

**Figure G3-2 Homelessness by Type Over Time, Households, Merced County**



Source: U.S. HUD, CoC Homeless Populations and Subpopulations Reports (2005, 2010, 2015, 2020, 2022)..

Point in time count data is reported by the CoC for Merced County, including the City of Merced. Table G3-28 provides the most recent (2023) point-in-time count for individual residents experiencing homelessness. In 2023, there were 784 people experiencing homelessness in Merced County, of which 72.8 percent live in the city of Merced (571 people).

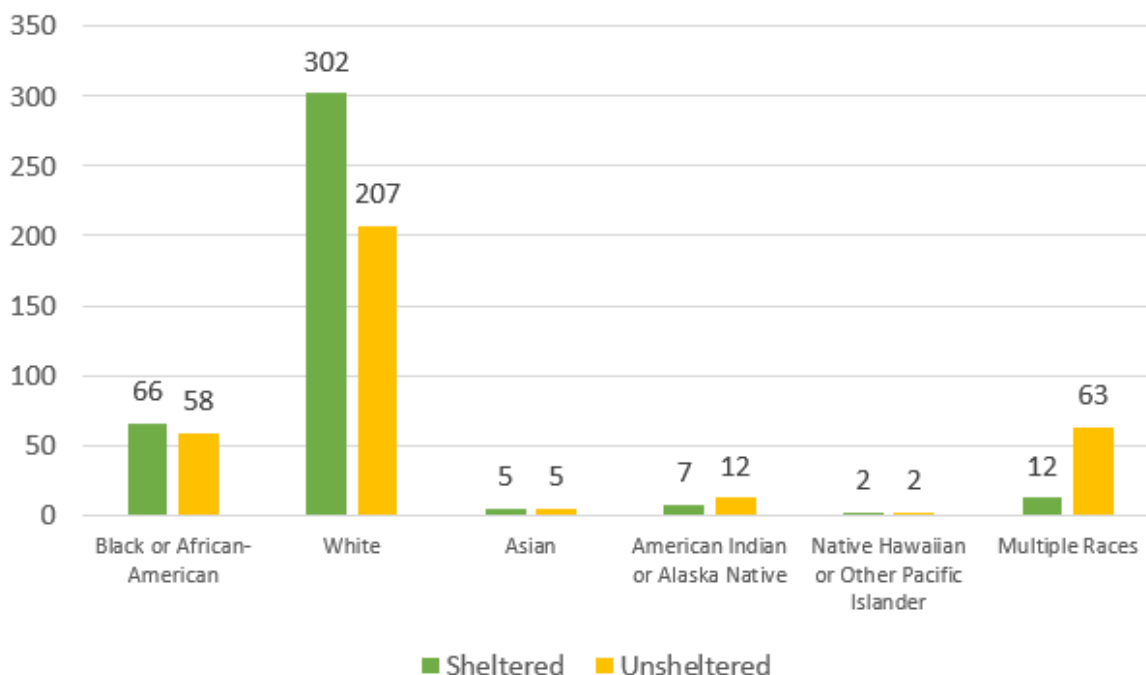
**Table G3-28 Homelessness by Type (2023)**

Jurisdiction	Sheltered	Unsheltered	Total
Merced	344	227	571
Percent	87.3%	58.2%	72.8%
Merced County	394	390	784

Source: Merced City and County Continuum of Care, Point-in-Time Count (2023).

Figure G3-3 identifies homelessness by type and race in Merced County for the year 2023. As shown, 53.2 percent of the homeless population countywide was reported as sheltered. In terms of race, 69 percent reported as white, 17 percent as Black or African American, one percent as Asian, three percent as American Indian or Alaska Native, less than one percent as Native Hawaiian or Other Pacific Islander, and 10 percent as multiple races.

**Figure G3-3 Homelessness by Type by Race (2023)**



Source: Merced City and County Continuum of Care, Point-in-Time Count (2023).

The 2023 Merced County CoC point in time count data also considers ethnicity, as shown in Table G3-29. Among those counted in the county, 332 of 784 individuals (42.3 percent) identified as Hispanic or Latino.

**Table G3-29 Homelessness by Ethnicity (2023), Merced County**

Ethnicity	Sheltered	Unsheltered	Total
Hispanic or Latino (any race)	186	146	332
Percent	23.7	18.6	42.3
Other	208	244	452
Percent	26.5	31.1	57.7

Source: Merced City and County Continuum of Care, Point-in-Time Count (2023).

The 2023 point-in-time count provides specific demographic data for unsheltered residents in Merced and Los Banos. In the City of Merced, 83 of 227 (37 percent) unsheltered residents identified as Hispanic or Latino.



### Resources for Persons Experiencing Homelessness

Several programs and facilities exist in the City of Merced to serve the needs of those experiencing homelessness or at risk of becoming homeless, as shown in Table G3-30 below. There are a total of 103 emergency shelter beds, 90 transitional housing beds, and 17 permanent housing units. When considering the 2023 point-in-time count of residents experiencing homelessness (571), there is a gap of 361 housing units/beds.

**Table G3-30 Emergency and Transitional Housing**

Provider Name	Facility Name	Target Population	Family Beds	Individual Beds	Overflow and Voucher	Total
<b>Emergency Shelter</b>						
Valley Crisis Center - A Women's Place	Domestic Violence Shelter	SMF+DC, DV	8	4	3	15
Merced Community Action Agency	D Street Shelter	SMF+DC, DV	0	66	0	66
Merced County Rescue Mission	Rescue Mission	SM	0	22	0	22
<b>Transitional Housing</b>						
Community Social Model Advocates	Hobie House	SM	0	25	N/A	25
Merced County Mental Health	Parsons House	SF	0	4	0	4
Merced County Rescue Mission	New Life Transformation Program	SMF+SA	0	61	N/A	61
<b>Permanent Supportive Housing</b>						
Merced County Mental Health	Project Home Start	SMF	0	4	N/A	4
Sierra Saving Grace Homeless Project	Sierra Saving Grace Homeless Project	SMF	2	0	N/A	2
Turning Point Community Programs	Turning Point	SMF+HC	2	9	N/A	11

Source: FindHelp.org, Temporary Shelter Programs in Merced, CA, accessed June 2023.

The City will implement Housing Program 1 to collaborate with other jurisdictions in the region to address housing and supportive services for unhoused individuals. In addition, Housing Program 6 directs the City to amend the Zoning Code to remove constraints to the development of transitional and supportive housing, and allow emergency shelters and low barrier navigation centers in compliance with state law.

## G3.10 Housing Stock Characteristics

A community's housing stock is defined as the collection of all housing units located within the jurisdiction. The characteristics of the housing stock, including growth, type, age, condition, tenure, vacancy rates, housing costs, and affordability are important in determining the housing needs for the community. The following sections detail the housing stock characteristics of Merced to identify how well the current housing stock meets the needs of current and future residents.

## Housing Growth

Table G3-31 summarizes the growth in the housing stock in Merced by providing the total number of units constructed each decade from 1980 and 2020. The largest growth rate occurred between 1980 and 1990 with a 41.7 percent increase during this 10-year period. Between 1990 and 2000 the housing stock grew at a slower pace of 13.5 percent. Between 2000 and 2010, the number of housing units in the city increased by 27.5 percent, however in the ten years from 2010 and 2020, the housing stock increased by just 2.5 percent.

**Table G3-31 Total Housing Units Over Time (1980 to 2020)**

Jurisdiction	1980	1990	2000	2010	2020
Merced	13,381	18,965	21,532	27,446	28,120
Percent Change		41.7%	13.5%	27.5%	2.5%

Source: U.S. Census Bureau, Census 1980(STF1:T65), 1990(STF1:H1), 2000(SF1:H1); ACS 16-20 (5-year Estimates), Table B25001.

## Housing Type and Tenure

Table G3-32 identifies the total housing units by type in Merced, Merced County, and California. In Merced, single detached homes make up most of the housing stock, with 64.4 percent of total units. This is a lower percentage than the county with 73.8 percent but greater than the state with 57.6 percent. The second most common housing type are five to nine-unit complexes, comprising 8.8 percent of the total units in the city. This is higher than the county (4.5 percent) and the state (5.9 percent). The third largest housing type in Merced is three-to-four-unit complexes, comprising 8.5 percent of the total units in the city, which is higher than the county (4.8 percent) and the state (5.4 percent). Merced has a lower proportion of mobile homes (3.0 percent) than the county (6.7 percent), although its proportion of mobile homes is similar to that of the state (3.6 percent). Additionally, Merced has a higher proportion of 50 or more-unit complexes (4.4 percent) than the county (1.9 percent) but less than the state (7.8 percent).

**Table G3-32 Total Housing Units by Type**

Jurisdiction	Total	1, Detached	1, Attached	2	3 or 4	5 to 9	10 to 19	20 to 49	50 or more	Mobile Home	Boat, RV, Van, etc.
Merced	28,400	18,301	686	853	2,421	2,495	1,039	472	1,259	859	15
Percent		64.4%	2.4%	3.0%	8.5%	8.8%	3.7%	1.7%	4.4%	3.0%	0.1%
Merced County	86,767	64,045	1,908	2,785	4,172	3,876	1,634	801	1,649	5,775	122
Percent		73.8%	2.2%	3.2%	4.8%	4.5%	1.9%	0.9%	1.9%	6.7%	0.1%
California	14,328,539	8,248,814	1,031,608	340,666	777,600	842,158	721,058	713,636	1,121,470	514,764	16,765
Percent		57.6%	7.2%	2.4%	5.4%	5.9%	5.0%	5.0%	7.8%	3.6%	0.1%

Source: U.S. Census Bureau, ACS17-21 (5-year Estimates), Table C24050.

Table G3-33 indicates housing units by tenure. In Merced, there are more renter-occupied units (58.1 percent) than owner-occupied (41.9 percent). In contrast, the state and county have more owner-occupied housing units than renter-occupied housing units.

**Table G3-33 Housing Units by Tenure**

Jurisdiction	Total	Owner-Occupied	Renter-Occupied
Merced	26,673	11,185	15,488
Percent		41.9%	58.1%
Merced County	81,618	42,146	39,472
Percent		51.6%	48.4%
California	13,217,586	7,335,247	5,882,339
Percent		55.5%	44.5%

Source: U.S. Census Bureau, ACS 17-21 (5-year Estimates), Table B25042.

## Vacancy Rate

Table G3-34 provides data on vacancy status by type for the total vacant units. Of the total vacant units in Merced (1,727), “for rent” units make up the largest percentage of total vacant units. This could potentially be due to the presence of a nearby university, University of California, Merced. These units make up 56.9 percent of total vacant units in the city, greater than both the county (25.2 percent) and state (21.7 percent). By comparison to the county and state, Merced has far fewer vacant units for seasonal/recreational/occasional use. There are no vacant housing units in the city that are for migrant workers.

**Table G3-34 Vacancy Status by Type for Total Vacant Units**

Jurisdiction	Total Vacant Units	For Rent	Rented, Not Occupied	For Sale Only	Sold, Not Occupied	For Seasonal, Recreational, or Occasional Use	For Migrant Workers	Other Vacant
Merced	1,727	983	60	166	136	35	0	347
Percent		56.9%	3.5%	9.6%	7.9%	2.0%	0.0%	20.1%
Merced County	5,149	1,298	112	377	553	556	202	2,051
Percent		25.2%	2.2%	7.3%	10.7%	10.8%	3.9%	39.8%
California	1,110,953	240,840	53,537	73,319	54,970	370,908	2,992	314,387
Percent		21.7%	4.8%	6.6%	5.0%	33.4%	0.3%	28.3%

Source: U.S. Census Bureau, ACS 17-21 (5-year Estimates), Table B25004.

Housing Unit Size

Table G3-35 provides housing unit size data for Merced, Merced County, and California. In Merced, three-bedroom units (39.8 percent) are the most common housing type, followed by two-bedroom (23.1 percent) and four-bedroom units (22.4 percent). This is a similar trend to the statewide and countywide housing unit size.

Table G3-35     Housing Unit Size

Jurisdiction	Total	Studio	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 or More Bedroom
Merced	26,673	908	2,261	6,168	10,613	5,977	746
Percent		3.4%	8.5%	23.1%	39.8%	22.4%	2.8%
Merced County	81,618	1,883	4,320	16,306	38,451	17,656	3,002
Percent		2.3%	5.3%	20.0%	47.1%	21.6%	3.7%
California	13,217,586	564,387	1,691,491	3,539,857	4,451,995	2,373,268	596,588
Percent		4.3%	12.8%	26.8%	33.7%	18.0%	4.5%

Source: U.S. Census Bureau, ACS 17-21 (5-year Estimates), Table B25042.

Age and Condition of Housing Stock

Table G3-36 provides data on the total occupied housing units by year built. The city experienced the most growth between 2000 to 2009. During this period, 6,271 units were constructed, representing 23.5 percent of the housing stock at the time. Merced County saw similar growth, with 16,856 units being constructed between 2000 to 2009. In contrast, the largest percentage of units in California were constructed in the 1970s, with 17.4 percent. Notably, in Merced, 1,248 units have been constructed since 2010 and account for 4.7 percent of the housing stock. Of the total 26,673 occupied housing units in the city, 12,357 units are more than 40 years old. This accounts for almost half (46.3 percent) of the total occupied housing units today.

**Table G3-36 Total Occupied Housing Units by Year Built**

Jurisdiction	Total	2020 or later	2010 to 2019	2000 to 2009	1990 to 1999	1980 to 1989	1970 to 1979	1960 to 1969	1950 to 1959	1940 to 1949	1939 or earlier
Merced	26,673	31	1,217	6,271	2,706	4,091	5,040	2,096	2,610	1,368	1,243
Percent		0.1%	4.6%	23.5%	10.1%	15.3%	18.9%	7.9%	9.8%	5.1%	4.7%
Merced County	81,618	44	3,229	16,856	11,846	11,034	14,718	7,585	7,356	5,007	3,943
Percent		0.1%	4.0%	20.7%	14.5%	13.5%	18.0%	9.3%	9.0%	6.1%	4.8%
California	13,217,586	15,877	634,508	1,451,946	1,438,264	1,980,874	2,295,943	1,728,569	1,755,123	753,750	1,162,732
Percent		0.1%	4.8%	11.0%	10.9%	15.0%	17.4%	13.1%	13.3%	5.7%	8.8%

Source: U.S. Census Bureau, ACS 17-21 (5-year Estimates), Table B25036.

Table G3-37 provides information on substandard housing units. In Merced, there are more units lacking kitchen facilities (233) than lacking plumbing facilities (162). This is comparable to the statistics for both the state and county, though Merced County has a notably lower percentage of units lacking kitchen facilities (0.4 percent).

Concentrated areas of substandard housing in the city are in Downtown Merced, particularly between R Street and G Street and 16th to 23rd Street. Older homes are also concentrated south of the freeway and north to Bear Creek. Enforcement staff regularly distribute information about the City’s home rehabilitation program to property owners undergoing enforcement.

**Table G3-37 Substandard Housing Units**

Jurisdiction	Total	Lacking Plumbing Facilities	Lacking Kitchen Facilities
Merced	26,673	162	233
Percent		0.6%	0.9%
Merced County	81,618	298	357
Percent		0.4%	0.4%
California	13,217,586	53,643	149,252
Percent		0.4%	1.1%

Source: U.S. Census Bureau, ACS 17-21 (5-year Estimates), Table B25049.

## Housing Costs

### *Median Home Sale Price*

Table G3-38 provides information on the median housing value in Merced from 1980 to 2020. As shown, prices have been rising since 1980, with the lowest growth being between 1990 and 2000 (14.3 percent). The largest increase in value was between 2000 and 2010, with a growth of 116.6 percent. Between 2010 and 2020, median housing values in the city increased by 11.1 percent. A similar trend was seen across other jurisdictions in the county, where the smallest increase generally occurred between 1990 and 2000, followed by a large increase in values between 2000 and 2010, and a modest increase between 2010 and 2020.

**Table G3-38 Median Housing Value Over Time (1980 to 2020)**

Jurisdiction	1980	1990	2000	2010	2020
Merced	\$57,700	\$90,300	\$103,200	\$223,500	\$251,500
Percent Change		56.5%	14.3%	116.6%	11.1%
Atwater	\$56,000	\$89,400	\$99,900	\$214,600	\$251,100
Percent Change		59.6%	11.7%	114.8%	14.5%
Dos Palos	\$44,300	\$66,900	\$88,500	\$179,800	\$232,700
Percent Change		51.0%	32.3%	103.2%	22.7%
Gustine	\$50,800	\$96,000	\$111,400	\$183,700	\$273,500
Percent Change		89.0%	16.0%	64.9%	32.8%
Livingston	\$43,400	\$71,900	\$92,300	\$244,900	\$231,100
Percent Change		65.7%	28.4%	165.3%	-6.0%
Los Banos	\$49,000	\$110,100	\$138,200	\$248,900	\$315,500
Percent Change		124.7%	25.5%	80.1%	21.1%



Jurisdiction	1980	1990	2000	2010	2020
Unincorporated County	\$53,100	\$90,100	\$110,900	\$241,000	\$268,800
Percent Change		69.7%	23.1%	117.3%	10.3%

Note: Data are not inflation-adjusted to 2022 dollars.

Source: U.S. Census Bureau, Census 1980(ORG STF1), 1990(STF3), 2000(SF3); ACS 06-10, 16-20 (5-year Estimates), Table B25077.

Table G3-39 provides information on the median housing value in Merced over the past five years. As shown, housing values in Merced have steadily risen over this time period, with the greatest increase in value occurring between 2017 and 2018 (14.2 percent). The lowest growth occurred between 2019 and 2020 (5.9 percent). Other jurisdictions have experienced a similar trend, where the highest median housing value growth occurred between 2017 and 2018, followed by a modest increase between 2018 and 2019.

**Table G3-39 Median Housing Value from 2017 to 2021**

Jurisdiction	2017	2018	2019	2020	2021
Merced	\$185,700	\$212,100	\$237,500	\$251,500	\$268,600
Percent Change	-	14.2%	12.0%	5.9%	6.8%
Atwater	\$179,400	\$207,800	\$229,400	\$251,100	\$265,200
Percent Change	-	15.8%	10.4%	9.5%	5.6%
Dos Palos	\$134,000	\$183,500	\$194,500	\$232,700	\$252,800
Percent Change	-	36.9%	6.0%	19.6%	8.6%
Gustine	\$157,600	\$195,000	\$222,700	\$273,500	\$322,300
Percent Change	-	23.7%	14.2%	22.8%	17.8%
Livingston	\$187,500	\$222,400	\$229,900	\$231,100	\$242,400
Percent Change	-	18.6%	3.4%	0.5%	4.9%
Los Banos	\$226,700	\$265,500	\$293,400	\$315,500	\$340,800
Percent Change	-	17.1%	10.5%	7.5%	8.0%
Merced County	\$196,200	\$229,500	\$252,700	\$268,800	\$288,400
Percent Change	-	17.0%	10.1%	6.4%	7.3%

Note: Data are not inflation-adjusted to 2022 dollars.

Source: ACS 2017-2021 (5-year Estimates), Table B25077.

## G3.11 Distribution of Owner-Occupied Units

Table G3-40 compares data on the number of owner-occupied housing units by race in Merced, Merced County, and California. In Merced, most owner-occupied units are occupied by residents that identify as white (59.7 percent). This percentage is greater than Merced County (59.4 percent) and California (41.6 percent).

Considering ethnicity, 46.3 percent of owner-occupied units are occupied by Hispanic or Latino residents of any race. This percentage is greater than Merced County (43.5 percent) and California (24.1 percent). Given that 58.1 percent of the total population of Merced identifies as Hispanic or Latino of any race, this group is underrepresented in the housing market.

**Table G3-40 Owner Occupied Units by Race**

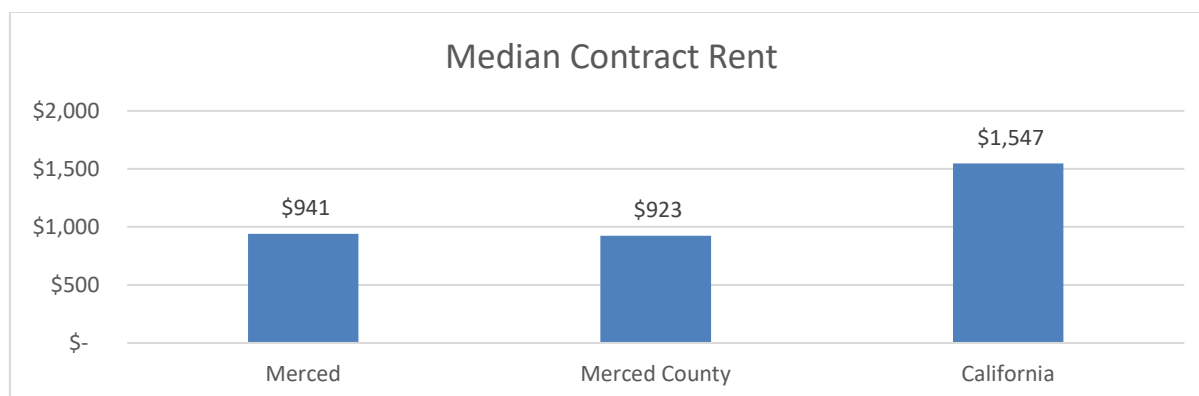
Jurisdiction	White	Black	American Indian and Alaska Native	Asian	Native Hawaiian and Other Pacific Islander	Some Other Race	Two or More Races	Hispanic or Latino of any Race
Merced	6,677	485	79	1,065	0	2,030	849	5,324
Percent	59.7%	4.3%	0.7%	9.5%	0.0%	18.1%	7.6%	46.3%
Merced County	25,012	1182	436	2,801	43	9,588	3,084	18,848
Percent	59.4%	2.8%	1.0%	6.7%	0.1%	22.8%	7.3%	43.5%
California	4,660,216	287,300	53,643	1,150,895	18,216	633,875	531,102	1,807,053
Percent	62.1%	3.8%	0.7%	15.3%	0.2%	8.4%	7.1%	24.1%

Source: U.S. Census Bureau, ACS 17-21 (5-year Estimates), Table B25031.

## G3.12 Housing Rents

According to the 2017-2021 ACS, the median contract rent in Merced was \$941 per month (Figure G3-4), which was similar to the median for the county at \$923 and lower than the state median of \$1,547.

**Figure G3-4 Median Contract Rent**



Source: U.S. Census Bureau, ACS 17-21 (5-year Estimates), Table B25058.

Table G3-41 below provides data on median gross rent from 1980 to 2020. Median gross rent has grown from \$239 per month in 1980 to \$1,032 in 2020. Between 2000 and 2010 rents in the city grew by 52.3 percent. From 2010 to 2020, rents grew at a slower rate of 25.6 percent.

**Table G3-41 Median Gross Rent Over Time, Merced**

	1980	1990	2000	2010	2020
Merced	\$239	\$438	\$509	\$775	\$1,032
Percent Change		83.3%	16.2%	52.3%	33.2%

Source: Source: U.S. Census Bureau, Census 1980(ORG STF3), 1990(STF3), 2000(SF3); ACS 06-10, 16-20 (5-year Estimates), Table B25064

Table G3-42 provides an overview of median rent for rental housing by number of bedrooms based on 2021 ACS data. The median rent data shows the estimated rent in Merced is \$1,041 for a two-bedroom and \$1,242 for a three-bedroom unit. Rents in Merced are comparable to those countywide but are significantly less than statewide.

**Table G3-42 Median Rent by Number of Bedrooms**

Jurisdiction	Studio	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Merced	\$862	\$890	\$1,041	\$1,242	\$1,533
Merced County	\$708	\$795	\$989	\$1,234	\$1,548
California	\$1,293	\$1,450	\$1,737	\$1,948	\$2,326

Source: U.S. Census Bureau, ACS 17-21 (5-year Estimates), Table B25031.

## G3.13 Housing Affordability

Housing affordability levels are calculated using the median household income. Affordable monthly housing costs are calculated by taking 30 percent of the annual income and dividing it by 12 months. The rental utility allowance is a fixed number provided for each household size by the Merced County Housing Authority. Taxes, insurance, and homeowners' association fees are calculated as 20 percent of the monthly affordable rent. Affordable monthly rent is calculated by subtracting affordable monthly housing costs and the rental utility allowance. Affordable home prices assume a 30-year fixed mortgage with a seven percent interest rate and 10 percent down payment. Taxes, insurance, and homeowners' association fees only apply to homeowners.

Table G3-43 shows the maximum amount that a household can pay for housing each month without incurring a cost burden (overpayment) for Merced. A summary of each income category's ability to pay for housing is provided below the table.

**Table G3-43 Housing Affordability Matrix – Merced (2021)**

	Annual Income Limits	Affordable Monthly Housing Costs	Rental Utility Allowance (2020)	Taxes, Insurance, Homeowners Association Fees	Affordable Rent	Affordable Home Price
<b>Extremely Low Income (0-30% AMI)</b>						
1-Person (Studio)	\$12,150	\$304	\$192	\$22	\$112	\$40,583
2-Person (1 BR)	\$13,900	\$348	\$233	\$23	\$115	\$46,428
3-Person (2 BR)	\$15,650	\$391	\$236	\$31	\$155	\$52,274
4-Person (3 BR)	\$17,350	\$434	\$257	\$35	\$177	\$57,952
5-Person (4 BR)	\$18,750	\$469	\$279	\$38	\$190	\$62,628
<b>Very Low Income (30-50% AMI)</b>						
1-Person	\$20,250	\$506	\$192	\$63	\$314	\$67,638
2-Person	\$23,150	\$579	\$233	\$69	\$346	\$77,325
3-Person	\$26,050	\$651	\$236	\$83	\$415	\$87,011
4-Person	\$28,950	\$724	\$257	\$93	\$467	\$96,698
5-Person	\$31,250	\$781	\$279	\$100	\$502	\$104,380

Merced County Association of Governments  
**Merced County Multi-Jurisdictional Housing Element (2024-2032)**

	Annual Income Limits	Affordable Monthly Housing Costs	Rental Utility Allowance (2020)	Taxes, Insurance, Homeowners Association Fees	Affordable Rent	Affordable Home Price
<b>Low Income (50-80% AMI)</b>						
1-Person	\$32,400	\$810	\$192	\$124	\$618	\$108,221
2-Person	\$37,050	\$926	\$233	\$139	\$693	\$123,753
3-Person	\$41,700	\$1,043	\$236	\$161	\$807	\$139,285
4-Person	\$46,300	\$1,158	\$257	\$180	\$901	\$154,650
5-Person	\$50,000	\$1,250	\$279	\$194	\$971	\$167,008
<b>Median Income (80-100% AMI)</b>						
1-Person	\$40,500	\$1,013	\$192	\$164	\$821	\$135,277
2-Person	\$46,300	\$1,158	\$233	\$185	\$925	\$154,650
3-Person	\$52,100	\$1,303	\$236	\$213	\$1,067	\$174,023
4-Person	\$57,900	\$1,448	\$257	\$238	\$1,191	\$193,396
5-Person	\$62,500	\$1,563	\$279	\$257	\$1,284	\$208,761
<b>Moderate Income (100-120% AMI)</b>						
1-Person	\$48,650	\$1,216	\$192	\$205	\$1,024	\$189,582
2-Person	\$55,600	\$1,390	\$233	\$231	\$1,157	\$216,666
3-Person	\$62,500	\$1,563	\$236	\$265	\$1,327	\$243,554
4-Person	\$69,450	\$1,736	\$257	\$296	\$1,479	\$270,637
5-Person	\$75,050	\$1,876	\$279	\$319	\$1,597	\$292,460

Source: U.S. Census Bureau, ACS17-21 (5-year Estimates), Table B19113.

## Extremely Low-income Households

Extremely low-income households earn 30 percent or less of the county median income. Extremely low-income households have an annual income of \$12,150 or below for a one-person household and \$18,750 or below for a five-person household. Extremely low-income households cannot afford market-rate rental or ownership housing in Merced.

## Very- Low-income Households

Very low-income households earn between 31 and 50 percent of the county median income—up to \$20,250 for a one-person household and up to \$31,250 for a five-person household in 2022. A very low-income household can generally afford to purchase homes offered at prices between \$67,638 and \$104,380, adjusting for household size. After deductions for utilities, a very low-income household can afford to pay approximately \$314 to \$502 in monthly rent, depending on household size. Given the cost of housing in Merced, very low-income households could not afford to purchase a home or rent an adequately sized unit.

## Low-income Households

Low-income households earn between 51 and 80 percent of the county median income—up to \$32,400 for a one-person household and up to \$50,000 for a five-person household in 2022. A low-income household can generally afford to purchase homes offered at prices between \$108,221 and \$167,008, adjusting for household size. After deductions for utilities, a low-income household can afford to pay approximately \$618 to \$971 in monthly rent, depending on household size. Finding

appropriately sized market-rate rental housing can be challenging to households in this income group.

### **Median-Income Households**

Median-income households earn between 80 and 100 percent of the county's median income—up to \$40,500 for a one-person household and up to \$62,500 for a five-person household in 2022. The affordable home price for a median-income household ranges from \$135,277 to \$208,761. After deductions for utilities, a one-person median-income household could afford to pay up to \$821 in rent per month and a five-person low-income household could afford to pay as much as \$1,284. Finding appropriately sized market-rate rental housing can be challenging to households in this income group.

### **Moderate-Income Households**

Moderate-income households earn between 100 and 120 percent of the county's median income—up to \$48,650 for a one-person household and up to \$75,050 for a five-person household in 2022. The maximum affordable home price for a moderate-income household is \$189,582 for a one-person household and \$292,460 for a five-person family. Moderate-income households in Merced could afford to purchase the median priced home; however, finding an affordable adequately sized home could present a challenge for households earning incomes at the lower end of this category. The maximum affordable rent payment for moderate-income households is between \$1,024 and \$1,597 per month. Appropriately sized market-rate rental housing is generally affordable to households in this income group.

### **Workforce Housing**

Federal guidelines define workforce housing as housing that is affordable to households earning incomes within the range of 60 to 120 percent of the median income (in Merced, that range is \$34,740 to \$69,480 for a household of four). A broader definition of workforce housing is housing that is affordable to people who work in the county. A four-person household with an annual income of \$57,900 could afford monthly rent of \$1,191 for a three-bedroom housing unit and a home purchase price of \$193,396 without being burdened by housing costs. As noted in Table G3-42, the average monthly rental price for a three-bedroom unit is \$1,242, slightly higher than what is affordable to this income group.

### **Cost Burden**

Table G3-44 and Table G3-45 identify cost-burdened households by tenure over time in Merced. There has been a decrease in the number of owner-occupied cost-burdened households from 2,993 households in 2010 to 2,131 in 2020. The number of cost-burdened renter-occupied households also declined, as cost burdened households decreased from 2,993 units in 2010 to 2,131 units in 2020.

**Table G3-44 Cost Burdened Owner-Occupied Households Over Time**

Jurisdiction	1980	1990	2000	2010	2020
Merced	809	1,030	1,762	2,993	2,131
Percent Change		27.3%	71.1%	69.9%	-28.8%

Note: Data are not inflation-adjusted to current 2023 dollars.

Source: U.S. Census Bureau, Census 1980 (ORG STF1), 1990 (STF3), 2000 (SF3); ACS 06-10, 17-21 (5-year Estimates), Table B25077.

**Table G3-45 Cost Burdened Renter-Occupied Households Over Time**

Jurisdiction	1980	1990	2000	2010	2020
Merced	2,409	3,828	4,058	6,529	6,536
Percent Change		58.9%	6.0%	60.9%	0.1%

Note: Data are not inflation-adjusted to current 2022 dollars.

Source: U.S. Census Bureau, Census 1980(ORG STF1), 1990(STF3), 2000(SF3); ACS 06-10, 17-21 (5-year Estimates), Table B25077.

CHAS data provided by HUD provides information on cost burden by income category based on the HUD Area Median Family Income (HAMFI). This data is included in Table G3-46 below. While the totals do not align exactly with 2020 ACS data presented above, the CHAS data gives insight into which income categories are currently experiencing costs burdens in the city. As shown, extremely low- and very low-income households experience a high rate of cost burden greater than 30 percent, including 9,790 of 11,480 extremely low-income households and 7,215 of 11,045 very low-income households.

**Table G3-46 Cost Burden by Income and Tenure**

Row Labels	Owner occupied	Renter occupied	Grand Total
<b>Household income is &lt;= to 30% of HAMFI (extremely low income)</b>	<b>2,940</b>	<b>8,540</b>	<b>11,480</b>
Housing cost burden is <= to 30%	615	1,075	1,690
Housing cost burden > 30% but <= to 50%	595	1,530	2,125
Housing cost burden is > 50%	1,730	5,935	7,665
<b>Income is greater than 30% but &lt;= to 50% of HAMFI (very low income)</b>	<b>3,975</b>	<b>7,070</b>	<b>11,045</b>
Housing cost burden is <= to 30%	1,780	2,050	3,830
Housing cost burden is > 30% but <= to 50%	1,010	3,100	4,110
Housing cost burden is > 50%	1,185	1,920	3,105
<b>Income is &gt; 50% but &lt;= to 80% of HAMFI (low income)</b>	<b>7,150</b>	<b>8,580</b>	<b>15,730</b>
Housing cost burden is <= to 30%	4,355	4,950	9,305
Housing cost burden is > 30% but <= to 50%	2,055	3,220	5,275
Housing cost burden is > 50%	740	410	1,150
<b>Income is &gt; 80% &lt;= to 100% of HAMFI (median income)</b>	<b>4,495</b>	<b>3,625</b>	<b>8,120</b>
Housing cost burden is <= to 30%	3,225	3,125	6,350
Housing cost burden is > 30% but <= to 50%	1,080	480	1,560
Housing cost burden is > 50%	190	20	210

Row Labels	Owner occupied	Renter occupied	Grand Total
<b>Income is greater than 100% of HAMFI (moderate income)</b>	<b>22,960</b>	<b>9,610</b>	<b>32,570</b>
Housing cost burden is <= to 30%	21,495	9,280	30,775
Housing cost burden is > 30% but <= to 50%	1,310	330	1,640
Housing cost burden is > 50%	155	-	155
<b>Grand Total</b>	<b>41,520</b>	<b>37,425</b>	<b>78,945</b>
Source: U.S. Department of Housing and Urban Development, Comprehensive Housing Affordability Strategy (CHAS) dataset, 2015-19 (5-Year Estimates), Table 6, Table 7.			

## G3.14 Assisted Housing Units

Assisted housing units are those that are restricted for use by occupants with limited household incomes. These units are assisted under federal, state, and/or local programs, including HUD programs, state and local bond programs, former redevelopment agency (RDA) programs, density bonus, or direct assistance programs.

### At-Risk Housing Units

The California Housing Partnership maintains an affordable housing database to monitor changes in affordable housing and to identify units or housing developments that are at risk of converting to market-rate uses. Assisted units in the preservation data base are classified by the following risk categories:

- Low Risk: affordable housing units that are at-risk of converting to market rate in 10 or more years and/or are owned by a large/stable non-profit, mission-driven developer.
- Moderate Risk: affordable housing units that are at-risk of converting to market rate in the next 5-10 years that do not have a known overlapping subsidy that would extend affordability and are not owned by a large/stable non-profit, mission-driven developer.
- High Risk: affordable housing units that are at-risk of converting to market rate in the next 1-5 years that do not have a known overlapping subsidy that would extend affordability and are not owned by a large/stable non-profit, mission-driven developer.

Table G3-47 shows assisted units in Merced by estimated affordability end date. As shown, there are 1,472 assisted units in the city, and 233 units are at risk of conversion to market rate by 2033. This means that 15.8 percent of the affordable units in Merced are at moderate or high risk of conversion.

The City will implement Housing Program 8 to preserve housing units that are deed restricted as affordable housing for lower-income households by monitoring and maintaining a database on all subsidized units in the city and maintaining annual contact with property owners of affordable housing.

**Table G3-47 Inventory of Public Assisted Complexes – Merced**

Name	Address	City	Zip	Affordable Units	Total Units	Active Program(s)	Estimated Affordability End Year/Date	Risk Level
Willowbrook Apartments II	1756 Willowbrook Drive	Merced	95348	21	96	LIHTC; CalHFA	4/1/2024	High
Willowbrook Apartments	1756 Willowbrook Drive	Merced	95348	16	80	CalHFA	9/1/2024	High
Sierra Meadows Apartments	720 West 15th Street	Merced	95340	99	99	LIHTC	2027	High
Merced Golden Manor	338 T St	Merced	95341	50	50	HUD	9/30/2030	Moderate
Merced Gardens	3299 Meadows Ave	Merced	95348	47	47	HUD	1/22/2032	Moderate
Merced Commons I	290 Q St.	Merced	95340	76	76	HUD	1/31/2025	Low*
Merced Commons II	290 Q St.	Merced	95340	71	71	HUD	9/30/2031	Low*
Gateway Terrace	410 Leshner Dr.	Merced	95340	65	66	LIHTC; CalHFA	2067	Low
Childs Avenue Apartments	1296 West First Street	Merced	95340	6	27	CalHFA	8/1/2043	Low
Alamar Apartments	218 South Canal St.	Merced	95340	24	24	LIHTC	2050	Low
Alamar Apartments II	286 South Canal Street	Merced	95340	79	80	LIHTC	2050	Low
The Grove Apartments	340 South Parsons Avenue	Merced	95340	202	204	LIHTC	2058	Low
Sunnyside Apartments	988 D Street	Merced	95340	120	121	LIHTC	2059	Low
Sunny View Apartments	1108 D Street	Merced	95341	111	113	LIHTC	2062	Low
Woodbridge Place	3028 Willowbrook Dr.	Merced	95348	74	75	LIHTC	2066	Low
Gateway Terrace II Apartments	K Street And W. 12th Street	Merced	95340	49	50	LIHTC	2073	Low
Childs & B Street Tod Affordable Housing	1137 B Street	Merced	95341	118	119	LIHTC; HCD	2074	Low
Laurel Glen	777 Loughborough Dr	Merced	95348	127	128	LIHTC	2055	Low
Homekey CC915 Merced	73 South R Street	Merced	95341	21	21	HCD	2077	Low
Twelvethirteen	1213 V Street	Merced	95341	96	96	HCD	2077	Low

Note: All locally assisted or restricted developments may not be included in this list.

\*These developments are owned by the Merced County Housing Authority and are at low risk of conversion.

Source: California Housing Partnership, Publicly Assisted Housing Units, 2023.



## Acquisition/Rehabilitation

If these units were 100 percent deed-restricted affordable housing with an expiring regulatory agreement, transferring ownership of an at-risk project to a non-profit housing provider could be one of the least costly ways to ensure that the at-risk units remain affordable for the long term. By transferring property ownership to a non-profit organization, low-income restrictions can be secured, and the project would become potentially eligible for a greater range of governmental subsidies.

Under AB 1521, there are now proscribed steps for owners of deed-restricted properties to take prior to the expiration of those affordability requirements. This law requires that the owner consider an offer to purchase the deed-restricted units. In the case of Willowbrook Apartments, listed in Table G3-47, only a portion of the property has deed-restricted units and therefore it is unclear how a transaction like this could occur. Also, the feasibility of this option depends on funding sources to buy and potentially rehabilitate the property which might be challenging since it would not be a 100 percent deed-restricted property.

Another option to preserve the affordability of an at-risk project is to support a Joint Power Authorities purchase. If this option is exercised, it would require deed restrictions for 100 percent of the residential units on site, but would also allow for bond financing that would maintain the project as affordable housing.

## Construction of Replacement Units

To understand the significance if these at-risk units are lost from the supply of city affordable housing, Merced has prepared a hypothetical analysis that identifies the cost of construction of new regulated housing to replace these at-risk units if they are converted to market-rate units. The cost of developing housing depends upon a variety of factors, including density, size of the units (i.e., square footage and number of bedrooms), location, land costs, and type of construction, as discussed in the Non-Governmental Constraints section of Chapter G4, *Constraints*. Based on recent projects, the cost of construction in the county is estimated to be between \$400,000 and \$675,000 per unit, including land costs.<sup>4</sup> The total cost to replace the 136 high-risk affordable units with new construction would be between \$54,000,00 and \$91,000,000.

## Cost Comparison of Preservation and New Construction

With the high cost of development, the cost of preserving these units is much less than the cost of new construction. The area median income in Merced County is \$52,305. Based on this, a lower income three-person household making 80 percent of the area median income can afford to pay \$12,804 for housing annually without a housing cost burden, which equates to \$1,067 per month. The 2023 median market rent for a three-bedroom unit in Merced is \$1,917 monthly<sup>5</sup>. Based on the difference between the affordable rent and current market rate, the cost of preserving such a unit is approximately \$850 per month, or \$10,200 per year. Using this total, the cost of preserving the 136 units identified as at medium or high risk of conversion above would be approximately \$1,387,200 per year.

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<sup>4</sup> Central Valley Voice, *City of Merced Affordable Housing Project Update*, October 1, 2022, <https://centralvalleyvoice.com/2023/02/22/city-of-merced-affordable-housing-project-update/> accessed June 2023.

<sup>5</sup> Zillow, Inc., 2023, <https://www.zillow.com/rental-manager/market-trends/merced-ca/?bedrooms=3> accessed August 2023

## **Rental Subsidies**

The Housing Authority of Merced County provides rental assistance to very low and moderate-income families, seniors and the disabled throughout the county. The Housing Authority offers many different programs, including the conventional public housing program, the housing choice voucher program, the farm labor program for families with farm labor income, senior housing programs, and other housing programs. All programs are handicap accessible. Reasonable accommodation may be requested from Housing Authority staff and will be reviewed on a case-by-case basis. A detailed list of rental assistance programs offered throughout the county is provided below.

- **Housing Choice Voucher Program.** The Housing Authority of the County of Merced administers Housing Choice Vouchers through HUD. Merced County currently administers 2,705 Housing Choice Vouchers.
- **Conventional Public Housing Program.** The Conventional Public Housing Program provides rental assistance to low and moderate-income families and individuals. The Housing Authority owns and manages 421 public housing units consisting of a variety of apartments, duplexes, and single-family homes.
- **Project Based Voucher (PBV) Housing.** PBV is one part of the Housing Choice Voucher program and helps pay for rent in privately owned rental housing in select privately-owned buildings or units.
- **Migrant Housing Centers.** The Housing Authority manages four Migrant Centers throughout Merced County. All units are furnished with a stove, refrigerator, beds, kitchen table, and chairs, and all utilities are included in the cost of rent.
- **HUD Veterans Affairs Supportive Housing (VASH).** The VASH program provides voucher rental assistance through HUD funding specifically for qualifying homeless veterans.
- **Emergency Housing Vouchers (EHV).** The EHV Program is a tenant-based voucher program providing housing vouchers to people experiencing homelessness, people at risk of homelessness, people fleeing domestic violence, and people recently experiencing homelessness.

## **Funding Sources for Assisted Housing**

### *HUD Section 8 Program*

Under the HUD Section 8 program, which is administered by the Housing Authority of the County of Merced, participating building owners are entitled to receive HUD Fair Market Rents (FMRs) for units with Section 8 contracts. For Section 8 units, HUD makes up the difference between 30 percent of a household's monthly income and the FMRs.

### *Low Income Housing Tax Credit (LIHTC)*

Created in 1986 by the federal government, the LIHTC program offers tax incentives to encourage the development of affordable housing. The LIHTC is jointly administered by the IRS and State Housing Credit Agencies (HCA) and has funded over eight billion annual tax credit units nationwide. California's HCA is the State Tax Credit Allocation Committee (TCAC).

*California Housing Finance Agency (CalHFA)*

CalHFA uses approved private lenders and purchases loans that meet CalHFA standards to support very low, low, and moderate income assisted units. CalHFA partners with jurisdictions, developers, and other organizations to provide a variety of resources including loan assistance programs for homebuyers and renters aimed at increasing housing opportunities for low- and moderate-income residents.

*Housing Rehabilitation Program*

The Housing Rehabilitation Program provides financing to repair income-eligible and owner-occupied homes in need of essential health and/or safety repairs. The Housing Rehabilitation program is funded by HCD grant programs. Common home repairs include roofing, plumbing, electrical, heating, cooling, insulation, foundation, windows, and handicap assessable modifications. Participating property must be owner-occupied and located within city limits.

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## G4 Housing Constraints Analysis

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Constraints to the development of adequate and affordable housing include market, governmental, infrastructure, and environmental factors. These constraints may result in housing that is not affordable to low- and moderate-income households and may render residential construction economically infeasible for developers. Constraints to housing production significantly impact households with low- and moderate-incomes and special needs.

According to Government Code Section 65583, local governments are required to analyze governmental and non-governmental constraints to the production, maintenance, and improvement of housing for persons of all income levels and those with special needs and, where appropriate and legally possible, remove governmental constraints to the maintenance, improvement, and development of housing as part of housing elements update. Where constraints to housing production are related to the City's regulations or land use controls, the City must identify appropriate programs to mitigate these constraints, particularly ones that impact the production of affordable housing or housing for special needs populations.

The following chapter outlines non-governmental, governmental, environmental and infrastructure constraints and was used in the development of specific policies and actions included in the Housing Plan to remove barriers to housing and to incentivize housing production, specifically targeting housing production at all income levels and housing for persons with special needs.

### G4.1 Summary of Local Housing Constraints

- The costs associated with developing housing are increasing, and the availability of financing due to recent trends of rising interest rates make it increasingly difficult for people to buy a home or build new housing. There is a lack of federal, state, and local funding, and the funding that is available is increasingly competitive.
- Although Merced's development regulations allow for a variety of densities, most of the city is comprised of land zoned for low and medium density residential. The prevalence of single-family zones that do not permit other types of housing constitutes a constraint to development.
- The City complies with Assembly Bill (AB) 2126 to allow supportive housing "by-right," but does not provide an exemption from parking requirements for supportive housing units.
- Use permit regulations for group homes with seven or more people pose a constraint to housing for individuals with special needs and use permit regulations for emergency shelters in pose a constraint on housing access for unsheltered individuals.
- In most of the City's planning procedures, subjective language is used in the determination findings. This requires the interpretation and discretion of the Site Plan Review Committee. This adds time to the review and creates an unpredictable development review process.
- Short-term rentals reduce the availability of long-term housing on the rental market.

### G4.2 Non-Governmental Constraints

The availability of housing is affected by a complex set of interrelated market factors including but limited to cost of land, cost of construction, and availability of financing. These factors contribute to determining a new home's sale price or the rents required to make a project feasible. Non-

governmental constraints include factors outside of direct governmental control that directly impact housing prices. The cost of construction and the availability of financing contribute to the cost of housing and can hinder the production of affordable housing. The following analysis accounts for these non-governmental constraints.

### G4.2.1 Land Costs

The cost of land can impede the production of affordable housing. Land costs are influenced by many variables, including land scarcity and developable density (both of which are indirectly controlled through governmental land use regulations), location, site constraints, and the availability of public utilities.

Table G4-1 provides the average price per acre for land listed for sale throughout Merced between January 2022 and June 2023. The average price per acre is significantly higher for smaller lots, most of which are located in non-agricultural zones. The price per acre is less for larger lots, averaging \$87,964. Most of these larger properties are located in agricultural zones. The average price per acre for all listed plots is \$268,262.

**Table G4-1    Listed Land Prices – City of Merced**

Lot Size	Average Price per Acre (Listed)
Less than 10 acres	\$448,560.13
10 or more acres	\$87,964.25
Average \$/acre	\$268,262.19

Source: Zillow, Inc., 2023.

Table G4-2 provides the average price per acre for land sold between January and December 2022 in Merced. The average price per acre for all plots was \$279,920, which is higher than the average list price shown in Table G4-1. The average sales price per acre was significantly higher for smaller lots than for larger lots. The average sales price per acre for both larger and smaller lots was significantly higher than the average price per acre for listed properties.

**Table G4-2    Sold Land Prices – City of Merced**

Lot Size	Average Price per Acre (Listed)
Less than 10 acres	\$512,660.43
10 or more acres	\$45,180.52
Average \$/acre	\$279,920.47

Source: Zillow, Inc., 2023.

### Conclusion

The housing market (vacant and developed land) in Merced can vary depending on location, allowable density, availability of improvements, and proposed land use of the site. In general, entitled single-family subdivisions with infrastructure extension plans command higher prices than raw undeveloped land.

While land costs increase over time, these raw costs are not necessarily a constraint to housing. In general, land costs in Merced County are lower compared to coastal counties, and comparable in

price to other nearby counties such as Madera and Fresno Counties. As a result, raw land costs are not considered a constraint to the development of housing.

## Recommended Action

None required.

## G4.2.2 Construction Costs

Construction costs include labor, material, equipment, plans, building permit, supervision, overhead and profit. A major component of the cost of housing is the cost of building materials, including wood and wood-based products, cement, asphalt, roofing materials, and pipe. The availability and demand for such materials affect prices for these goods.

Another major cost component of new housing is labor. The cost of labor in Merced County is comparatively low because the area's cost of living is relatively low compared to other areas in California. However, labor for government subsidized housing work is additionally costly for the Central Valley, as wages are rooted in the required State Labor Standards based on higher northern and southern California prevailing wages.

Based on recent affordable multi-family projects, the cost of construction in the county is estimated to be between \$400,000 and \$675,000 per unit.<sup>1</sup> The estimate includes direct and indirect (e.g., insurance, permits, utilities, plans) construction costs, including material, labor, and equipment costs, the price of land, development impact fees, and administrative costs.

Table G4-3 shows the estimated typical construction costs in Merced for a single-family home, assumed to be 1,600 square feet, and a 10-unit multi-family development with 800 square foot units. This does not include the price of land, site improvement costs, planning and development impact fees, or financing or marketing costs by the developer. As shown in the table below, the typical cost of an individual single-family development is an estimated \$274,502, while the development cost of an apartment unit is an estimated \$95,855, or \$958,555 for a 10-unit building.

**Table G4-3 Estimated Construction Cost**

Cost Type	Single-Family <sup>1</sup>	Multi-Family <sup>2</sup>
Home Price <sup>3</sup>	\$480,000	\$2,400,000
Site Improvement Cost	\$8,000	\$20,000
Construction Cost	\$267,790	\$1,198,400
Permit and Impact Fees	\$16,989	\$57,160
Total Cost	\$274,502	\$958,555
Cost per Unit	\$274,502	\$95,855

(1) Assumed to be a 1,600 sq. ft. single-family home.

(2) Assumed to be a 10-unit multi-family complex of 800 sq. ft. units.

(3) Land price based on average price per square foot provided by the city at \$300 per square foot

<sup>1</sup> Central Valley Voice, City of Merced Affordable Housing Project Update, October 1, 2022, <https://centralvalleyvoice.com/2023/02/22/city-of-merced-affordable-housing-project-update/> accessed June 2023.

There is little that municipalities can do to mitigate the impacts of high construction costs except by avoiding local amendments to uniform building codes that unnecessarily increase construction costs without significantly adding to health, safety, or construction quality.

## **Conclusion**

Although the cost of construction constrains affordable housing development, construction costs are similar across jurisdictions in Merced County, illustrating that the constraints are market driven rather than an impact of local policy.

## **Recommended Action**

None required.

### **G4.2.3 Availability of Financing**

Mortgage interest rates have a large influence over housing affordability. Higher interest rates increase a homebuyer's monthly payment and decrease the range of housing that a household can afford. Lower interest rates result in a lower cost and lower monthly payments for the homebuyer.

When interest rates rise, the market typically compensates by decreasing housing prices. Similarly, when interest rates decrease, housing prices begin to rise. There is often a lag in the market, causing housing prices to remain high when interest rates rise until the market catches up. Lower-income households often find it most difficult to purchase a home during this period.

Where financing is available, construction capital seems to be directed at the best transactions – those with large, established, and well-capitalized sponsors. Given recent trends of increasing interest rates, the availability of financing is likely to be more of a constraint on new housing construction during this housing element planning period than it has been in the recent past.

## **Market-Rate Development Financing**

As discussed in *Land Costs and Construction Costs*, above, market-rate development is generally financed by investors, and the cost to build a project must be recovered by revenue from sales or rents, which drives up the ultimate rent or sales prices of new housing as the component costs increase. A market in which housing supply is limited and demand is high can support higher housing prices, but lower-income segments of the community are priced out. Therefore, it is difficult for the private sector, for-profit developers, and market-rate housing to meet the housing needs of all community members.

## **Affordable Housing Financing**

A description of available funding sources for affordable development is provided in Chapter G3, *Housing Needs Assessment*.

## **Mortgage and Rehabilitation Financing**

The availability of financing affects the ability of residents to purchase or improve a home. Under the Home Mortgage Disclosure Act (HMDA), lending institutions are required to disclose information on the disposition of loan applications and the income, gender, and race of loan applicants. The primary purpose of reviewing the lending activity is to determine whether home



financing is available to city residents. The data presented in this section includes the disposition of loan applications submitted to financial institutions for home mortgages, home improvement, and refinance loans.

Lending activity data provides information regarding home financing availability for city residents. The most recent data set available for the County of Merced from 2022 shows that 10,760 households applied for a home financing loan which includes loans for home purchase, home improvement, and refinancing. As discussed in Chapter 3, *Regional Housing Constraints Analysis*, of the total applications received for home purchase 47.7 percent of the loans originated while 15.7 percent were denied.

Conventional loans are made by the private sector (banks, mortgage companies, etc.) and are not guaranteed or insured by the U.S. government. Conversely, government-backed loans, such as those issued by the Federal Housing Administration, Department of Veterans Affairs, and the Rural Housing Services/Farm Service Agency, are completely or partially insured by the U.S. government. Within the County, 8,028 of the applications received were for conventional loans and 2,732 were for government backed loans. As discussed in Chapter 3, *Regional Housing Constraints Analysis*, 37.0 percent of the conventional loans originated, and 12.6 percent of the applications were denied. Additionally, 10.7 percent of the government backed loans were originated and 3.1 percent of the applications were denied.

County data shows that of the loans originated, Hispanic/Latino applicants comprised approximately 50 percent of approvals, white, non-Hispanic/Latino comprised approximately 30 percent, Asian American represented 16 percent, Black/African American applications represented three percent, and American Indian/Alaskan Native comprised less than one percent of approved applications. American Indian/Alaskan Native and Black/African American residents were the only racial populations that were representative for mortgage applications relative to proportion of population.

Hispanic/Latino residents were underrepresented for mortgage applications (50 percent of applications, 61 percent of population). White, Non-Hispanic residents were overrepresented for mortgage applications approvals relative to proportion of population (30 percent of approvals, 26 percent of population), as were Asian American residents (16 percent of approvals, eight percent of population). Of application denials, Black/African American residents were overrepresented in application denials (four percent of denials, three percent of the population).

## **Construction Financing Timing**

The timing between project approval and requests for building permits affects project viability. Project delays may result from developers' inability to secure financing for construction. In Merced, the average time between project approval and request for building permit is typically one to four months but varies by type of project. Some projects take years to pull building permits and secure financing. Single-family homes usually experience the least delay, with an average approval time of one month. Multi-family housing construction tends to be more complex and usually requires more time between entitlement and building permit issuance (three to four months).

## **Conclusion**

Although discrimination in mortgage lending is prohibited by the federal Fair Housing Act, other factors may contribute to a potential homebuyer's ability to secure safe financing, such as credit history, savings, and education regarding the home-buying process. Federal Financial Institutions

Examination Council (FFIEC) HMDA data, by itself, does not provide insight into these other factors. Therefore, it is important that the City supports housing education and opportunities for all residents.

### **Recommended Action**

The City shall continue to implement goals and policies to support homeownership opportunities and home-buying education, particularly for racial and ethnic groups underrepresented in the homebuying market. This includes maintaining existing local programs such as the Homebuyer Assistance Program as well as state and federal program funding. The City will implement Housing Program 14 *Fair Housing Outreach and Enforcement* to support homeownership opportunities and home-buying education for racial and ethnic groups underrepresented in the homebuying market.

#### **G4.2.4 Requests for Lower Development Densities**

In Merced, requests for development at densities below anticipated densities mostly occur for smaller townhouse projects on infill lots in established neighborhoods. The development approval of such projects at densities lower than maximum allowed densities is often driven by market preferences for the inclusion of certain project features and are not necessarily due to any singular code requirement. There is a strong preference for these types of developments to include two-car garages and larger unit sizes, which in turn limits site planning. The City has had several projects that have requested a zone change to downzone. However, the City has had more requests to add units and increase density, especially for multi-family affordable projects.

### **G4.3 Governmental Constraints**

Although local governments have little influence on market factors, such as interest rates, local policies and regulations can still impact where, how much, and what type of residential development is built. Land use controls, site improvement requirements, fees and exactions, and permit processing procedures, among other policies and regulations, may constrain the maintenance, development, and improvement of housing.

#### **G4.3.1 Land Use Controls**

Land use controls provided in the General Plan and Merced City Zoning Ordinance influence housing production in several ways. The permitted and conditionally permitted uses in each zone guide new development and provide both developers and the public with an understanding of how vacant land will develop in the future. This includes the density of development that will occur within a particular zone, the compatibility of planned uses in each area, and the range and type of buildings and uses that will be located throughout Merced.

##### **G4.3.1.1 General Plan**

The Merced Vision 2030 General Plan provides policies and programs to guide development in the City. The City of Merced adopted the Plan in 2012 and has adopted amendments periodically since that time. The City ensures that all goals and policies contained within the Housing Element are consistent with the goals and policies set forth in all other elements of the General Plan. The Merced General Plan contains the following residential land use designations:

- Rural Residential: *1 to 3 units per acre*. To provide single-family homes on large lots in a semi-rural environment, and as a buffer between agricultural land and other environmentally sensitive or resource areas and the City's urbanized areas.
- Low Density Residential: *2 to 6 units per acre*. To provide single-family residential dwellings served by City services throughout the City. Primarily single-family detached housing, but options such as condominiums and zero-lot-line units can be developed.
- Low-Medium Density Residential: *6 to 12 units per acre*. To provide duplexes, triplexes, fourplexes, condominiums, zero-lot-line as well as single-family detached units on appropriately sized lots.
- High-Medium Density Residential: *12 to 24 units per acre*. To provide areas for multi-family development such as apartments, higher density triplex/fourplex units and condominiums.
- High Density Residential: *24 to 36 units per acre*. To provide for the highest multi-family residential densities typically found only in limited areas of the City.
- Mobile Home Park Residential: *6 to 10 units per acre*. To provide designated areas within the City for the establishment of Mobile Home Park residential environments.
- Village Core Residential: *7 to 30 units per acre (minimum of 10 units per acre)*. To provide for the development of mixed-use, medium-density urban "village" centers in the undeveloped portions of the Merced Specific Urban Development Plan (SUDP)/Sphere of Influence (SOI).

## Specific Plans

A specific plan is a planning document that implements the goals and policies of the General Plan. The City has adopted four specific plans to guide development in a specified geographic area: South Merced, Northeast Yosemite, Campus North, and Bellevue Corridor. The South Merced, Northeast Yosemite, Campus North Specific Plans were incorporated into the Merced Vision 2030 General Plan in 2012. The Bellevue Corridor Specific Plan contains more detailed development standards and implementation measures to which future projects located within a specified geographic area must adhere.

### Bellevue Corridor Community Plan

The Bellevue Community Plan (BCP), adopted in 2015, encompasses an area of 2.42 square-miles, and establishes policies, illustrative plans, and guiding features to adapt changing market conditions in response to economic growth and the expansion of University of California, Merced (UC Merced). The majority of the Plan Area is located within the unincorporated county. However, the City is in the process of approving several parcels for annexation into Merced.

The BCP provides a broad range of uses and densities that could occur throughout the plan area, and emphasizes the foundational building blocks of street connectivity, functional mobility choices, active and passive recreation open space corridors and bikeways, gateway street designs, and attractive business park settings to create a great sense of place with investment certainty. As shown in Table G4-4, the residential densities range from two to 36 dwelling units per acre. The residential densities allow for a range of housing types and do not constrain development of housing.

**Table G4-4 Bellevue Corridor Community Plan Zoning Designations**

Character Area	Residential Density	Height	Block Size
TOD Center	12-36 dwelling units/gross acre	3-5 stories	1,600 sq ft
R&D Employment District	24-36 dwelling units/gross acre	1-3 stories	2,000 sq ft
Multi-Family	12-36 dwelling units/gross acre	1-4 stories	1,600 -2,400 sq ft
Single-Family	6-12 dwelling units/gross acre	1-2 stories	1,600 -2,400 sq ft
Rural	2-6 dwelling units/gross acre	1-2 stories	TBD
Flex Neighborhood	6-24 dwelling units/gross acre	1-4 stories	Varies

Source: City of Merced. Bellevue Corridor Community Plan. 2015. Available online at:  
<https://www.cityofmerced.org/home/showpublisheddocument/6032/637034156452470000>

## Conclusion

The General Plan includes seven residential land use designations with a density range from one to 36 dwelling units per acre. The densities ranges are higher than or similar to most other jurisdictions, such as the cities of Atwater (density range from 0 to 35 dwelling units per acre), Los Banos (density range from 0.1 to 30 dwelling units per acre), and the County of Merced (density range from one to 33 dwelling units per acre). As a result, the City’s land use designations are not considered a constraint to development.

## Recommended Action

None required.

### G4.3.1.2 Zoning Ordinance

The City regulates the type, location, density, and scale of residential development primarily through the Zoning Ordinance, as well as specific plan development codes. A zoning district is assigned to every parcel in the city and the Zoning Ordinance identifies compatible uses. In general, the City’s zoning regulations are designed to balance the goal of providing a mix of residential and commercial land use types while protecting the health and safety of residents and preserving the character of existing neighborhoods. Additionally, development standards such as setbacks, height limits, lot coverage, open space requirements, and parking identified for each zoning district. Some zoning districts may allow similar uses but have different development standards. Development standards may be considered a constraint to the development of housing units if they are too restrictive or reduce the development potential on a specific parcel.

The City’s Zoning Ordinance allows residential uses in the following zones:

- Rural Residential (R-R): The R-R zone provides an area for single-family dwellings on large lots in a semi-rural environment. The R-R zone serves as a buffer between the city's urbanized areas and agricultural land and other environmentally sensitive or resource areas.
- Low Density Residential (R-1): The R-1 zone is intended to stabilize, protect, and encourage the establishment and maintenance of a suitable environment for detached single-family dwellings, duplexes, and other land uses typically compatible with or authorized by state law for a low-density residential setting. The R-1 zone is divided into four (4) subzones (R-1-20, R-1-10, R-1-6, and R-1-5) allowing for a range of minimum lot sizes.
- Low Medium Density Residential (R-2): The R-2 zone is intended to stabilize, protect, and encourage the establishment and maintenance of a suitable environment for single-family

dwelling, duplex homes, limited multi-family dwellings, and other land uses typically compatible with a low to medium-density residential setting.

- **Medium Density Residential (R-3):** The R-3 zone provides an area for a full range of residential uses, including single-family dwellings, duplex homes, multi-family dwellings, single room occupancy housing, and other land uses typically compatible with a medium density residential setting. The R-3 zone is divided into two (2) subzones (R-3-1.5 and R-3-2) allowing for a range of permitted residential densities.
- **High Density Residential (R-4):** The R-4 zone provides an area for the highest density residential uses in Merced. Permitted uses include single-family dwellings, duplex homes, multi-family dwellings, single room occupancy housing, and other land uses typically compatible with a high-density residential setting close to shopping, transportation, and other facilities.
- **Mobile Home Residential (R-MH):** The R-MH zone provides an area for mobile home parks with regulations and standards intended to maintain a suitable environment for mobile home park residents.
- **Downtown Core (D-COR):** The purpose of the D-COR zone is to maintain and enhance a vibrant downtown core with a diversity of land uses. The D-COR zone supports downtown as a destination for arts, entertainment, retail, and dining uses, with housing that contributes to the vitality of the area. The design of development helps to create a pedestrian-friendly environment and an active public realm. A mixture of land uses and higher intensity development supports transportation options, including walking, bicycling, and use of transit.
- **Downtown Office (D-O):** The purpose of the D-O zone is to accommodate a concentration of office uses that support a vibrant and dynamic downtown. The D-O zone accommodates a variety of land uses, including personal services in addition to office uses. In the D-O zone buildings are designed to support an active and inviting public realm. The D-O zone creates an attractive environment for businesses and employers that enhances the economic vitality of the community. The D-O zone also serves as a buffer between more intensive development in the D-COR zone and surrounding residential neighborhoods.
- **Downtown Commercial (D-CM):** The purpose of the D-CM zone is to encourage growth and investment in commercial areas adjacent to Merced's downtown core. New development in the D-CM zone will provide amenities for adjacent residential neighborhoods and enhance the appearance of gateways into downtown. Development supports a pedestrian-friendly environment with buildings located near the front sidewalk and parking located to the side or rear. A variety of land uses, including residential, commercial, and office, contribute to an active and inviting environment.
- **Regional/Central Commercial (C-C):** The C-C zone provides areas for a diversity of commercial and residential land uses in the central business district and regional centers. These uses help to support a vibrant retail destination, provide jobs for residents, and accommodate commercial and service uses to meet the needs of community and regional businesses and residents.
- **Office Commercial (C-O):** The C-O zone provides a location for a broad range of office uses including professional offices, business offices, medical offices, and regional or "back" offices. Multi-family and Live/Work units are allowed in C-O zones with a conditional use permit (CUP).
- **Neighborhood Commercial (C-N):** The C-N zone provides areas for shopping centers and other commercial uses that serve the day-to-day needs of residential neighborhoods. Multi-family and Live/Work units are allowed in C-N zones with a CUP.

- **Business Park (B-P):** The B-P zone provides a location for employment-intensive uses within an attractive campus-like setting. The B-P zone shall primarily allow "back" offices, research and development businesses but also limited commercial retail uses to serve employees in the area. Multi-family and Live/Work units are allowed in B-P zones with a CUP.
- **Inner Village Residential (R-IV):** The R-IV zone allows for higher density residential development within an urban village. The R-IV zone accommodates a range of housing types, including apartments, townhomes, and other forms of multi-family housing. The R-IV zone supports higher density housing located in close proximity to transit, employment uses, and commercial areas. The R-IV zone also may function as a buffer between village commercial areas and surrounding lower-density residential neighborhoods.
- **Outer Village Residential (R-OV):** The R-OV zone allows for lower density residential uses within an urban village. Typical housing types within the R-OV zone include single-family homes, duplex homes, and second units. The R-OV zone accommodates single-family neighborhoods located in close proximity to public amenities such as parks and schools as well as neighborhood-serving retail and service uses.
- **Village Commercial (C-V):** The C-V zone functions as the center of activity within an urban village. The C-V zone accommodates a diversity of land uses, including commercial, residential, and civic uses. Development in the C-V zone supports a pedestrian-friendly environment and encourages the use of transit. Local streets, sidewalks, and bicycle paths provide safe and convenient access to the C-V zone from surrounding residential neighborhoods. The C-V zone meets the day-to-day shopping needs of area residents and provides a central gathering place for the use and enjoyment of surrounding neighborhoods.

The City incorporated Downtown zones (D-COR, D-O, D-CM) and Urban Village zones (R-IV, R-OV, C-V) into the Zoning Ordinance in 2016. However, no land within the City is currently zoned for these zones.

In Merced, minimum residential lot sizes are required in some zones. Table G4-5 provides the minimum lot area per dwelling unit standard by zone.

**Table G4-5 Lot Area Per Dwelling Unit**

Zone	Lot Area
R-R	1 acre (1 units per gross acre)
R-1-20	20,000 square feet (2.2 units per gross acre)
R-1-10	10,000 square feet (4.3 units per gross acre)
R-1-6	6,000 square feet (7.26 units per gross acre)
R-1-5	5,000 square feet (8.7 units per gross acre)
R-2	3,000 square feet (14.5 units per gross acre)
R-3-2	2,000 square feet (21.8 units per gross acre)
R-3-1.5	1,500 square feet (29 units per gross acre)
R-4	1,000 square feet (43.6 units per gross acre)
R-MH	0.01 acres (minimum 10 acre lot size)
D-COR	1,250 square feet (36 units per gross acre)
D-O	1,250 square feet (36 units per gross acre)
D-CM	1,250 square feet (36 units per gross acre)

Zone	Lot Area
C-C	7,500 square feet (12-24 units per gross acre)
C-N	7,500 square feet (12-24 units per gross acre)
C-O	7,500 square feet (12-24 units per gross acre)
B-P	20,000 square feet (2 units per gross acre)
R-IV	3,000 square feet (36 units per gross acre)
R-OV	3,000 square feet (36 units per gross acre)
C-V	7,500 square feet (36 units per gross acre)

Source: Merced City Zoning Ordinance, adopted 2022.

## Conclusion

The City of Merced’s development regulations allow for a range of densities and a variety of housing types. Zones allowing higher density residential uses, including medium- and high-density residential zones and the C-C zone, are primarily located within Downtown Merced, with additional pockets throughout the city. However, most of the city is comprised of land zoned for low density residential uses. The prevalence of single-family districts that do not permit other types of housing constitutes a constraint to development.

## Recommended Action

Revise the City’s Zoning Code to allow for a range of housing types in low density residential zones, including triplexes and quadplexes. The City will implement Housing Program 6 *Zoning Code Amendments* to review and revise the Zoning Code accordingly.

## G4.3.2 Residential Development Standards

Table G4-6 shows the development standards for residential zones. The minimum parcel area for residential zones ranges from 5,000 square feet to 10 acres. Maximum site coverage ranges from 25 percent to 65 percent of the lot area. There are no maximum lot coverage requirements for D-COR, D-O, D-CM, C-C, R-IV, R-OV, and C-V zones.

The minimum front setback requirement is 30 feet for R-R and R-1-20 zones, 20 feet for R-1-10 and R-1-6 zones, 15 feet for R-1-5, R-2, all R-3 zones, and R-4 zones, and 25 feet for R-MH zones. The minimum side setback requirement is 15 feet for R-R and R-1-20 zones, and 10 feet for R-1-10, R-1-6, R-1-5, R-2, R-3, R-4, and R-MH zones.

Maximum height requirements are 35 feet for all zones, except R-4 zones, which has a maximum height requirement of 40 feet. Maximum density ranges from one unit per acre in the R-R zone to 43.5 units per gross acre in R-4 zones.

**Table G4-6 Residential Development Standards**

Zoning District	Minimum Lot Area	Minimum Setback (in feet)			Maximum Height (feet)	Maximum Lot Coverage (percent of lot)	Maximum Density (du/acre)
		Front (feet)	Side (feet)	Side (feet)			
R-R	1 acre	30	15	25	35	25	1
R-1-20	20,000	30	15	10	35	30	2.1
R-1-10	10,000 sq ft	20	10	7	35	40	4.3
R-1-6	6,000 sq. ft.	20	10	5	35	45	7.2
R-1-5	5,000 sq. ft.	15	10	5	35	50	8.7
R-2	6,000 sq. ft.	15	10	5	35	50	14.5
R-3-2	6,000 sq. ft.	15	10	5	35	55	21.7
R-3-1.5	7,500 sq. ft.	15	10	5	35	55	29
R-4	7,500 sq. ft.	15	10	6	40	65	43.5
R-MH	10 acres	25	10	10	35	65	10
D-COR	1,250 sq ft	0	0	0	None	None	36
D-O	1,250 sq ft	0	0	0	60	None	36
D-CM	1,250 sq ft	0	0	0	60	None	36
C-C	7,500 sq ft	0	0	0	60	None	24 <sup>4</sup>
C-N	7,500 sq ft	20 <sup>2</sup>	03	0	35	None	24 <sup>1</sup>
C-O	7,500 sq ft	10	5	5	40	None	24 <sup>1</sup>
B-P	20,000 sq ft	25 <sup>2</sup>	20 <sup>3</sup>	20	.5	None	24 <sup>1</sup>
R-IV	3,000 sq ft	0	5	10	40	None	36
R-OV	3,000 sq ft	15	5	10	35	None	12
C-V	7,500 sq ft	0	0	0	40	None	36

Accessory structures shall be considered a part of the primary structure and shall comply with all standards applicable to the primary structure, including lot coverage requirements.

1. Up to 36 units with a CUP
2. Minimum of 35 feet when across from a residential zone
3. Minimum of 20 feet when abutting a residential zoning zone
4. Up to 200 units for multi-family buildings over five stories with a CUP

<sup>5</sup> Maximum height is 40 feet when directly adjacent to residential zones

Source: Merced City Zoning Ordinance, adopted 2022.

## Conclusion

Development standards related to parcel area, setbacks, height of primary structures, site coverage, and density are similar to nearby jurisdictions. In most zones, the City's development standards permit greater residential densities compared to other cities in the county. As a result, development standards are not considered a constraint to housing.

## Recommended Action

None required.



### G4.3.2.1 Parking

According to the Turner Center for Housing Innovation at UC Berkeley, parking can cost \$25,000 to \$75,000 per space to construct. However, given the age of data and the increased cost of land and construction costs discussed above, the costs per parking space are likely much higher.<sup>2</sup> Parking provided in underground or structured parking facilities, or if required to be covered or enclosed, can significantly increase the cost of housing and could affect the feasibility of various housing projects in the city. In addition, requirements for parking space locations and maximum distances from dwelling units may also increase the cost of housing and affect the feasibility of housing projects. Requiring less parking not only reduces the project budget but can allow for more space to build additional housing units.

The City of Merced's parking requirements for residential uses are summarized in Table G4-7.

**Table G4-7 Residential Parking Requirements**

Residential Use	Required Parking Spaces*
Single-family units	1 per unit
Multi-family units	1.75 per unit of 2 bedrooms or less up to 30 units and 1.5 per unit thereafter, plus 0.5 per additional bedroom over 2 in each unit and 1.0 per additional full or partial bathroom over 3 in each unit
Senior residential units	1 per 2 beds
Caretakers Home	1 per unit
Group Homes and Facilities	1 per unit plus 1 per 300 sq. ft. of office and other nonresidential areas
Group Housing	1 per unit
Live/Work Units	1.75 per unit
Mobile Home Parks	1 per unit and 1 per office or employee
Residential Care Facilities, Small	1 per unit
Residential Care Facilities, Large (Includes Convalescent/Nursing Homes)	1 per 4 beds and 1 per 300 sq. ft. of office or 1 per employee, whichever is greater
Accessory Dwelling Units	One or more bedrooms: 1 per unit <sup>1</sup>
Single-Room Occupancy	1 per unit
Transitional/Supportive Housing	1 per 4 beds and 1 per 300 sq. ft. of office and other nonresidential areas

<sup>1</sup> MMC 20.42.030(H): Parking is not required if the ADU is located within ½ mile of a public transit stop, is located in an officially architecturally and historically significant district, is part of a proposed or existing primary residence, on-street parking permits are required but not offered to occupants, a car vehicle share is located within one block, or the ADU is an attached or converted ADU  
Source: Merced City Zoning Ordinance, adopted 2022.

Required off-street parking for single-family homes and duplexes does not have to be provided in a covered garage or carport, but each required space must be located so that it may later be covered by a garage or carport structure. For multi-family housing, the Site Plan Review Committee may approve off-site parking if it finds that practical difficulties prevent parking from being located on the same lot it is intended to serve.

<sup>2</sup> Turner Center for Housing Innovation at UC Berkeley, 2016. Available at: <http://turnercenter2.berkeley.edu/proforma/>

The number of parking spaces may be reduced by the Director of Development Services up to 20 percent if the project applicant prepares a transportation demand management plan which demonstrates a reduction in the demand for off-street parking spaces by encouraging the use of transit, ridesharing, biking, walking, or travel outside of peak hours. Additionally, the number of parking spaces may be reduced by up to five percent for multi-family development projects within 400 feet of a City-approved bus stop, or 10 percent for projects located within 400 feet of a transit center.

Furthermore, under the City’s Density Bonus Ordinance, qualifying affordable projects are subject to maximum parking ratios in Table G4-8. This reduces the required parking for multi-family projects that contain a certain percentage of affordable units.

**Table G4-8 Maximum Required Parking for Qualifying Projects**

Bedrooms	Number of Parking Spaces
0-1	1 per unit
2-3	2 per unit
4 or more	2.5 per unit

Source: Merced City Zoning Ordinance, adopted 2022.

**Conclusion**

The City of Merced’s Zoning Ordinance provides several opportunities for the reduction of parking for projects that contain affordable units and are located near transit. This reduces the development costs for multi-family housing. These incentives encourage, rather than constrain, affordable, transit-oriented development. However, residential parking requirements for smaller units, including mobile homes, senior citizen housing, studios (2 parking spaces required per unit) pose a potential constraint to housing development. Requiring more than one parking space for smaller units can be cost prohibitive for developers and may pose site design challenges. In addition, the required number of parking spaces is higher for multi-family units than single-family units, which is a constraint to housing development of multi-family units.

**Recommended Action**

Revise the Zoning Ordinance to reduce parking requirements for mobile homes, senior citizen housing, one-bedroom units, and studios to require no more than one space per unit. Revise the Zoning Ordinance to ensure parking requirements for multi-family housing units are not greater than single-family units. The City will implement Housing Program 6 *Zoning Code Amendments* to review and revise parking requirements for residential uses.

*G4.3.2.2 Open Space Requirements*

The City’s requirements for yard and lot coverage requirements govern open space within residential developments. All required exterior setback areas, excluding areas required for access to the property, are required to be landscaped. Under the City’s Density Bonus ordinance, the City allows for a reduction in open space by 10 percent.

Additionally, the City requires a buffer for all development in areas adjacent to riparian areas within the City. The Zoning Ordinance restricts development within 25 feet in width measured from the top of bank or 50 feet in width measured from centerline of any intermittent or perennial stream or

river landward, whichever is greater. This reduces property owners from erosion and flooding, protects and enhances water resources, minimizes pollution, and preserves riparian vegetation and wildlife habitat and corridors. Trails, including pedestrian and bicycle trails are permitted within this buffer zone.

## Conclusion

Open space requirements in Merced are typical of other jurisdictions. Additionally, the City allows a reduction in the amount of open space for qualified affordable housing to incentivize development. As a result, open space requirements are not a constraint to the development of housing.

## Recommended Action

None required.

### G4.3.3 Density Bonus

California law requires local jurisdictions to provide density bonuses (generally ranging from five to 80 percent) and development incentives or concessions for housing developments that include housing units that are affordable to lower- and moderate-income households or senior housing or the donation of land for housing within the local jurisdiction (Government Code Section 65915-65918). Certain housing development projects may be granted unlimited density if they meet certain conditions, including projects where 100 percent of units are affordable units (including density bonus units) with no more than 20 percent of units for moderate-income households and the project is located within on-half mile of a major transit stop as defined by subdivision (b) of Section 21155 of the Public Resources Code. An unlimited density bonus means there is no cap on the total number of residential units per acre permitted on the site; however, there are other restrictions, such as height limits, that have a practical limiting effect on the number of units that can be built. Development incentives or concessions are reductions or modifications to site development standards or architectural design requirements that result in cost reductions, such as setbacks, parking requirements, and maximum building height.

The City of Merced does not have an inclusionary housing ordinance, but the City adopted a Density Bonus ordinance in 2005 and amended it in 2016 to comply with state law. The Density Bonus Ordinance provides incentives for the production of housing for very low-income, low-income, and senior households and for the production of housing for moderate-income households residing in condominiums and planned development projects. The City grants development bonuses in projects with five or more units and provides a certain amount of affordability as outlined in Table G4-9, for a maximum of 35 percent.

**Table G4-9 Density Bonus Summary**

Target Group	Minimum % Target Units	Bonus Granted	Additional Bonus for each 1% Increase in Target Units	Percent Target Units Required for Maximum 35% Bonus
Very Low-Income	5%	20%	2.5%	11%
Lower-Income	10%	20%	1.5%	20%
Moderate-Income (Condo or Planned Development Only)	10%	5%	1%	40%
Senior Citizen Housing Development	100%	20%	-	-

Source: Merced City Zoning Ordinance, adopted 2022.

Additionally, the City allows modifications of development standards for developers seeking a density bonus as an incentive. One incentive is permitted for projects that include 10 percent of units for low-income households, five percent for very low-income households, or 10 percent for families of moderate-income. Two incentives are permitted for projects that include 20 percent of units for low-income households, 10 percent for very low-income households, or 20 percent for moderate-income households. Three incentives are permitted for projects that include at least 30 percent for low-income households, 15 percent for very low-income households, or 30 percent for moderate-income households. These incentives include:

- Reduced minimum parcel size or dimension
- Reduced minimum setback (front, rear or side)
- Increased maximum parcel coverage
- Reduced open space requirement
- Increased maximum structure height
- Waiver of a design standard from the City's Engineering Standards

Qualified projects that include a childcare facility as part of the development are permitted an additional density bonus or incentive. Incentives/concessions are also available for developers who donate land to the City to construct affordable units.

## **Conclusion**

The City of Merced's Density Bonus Ordinance does not reflect the most recent changes to State Density Bonus Law. This can be considered a constraint to housing. The City is currently preparing an update to the Density Bonus Ordinance to bring it in compliance with state law.

## **Recommended Action**

Amend the Zoning Ordinance to reflect the most recent amendments to State Density Bonus Law. The City will implement Housing Programs 6 *Zoning Code Amendments* and Program 7 *Facilitating Affordable Housing Development* to revise the Density Bonus Ordinance to comply with state law.

### **G4.3.4 On-/Off-Site Improvement Standards**

The typical improvements required by local jurisdictions for subdivision and development of property include reasonable off-site and on-site improvements for the parcels being created, including those that are necessary for public health and safety and/or a necessary prerequisite for the orderly development of the surrounding area. As stated in United States Department of Housing and Urban Development's study of Subdivision Requirements as a Regulatory Barrier, such requirements can reasonably be considered regulatory barriers to affordable housing if Merced determines that the requirements are greater (and hence, more costly) than those necessary to achieve health and safety requirements in the community. The City provides and operates water, sanitary sewer, and stormwater drainage services.

The City of Merced's Subdivision Ordinance requires on- and off-site improvements that are similar to the requirements of other cities in Merced County. General subdivision requirements include streets, alleys, sidewalks, curbs, gutters, pavements, sanitary sewer lines, sewer pumping stations, water supply systems, gas systems, fire hydrants, fire alarms, culverts, street name signs, streetlights and drainage.

## Improvement Standards

The City requires curbs, gutters, and sidewalks on all residential streets, including access ramps at corners. The typical right-of-way for local streets is approximately 60 feet, 40 feet of which is for pavement. The Municipal Code provides for a minimum right-of-way width of 40 feet for a subdivision. The Municipal Code also allows for private streets to deviate from the City standards, provided that future maintenance of the streets is assured by the developer. Streetlights and fire hydrants are required at regular intervals within the City to ensure an acceptable level of public health and safety.

The extension of necessary utilities is also a requirement for all development in Merced. The City has adequate capacity to provide water and sewer service to future housing development, and only needs to extend service lines to development areas. Within the City, electricity, natural gas, and communications infrastructure are provided by outside agencies. The improvement requirements imposed by those agencies are outside the purview of the City. However, the City does require approval from those agencies prior to the approval of any subdivision map.

Public improvement standards and approximate values for each standard are listed below.

- Local Street – 60-foot right-of-way, including 36 feet of pavement with two travel lanes and two parking lanes. 2 inches A.C. over 6 inches compacted aggregate. Value: range between \$4.00 to \$6.00/sf.
- Curb and Gutter – 30 inches from asphalt pavement to back of curb, 7 ½ inches concrete over compacted native soil. Value: \$15 to \$25 per linear foot, dependent upon method of construction.
- Sidewalk – 48 inches from back of curb, 4 inches concrete over compacted native soil. Value: range between \$4.00 to \$5.00/sf.
- Sewer Lateral – 4 inch PVC (dependent upon depth) with minimum slope of ¼-inch per foot. Value: range between \$3,000 to \$4,000/ea.
- 1-inch Water Service – 1 inch CTS polyethylene pipe, meter boxes, bronze saddles, straps, and bolts. Value: range between \$2,000 to \$4,000/ea.-

## Conclusion

On- and off-site improvement standards for the City of Merced are typical of similar cities and comparable to surrounding jurisdictions. These improvements are considered necessary to the health and wellbeing of residents and are not considered a constraint to housing.

## Recommended Action

None required.

## G4.3.5 Provision of a Variety of Housing Types

Housing Element law specifies that jurisdictions must identify adequate sites that are zoned to encourage the development of a variety of housing types available to all economic segments of the population. People and households of different ages, types, incomes, and lifestyles have a variety of housing needs and preferences that evolve over time and in response to changing life circumstances. This includes single-family homes, multi-family housing, accessory dwelling units, mobile homes, agricultural employee housing, homeless shelters, and transitional housing, among others. Table G4-10 summarizes the housing types permitted and conditionally permitted for the City of Merced.

**Table G4-10 Residential Use Matrix**

Residential Use	R-R	R-1	R-2	R-3	R-4	R-MH	D-COR	D-O	D-CM	C-C	C-N	C-O	B-P	R-IV	R-OV	C-V
Accessory Dwelling Units	P	P	P	P	P	X					X	X	X	P <sup>7</sup>	P	
Duplex Homes	X	P	P	P	P	X					X	X	X	P <sup>7</sup>	P	X
Fraternities and Sororities	X	C	C	C	C	X					X	X	X			
Group/Transitional/Supportive Housing	P <sup>3</sup>	P <sup>3</sup>	P <sup>3</sup>	P <sup>3</sup>	P <sup>3</sup>	P <sup>3</sup>	P <sup>5</sup>	P <sup>5</sup>	SP	P	C	C	C	SP <sup>7</sup>	X	P <sup>5</sup>
Mobile Home Parks	C	X	X	X	X	SP				P <sup>1</sup>	X	X	X			
Multiple-Family Dwellings	X	X	C <sup>4</sup>	P	P	X	P <sup>5</sup>	P <sup>5</sup>	SP	P	C	C	C	P <sup>7</sup>	X	P <sup>57</sup>
Residential Care Facilities, Small	P	P	P	P	P	P	P <sup>5</sup>	P <sup>5</sup>	SP	P <sup>2</sup>	X	X	X	P	P	X
Residential Care Facilities, Large	C	C	C	C	C	X	C	C	C	P <sup>2</sup>	X	X	X	C	C	C <sup>5</sup>
Single-Family Dwellings	P	P	P	P	P	M					X	X	X	C <sup>7</sup>	P	X
Single Room Occupancy	X	X	X	SP	SP	X	P <sup>5</sup>	SP	SP	P <sup>2</sup>	X	X	C	SP <sup>7</sup>	X	
Emergency Shelters										C	X	X	X			SP <sup>57</sup>
Live/Work Units								P <sup>6</sup>	P <sup>6</sup>	P <sup>6</sup>	C	C	X	M <sup>7</sup>	C	P <sup>5</sup>

P = permitted; M = Minor Use Permit Required; SP = Site Plan Review Permit Required; C= Conditional Use Permit Required; Use Not Allowed

Notes:

- (1) Residential use on the ground floor is prohibited unless it is located on the back of the property where it is not visible or approved with a conditional use permit.
- (2) Allowed only for converted hotels or motels.
- (3) Only permitted for rooming and boarding houses as an accessory use. The maximum persons allowed are: R-1, R-R, & R-MH (1 person); R-2 (2 persons); and R-3 and R-4 (no limit).
- (4) Permitted only on lots fifteen thousand (15,000) sq. feet or greater with five (5) or more units and at least three thousand (3,000) square feet per unit.
- (5) Prohibited as a single use unless approved with a conditional use permit. Permitted as part of a residential mixed-use project.
- (6) Residential use on the ground floor is prohibited unless it is located on the back of the property where it is not visible or approved with a conditional use permit.
- (7) Must meet minimum density requirements of ten (10) dwelling units/acre

Source: Merced City Zoning Ordinance, adopted 2022.

## Manufactured Housing/Mobile Homes

Manufactured, or mobile homes are permitted in all residential zones, but are required to have a permanent foundation. Mobile home parks require a CUP in R-R zones, and a Site Plan Review Permit in R-MH zones. Manufactured homes are subject to the same design standards as single-family homes, as detailed in Section 20.46.020 of the Municipal Code.

## Conclusion

Manufactured housing is subject to the same development and design standards as single-family homes. Additionally, manufactured homes must be permitted in the same manner and in the same zones as conventional structures are permitted according to Government Code Section 65852.3. The Zoning Ordinance complies with state law and is not a constraint to the development of mobile homes.

## Recommended Action

None required.

### *G4.3.5.1 Accessory Dwelling Units*

In recent years, several bills have added requirements for local governments related to accessory dwelling unit (ADU) regulation. Updates to state law in 2016 and 2017 included changes pertaining to the allowed size of ADUs, permitting ADUs by-right in at least some areas of a jurisdiction, and reduced parking requirements related to ADUs. More recent bills reduce the maximum allowable time to review and approve ADU applications to 60 days and remove lot size and replacement parking space requirements. AB 68 allows an ADU and a junior ADU (JADU) to be built on a single-family lot, if certain conditions are met. The State has also removed owner-occupancy requirements for ADUs, created a tiered permit fee structure for ADUs based on their size and location, and prohibits fees on units of less than 750 square feet. In addition, AB 671 requires the Housing Element to include plans to incentivize and encourage affordable ADU rentals.

In 2022, two laws were passed that affect ADU law. Both went into effect in 2023. SB 897 increases the existing height limit for attached and detached ADUs that meet certain conditions. AB 2221 clarifies existing ADU law to close procedural and permitting loopholes for approving ADUs, including the requirement for approving or denying applications within 60 days of application submittal and providing a full set of comments and remedies to applicants with denied applications. Additionally, AB 2221 adds front setbacks to the list of local development standards that local governments cannot impose if they would preclude construction of an attached or detached ADU of at least 800 square feet, that is at least 16 feet in height and that has at least four-foot side and rear yard setbacks.

The City permits the construction of Accessory Dwelling Units (ADUs) or Junior ADUs (JADUs) in any residential zone that allows single-family or multi-family residential or mixed use. A permit application for an ADU or JADU may be allowed with ministerial review, approval, and issuance of a building permit, without discretionary review or a public hearing. ADUs and JADUs are subject to the following standards:

- Type: ADUs may be attached, detached, or converted habitable space. JADUs must be contained entirely within a single-family dwelling and be no more than 500 square feet.

- **Number:** One ADU and one JADU are allowed per lot with a proposed or existing single-family dwelling. For multi-family parcels, the number of converted cannot exceed 25 percent of the total number of dwelling units, and no more than two detached ADUs may be permitted.
- **Site requirements:** There are no minimum parcel sizes for ADUs, but an ADU may only be established on a site with a primary dwelling (either existing or being built at the same time). The City adheres to the statewide ADU exemption which precludes lot coverage, floor area ratio, open space, or minimum lot size requirements for ADUs.
- **Size:** The floor area of an attached or converted ADU shall not exceed 50 percent of the living area of the existing primary single-family dwelling on the parcel or 1,200 square feet, whichever is less. Garages and carports are excluded from floor area calculations for both the primary dwelling and accessory unit. The floor area of a detached ADU shall not exceed 1,200 square feet, excluding any space devoted to a carport or garage.
- **Development standards:**
  - An ADU shall comply with all current development and design standards of the General Plan and Zoning Ordinance that are applicable to the primary dwelling, including, but not limited to, building setbacks, parcel coverage, building height, and architectural design.
  - The accessory dwelling unit (ADU) in compliance with this section shall not be considered to exceed the allowable density for the lot upon which it is located and shall be deemed to be a residential use which is consistent with the existing general plan and zoning designations for the lot. The ADU shall be deemed to be an accessory use or accessory building and shall not be considered in the application of any local ordinance, policy, or program to limit residential growth.
  - No lot line adjustment, subdivision of land, air rights or condominium shall be allowed to enable the sale, transfer, or disposal of the accessory dwelling unit independently of the primary dwelling unit or any portion of the property except in accordance with MMC 20.42.040(C). This stipulation shall be included in a recorded deed restriction on the property.
  - An ADU or JADU shall only be allowed on parcels connected to public water and sewer service.
- **Statewide Exemption ADU.** No lot coverage, floor area ratio, open space, or minimum lot size requirement shall preclude the construction of an ADU up to 800 square feet, 16 feet in height, and with 4-foot side and rear yard setbacks. The construction of a detached Statewide Exemption ADU may be combined with a JADU within any zone allowing residential or mixed use.
- **Design Requirements:**
  - **Height:** Attached or converted ADUs cannot exceed the height of the existing single-family dwelling. A detached ADU on a parcel containing a multi-family dwelling may not exceed sixteen (16) feet.
  - **Materials and Roof Form:** The ADU or JADU entrance shall have the same exterior finish materials as the existing or proposed single-family dwelling on the parcel and shall be of the same construction typical of other dwelling units in the zone. The ADU or JADU shall have the same roof form as the primary dwelling and shall not have a flat roof.
  - **Setbacks:** When an existing detached accessory structure is converted to a detached ADU, no additional setbacks shall be required. For all detached ADUs and ADUs built above a detached garage, a four-foot side and rear setback are required.
  - An unobstructed pathway that extends from the entrance to the street is required.



- **Parking:** A maximum of one (1) additional off-street parking space shall be provided for an ADU or per bedroom, whichever is less. Parking for an ADU may be provided as tandem parking on an existing driveway or in the front or rear setback areas. These spaces shall not be covered if located within the setback areas. Parking is not required for ADU if it is located within one-half mile walking distance of public transit, if it is located within an official architecturally and historically significant historic district, if it is part of the primary residence or accessory structure, if on-street parking permits are required but not offered to occupants of an ADU, if a car share vehicle is located within one bloc, or if the ADU is attached or converted.
- **Occupancy:** The City does not impose occupancy requirements until January 1, 2025. After January 1, 2025, the owner of a parcel with an ADU shall be permitted to rent either the primary unit or the ADU, but not both, and may reside in either the primary dwelling unit or the ADU, if the ADU is located within an R-1 zone or equivalent designation in a Planned Development only. This requirement does not apply to any other zoning districts. For JADUs, owners are required to occupy either the JADU or the single-family dwelling unless the owner is a governmental agency, land trust, or housing organization.
- **Rental Term:** An ADU may be rented for a minimum of 30 continuous days.
- **Conveyance:** An ADU shall not be sold or otherwise conveyed separately from the principal residence, except when sold by a qualified nonprofit corporation to a qualified buyer in accordance with Government Code Section 65852.26 with affordability restrictions.
- **Fees and utilities:** ADUs are not a new residential use for the purposes of calculating connection fees or capacity charges for utilities, including water and sewer service unless the ADU or JADU is constructed with a new single-family dwelling. A new ADU is required to pay all applicable fees, including impact fees if greater than 750 square feet. ADUs less than 750 square feet are not subject to impact fees.

## Conclusion

The City of Merced's ADU Ordinance allows second dwelling units in all zones allowing single-family and multi-family residential uses and is in compliance with ADU requirements contained in recent State ADU legislation. As a result, the City's ADU Ordinance encourages, rather than constrains, the development of ADUs as a form of affordable housing. However, size requirements for ADUs are not consistent with state law which stipulates that ADU size may not be restricted to less than 850 square feet or at least 1,000 square feet for ADUs with more than one bedroom. The City is updating the ADU Ordinance to comply with future state law updates, with an anticipated adoption in October 2023. Additionally, the City has published pre-approved ADU plans on the City's website.

## Recommended Action

Revise the Zoning Code to ensure the ADU Ordinance complies with State ADU law. The City will implement Housing Program 5 *Accessory Dwelling Units* to revise the ADU Ordinance to comply with state law.

### G4.3.5.2 Multi-Family

The City of Merced defines "multiple-family dwellings" as, "A residential structure that contains three (3) or more dwelling units." Multi-family housing is permitted by-right in R-3, R-4, D-COR, D-O, C-C, R-IV, and C-V zones. Multi-family is permitted in R-2 C-N, C-O, and B-P zones with a CUP and with a Site Plan Review Permit in D-CM, zones. Duplex homes are permitted by-right in R-1, R-2, R-3, and R-4 zones. In the R-IV and C-V zones multi-family housing is permitted by-right as part of a

mixed-use development but requires a CUP if proposed as a single use. Multi-family development is not permitted in any other zoning district.

Multi-family zones are clustered primarily near Downtown Merced but are also scattered throughout the city.

## **Conclusion**

The City's zoning regulations provide sufficient opportunities for the development of multi-family dwellings. Additionally, duplex homes are permitted by-right in lower-density zones, allowing additional density. As a result, the City's zoning is not a constraint to the development of multi-family housing.

## **Recommended Action**

None required.

### *G4.3.5.3 Group Homes, Residential Care Facilities, and Transitional and Supportive Housing*

State law requires residential care facilities with six or fewer persons to be allowed by-right in all zones that allow residential uses in zones where single-family residential uses are allowed. The City defines group housing as, "Shared living quarters without separate kitchen or bathroom facilities for each room or unit, offered for rent for permanent or semi-transient residents on a weekly or longer basis." This definition includes rooming and boarding houses, dormitories, transitional and supportive housing, farmworker housing, and other types of organizational housing. Group homes/supportive housing are permitted in most residential zones. In R-R, R-1, R-2, R-3, R-4, and R-MH zones, group homes/supportive housing with six or fewer residents are permitted by-right, but are subject to maximum occupancy requirements [R-1, R-R, & R-MH (1 person); R-2 (2 persons); and R-3 and R-4 (no limit)]. In commercial zones, group homes/supportive housing are permitted by-right in the C-C zone and with a CUP in the C-O, C-N, C-SC, C-T, C-G, and B-P zones. Group homes/supportive housing with seven or more residents require a CUP. A Site Plan Review Permit is required for group homes/supportive housing in D-CM and R-IV zones. It is permitted in D-COR, D-O, and C-V zones as long as it is part of a residential mixed-use project.

The City defines residential care facilities as "state licensed residential facility providing social and personal care for residents. Examples include children's homes, homes for the elderly, orphanages, self help group homes, and transitional and supportive housing for homeless individuals. Excludes facilities where medical care is a core service provided to residents, such as nursing and convalescent homes, and recovery residences." Small residential care facilities (six or fewer persons) are permitted by-right in the R-R, R-1, R-2, R-3, R-4, R-MH, R-OV, and R-IV zones. In the C-C zone small and large residential care facilities are permitted by-right as converted hotels or motels. In the D-COR, D-O, and C-V zones, small residential care facilities are permitted by-right as part of a residential mixed-use project or with a CUP as a single use. In the D-CM zone, small residential care facilities are permitted with a Site Plan Review Permit. Large residential care facilities (seven or more persons) are allowed with a CUP in the R-R, R-1, R-2, R-3, R-4, D-COR, D-O, D-CM, R-OV, and R-IV zones. Small residential care facilities are also permitted by-right in the A-G zone when associated with an agricultural use, which constitutes the primary use on the property.

In 2018, AB 2162 required cities to change their zoning to provide a "by-right" process and to expedite review for supportive housing projects of 50 units or fewer. This law applies to sites in

zones where multi-family and mixed uses are permitted, including in nonresidential zones permitting multi-family use. Additionally, AB 2162 prohibits local governments from imposing any minimum parking requirements for units occupied by supportive housing residents if the development is located within one-half mile of a public transit stop. AB 2162 requires 25 percent of the units (or a minimum of 12 units, whichever is greater) to be approved by-right with no minimum parking. If the development consists of fewer than 12 units, then 100 percent of the units, excluding managers' units, in the development shall be restricted to residents in supportive housing.

## Conclusion

Currently, the City allows group homes/supportive housing and residential care facilities with six or fewer residents "by-right" in all residential zones, as well as in the R-OV, and R-IV zones and as part of a residential mixed-use project in the D-COR, D-O, and C-V zones. The City does not comply with AB 2126 as group homes/supportive housing and residential care facilities are not permitted "by-right" in all zones allowing multi-family and mixed-uses. Large residential care facilities require a CUP except in the C-C zone if the facility is a conversion of a hotel or motel use. In addition, the City does not provide an exemption from parking requirements for supportive housing units. This can be considered a constraint to transitional and supportive housing and group homes.

## Recommended Action

Revise the Zoning Ordinance to reduce minimum parking requirements for transitional and supportive housing located within one-half mile of a public transit stop. Revise the Zoning Ordinance to permit residential care facilities for seven or more people by-right in the R-4, D-COR, D-CM, and R-IV zones. The City will implement Housing Program 6, *Zoning Code Amendments*, to revise development standards and permitting requirements for residential care facilities and supportive housing to comply with state law.

### G4.3.5.4 Emergency Shelters

In 2019, AB 101 was passed requiring that a Low Barrier Navigation Center development be a use by-right in mixed use districts and nonresidential districts permitting multi-family uses. A Low Barrier Navigation Center is a low barrier, temporary, service-enriched shelter that helps homeless individuals and families obtain permanent housing. The City will need to amend its Zoning Code to explicitly allow the development of Low-Barrier Navigation Centers, by right, in mixed-use districts and nonresidential districts permitting multi-family uses.

AB 2339 was passed in 2022 and went into effect January 1, 2023. AB 2339 requires that jurisdictions identify zoning designations where emergency shelters are allowed to include sites that meet at least one of the following:

- Vacant and zoned for residential use;
- Vacant and zoned for nonresidential use and located near amenities and services for homeless individuals;
- Nonvacant and is suitable for use as a shelter in the current planning period.

The Zoning Code defines emergency shelters as "Housing with minimal supportive services for homeless persons that is limited to occupancy of six months or less by a homeless person." The City permits emergency shelters by-right in C-G zones. A CUP is required for emergency shelters in C-C, C-T, and B-P zones.

Emergency shelters are subject to the following development standards:

- **Beds.** The maximum number of beds on a property is 200.
- **Parking.** Off-street parking is required (one parking space per 10 beds plus one space per 300 square feet of office or other non-residential floor area).
- **Lighting.** Adequate lighting shall be provided in all parking, pedestrian paths, and entry areas and shall be shielded and reflected away from adjacent uses.
- **Management/Security.** Adequate management, support staff, and security must be present during the hours of operation, with a minimum of one supervisory staff member, and one employee of the same gender as clients.
- **Length of Stay.** The maximum length of stay shall be no longer than that established by the California Health and Safety Code for emergency shelters.
- **Outdoor Activity.** Outdoor activity shall be allowed only during the hours of 8:00 a.m. to 10:00 p.m.
- **Pets.** If pets are allowed, all pets shall be housed within the emergency shelter or within cages in a protected area.
- **Services.** Supportive services may include counseling, medical services, showers, and laundry facilities within the facility.

The Merced County Point-In-Time Count estimated that 855 unhoused individuals were residing in the county in 2022, including 555 in the city of Merced. Of that number, 224 are unsheltered and 331 are sheltered. Based on this count, the City must provide at least 111,000 square feet (2.55 acres) of land that can accommodate emergency shelters. As shown in Table G4-11, Merced has the potential capacity for more than 555 individuals in emergency shelters in C-G zones, which is greater the identified 555 individuals counted in 2022.

**Table G4-11 Emergency Shelter Capacity Analysis**

Zoning	Acreage	Realistic Capacity (beds)	Vacant/Non-Vacant
C-G	18.56	4,042	Vacant
C-G	196.42	42,780	Non-Vacant
<b>Total</b>	<b>214.98</b>	<b>46,822</b>	

Source: Merced City Zoning Ordinance, adopted 2022.

## Conclusion

Emergency shelters are permitted by-right in the C-G zone and with a CUP in the C-C, C-T, and B-P zone. In addition, the City's Zoning Code However, the C-G zone does not allow residential uses. Development standards for emergency shelters are subject, which is not in compliance with state law. For instance, emergency shelters are required to maintain "Adequate management, support staff, and security must be present during the hours of operation, with a minimum of 1 supervisory staff member, and 1 employee of the same gender as clients."

The City's definition of emergency shelter does not include other interim interventions, such as navigation centers, bridge housing, and respite or recuperative care and therefore does not comply with AB 2339. Low barrier navigation centers are not permitted in any zone. This is not consistent with state law which requires low barrier navigation centers be allowed by-right in areas zoned for mixed use and nonresidential zones permitting multi-family uses.

## Recommended Action

Revise the Zoning Ordinance to allow for emergency shelters as a permitted use without a conditional use or other discretionary permit in residential or mixed-use zones, or permit residential uses in the CG zone, in such a way that meets the requirements of AB 2339. Ensure that requirements for emergency shelters are objective. The City will implement Housing Program 6 *Zoning Code Amendments* to ensure emergency shelters are permitted in accordance with AB 2339 and to allow low barrier navigation centers by-right in mixed-use and nonresidential zones allowing multi-family uses.

### *G4.3.5.5 Transitional and Supportive Housing*

In 2018, AB 2162 amended state law to require that supportive housing be allowed by-right in zones where multi-family and mixed uses are permitted, including non-residential zones permitting multi-family uses, if the proposed housing development meets specified criteria, subject only to those restrictions that apply to other residential dwellings of the same type in the same zone.

The City permits transitional and supportive housing in all residential zoning districts, subject to maximum occupancy requirements [R-1, R-R, & R-MH (1 person); R-2 (2 persons); and R-3 and R-4 (no limit)], and the C-C zone. Transitional and supportive housing is allowed with a Site Plan Review Permit in the D-CM and R-IV district and with a CUP in the C-O, C-N, C-SC, and B-P districts. In the C-T and C-G zones, transitional and supportive housing is allowed by-right as part of a hotel or motel conversion. In the D-COR, D-O, and C-V zones, transitional and supportive housing is allowed by-right as part of a residential mixed-use project but requires a CUP as a stand-alone use.

Transitional and supportive housing is subject to the following development standards:

- Parking: 1 per 4 beds plus 1 per 300 sq. ft. of office and other nonresidential areas.

## Conclusion

Transitional and supportive housing standards are not in compliance with AB 2162, as transitional and supportive housing uses are not subject to the same requirements as other residential uses of the same type in the same zone. The City also imposes a maximum number of persons for transitional and supportive housing in residential zones which may be a constraint to development. Parking requirements for transitional and supportive housing do not provide exceptions for development within one half mile of a public transit stop, as required by AB 2162.

## Recommended Action

Revise the Zoning Ordinance to remove the maximum number of persons for transitional and supportive housing in the R-1, R-R, R-MH, and R-2 districts, allow supportive housing by-right in all zones where multi-family and mixed-uses are permitted, subject only to the same requirements as other residential uses of the same type in the same zone, and revise parking requirements, in compliance with AB 2162. The City will implement Housing Program 6 *Zoning Code Amendments* to amend the Zoning Code to comply with AB 2162.

### *Farmworker Housing/Employee Housing Act*

The Employee Housing Act (Health & Safety Code Section 17021.6) requires that any employee housing consisting of no more than 36 beds in group quarters, or 12 units or spaces designed for use by a single family or household, shall be deemed an agricultural land use for the purposes of this

section. Employee housing for six or fewer employees is to be treated as a single-family residential use. For the purpose of all local ordinances, no conditional use permit, zoning variance, or other zoning clearance shall be required of employee housing that is not required of any other agricultural activity in the same zone. The permitted occupancy in employee housing in a zone allowing agricultural uses shall include agricultural employees who do not work on the property where the employee housing is located. The City's Zoning Ordinance defines farmworker housing as "Employee housing consisting of no more than thirty-six (36) beds in group quarters, or twelve (12) units or spaces designated for use by a single-family or household." The Zoning Ordinance considers employee housing as an agricultural use of the property and is subject only to the same requirements as all other agricultural uses in each zoning district. Employees do not have to work on the property where the employee housing is located.

## **Conclusion**

Agriculture employee housing is permitted in all agricultural and residential zones. However, the Zoning Code does not treat employee housing for six or fewer employees as a single-family residential use. In compliance with Health and Safety Code Section 17021.6, agriculture employee housing is not subject to any restrictions, regulations, or fees not imposed on other agricultural uses in the same zone and does not constrain the availability of employee and farmworker housing in the county.

## **Recommended Action**

Revise the Zoning Code to permit employee housing for six or fewer employees as a single-family residential use. The City will implement Housing Program 6 *Zoning Code Amendments* to revise the Zoning Code to treat employee housing for six or fewer employees as a single-family residential use.

### *G4.3.5.6 Single-Room Occupancy Units*

Single room occupancy (SRO) units provide affordable housing for lower-income individuals, seniors, and persons with disabilities. The City permits SROs by-right in D-COR zones if part of a residential mixed-use project and with a CUP as a stand-alone use, in C-C zones in converted hotels or motels, and with a Site Plan Review Permit in R-3, R-4, D-O, D-CM zones. They are also permitted with a CUP in B-P zone. In the R-IV and C-V zones, SROs are permitted with a Site Plan Review Permit as part of a residential mixed-use project or with a CUP as a stand-alone use. SROs are not permitted in C-T and C-G zones, but these zones do permit hotels and motels.

SROs are subject to the following development standards:

- Location: A single-room occupancy (SRO) use, including college dormitories, shall not be located within 300 feet of any other SRO use or emergency shelter, unless such use is located within the same building, on the same lot, or on the same college campus.
- Development Standards:
  - SRO units shall have a minimum size of 150 square feet and a maximum of 1200 square feet.
  - Each unit shall accommodate a maximum of two persons.
  - SRO uses shall provide adequate exterior security lighting.
  - Laundry facilities must be provided in a separate room at the ratio of one washer and one dryer for every twenty units or fractional number thereof, with at least one washer and dryer per floor.

- An SRO unit is not required to, but may contain, partial or full bathroom facilities.
  - A partial bathroom facility shall have at least a toilet and sink; a full facility shall have a toilet, sink and bathtub, shower, or bathtub/shower combination.
  - If a full bathroom facility is not provided, common bathroom facilities shall be provided in accordance with the currently adopted Building Code for congregate residences with at least one full bathroom per 10 units or one per floor, whichever is greater.
- A partial or full kitchen facility may be provided in each unit, but is not required.
  - A full kitchen includes a sink, a refrigerator and stove, range top, or oven. A partial kitchen is missing at least one of these appliances.
  - If a full kitchen is not provided, common kitchen facilities shall be provided with at least one full kitchen per floor. If meals are provided, one large cafeteria or dining facility may substitute for the individual kitchens.
- Each SRO unit shall have a separate closet.
- Each SRO unit shall comply with all requirements of the currently adopted Building Code, and all units and common areas shall meet applicable accessibility and reasonable accommodation requirements.
- Management Standards:
  - An SRO facility with 10 or more units shall provide on-site management.
  - An SRO facility with less than 10 units may provide a management office off-site.
- Tenancy: Tenancy of SRO units shall not be for less than 30 days.
- Existing Structure: An existing structure may be converted to an SRO facility, consistent with the provisions of this section. Any such conversion must bring the entire structure up to current building code standards, including accessibility and adaptability standards, unless otherwise exempted by the City Building Official.

## **Conclusion**

The City's Zoning Ordinance allows SROs by-right in two residential zones and with a Site Plan Review Permit in two Downtown zones. As a result, the Zoning Ordinance is not considered a constraint to the development of single room occupancy units. However, SROs are not permitted in all zones that allow hotels and motels.

## **Recommended Action**

Revise the Zoning Ordinance to allow the development of SROs in zones allowing hotel or motel uses (C-T and C-G zones).

### **G4.3.6 Housing for Persons with Disabilities**

California Government Code Section 65583 requires local jurisdictions to analyze potential and actual government constraints on the maintenance, improvement, and development of housing for people with disabilities. This is to ensure that persons with either physical or mental disabilities are provided reasonable accommodation for access to and the enjoyment of all facilities, including housing. Government Code Section 65583(c)(3) also requires housing elements to provide a program to "...address, and where appropriate and legally possible, remove governmental

constraints to the maintenance, improvement, and development of housing for persons with disabilities.”

This section analyzes if the zoning policies and permitting procedures in Merced impose any constraints on persons with disabilities accessing appropriate and adequate housing in the City.

#### *G4.3.6.1 Definition of Family*

Local jurisdictions may restrict access to housing for households that do not meet the jurisdiction’s definition for “family.” A restrictive definition of “family” that limits the number of individuals living together may illegally limit the development and siting of group homes for persons with disabilities, but not for housing families that are similarly sized or situated.

Merced does not restrict occupancy of unrelated individuals and does not define family or enforce a definition in its Zoning Ordinance.

### **Conclusion**

The City’s definition of “family” is not restrictive.

### **Recommended Action**

None required.

#### *G4.3.6.2 Reasonable Accommodation Procedures*

The federal Fair Housing Act and the California Fair Employment and Housing Act require that cities and counties provide reasonable accommodation where such accommodation may be necessary to afford individuals with disabilities equal housing opportunities. Cities and counties must also consider requests for accommodations related to housing for people with disabilities and provide the accommodation when it is determined to be “reasonable” based on fair housing laws and the case law interpreting the statutes.

Reasonable accommodation is one of the tools intended to further housing opportunities for people with disabilities. These accommodations require that local jurisdictions make modifications or exceptions in their zoning laws and other land-use regulations when accommodations are necessary to afford individuals with disabilities an equal opportunity to use and enjoy a dwelling. For example, it may be a reasonable accommodation to waive a setback requirement so that a paved path of travel can be provided to residents with mobility impairments.

Reasonable accommodation enables developers and providers of housing for people with disabilities a means of requesting from the local government flexibility in the application of land use and zoning regulations or, in some instances, even a waiver of certain restrictions or requirements because it is necessary to achieve equal access to housing.

In an effort to assist residents in providing housing for persons with disabilities, the City adopted a “Reasonable Accommodation” Ordinance in 2009. This Ordinance allows certain deviations from zoning and land use restrictions in order to provide accommodations for persons with disabilities. Additionally, the City adopted and implements the 2022 California Building Code, including Title 24 regulations of the code concerning accessibility for persons with disabilities. The City has not adopted any universal design elements in its Building Code beyond Title 24 requirements.



A request for reasonable accommodation may be made by any person with a disability, their representative, or a developer or provider of housing for individuals with a disability. A reasonable accommodation may be approved only for the benefit of one (1) or more individuals with a disability. All applications for reasonable accommodation shall be heard by a hearing officer as defined in the City's Zoning Ordinance. However, if the project for which the request for a reasonable accommodation is made requires another discretionary permit or approval that is subject to Planning Commission action, the applicant may elect to have the Planning Commission hear the request for a reasonable accommodation and act as the hearing officer at the same time as the other discretionary permit or approval is heard. If the applicant does not request a simultaneous hearing, then the request for a reasonable accommodation shall not be heard until after a final decision has been made by the City regarding the other discretionary permit or approval.

## Conclusion

Merced enforces state requirements related to reasonable accommodation.

## Recommended Action

None required.

### G4.3.7 Planning and Development Fees

The development review process is intended to regulate all projects. Through this process, residential yard size and other open space uses are determined, which in turn control population density for conformance with the General Plan. Regulation is necessary to conserve and stabilize property values, provide adequate open space, diminish street congestion; facilitate adequate community utilities such as transportation, water, sewage, schools, parks, and other public facility requirements; and to safeguard public health, safety, and general welfare.

Table G4-12 describes residential development planning fees for both single- and multi-family development. The City charges various fees and assessments to cover the cost of processing permits and providing certain services and utilities. Development impact fees in Livingston are reasonable in comparison to other jurisdictions in the state and region.

**Table G4-12 Residential Development Planning Fees**

Fee Title	Amount
Annexation Process	
Single R-1 Lot (1 acre or less)	\$1,509
All other annexations	\$3,018 (+\$224/acre)
Design Review (new developments)	\$1,811
Determinations/Interpretations	
By Planning Commission	\$755
By Staff	\$75
Environmental Review	+ \$50 filing fee for all
Categorical Exemption	\$151
Negative Declaration	\$1,509 (+ \$2, 916.75 State Fish and Game Fee)
Mitigated Negative Declaration/Expanded Initial Study	\$7,546 (+ \$2,916.75 State Fish and Game Fee)
Environmental Impact Report	Based on cost (+ \$4,051.25 State Fish and Game Fee)

Merced County Association of Governments  
**Merced County Multi-Jurisdictional Housing Element (2024-2032)**

Fee Title	Amount
Final Subdivision Map Review	\$6,115
Lot Splits/Parcel Maps	\$1,207
Lot Line Adjustment/Lot Mergers	\$604
Building Permit--Planning Site Plan Review (residential)	\$75
Site Plan Review	
Minor	\$906
Major	\$1,509
Tentative Subdivision Maps	
1-50 Lots	\$4,528
50+ Lots	\$7,546
Variance	
Single R-1 Lot	\$1,283
All others	\$1,509
Multiple on one application	\$2,264
Zone Change	\$4,528 (+ \$149/acre)
Zoning Text Amendments	
Standards (Setbacks, signs, etc.)	\$1,509
Land Use (Adding a land use to a zone, adjusting requirements for a specific land use, etc.)	\$2,264
Conditional Use Permit	
Minor	\$755
Regular	\$3,773
Major	\$3,773

Source: City of Merced Planning and Development Fee Schedule, Effective January 1, 2023.  
<https://www.cityofmerced.org/home/showpublisheddocument/18020/638072193062230000>, accessed July, 2023.

Development in the City is typically required to pay a range of development fees, including, water service fee, sewer service fee, and transportation impact fee. In Merced, development impact fees average about \$71,248.26 for a single-family home and about \$42,392.08 per multiple-family unit. The costs of service and infrastructure are nearly twice as much for single-family units than multi-family units. Additionally, the City offers a sliding scale for multi-family affordable housing developments, and a 50 percent discount for infill development.

**Table G4-13 Residential Development Fees**

Impact Fee	Single-Family Unit*	Multi-family Unit
Building Permit	\$2,354.00	\$2,354.00
Site Plan Review	-	\$1,509.00
Design Review	-	\$1,811.00
State Building Permit	\$1.00	\$1.00
Planning Review	\$75.00	\$75.00
Sewer Facility	\$6,185.00	\$6,185.00
Sewer Line/ Pump N Beat Crk	\$1,267.00	\$1,267.00
Water Facility Based on 1"	\$10,074.00	\$10,074.00

Impact Fee	Single-Family Unit*	Multi-family Unit
Residential State Tax (averaged)	\$26.00	\$26.00
Landscape/Watering	\$10.00	\$10.00
Street Tree	\$10.00	\$10.00
Water Meter	\$360.00	\$360.00
Refuse	\$281.51	\$281.51
Recycle	\$148.61	\$148.61
Park	\$662.00	\$662.00
Organics	\$123.96	\$123.96
PFIF 2021	\$12,647.00	\$9,231.00
Tax on Construction	\$1,456.00	
Estimated Totals	\$71,248.26	\$42,392.08

\* Based on 1,600 Square Feet  
Source: City of Merced Single-Family Building Permit Only Estimate, Effective 2023.

In 1998, the City of Merced implemented an impact fee program to pay for needed public facilities and infrastructure related to new development. All new construction is subject to these impact fees. The fees were last updated in January 2024. These impact fees are used to fund needed capital facilities and infrastructure generated by new development over the next 20 years. Capital projects included in the fee calculations are arterial streets, traffic signals, bridges, railroad crossings, fire stations, police facilities, community parks, bikeways, smart technology, and other public facilities. Table G4-14 shows the impact fees per project category compared other jurisdictions in Merced County. Impact fees for both single-family are the highest in the area and multi-family buildings are lower than most nearby jurisdictions in Merced County.

**Table G4-14 Residential Development Fee Comparison**

Jurisdiction	Total Cost Per Unit	
	Single-Family	Multi-family
Atwater	\$22,000	\$14,000
Dos Palos	\$12,435	\$12,435
Gustine	\$27,723	\$22,285
Livingston	\$20,804	\$5,561
Los Banos	\$32,961	\$26,197
Merced (City)	\$36,388	\$8,977
Merced (County)	\$30,996	\$26,423

The City of Merced offers available discounts for certain projects:

- ADUs: No impact fees shall be imposed on ADUs of less than 750 square feet. For an ADU larger than 750 sq. ft., any impact fee shall be charged proportionately in relation to the square footage.
- Infill Development: Within the central area of the City and the Opportunity Zones, impact fees shall be reduced by 50 percent.

- **Affordable Housing:** Fees for affordable housing projects shall be determined on a case-by-case basis depending on the level of affordability, number of affordable units, etc. The determination shall be made by the Director of Development Services but can be appealed to the City Council.
- **Single-Family Homes Smaller than the Average Home Size in Merced:** The average single-family home size in Merced is 1,920 square feet. For homes that are at least 20 percent below that average size, a reduced fee shall be charged proportional to the percent below the average single-family home size.

According to AB 602, a jurisdiction is required to establish a reasonable relationship between the fee charged and the burden posed by the development. The fees are based on new development's "fair share" of the construction costs of new public facilities needed to maintain the existing level of service.

## **Conclusion**

Given that planning and development fees are much lower in Merced than in other small cities in the region, planning and development fees are not a constraint to development.

## **Recommended Action**

None required.

## **G4.3.8 Permit Types**

The City of Merced provides the full range of services relating to the development of property within its city boundaries and Sphere of Influence. Subdivision maps, parcel maps, CUPs, and building plans are all processed by the City.

### **Site Plan Review Permit**

A Site Plan Review Permit is a discretionary action that enables the City to determine a project's compliance with the Zoning Ordinance and ensure that it will not create negative impacts to adjacent properties or the general public. A Site Plan Review Permit is required for all uses and structures allowed under in the Zoning Code Part 2 (Zoning Design Standards) and all uses and structures within the Light Industrial (I-L) and Heavy Industrial (I-H) zoning districts, except for single-family detached dwellings and structures accessory to single-family detached dwellings.

Site Plan Review Permits are reviewed by the Site Plan Review Committee, which consists of three members holding the positions of the Chief Building Official, Director of Development Services, and the City Engineer or their respective designees. The Site Plan Review Committee may approve an application for a Site Plan Review Permit only if all of the following findings can be made:

- The proposed project is consistent with the General Plan, and any adopted area, specific, community, or neighborhood plan.
- The proposed project complies with all applicable provisions of the Zoning Ordinance and Municipal Code.
- The design and layout of the proposed project will not interfere with the use and enjoyment of existing and future neighboring properties and structures.
- The proposed architectural design makes use of appropriate materials, texture and color, and will remain aesthetically appealing and appropriately maintained.

- Any proposed landscaping design, including color, location, size, texture, type, and coverage of plant materials, as well as provisions for irrigation, maintenance, and protection landscaping elements, will complement structures and provide an attractive environment.
- The proposed design will not be materially detrimental to the public health, safety, or welfare, or be injurious to the property or improvements in the vicinity of the proposed project.

Site Plan Review requires the Site Plan Review Committee to determine what constitutes as interference with use and enjoyment of neighboring properties, what is appropriate architectural design that is aesthetically pleasing, and what constitutes as materially detrimental to the public health safety or welfare. These findings are subjective and require the interpretation and discretion of the Site Plan Review Committee. This adds time to the review and creates an unpredictable development review process.

### **Conditional Use Permits/Minor Use Permit**

A conditional use permit (CUP) or minor use permit (MUP) is required for uses that are generally appropriate within a zoning district but potentially unsuitable in a particular location or in large numbers. A CUP or MUP is a discretionary action that enables the City to ensure that a proposed use is consistent with all general plan goals and policies and will not create negative impacts to adjacent properties or the general public. A CUP is reviewed by the Planning Commission, and an MUP is reviewed by the Director of Development Services. The Director of Development Services may refer MUP applications to the Planning Commission for review and final decision. A CUP is subject to a public hearing. the Planning Commission may approve an application for a CUP or MUP only if the following findings can be made:

- The proposed use is consistent with the purpose and standards of the zoning district, the general plan, and any adopted area or neighborhood plan, specific plan, or community plan.
- The location, size, design, and operating characteristics of the proposed use will be compatible with the existing and future land uses in the vicinity of the subject property.
- The proposed use will not be detrimental to the public health, safety, and welfare of the city.
- The proposed use is properly located within the city and adequately served by existing or planned services and infrastructure.

### **Design Review Permit**

A design review permit is required for most types of development in portions of downtown Merced and areas directly west of the downtown area. A design review permit is a discretionary action that enables the Planning Commission and staff to ensure high quality development that enhances the visual qualities of Merced and creates and supports the City's economic development objectives. The Planning Commission takes all actions on design review permit applications, except for certain minor modifications such as change in exterior paint color, signage, or façade improvements, or minor new structures. These items are reviewed by Development Services Department staff. Public hearings are only required for those Design Review Permits which go to the Planning Commission for approval, not staff-level reviews.

All new structures and modifications to existing structures review a design review permit, except for the following:

- Single-family detached dwellings;
- Structures accessory to single-family detached dwellings; and,

- Structures located in the I-L and I-H zoning districts, which are subject to Site Plan Review Permits instead.

When reviewing design review permit applications, the Planning Commission or City staff may consider the following design review principles:

- Review of architectural character shall not be so restrictive that individual initiative is stifled in the design of any particular building or site. Rather, review exercised shall be the amount necessary to achieve the overall purpose and objective of the design review process.
- Good architectural character is based upon the suitability of a building and site for its purposes; upon the appropriate use of sound materials, good relationship with other structures, and the character of the city; and upon the principles of harmony, preparation and design in the elements of the building and site.
- Review of sign graphics shall be based upon suitability of the sign colors, placement, design to overall building design, and adjacent sign themes. The Planning Commission or City staff shall consider the extent, design and location of all temporary signs as well as permanent signs in the review of sign graphics.

The reviewing authority may approve an application for a design review permit application only if all of the following findings can be made:

- The proposed project is consistent with the General Plan, and any adopted area, community, specific, or neighborhood plan.
- The proposed project complies with all applicable provisions of the Zoning Ordinance and Municipal Code.
- The design and layout of the proposed project will not interfere with the use and enjoyment of existing and future neighboring properties and structures.
- The proposed building design makes use of appropriate materials, texture and color, and will remain aesthetically appealing and appropriately maintained.
- The proposed design will not be materially detrimental to the public health, safety, or welfare, or be injurious to the property or improvements in the vicinity of the proposed project.

Design review requires the reviewing authority to determine what constitutes as interference with use and enjoyment of neighboring properties, what is appropriate and aesthetically pleasing architectural design, and what constitutes as materially detrimental to the public health safety or welfare. These findings are subjective and require the interpretation and discretion of the reviewing authority. This adds time to the review and creates an unpredictable development review process.

### **Minor Modification**

A Minor Modification allows for small deviations from development standards to accommodate projects which meet the needs of property owners, are consistent with the purpose of the Zoning Ordinance and general plan, and do not negatively impact neighboring properties or the community at large. Minor Modifications are reviewed by the Director of Development Services. No public notice and hearing shall be required for a Minor Modification application.

To approve a minor modification application, the Director of Development Services shall make all of the following findings:

- The modification will be compatible with adjacent structures and uses and is consistent with the character of the neighborhood or zone where it is located.
- The modification will not adversely impact neighboring properties or the community at large.
- The modification is necessary due to unique characteristics of the subject property, structure, or use.
- Unique characteristics necessitating the modification generally do not apply to other properties in the vicinity or in the same zoning district as the subject property.
- There are no feasible design alternatives that meet the project objectives while eliminating the need for the requested modification.
- The modification will be consistent with the purpose of the zoning district, the general plan, and any adopted area, community, or neighborhood plan.
- The modification will not establish an undesirable precedent.

The Director of Development Services is required to determine what constitutes an adverse effect on neighboring properties or the community at large. This finding is subjective and requires the interpretation and discretion of the Director of Development Services. This adds time to the review and creates an unpredictable development review process.

## **Variance**

A Variance is a discretionary permit that allows for deviation from physical development standards contained in the Zoning Ordinance. A Variance may be granted only when the strict application of development standards creates a unique hardship due to an extraordinary situation or circumstance associated with the property. The Planning Commission, acting as the Board of Zoning Adjustment, takes action on all variance applications. At least four members of the Planning Commission are required to vote to approve a variance. A public hearing is required, and the Planning Commission may approve an application for a variance only if all of the following findings can be made:

- There are unique circumstances applicable to the subject property, including size, shape, topography, location, or surroundings, that do not generally apply to other properties in the vicinity or in the same zoning district as the subject property. Unique circumstances required for approval of a variance shall not include conditions created by any act of the property owner or occupant; personal, family, or financial conditions; loss of prospective profits; or neighboring violations.
- The strict application of the Zoning Ordinance requirements would deprive the subject property of privileges enjoyed by other property in the vicinity or in the same zoning district as the subject property.
- The variance is necessary to preserve a substantial property right possessed by other property in the vicinity or in the same zoning district as the subject property.
- The variance will not be materially detrimental to the public health, safety, or welfare, or be injurious to the property or improvements in the vicinity or in the same zoning district as the subject property.
- The variance does not constitute a grant of special privilege inconsistent with the limitations upon other properties in the vicinity or in the same zoning district as the subject property.
- The variance complies with applicable standards in the Zoning Ordinance, other City ordinances, the general plan and any other applicable community, neighborhood, specific, or area plan adopted by the City. The findings are subjective but variances are rare, and do not pose a constraint to the development of housing.

## **Zoning Ordinance and General Plan Amendments**

A request for an amendment to the General Plan Land Use Map or text or an amendment to the Zoning Ordinance Map or text may be initiated by the City Council, the Planning Commission (with the concurrence of the City Council); or the Director of Development Services (with the concurrence of the City Council). Map amendments to the General Plan or Zoning Ordinance may be initiated by one or more owners of the property for which the amendment is sought. Text amendments to the General Plan or Zoning Ordinance may be initiated by any resident, property owner, or business owner in the city. The Planning Commission conducts a public hearing and makes a recommendation to the City Council. The City Council then conducts a public hearing and makes a determination on the amendment.

## **Conclusion**

As noted above, there are several development review processes that require subjective determinations from the reviewing authority. This is a constraint to the development of housing.

## **Recommended Action**

Amend the required findings for Site Plan Permits, CUPs, Design Review Permits, MUPs, and minor modifications, to remove subjective judgments from the review process, in accordance with SB 330.

The City will implement Program 6 *Zoning Code Amendments* to remove subjective judgement from the CUP, site plan, and minor modification reviews and provide objectives with regard to what constitutes an impairment to the integrity and character of the zoning district, thereby streamlining the review of multi-family projects.

## **G4.3.9 Permit Procedures and Processing Times**

While permit processing and development review are necessary to ensure that development proceeds in an orderly manner, permit processing fees, the costs of studies, and implementation of conditions, as well as time consumed, can impact the cost of housing development.

The processing time needed to obtain development permits and required approvals is commonly cited by the development community as a prime contributor to the high cost of housing. Depending on the magnitude and complexity of the development proposal, the time which elapses from application submittal to project approval may vary considerably. Processing times for development review vary, based on the size of the project and the extent of environmental review required, and can range from 38 days to more than a year if an EIR is required.

When residential projects are initiated in the City, specific approvals are required that involve permits and inspections. The most common housing applications and permit processing times are indicated in Table G4-15. Depending on the level of environmental review required, the processing time for a project may be lengthened.



**Table G4-15 Timelines for Permit Procedures**

Type of Approval or Permit	Typical Processing Time	Approval Body
Annexations	18-24 months	City Council
Conditional Use Permit	6-12 weeks	Planning Commission
Subdivision Parcel Map	3-5 weeks	Minor Subdivision Committee
General Plan Amendments	12 weeks	City Council
Zone Change	12 weeks	City Council
Subdivision Tract Map (Tentative)	8-12 weeks	Planning Commission
Planned Development Establishment	12 weeks	City Council

Source: Merced City Zoning Ordinance, adopted 2022.

Table G4-16 shows the typical processing procedures by project type for Merced. As shown, single-family units have the shortest estimated processing times (one week) while planned unit development has the longest (3-4 months).

**Table G4-16 Typical Processing Procedures by Project Type**

One Single-Family Unit (Weeks)	Subdivision (Weeks)	Multi-family Units (Weeks)	Planned Unit Development (Weeks)
	Design Review (2-4)	Design Review (2-4)	Design Review (2-4)
Site Plan (3-4)	Site Plan (3-4)	Site Plan (3-4)	Site Plan (3-4)
	Tentative Map (6-9)	Conditional Use Permit (6-9)	Conditional Use Permit (6-9)
	Environmental Assessment (12)	Environmental Assessment (0-12)	Environmental Assessment (12)
	Final Map (10)		
Total 3-4 Weeks	33-39 Weeks	11-29 Weeks	23-29 Weeks

Source: City of Merced, 2023.

## Building Permits

Building permit review timelines for all projects are as follows depending on complexity and scope of work:

- First review: 1 to 20 working days
- Second review: 1 to 15 working days
- Third review: 1 to 15 working days
- Fourth review: 1 to 10 working days
- Fifth review: 1 to 10 working days

## State Streamlining

Under the 5<sup>th</sup> Cycle Housing Element reporting period (2015-2023), the City of Merced has made insufficient progress toward its lower-income RHNA and is subject to SB 35 streamlining provisions for projects that include at least 50 percent affordability. SB 35 requires that eligible projects be reviewed for compliance and consistency with the City's objective standards and are not subject to discretionary processes, such as CEQA environmental review and public hearings. Eligible projects with 150 units or fewer must be approved within 90 days and projects with more than 150 units

must be approved within 180 days. In addition, AB 1397 requires that 5th cycle opportunity sites re-used in the 6th cycle and identified to accommodate lower-income units (very low-income and low-income) be subject to by-right approval if projects include 20 percent affordable units for lower-income households on-site. The City has not adopted procedures for processing SB 35 applications nor have they created a checklist for SB 35 applications.

## **Conclusion**

Permit procedures and processing times are not considered a constraint to development, however the City should adopt a process for SB 35 applications.

## **Recommended Action**

The City will implement Housing Program 6 to amend the Zoning Code to establish written procedures for SB 35 projects.

### **G4.3.10 Transparency in the Development Review Process**

To increase transparency in the development process, the City's website publishes resources that help developers and homeowners navigate the residential development and home improvement processes. Specifically, the Planning Division webpage (<https://www.cityofmerced.org/departments/development-services/planning-division/application-forms-and-fees>) provides an overview of the development review process through links to applications and fees. The Municipal Code, forms and handouts, Checklists, zoning maps, and other documents are available online. The City also provides contact information for the Planning Division. This helps increase transparency in the development review process. The City's Planning Division website complies with the new transparency requirements in California Government Code Section 65940.1(a)(1).

## **Conclusion**

The City's website provides all the necessary information and resources required by the State and is therefore in compliance with State law.

## **Recommended Action**

None Required.

### **G4.3.11 Short-Term Housing Rentals**

The City of Merced does not regulate short-term rental housing in the city, however, ADUs and JADUs are required to have a rental term of at least 30 consecutive days or more.

## **Conclusion**

Short-term rentals (STRs) are defined as rental of part or all of a residential dwelling unit to paying occupants for less than 30 days. STRs are typically advertised and booked through online platforms such as Airbnb and VRBO. Each unit used as an STR is not available for long-term housing on the rental market, decreasing the supply of available housing. A reduced supply of long-term housing causes an increase in rents. While the City prohibits short term rentals in ADUs and JADUs, making them available for long-term rental housing, the lack of STR regulation overall may cause a constraint to the availability of long-term rental housing.

## Conclusion

Short-term rentals are not considered a constraint.

## Recommended Action

None Required.

### G4.3.12 Code Enforcement

The City of Merced currently enforces the 2022 California Building Code (CBC). Code Enforcement is responsible for the enforcement of the CBC within Merced to address residential and commercial structures that are dangerous, substandard, blighted, or vacant. Building owners are legally required to maintain their buildings and property to the standards set forth in the City Housing, Dangerous Building and Property Maintenance Codes. City and State Codes also mandate that tenants or other persons who are in control of a property, building, residence, apartment, or parcel of land are legally required to maintain their living, common areas, yards, and lots in a safe and clean condition. Building Code enforcement is conducted through scheduled inspections of new construction, remodeling, and rehabilitation projects. Inspections are also conducted in response to public complaints or an inspector's observation that construction is occurring without proper permits.

## Conclusion

Enforcement of the CBC ensures a safer housing condition and does not pose a constraint to the development of housing in Merced.

## Recommended Action

None required.

### G4.4 Environmental Constraints

A community's environmental setting affects the feasibility and cost of developing housing. Environmental issues range from the availability of water to the suitability of land for development due to potential exposure to seismic, flooding, wildfire, and other hazards. If not properly recognized and accommodated in residential design, these environmental features could potentially endanger lives and property. This section summarizes environmental constraints to housing development in the city.

#### G4.4.1 Flood

Merced County has a number of surface water resources including rivers, creeks, reservoirs, and canals. These resources include three rivers (Merced, San Joaquin, and Chowchilla), seven major creeks (Quinto, Romero, Bear, Los Banos, Owens, Mariposa, and Deadman), five reservoirs (San Luis, O'Neil Forebay, Los Banos Creek, and Burns), and four major canals (Delta-Mendota, San Luis, the California Aqueduct, and Eastside).

Flood is a natural occurrence in the Central San Joaquin Valley. The Valley is a natural drainage basin for thousands of acres of foothill and mountain land of the Sierras. Approximately 750,000 acres in the San Joaquin Subbasin are prone to flooding. In Merced County, the flood plains of the San Joaquin and Merced Rivers and their tributaries encompass nearly one half of the Valley floor.

Merced County has an area of roughly 380,010 acres of land that is subject to 100-year frequency floods.

The overall significance of the flood hazard is high. Flood zone mapping by the Federal Emergency Management Authority (FEMA) indicates that approximately 25 square miles of land in Merced is subject to 100-year or more frequent floods.<sup>3</sup> According to the Merced County Multi-Jurisdictional Hazard Mitigation Plan (MCMJHMP), 48 percent of Merced's buildings are in the floodplain, and the city accounts for 59% of the total estimated losses in the 100-year floodplain in the county.<sup>4</sup>

The State of California has adopted legislation that requires jurisdictions to prepare maps, goals, policies, implementation measures and regulations based on a 200-year flood event. According to the City's Safety Element, the City requires the construction of storm water percolation/detention basins with new development per the City's Storm Water Master Plan. Additionally, the City's Building Code includes methods for reducing flood losses, including requiring development permit applications in flood hazard areas to demonstrate that all new construction is flood-resistant and elevated.

#### G4.4.2 Seismic Zones

The nearest faults of major significance to Dos Palos are the San Andreas to the west, approximately 15 miles from the county line; the Hayward and Calaveras faults to the northwest; the White Wolf, Garlock, and Sierra Nevada faults to the south; and the Bear Mountain Fault Zone about five miles east of and parallel to the eastern border of Merced County. These faults have been and will continue to be the principal source of seismic activity affecting the County of Merced, including the City of Dos Palos. The only fault known inside the County is the "Ortigalita", also known as the "Telsa-Ortigalita Fault", located in the western quarter of the County, dissecting the Coast Range in a northwesterly direction. Historically, this fault has not been. There have been no records of major seismic activity originating in the county, with most epicenters in the county being below a magnitude 4.0. There are no Alquist Priolo Earthquake Fault Zones in Merced, nor is the City in an Earthquake Zones of Required Investigation.<sup>5</sup> According to the MCMJHMP, Merced is subject to occasional earthquakes of critical severity.<sup>6</sup>

#### G4.4.3 Wildland/Urban Fire Hazards

Fire hazard potential is largely dependent on the extent and type of vegetation, known as surface fuels, that exists within a region. Fire hazards are typically highest in heavily wooded, undeveloped areas as trees are a greater source of fuel than low-lying brush or grassland. Suburban, urban areas, or rocky barren areas have minimal surface fuels and therefore typically have the lowest fire hazard.

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<sup>3</sup> FEMA. National Flood Hazard Layer (NFHL) Viewer. <https://hazards-fema.maps.arcgis.com/apps/webappviewer/index.html?id=8b0adb51996444d4879338b5529aa9cd>, accessed July, 2023.

<sup>4</sup> Merced County. Merced County Multi-Jurisdictional Hazard Mitigation Plan.2021. <https://web2.co.merced.ca.us/pdfs/oes/MercedCounty-MJHMP-2021-2016.pdf>, accessed July 2023.

<sup>5</sup> California Department of Conservation. Earthquake Zones of Required Investigation. <https://maps.conservation.ca.gov/cgs/EQZApp/app/>, accessed July, 2023.

<sup>6</sup> Merced County. Merced County Multi-Jurisdictional Hazard Mitigation Plan.2021. <https://web2.co.merced.ca.us/pdfs/oes/MercedCounty-MJHMP-2021-2016.pdf>, accessed July 2023.

The California Department of Forestry and Fire Protection (CAL FIRE) ranks fire hazard of wildland areas of the state using four main criteria: fuels, weather, assets at risk, and level of service. CAL FIRE has mapped moderate and High Fire Hazard Severity Zones (FHSZ) in Merced County.<sup>7</sup> While there are no fire severity zones within the city boundaries, a moderate FHSZ is located approximately two miles northeast of the City's boundary. According to the MCMJHMP, there is a high likelihood of future wildfires within the city, but the severity will be negligible and geographic extent is limited.<sup>8</sup>

## **Conclusion**

Environmental constraints in Merced are not considered a constraint to development.

## **Recommended Action**

None required.

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<sup>7</sup> CAL FIRE. Fire Hazard Severity Zones in State Responsibility Area 2023. <https://calfire-forestry.maps.arcgis.com/apps/webappviewer/index.html?id=988d431a42b242b29d89597ab693d008>, accessed July 2023.

<sup>8</sup> Merced County. Merced County Multi-Jurisdictional Hazard Mitigation Plan. 2021. <https://web2.co.merced.ca.us/pdfs/oes/MercedCounty-MJHMP-2021-2016.pdf>, accessed July 2023.

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## G5 Affirmatively Furthering Fair Housing (AFFH)

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### G5.1 Introduction

This section of the housing element analyzes issues relating to fair housing for the City of Merced. This analysis is based on the directives from State Assembly Bill (AB) 686. Background information on AB 686, countywide fair housing services, data sources, and analysis of the regional Affirmatively Furthering Fair Housing (AFFH) issues are included in Chapter 5, *Regional Assessment of Fair Housing*.

### G5.2 Methodology

This local AFFH analysis evaluates fair housing issues on the following topics:

- Fair Housing Enforcement and Outreach Capacity
- Integration and Segregation Patterns and Trends
- Racially and Ethnically Concentrated Areas of Poverty
- Disparities in Access to Opportunity
- Disproportionate Housing Needs
- Other Relevant Factors, including median income, limited English proficiency, and housing stock type
- Analysis of Housing Site Inventory using AFFH indicators
- Local Area Knowledge, which includes a discussion of historic land use and segregation patterns and input from sources of local knowledge, including advocates for people with special needs, housing development and advocacy organizations, housing and social services providers, and low-income residents

This analysis identifies patterns and trends at the local scale. Where appropriate, the analysis refers to the regional AFFH analysis provided in Chapter 5, *Regional Assessment of Fair Housing*, which analyzes patterns and trends of the county and Northern San Joaquin Valley (SJV) Subregion comprised of San Joaquin, Stanislaus, and Merced Counties.

For the purposes of this analysis, the city is divided into six neighborhoods: District 1, District 2, District 3, District 4, District 5, and District 6 (Figure G5-1). These neighborhoods reflect the City Council Districts adopted on March 7, 2022 and are discussed further in Chapter G6, *Housing Resources*. These districts were determined through an extensive deliberation process that included substantial community involvement and public comment. Therefore, these districts reflect neighborhood boundaries supported by many of the city's residents. In addition, these districts mostly follow the boundaries of census tracts within the city, which makes geographical analysis of census data more straightforward. Most of the geographic analysis of fair housing issues in Merced is based on the California Housing and Community Development (HCD) AFFH Data Viewer described in Chapter 5, *Regional Assessment of Fair Housing*. The AFFH Data Viewer relies on information provided by the Census and other data sources at the census tract and block group level.

A total of 19 census tracts cover the city, with some tracts spanning areas outside of the city boundary. This can skew the data presented in the analysis; therefore, we have noted where this may apply. The census tracts that make up each neighborhood include:

- **District 1:** Overlaps with six census tracts (Census Tract 14.01, Census Tract 16.01, Census Tract 16.04, Census Tract 17.00, and Census Tract 26.01). District 1 includes a variety of zoning districts, including Low, Medium, and High Density Residential, Planned Development, multiple commercial districts, and Light and Heavy Industrial. This district also contains land used for agricultural uses.
- **District 2:** Overlaps with five census tracts (Census Tract 13.02, Census Tract 15.01, Census Tract 15.02, Census Tract 15.03, and Census Tract 16.03). District 2 includes a variety of zoning districts, including Low, Medium, and High Density Residential, Restricted Agricultural, Light Industrial, and several commercial districts.
- **District 3:** Overlaps with six census tracts (Census Tract 13.01, Census Tract 13.02, Census Tract 14.01, Census Tract 14.02, Census Tract 15.01, and Census Tract 15.02). District 2 includes areas zoned Low, Medium, and High Density Residential, Neighborhood Commercial, Office Commercial, Commercial Shopping Center, and Thoroughfare Commercial. Downtown Merced, which supports a variety of commercial (including retail, office, and entertainment uses) and mixed-use development is located in District 3.
- **District 4:** Overlaps with four census tracts (Census Tract 1.01, Census Tract 12.00, Census Tract 18.01, and Census Tract 26.02). District 4 primarily consists of areas zoned Low Density Residential with small areas zoned Medium Density Residential, Neighborhood Commercial, and Planned Development.
- **District 5:** Overlaps with seven census tracts (Census Tract 10.03, Census Tract 10.04, Census Tract 10.06, Census Tract 10.05, Census Tract 10.08, Census Tract 13.01, and Census Tract 15.01). Several of these census tracts overlap areas of the unincorporated part of Merced County. District 5 includes areas zoned Low Density Residential, Planned Development, Light Industrial, and small amounts of High Density Residential.
- **District 6:** Overlaps with five census tracts (Census Tract 10.06, Census Tract 10.07, Census Tract 10.08, Census Tract 18.01, and Census Tract 25.00). Four of the five census tracts overlap large areas of the unincorporated part of Merced County. District 6 includes Merced College and primarily consists of land zoned Planned Development (mostly consisting of single-family residential neighborhoods) and Low Density Residential, with small areas zoned Office Commercial District, Medium Density Residential, and Restricted Agricultural.

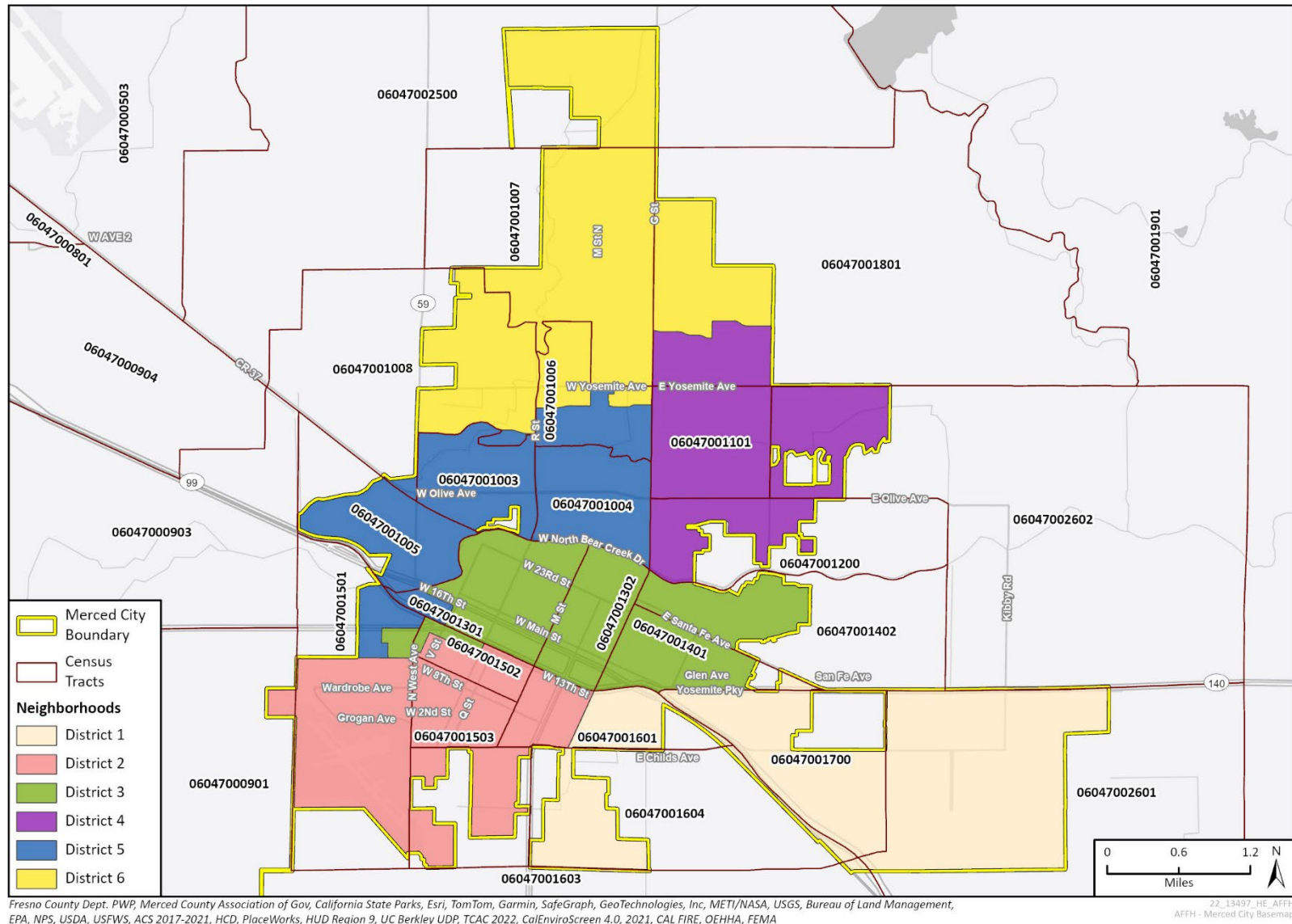
The University of California, Merced (UC Merced) is located northeast of the city. UC Merced has a student population of almost 10,000 students, including undergraduate and graduate students. According to UC Merced, approximately 4,200 students live on campus and the remaining student population lives off campus.<sup>1</sup>

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<sup>1</sup> University of California, Merced. 2023. Bobcats Returning to New Features and Opportunities at UC Merced  
<https://news.ucmerced.edu/news/2023/bobcats-returning-new-features-and-opportunities-uc-merced>



Figure G5-1 Merced Neighborhoods



Source: AFFH Data Viewer, 2023.

## G5.3 Data Sources

To conduct this analysis, the city utilized data from a variety of sources discussed in Chapter 5, *Regional Assessment of Fair Housing*. In addition, documents like the Consolidated Plan and Analysis of Impediments (AI) were used to identify local issues that impede fair housing choice. These documents are outlined below. The analysis also includes a discussion of historic land use and segregation patterns and input from sources of local knowledge, including advocates for people with special needs, housing development and advocacy organizations, housing and social services providers, and low-income residents.

### **City of Merced Consolidated Plan**

The United States (U.S.) Department of Housing and Urban Development (HUD) Consolidated Plan is used by the federal government, states, and local jurisdictions to assess affordable housing and community development needs and is a required document for jurisdictions to be eligible for federal HUD grant programs. The City of Merced is required to submit a federally mandated Consolidated Plan every five years, and an Annual Action Plan, in order to receive its annual Community Development Block Grant (CDBG) entitlement grant.<sup>2</sup> The Consolidated Plan guides Merced in allocating federal CDBG and HOME funding to support projects and programs to benefit low- and moderate-income residents and increase housing and economic opportunities. The Annual Action Plan summarizes programs and projects that will be funded by the annual grants to achieve the goals and objectives of the Consolidated Plan. Merced's Consolidated Plan goals include improving public infrastructure and facilities, improving housing opportunities for low-income households through new affordable housing, providing owner-occupied housing rehabilitation, providing assistance for supportive housing, providing vital services to low- and moderate-income households, providing homeless prevention and support services, and enhancing fair housing knowledge.

### **City of Merced Analysis of Impediments (AI)**

As part of the CDBG program certification process and prior to HUD's reinstatement of the AFFH standards in 2020, participating jurisdictions prepared an analysis of impediments to fair housing choice every five years. The City of Merced 2020-2024 AI is intended to identify discrimination and increase fair housing choices for residents across the city. The AI addresses fair housing issues on both a regional/countywide level and in the city of Merced. The AI provides an assessment of the local laws, ordinances, statutes, and administrative policies, as well as local conditions that affect the location, availability, and accessibility of housing. It also analyzes the conditions in the private market and public sector that may limit the range of housing choices or impede a person's access to housing and provides solutions and measures to mitigate or remove identified impediments.<sup>3</sup>

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<sup>2</sup> Merced, City of. 2020. City of Merced 2020-2024 Five Year Consolidated Plan and 2020 Annual Action Plan. <https://www.cityofmerced.org/home/showpublisheddocument/15059/637654911015170000>

<sup>3</sup> Merced, City of. 2020. Analysis of Impediments to Fair Housing Choice. <https://www.cityofmerced.org/home/showpublisheddocument/17495/637999882852500000>

## G5.4 Summary of AFFH Analysis Findings

Merced’s racial and ethnic composition is predominantly Hispanic/Latino. The city has a high percentage of non-white and low-income residents. The city has high rates of poverty, low median household incomes, and a high percentage of LMI residents. Large portions of the city consist of areas considered low resource and high poverty and segregation. The prevalence of low resource areas in these neighborhoods is a result of lack of access to transit, lack of economic opportunities such as access to jobs, restrictive zoning and land use patterns, high pollution burden, and high social vulnerability of residents. A large percentage of residents in Merced, particularly renters, are experiencing cost burden (spending more than 30 percent of household income on housing costs) and overcrowding.

## G5.5 Fair Housing Resources

### Enforcement and Outreach Capacity

The City of Merced contracts with Project Sentinel, a nonprofit organization, that provides fair housing information and resources to residents and housing providers. Project Sentinel investigates complaints involving housing discrimination and predatory lending practices to ensure compliance with federal and state housing laws. Organizations providing fair housing services throughout the County are discussed in Chapter 5, *Regional Assessment of Fair Housing*. There are no active or recent fair housing lawsuits, settlements, or legal cases in the city of Merced.

## G5.6 Compliance with Fair Housing Laws

The City of Merced complies with the following state and federal fair housing laws:

- Fair Housing Act; Title VI of the Civil Rights Act of 1964 – the City complies by ensuring its actions related to housing are not discriminatory through City protocols, decision-making procedures, and adhering to non-discrimination requirements of federal funding programs.
- Rehabilitation Act of 1973 – see Fair Housing Act; also, the City complies through its accessibility protocols, administered and enforced by the City’s ADA/504 Coordinator.
- American Disabilities Act – the City complies with ADA through building permit review and issuance and as described in Chapter G4, *Housing Constraints Analysis*, under the heading Housing for Persons with Disabilities).
- California Fair Employment and Housing Act (FEHA) and FEHA Regulations – the City complies through established City protocols for hiring and decision making, mandatory trainings for City staff, and legal counsel and advisement.
- Government Code Section 65008 – the City ensures that the City’s actions are not discriminatory through training programs conducted by the City’s Human Resources Department. Programs are included in this Housing Element to facilitate housing for all households, including protected classes (e.g., programs regarding residential care facilities, reasonable accommodation, and emergency shelters), Program 7 *Facilitating Affordable Housing Development*.
- Government Code Section 8899.50 – Chapter G5, *Assessment of Fair Housing*, of this Housing Element documents compliance with Affirmatively Furthering Fair Housing requirements.

- Government Code Section 11135 et. seq. – the City complies with anti-discrimination requirements through the City’s Human Resources programs and the City’s procurement protocols.
- Density Bonus Law (Government Code Section 65915) – the City must update its density bonus provisions in compliance with the Density Bonus Law as described in Chapter G4, *Housing Constraints Analysis*, and Program 6 *Zoning Code Amendments*.
- Housing Accountability Act (Government Code Section 65589.5) – the City has documented compliance with the HAA as described in Chapter G4, *Housing Constraints Analysis*.
- No-Net-Loss Law (Government Code Section 65863) – the City has documented compliance with sufficient capacity for RHNA and will ensure compliance with Program 2 *Adequate Sites for RHNA and Monitoring of No Net Loss*.
- Least Cost Zoning Law (Government Code Section 65913.1) – the City includes programs in this Housing Element to ensure that sufficient land is zoned with appropriate standards to accommodate its RHNA, Program 2 *Adequate Sites for RHNA and Monitoring of No Net Loss*.
- Excessive subdivision standards (Government Code Section 65913.2) – the City’s subdivision standards are typical or not excessive in compliance with the Government Code, as described in Chapter G4, *Housing Constraints Analysis*
- Limits on growth control (Government Code Section 65302.8) – while the City considers its Sphere of Influence as the ultimate urban growth boundary, this area extends beyond the current city limits. In addition, the City can expand the Sphere of Influence, thereby increasing the areas planned for development. The City increased the Sphere of Influence during the previous General Plan update in 2012 to encompass a total of 33,463 acres. Therefore, there are no limits on growth control that would discourage housing development in the city.

## G5.7 Ability to Address Complaints

According to the AI, between January 2019 and June 2020, Project Sentinel fielded 54 inquiries from city residents. These inquiries cover a range of topics addressing issues of eviction, fair housing, habitability, and other rental problems. Of the 54 inquiries received, 15 inquiries, or approximately 28 percent, were in regard to eviction practices. Along with providing guidance, Project Sentinel also makes referrals to other agencies and provides information on other resources that may assist the resident in solving their issue.

The California Civil Rights Department (CRD), formerly the Department of Fair Employment and Housing (DFEH), maintains a record of housing discrimination complaints filed in local jurisdictions. HUD’s Office of Fair Housing and Equal Opportunity (FHEO) also collects fair housing complaint data. Fair housing complaints may be filed with either the CRD or FHEO, however, the FHEO may refer complaints to the state or local agency for investigation. According to the AI, between 2015 and 2019, 13 fair housing complaints were filed in the city. Overall, disability/accessibility-related discrimination comprised the largest proportion of cases (50 percent), followed by retaliation (20 percent). Of the 13 complaints, five (39 percent) were closed with conciliation or a successful settlement. The remainder were either dismissed for lack of jurisdiction or had a no cause determination.

## G5.8 Segregation and Integration Patterns and Trends

### Race and Ethnicity

According to the U.S. Census Bureau, District 2 in the southern area of Merced is the most diverse part of the city with more than 80 percent of residents in the eastern part of the neighborhood identifying as non-white (Figure 5.1-2). Comparatively, the relatively more urban and densely populated northeastern and central areas of the city are less diverse and contain a higher percentage of white residents, in particular District 4 has the highest percentage of white residents, with between 20 to 60 percent of residents identifying as white. The percentage of non-white residents in Merced is similar to the racial/ethnic makeup across the larger cities within the Northern San Joaquin Valley (SJV) region.

From 2011 to 2021, the city's white population as a share of the total population decreased, however the racial/ethnic diversity of the city remained fairly consistent. During this time period, the percentage of the city's population that identify as white decreased six percent. The percent of the city's population that identify as Hispanic/Latino increased by eight percent (Table G5-1). The percent of the city's population that identify as Asian American/Pacific Islander, Black/African American, and Native American/Native Alaskan decreased during this time. Hispanic/Latino residents remained the largest racial/ethnic group in the city, equaling over half (58 percent) of the total population in 2021.

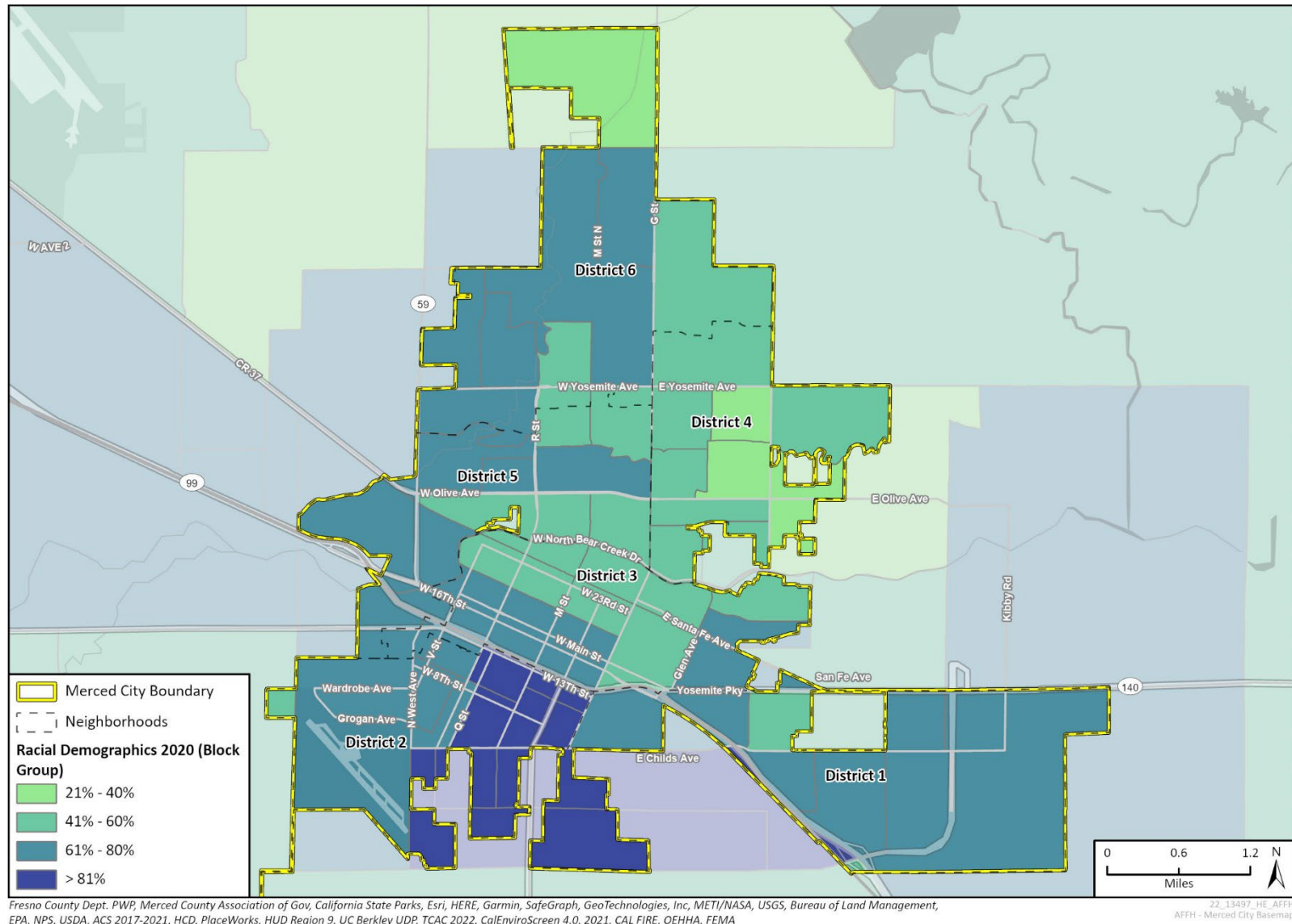
**Table G5-1 Population by Racial Group (City of Merced)**

Race	Percent of Population	
	2011	2021
Hispanic/Latino (of any race)	49.6%	58.1%
<b>Not Hispanic/Latino</b>		
White	29.5%	23.8%
Asian American/Pacific Islander	11.5%	10.8%
Other or Multiple Races	2.2%	3.0%
Black/African American	6.5%	3.9%
Native American/Native Alaskan	0.8%	0.4%
Source: U.S. Census Bureau, American Community Survey 5-Year Data (2007-2011, 2017-2021), Table DP05.		

The AFFH Data Viewer identifies the degree to which areas have a predominant racial/ethnic majority. The predominant racial/ethnic group in each census tract is that with the largest population. Most of the city is predominantly Hispanic/Latino. However, District 4 and District 6 in the northern and northeastern areas of the city has a predominantly white population (Figure G5-3).

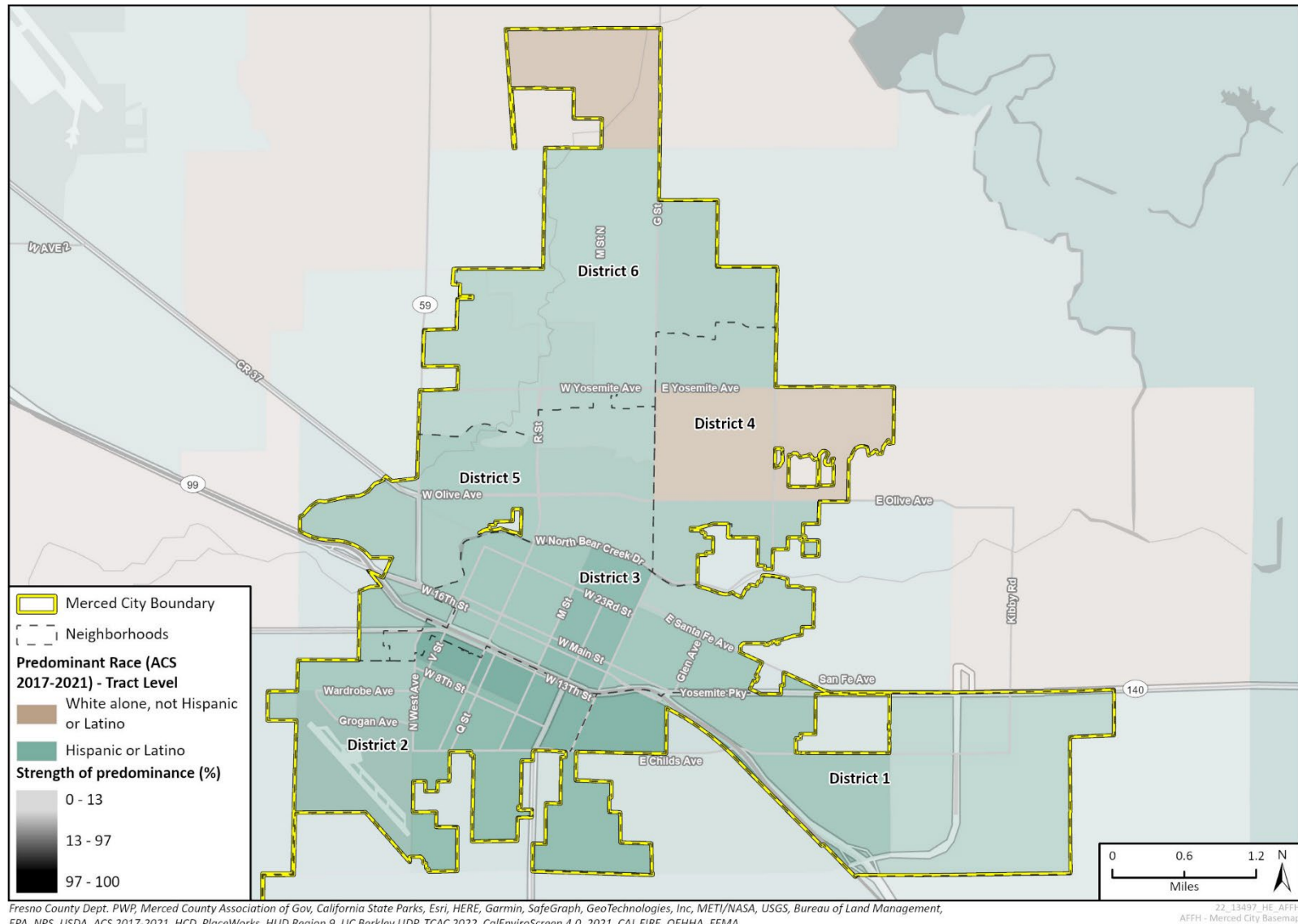
According to the Othering and Belonging Institute (OBI) racial segregation/integration data, most neighborhoods in Merced are considered to have low-to-medium segregation (Figure G5-4). However, there are portions of the city that have observed trends of high segregation, as well as portions that are racially integrated. A portion of the District 2 closest to Highway 99 is the only portion of the city with high segregation for people of color. District 3 and District 1 are racially integrated. The northern portion of District 1 is characterized as having high white segregation; however, this portion of the neighborhood is within a census tract that stretches beyond the city boundary. Since the data in this tract is likely to reflect the population outside of Merced, it may not accurately represent the breakdown of neighborhood segregation in that area. This assumption has been anecdotally verified by the City.

**Figure G5-2 Percent of Total Non-White Population (City of Merced)**



Source: AFFH Data Viewer, 2023.

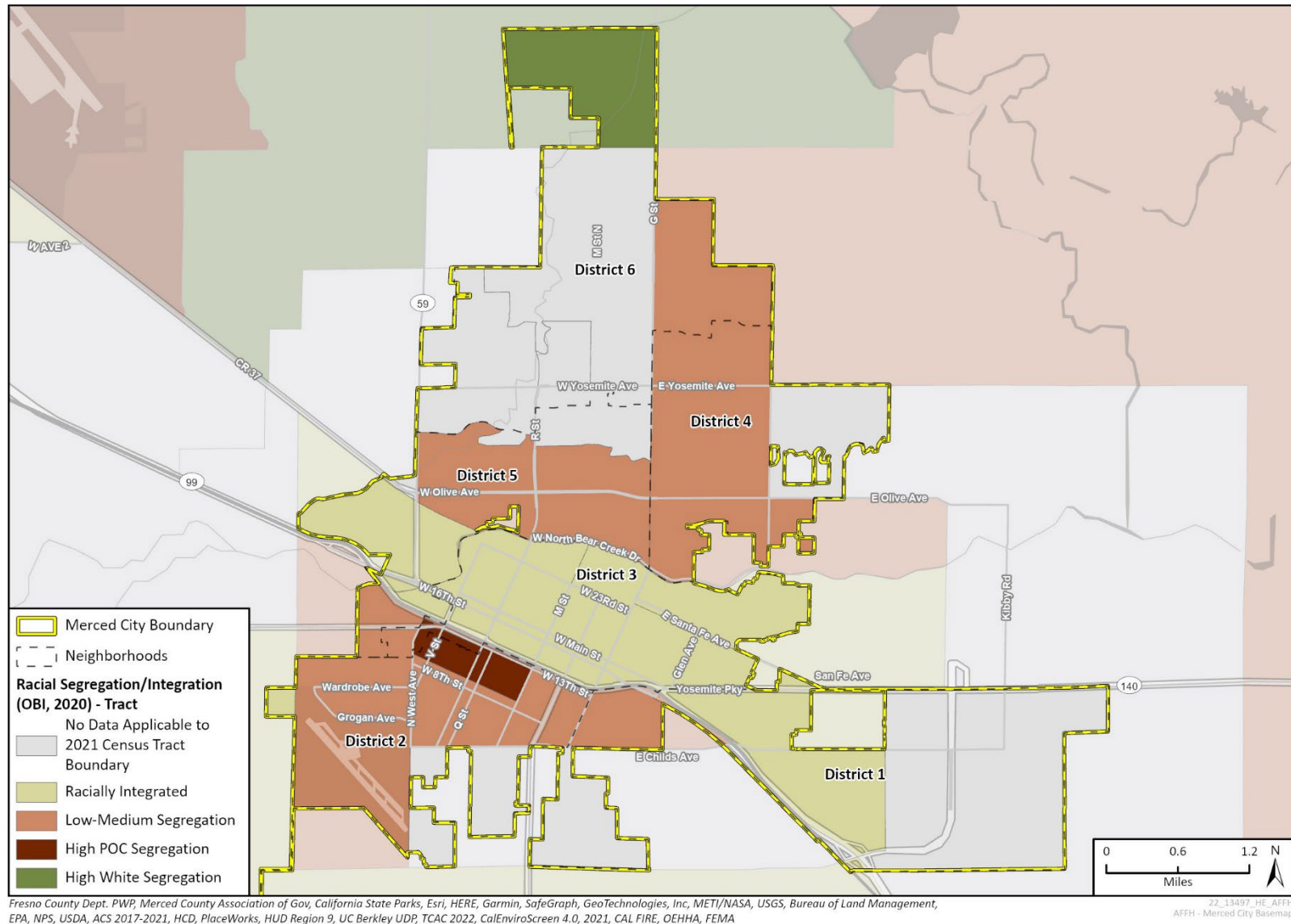
Figure G5-3 Predominant Populations (City of Merced)



Source: AFFH Data Viewer, 2023.



**Figure G5-4 Racial Segregation and Integration (City of Merced)**



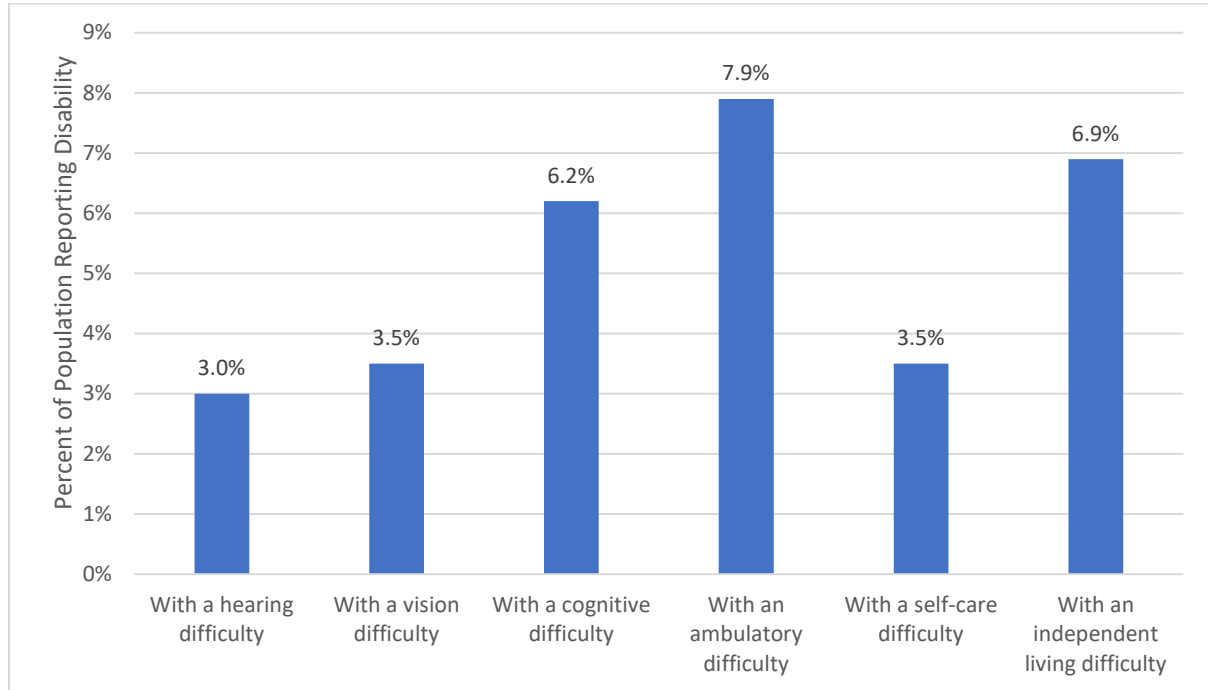
Source: AFFH Data Viewer, 2023.



## Persons with Disabilities

As referenced in Chapter G3, *Housing Needs Assessment*, nearly 14 percent of the total population in the city is living with one or more disabilities. The most common disability in the city is ambulatory difficulty, followed by an independent living difficulty (Figure G5-5). In the city of Merced, the least common disability is hearing difficulty, contrary to it being the most common disability in the Northern SJV region. Disabilities are most prevalent among senior residents. Approximately 48 percent of residents aged 65 and over are living with a disability.

**Figure G5-5 Disability by Type (City of Merced)**



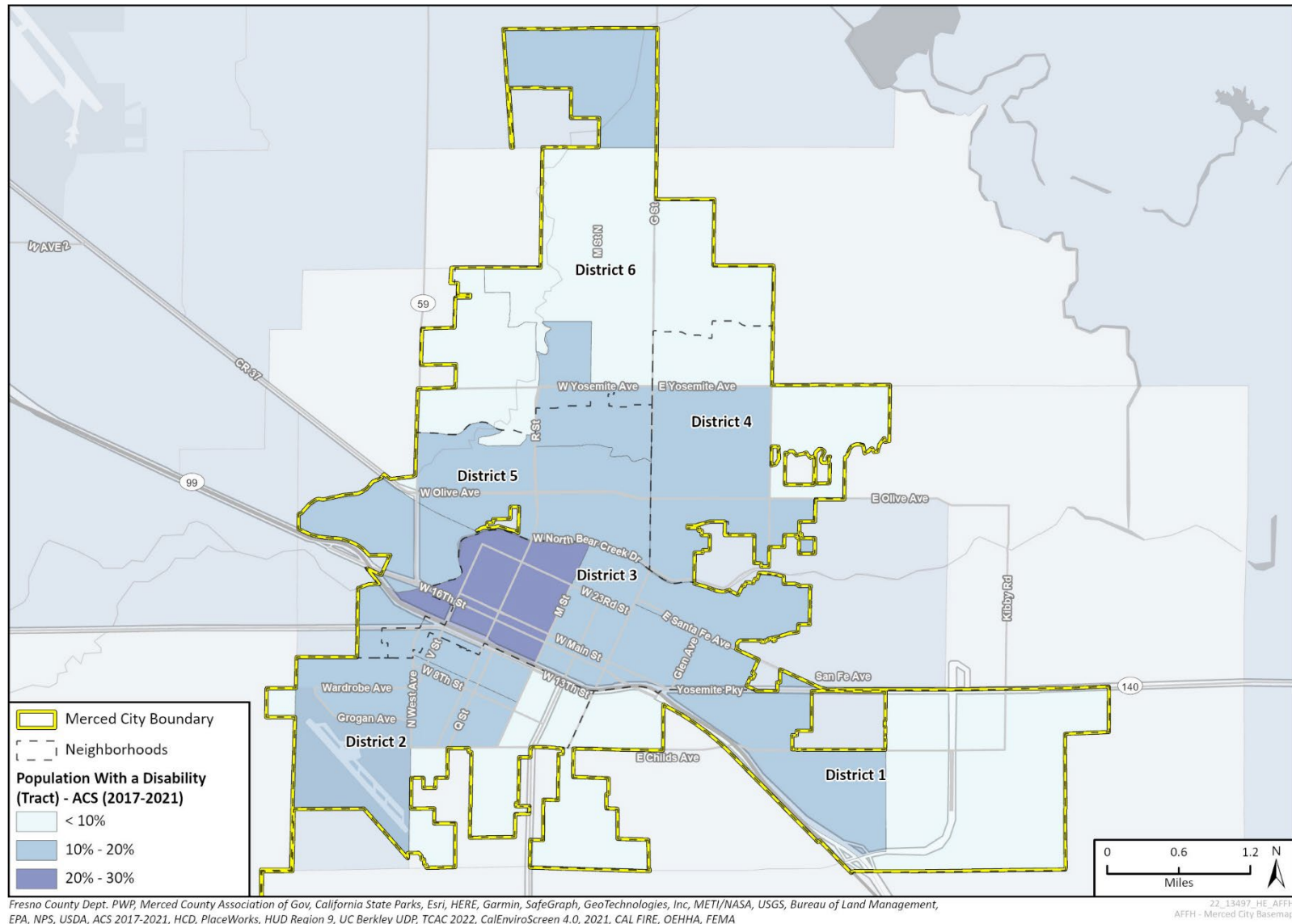
Notes: These disabilities are counted separately and are not mutually exclusive, as an individual may report more than one disability. These counts should not be summed

Source: U.S. Census Bureau, American Community Survey 5-Year Data (2017-2021), Table S1810.

In most areas of the city, 10 to 20 percent of residents live with a disability, comparable to the region where the average is 13 percent. In the eastern portion of District 3, there is a higher concentration (20-30 percent) of residents living with a disability. The northern portions of District 4 and District 6 have lower concentrations of persons living with a disability (less than 10 percent) (Figure G5-6).

Approximately seven percent of the total employed population in the city have one or more disabilities, reflecting a decrease from 2016. Around nine percent of the unemployed population have one or more disabilities, down from 14 percent in 2016. Table G5-2 shows employment status by disability status estimates for the city.

**Figure G5-6 Percent of Population with a Disability (City of Merced)**



Source: AFFH Data Viewer, 2023.

**Table G5-2 Employment Status by Disability Status (City of Merced)**

Disability Status	Employed 2012-2016 (Percent of Total Employed)	Unemployed 2012 -2016 (Percent of Total Unemployed)	Employed 2017-2021 (Percent of Total Employed)	Unemployed 2017-2021 (Percent of Total Unemployed)
No Disability	25,141 89.8%	4,963 85.6%	29,284 92.9%	3,927 91.5%
With a Disability	2,857 10.2%	836 14.4%	2,248 7.1%	367 8.5%
<b>Total</b>	<b>27,998</b>	<b>5,799</b>	<b>31,532</b>	<b>4,294</b>

Source: U.S. Bureau of the Census, American Community Survey (ACS), Table C18120 Employment Status by Disability Status, 2012-2016, 2017-2021 Estimates.

## Familial Status

Familial status refers to the presence of children under the age of 18 and the marital status of the head of the household. Families with children may face housing discrimination by landlords who fear that children will cause property damage. Examples of differential treatment include limiting the number of children in an apartment complex or confining households with children to a specific location. These actions are potentially discriminatory. Single-parent households are protected by fair housing law.

The household composition of owner-occupied married couple households with children present is similar compared to Merced County and the Northern SJV region. However, there is a higher percentage of single parent, female and male headed households in Merced than Merced County and the Northern SJV region. The city of Merced has a total of 26,673 households in 2021. Households with children present comprised approximately 37 percent (9,877 households) of the total households in the city. Married-couple families with children comprised the largest share of households with children (51 percent). Over half of all single-parent households are female single-parent households (70 percent). Single-parent, female-headed households are more likely to rent than own, comprising approximately 30 percent of renter-occupied households but only 10 percent of owner-occupied households (Table G5-3).

**Table G5-3 Tenure by Household Type and Presence of Children (City of Merced)**

Household Type	Owner-Occupied	Percent of Total Owner-Occupied	Renter-Occupied	Percent of Total Renter-Occupied
Married Couple Family, with Children Present	2,477	22.1%	2,540	16.3%
Single-Parent, Male Householder, No Spouse Present	1,112	9.9%	1,395	9.0%
Single Parent, Female Householder, No Spouse Present	1,143	10.2%	4,589	29.6%
Total Households with Children Present	3,319	29.7%	6,558	42.3%
<b>Total Households</b>	<b>11,185</b>		<b>15,488</b>	

Source: U.S. Bureau of the Census, American Community Survey (ACS), Table B25115 Tenure by Household Type and Presence and Age of own Children, 2017-2021 Estimates.

The percentage of children residing in female-headed, single-parent households is highest in the central parts of the city, including portions of District 1, District 2, District 3, and District 5. In portions of these neighborhoods 40 to 60 percent of children reside in female-headed, single-parent households. In contrast, the southeastern, southwestern, and northern areas of the city have less than 20 percent of children residing in this female-headed, single-parent households (Figure G5-7). Across Merced County and the Northern SJV region, most areas have observed trends of less than 20 percent of children residing in female-headed, single-parent households.

Approximately 20 percent of households in Merced are married couples with at least one child under 18 years<sup>4</sup>. As Figure G5-8 displays, the smallest percentages of children in married-couple households are observed to reside in the city's center in most of District 3 and District 5 and portions of District 1 and District 2. Areas of the city with the highest percentage of children living in married-couple households are adjacent to the city's boundary. In District 2, District 4, and District 6, 60 to 80 percent of children reside in married-couple households, while in while in portions of District 1, District 4, and District 6 80 to 100 percent of children reside in married couple households.

## **Household Income**

Household income is directly connected to the ability to afford housing. Higher-income households are more likely to own rather than rent housing. As household income decreases, households tend to pay a disproportionate amount of their income for housing and the number of persons occupying unsound and overcrowded housing increases. To achieve fair housing objectives, people in low-income households must have choice in housing opportunities—that is, when they are able to locate units that are affordable and well maintained in all parts of a jurisdiction and region.

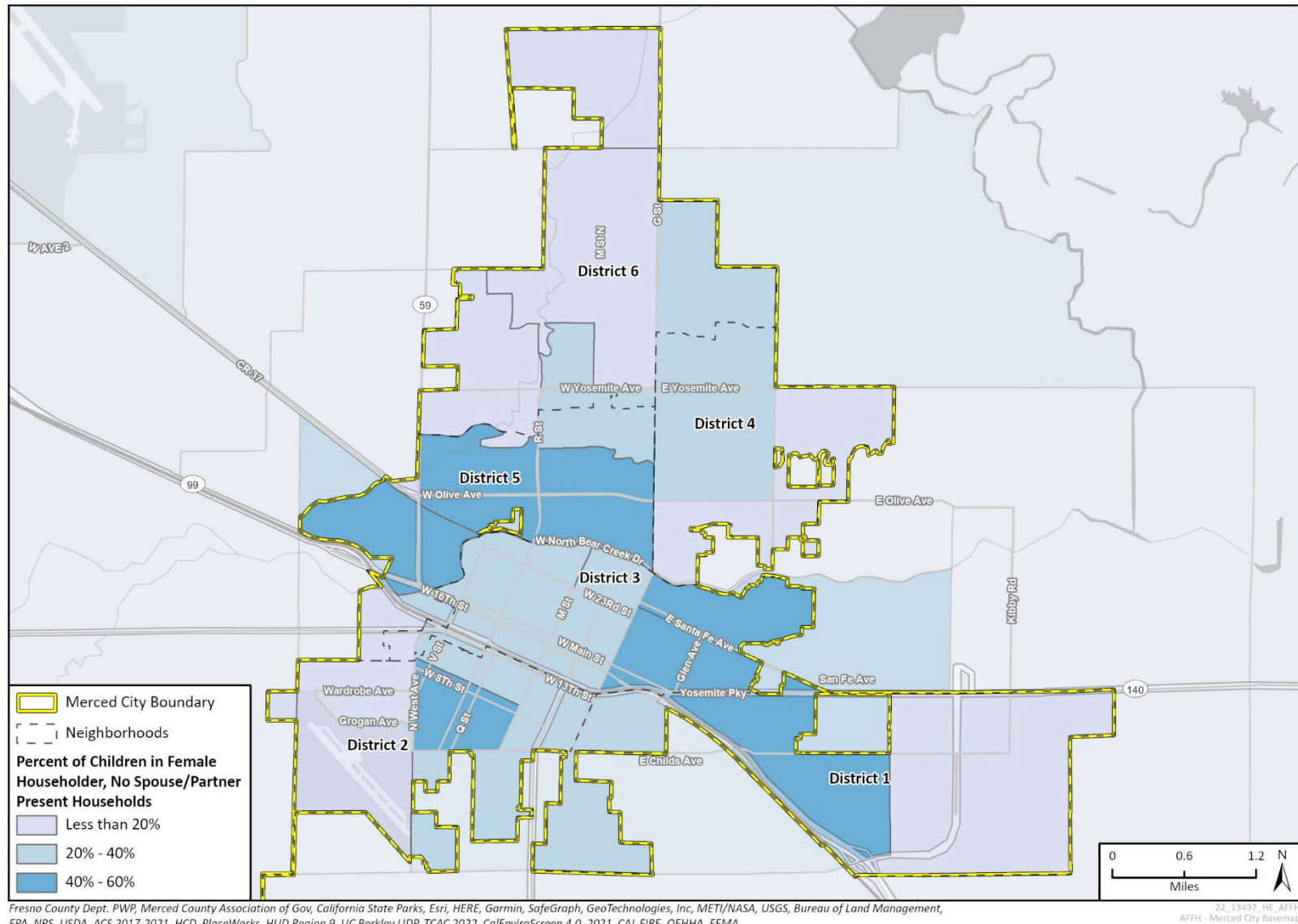
This section identifies household income disparities using data based on median household income and low- or moderate-income (LMI) geographies. HUD defines an LMI area as a census tract or block group where over 51 percent of the population is LMI. The definition of LMI is based on HUD income definitions of up to 80 percent of the area median income (AMI). Data for this analysis are from the HUD Low- and Moderate-Income Summary Data based on the 2011-2015 American Community Survey (ACS) (most recent available data)<sup>5</sup>.

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<sup>4</sup> U.S. Bureau of the Census, American Community Survey (ACS), Table DP1

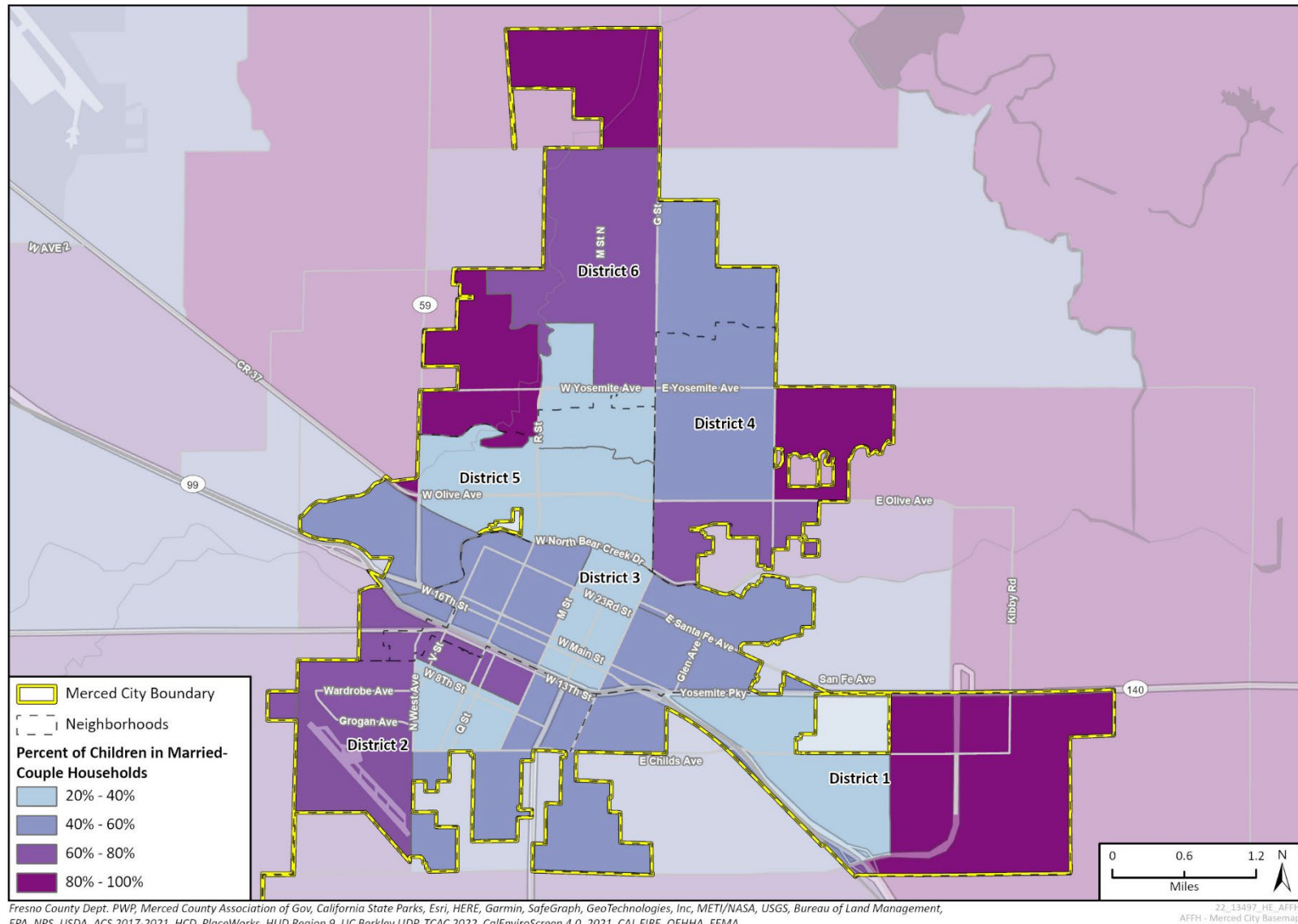
<sup>5</sup> HUD Exchange 2021: <https://www.hudexchange.info/programs/acs-low-mod-summary-data/>

**Figure G5-7 Female-Headed Households with Children Present, No Spouse/Partner Present (City of Merced)**



Source: AFFH Data Viewer, 2023.

**Figure G5-8 Married Couple Households with Children Present (City of Merced)**



As of 2021 (most recent available data), the city of Merced has a median household income of \$52,305. Median household income is highest in the northeastern areas of the city, particularly those in proximity to the University of California, Merced (Figure G5-9). In most other areas of the city, median household income is lower than the state median income of \$87,100. This is similar to the Northern SJV region, where most of the region's household's AMI is below the state median income. Urban areas of the city, including portions of District 2 and District 3, have some of the lowest median household incomes in the city, less than \$30,000 per year.<sup>6</sup>

Low- and moderate-income (LMI) populations are prevalent throughout the city, especially in southern and western parts of the city in District 2 and District 3 and portions of District 1 and District 5 (Figure G5-10). One census tract within District 2 contains the highest percentage of LMI populations in the city. Spatially, LMI populations in the southern part of the city overlap with census tracts with high segregation of people of color (Figure G5-4) and predominant Hispanic or Latino populations (Figure G5-3).

### **Racially and Ethnically Concentrated Areas of Poverty**

To identify racially and ethnically concentrated areas of poverty (known as R/ECAPs), the California Tax Credit Allocation Committee (TCAC) includes a poverty concentration and racial segregation filter that aligns with HUD's R/ECAP methodology but is intended to reflect the level of racial and ethnic diversity more effectively. TCAC categorizes census tracts that have both a poverty rate of over 30 percent and that are designated as being racially segregated (overrepresentation of people of color relative to the region) as areas of high segregation and poverty. Census tracts with 1.25 times the county's percentage of Black/African American, Hispanic/Latino, Asian/Pacific Islander, or all people of color are designated as racially segregated areas.

In the city of Merced, there are three areas of high segregation and poverty, located in District 1 and District 2 (Figure G5-11). Areas of high segregation and poverty generally overlap with areas that are predominantly Hispanic/Latino and areas with high rates of overcrowding and overpayment by renters.

### **Poverty and Segregation**

Poverty rates are high in the more urbanized areas of the city but are most prevalent District 1 and District 2 (Figure G5-12). In these areas, more than 40 percent of households earn an income below the poverty line. In the surrounding neighborhoods of District 3 and District 5, between 30 to 40 percent of households earn an income below the poverty line. The eastern portion of District 2 has the lowest poverty rates, with less than 10 percent of households in this area earning an income below the poverty line. However, the Merced Municipal Airport constitutes much of this census tract and does not accurately represent the poverty status of individuals living in that neighborhood.

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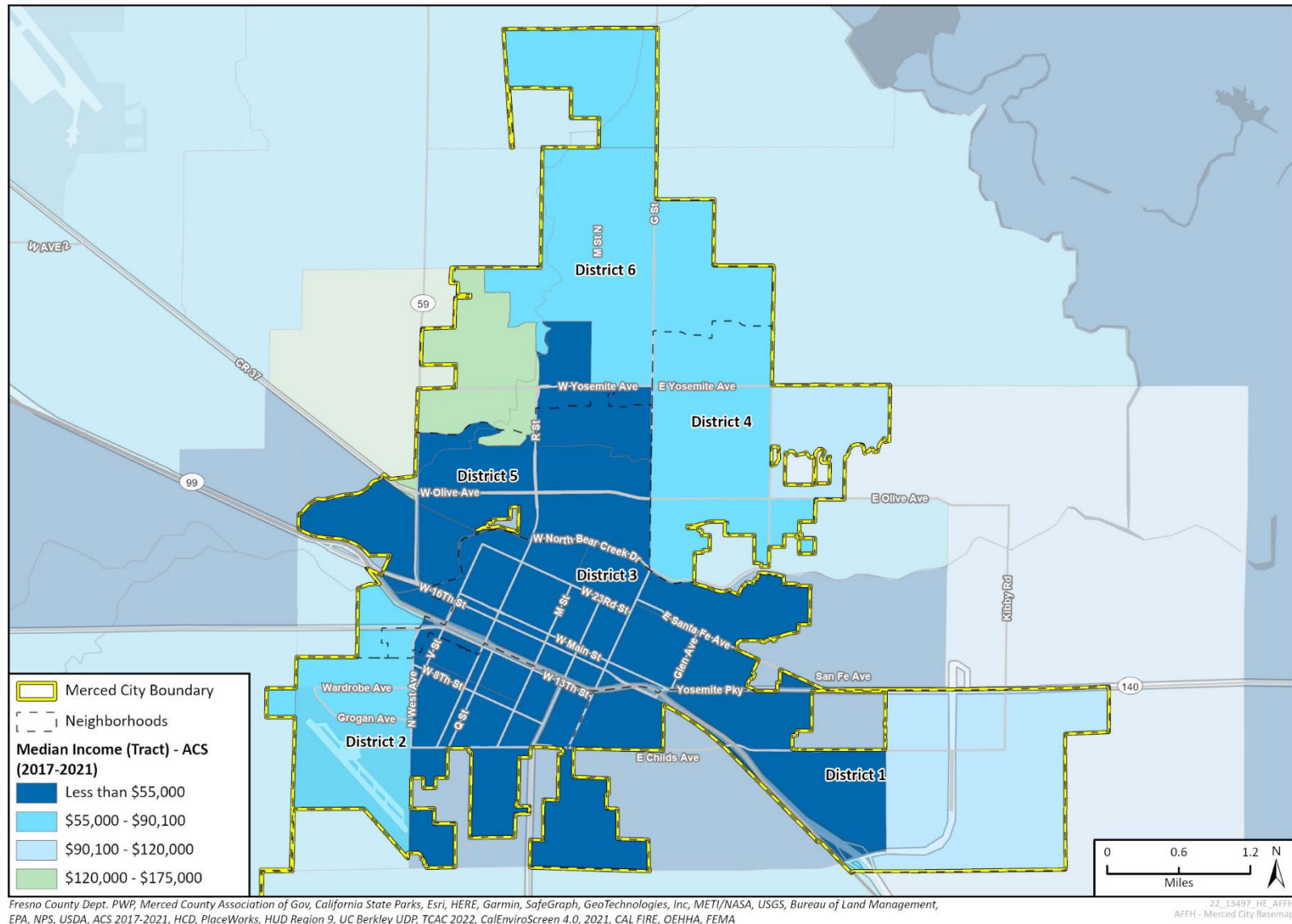
<sup>6</sup> U.S. Census Bureau. 2021 ACS 5-Year Estimates, S1901: Income in the Past 12 Months.  
<https://data.census.gov/table?q=median+household+income&g=160XX00US0646898&tid=ACSST5Y2021.S1901>

## **Concentrated Areas of Affluence**

The AFFH Data Viewer identifies Racially Concentrated Areas of Affluence (RCAAs), defined as white, affluent communities, as census tracts that have a white population that is 1.25 times higher than the Council of Governments region and a household median income 1.5 times higher than the AMI. RCAAs are located in the easternmost portions of the city in District 1, District 4, and District 6 (Figure G5-13). However, it should be noted that the RCAAs in Merced include census tracts that cover areas within and outside of city boundaries and may more accurately represent the data outside of city boundaries. For example, a portion of the University neighborhood contains a small neighborhood of larger, estate-style homes near smaller housing occupied by students attending the University of California, Merced. The entire area is depicted as an RCAA. As a whole, RCAAs in the city overlap with more positive economic scores and a higher percentage of married-couple households.

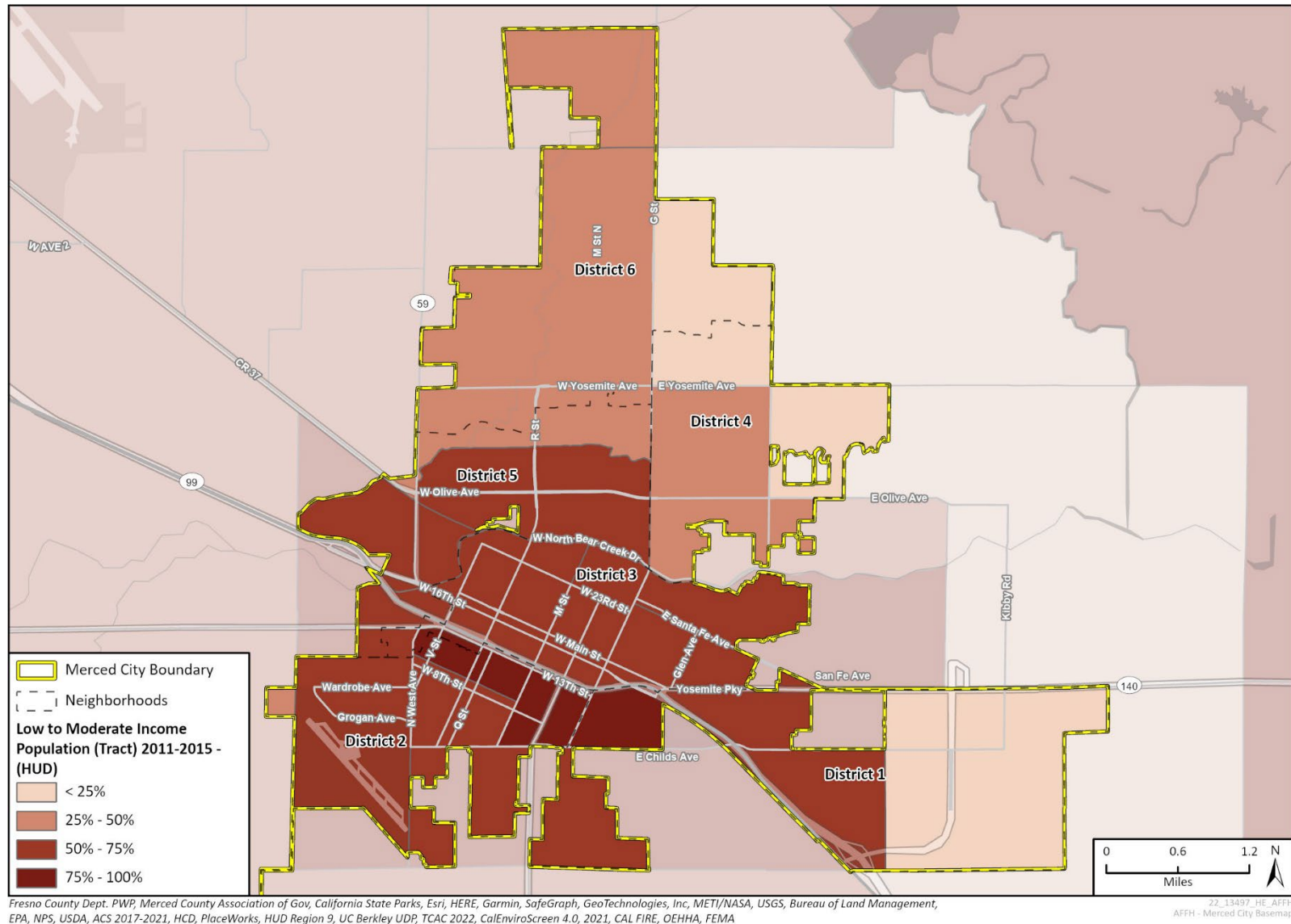


Figure G5-9 Median Household Income (City of Merced)



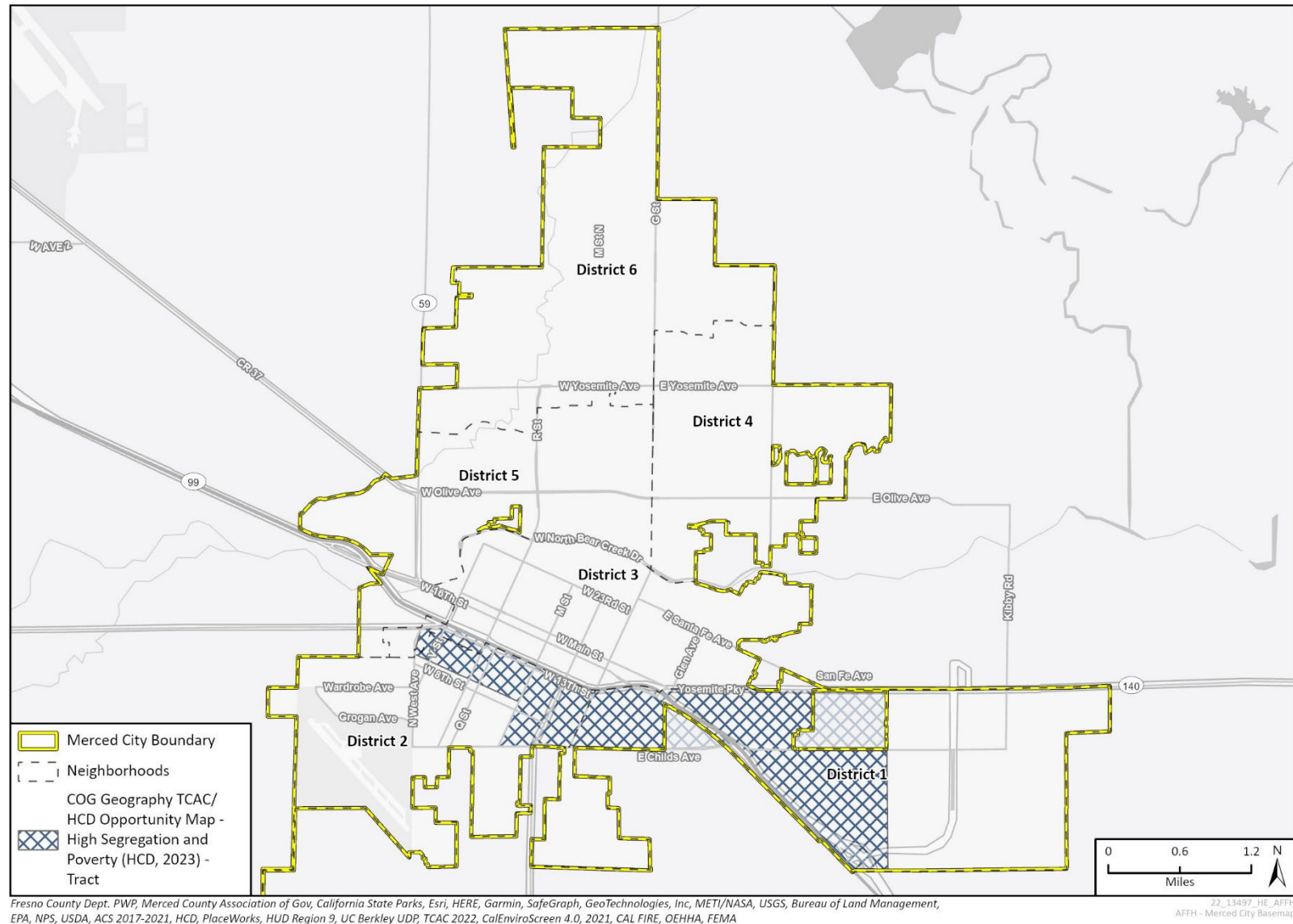
Source: AFFH Data Viewer, 2023.

**Figure G5-10 Low- and Moderate-Income Population (City of Merced)**



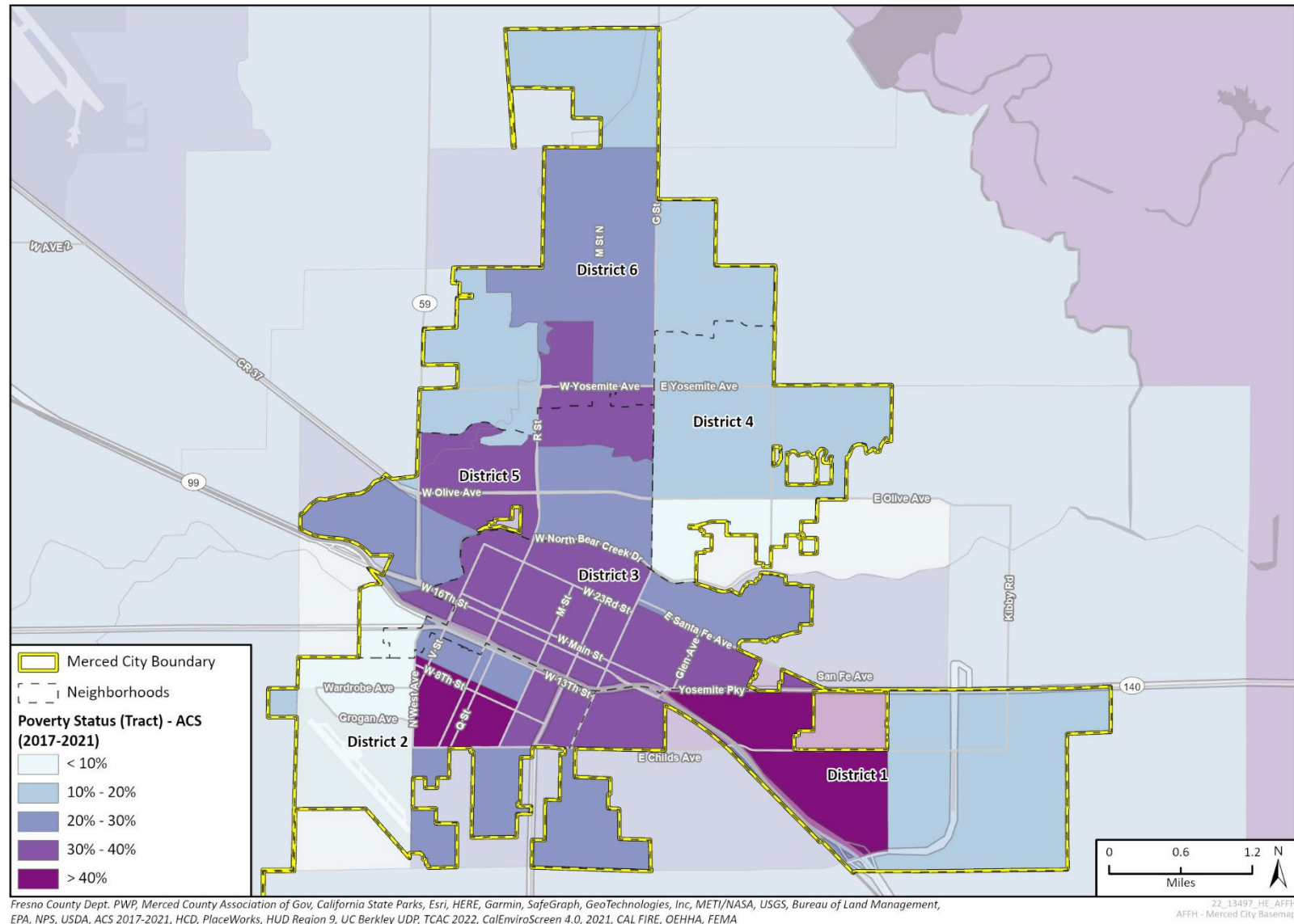
Source: AFFH Data Viewer, 2023.

**Figure G5-11 Areas of High Segregation and Poverty (City of Merced)**



Source: AFFH Data Viewer, 2023.

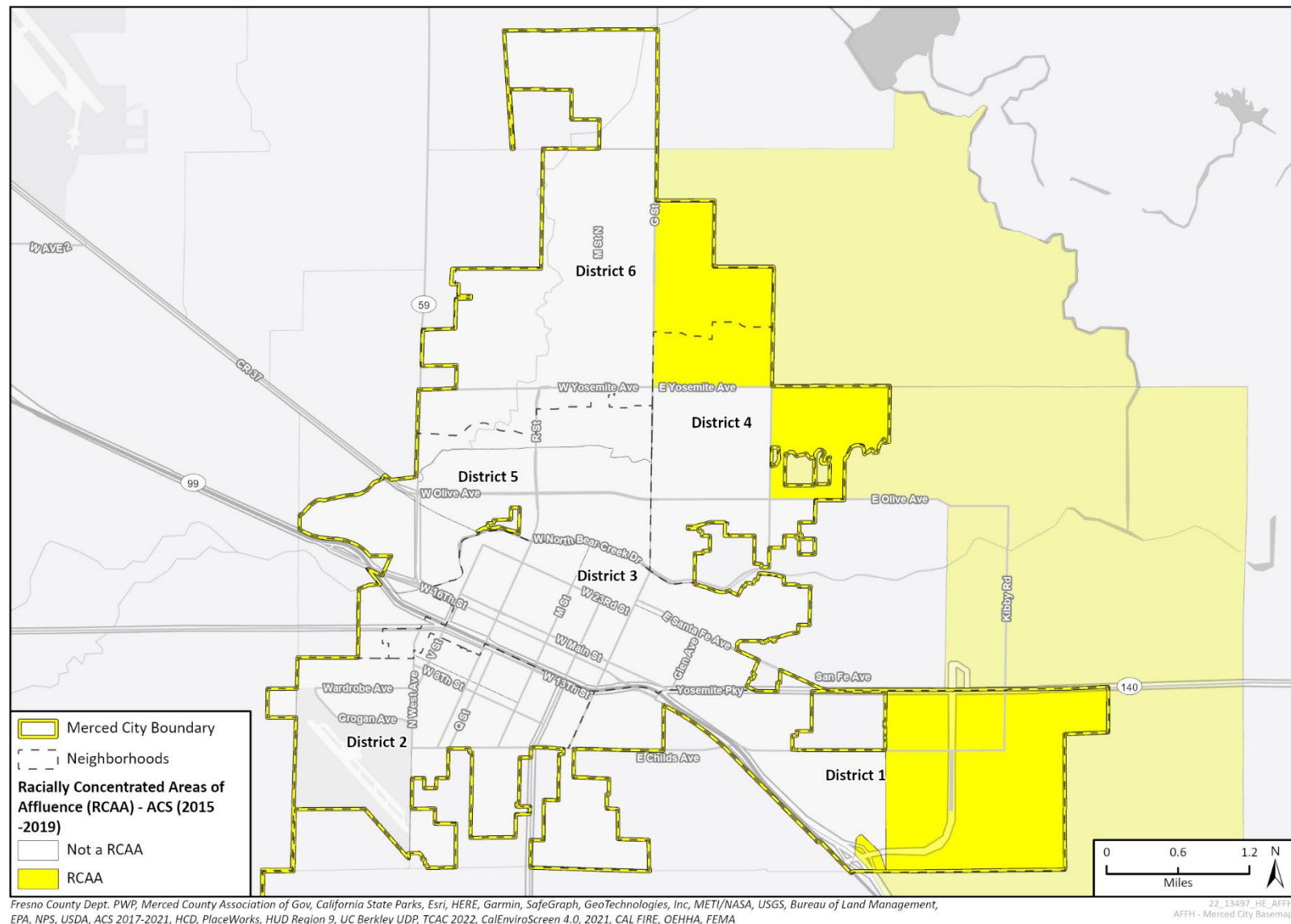
**Figure G5-12 Poverty Status (City of Merced)**



Source: AFFH Data Viewer, 2023.



**Figure G5-13 Racially Concentrated Areas of Affluence (City of Merced)**



Source: AFFH Data Viewer, 2023.

## G5.9 Disparities in Access to Opportunities

### Transit Access and Walkability

Transit service is limited in Merced. “The Bus,” Merced County's Regional Transit System, was formed from the consolidation of four former local public transit service providers in July 1996. Today The Bus is the single public transportation service provider for all of Merced County. The Bus operates 15 fixed routes throughout the region. The Bus offers veterans, seniors and Americans with Disabilities Act (ADA)-eligible passengers to ride for free on all services provided by The Bus throughout Merced County. In the city of Merced, The Bus provides eight fixed route bus lines, Paratransit services, and Dial-A-Ride services. Transit options in the far northern and southern parts of the city are limited.

The Bus offers the following services in the Merced city limits:

- **Merced West (M1):** This route runs from 6:00 am to 8:00 pm on weekdays and 8:00 am to 6:00 pm on weekends. The 11 stops along this route are within District 2, District 3, District 5, and District 6.
- **R Street Shuttle (M2):** This route runs from 6:00 am to 8:00 pm on weekdays and 8:30 am to 6:00 pm on weekends. The five stops along this route are within District 3, District 5, and District 6.
- **M Street Shuttle (M3):** This route runs from 6:00 am to 8:00 pm on weekdays and 8:00 am to 6:00 pm on weekends. The eight stops along this route are within District 2, District 3, District 4, District 5, and District 6.
- **G Street Shuttle (M4):** This route runs from 6:00 am to 8:20 pm on weekdays and 8:00 am to 6:00 pm on weekends. The six stops along this route are within District 6.
- **Merced South-East (M5):** This route runs from 6:00 am to 8:00 pm on weekdays and 8:00 am to 6:00 pm on weekends. The six stops along this route are within District 1 and District 3.
- **Olive Loops (M6):** This route runs from 7:00 am to 8:00 pm on weekdays and 8:00 am to 6:00 pm on weekends. The five stops along this route are within District 3 and District 4.
- **UC Merced (UC):** This route runs from 6:00 am to 8:00 pm on weekdays and does not service on the weekends. The seven stops along this route are within District 3, District 4, and District 6.
- **South G Street (M7):** This route runs from 6:00 am to 8:00 pm on weekdays and 8:00 am to 6:00 pm on weekends. The five stops along this route are within District 1 and District 2.
- Paratransit is a curb-to-curb shared transit service for persons with a disability and seniors. Paratransit service is available in every city and community in Merced County and operates between 6:00 a.m. to 8:00 p.m., Monday through Friday and 8:00 a.m. to 6:00 p.m. on Saturday and Sunday.

Residents in Merced have higher access to transit and higher transit ridership compared to smaller cities in the region such as Dos Palos, Atwater, and Los Banos. AllTransit is an online database that examines factors related to transit access and produces a performance score that reveals the social and economic impact of transit, such as connectivity and access to jobs. The city of Merced received an average AllTransit performance score of 4.7 which equates to a low combination of trips per week and number of jobs accessible by transit.<sup>7</sup> This is similar to the majority of the region where

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<sup>7</sup> AllTransit.Org, 2021. <https://alltransit.cnt.org/>

only a little over one percent of commuters use transit. While the city of Merced received a low performance score, this score is significantly higher than other cities in the county, such as Atwater (3.2), Dos Palos (1.2), Livingston (2.0), and Los Banos (1.0).

Walk Score is a private company that offers a walkability index on its website, that measures the pedestrian friendliness of a given location by analyzing walking routes to nearby amenities and examining population density and road metrics, including block length and intersection density, using data from various sources including Google, Factual, and the U.S. Census.<sup>8</sup> According to Walk Score, the city received a walk score of 42 out of 100, which is considered “car dependent.” The most walkable areas in Merced are in District 3 (walk score as high as of 91) which is considered a “walker’s paradise” and District 1 (walk score of 82) which is considered “very walkable.”

Separate from Walk Score, the Environmental Protection Agency (EPA) publishes a National Walkability Index, that ranks block groups based on factors such as street intersection density, proximity to transit stops, and diversity of land uses, which are chosen for their ease of measurement and understanding, and each block group is ranked and assigned a score based on these variables.<sup>9</sup> According to the National Walkability Index, central areas of the city of Merced are considered most walkable, especially the neighborhoods along State Route (SR) 99, including District 2, District 3, and the western portion of District 1 (Figure G5-14). Other areas of the city are considered above average walkable.

## Access to Quality Education

Educational outcomes are based on the educational opportunity index, which measures the percentage of fourth-grade students testing proficient in reading and math within three miles of a census block group. Scores range from 0-1, with 1 being the most positive educational outcome, and 0 being the least positive educational outcome. Educational outcomes vary across the city. The northern areas of the city, in District 4 and District 6, and District 1 have more positive education outcomes compared to the rest of the city (Figure G5-15). Areas in the central and southern portion of the city, including Districts 2, 3, and 5, have the least positive education outcomes.

According to a data compilation program of the Lucile Packard Foundation for Children's Health, high school graduation rates in Merced are highest among Filipino students (100 percent), Asian-American students (96 percent), and white students (92 percent). Comparatively, Black/African American students (83 percent) and American Indian/Alaska Native students (81 percent) have lower graduation rates.<sup>10</sup> There are three school districts in Merced, the Merced City School District, the Merced Union High School District, and Weaver Union School District as well as a few smaller private schools, most of which have religious affiliation. The Merced Union High School District consists of nine high schools throughout the county, six of which are in the city of Merced (Merced High School, Golden Valley High School, El Capitan High School, Independence High School, Sequoia High School, and Yosemite High School), and one adult school in the city of Merced. According to Ed-Data, the Merced Union High School District has an overall graduation rate of 94 percent. Approximately 11.1 percent of students who are classified as English learners are eligible for free or reduced-priced meals.<sup>11</sup> The Merced City School District consists of one preschool program, 14 elementary schools, and four middle schools in the city of Merced. According to Ed-Data,

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<sup>8</sup> Walk Score, 2021. <https://www.walkscore.com/methodology.shtml>

<sup>9</sup> EPA, 2021. <https://www.epa.gov/smartgrowth/national-walkability-index-user-guide-and-methodology>

<sup>10</sup> KidsData. 2021. High School Graduates, by Race/Ethnicity. <https://www.kidsdata.org/topic/755/graduates-race/table#fmt=1154&loc=354,355,366,368,265,349,361,4,273,59,370,326,333,322,341,338,350,342,329,325,359,351,363,340,335,2&tf=141&ch=7,11,70,85,10,72,9,73&sortColumnId=0&sortType=asc>

<sup>11</sup> Ed-Data. Atwater Elementary. 2021-2022. <https://www.ed-data.org/district/Merced/Atwater-Elementary>

approximately 18 percent of students are classified as English learners and 80 percent are eligible for free or reduced-priced meals in the Merced City School District.<sup>12</sup> The Weaver Union School District consists of one preschool, two elementary schools, and one middle school in the city of Merced. According to Ed-Data, approximately 26 percent of students are classified as English learners and 67 percent are eligible for free or reduced-priced meals in the Weaver Union School District.<sup>13</sup>

## **Economic Outcomes**

TCAC economic opportunities are measured by census tract. They consider poverty, adult education, employment, job proximity, and median home values. A higher economic index score reflects more positive economic outcomes. Economic outcomes vary across Merced. Areas with more positive economic outcome scores are located along the edges of the northeastern, southeastern, and southwestern areas of the city, in District 4 and District 6, the eastern portion of District 1, and the western portion of District 2, (Figure G5-16). In comparison, areas within central parts of the city have less positive economic outcome scores.

According to ACS estimates, Merced has an employment participation rate of 60 percent of persons 16 years and over, which is approximately the same as the labor force participation rate for the city in 2015 and higher than the employment rate across Merced County (49 percent).<sup>14</sup> Estimates from the U.S. Census Bureau show that the average salary in the city in 2021 is \$58,861.<sup>15</sup> Occupations with the highest average salaries are computer and mathematical occupations, architecture and engineering occupations, and business and financial occupations, with an average salary of over \$90,000. Occupations with the lowest salaries include material moving occupations, healthcare support occupations, and sales and related occupations, with average salaries under \$25,000.<sup>16</sup>

Major employers in the city include the University of California, Merced, Mercy Medical Center, Merced College, and McClane Pacific. Commercial zones are concentrated in District 3. Industrial zones are also concentrated on the edges of the city in District 1, District 2, and District 5.

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<sup>12</sup> Ed-Data. 2023. Merced City Elementary School District. <https://www.ed-data.org/district/Merced/Merced-City-Elementary>

<sup>13</sup> Ed-Data. 2023. Weaver Union School District. <https://www.ed-data.org/district/Merced/Weaver-Union>

<sup>14</sup> U.S. Census Bureau. 2021 ACS 5-Year Estimates, S2301: Employment Status.

<https://data.census.gov/table?q=labor+force&t=Employment+and+Labor+Force+Status&g=160XX00US0646898&tid=ACSST5Y2021.S2301>

<sup>15</sup> U.S. Census Bureau. 2023. QuickFacts, Merced County.

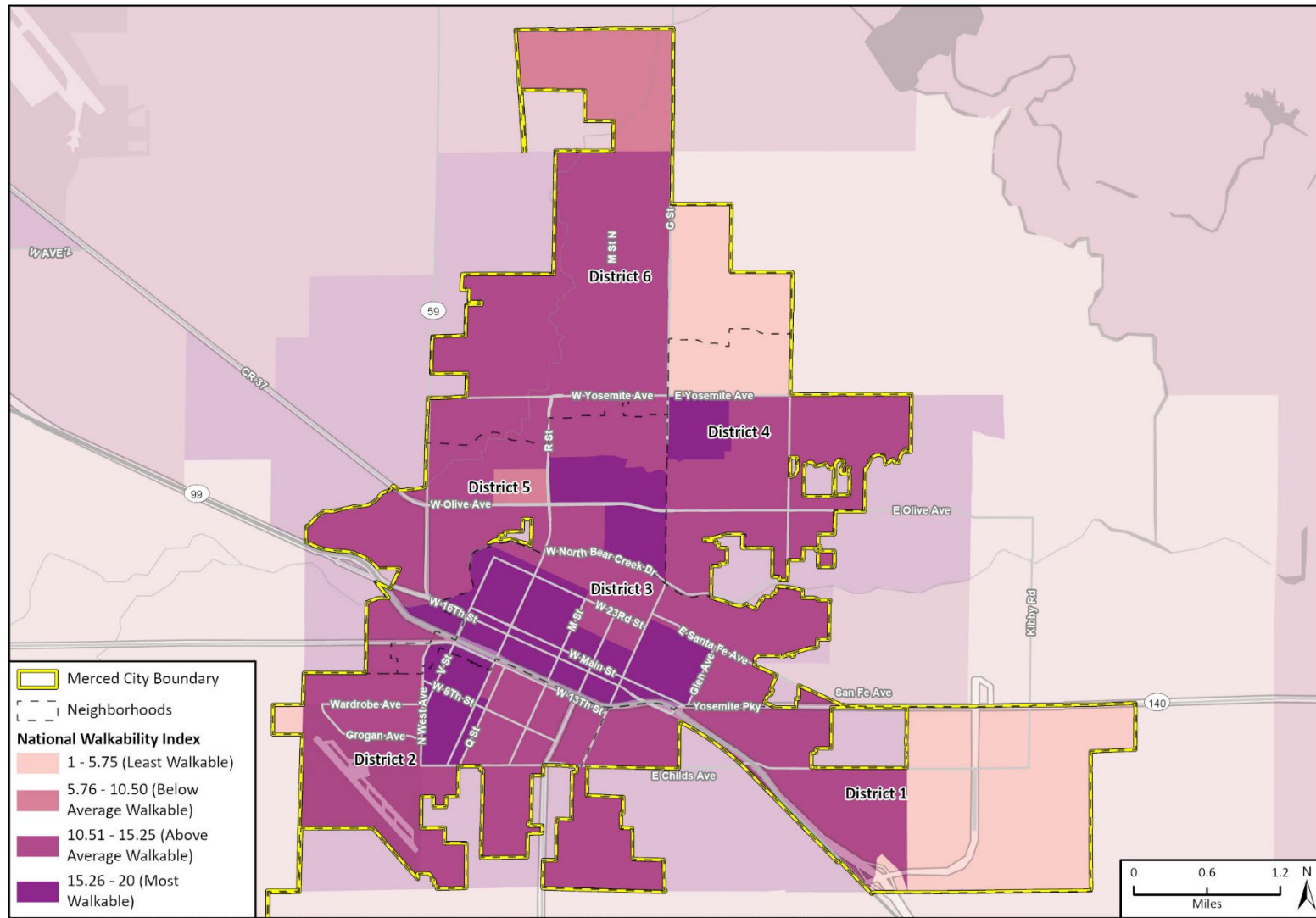
<https://www.census.gov/quickfacts/fact/table/mercedcountycalifornia/INC110221>

<sup>16</sup> U.S. Census Bureau. 2021 ACS 5-Year Estimates, S2411: Occupation by Sex and Median Earnings in the Past 12 Months.

<https://data.census.gov/table?t=Income+and+Earnings&g=160XX00US0646898&tid=ACSST1Y2021.S2411>



Figure G5-14 Walkability Index (City of Merced)

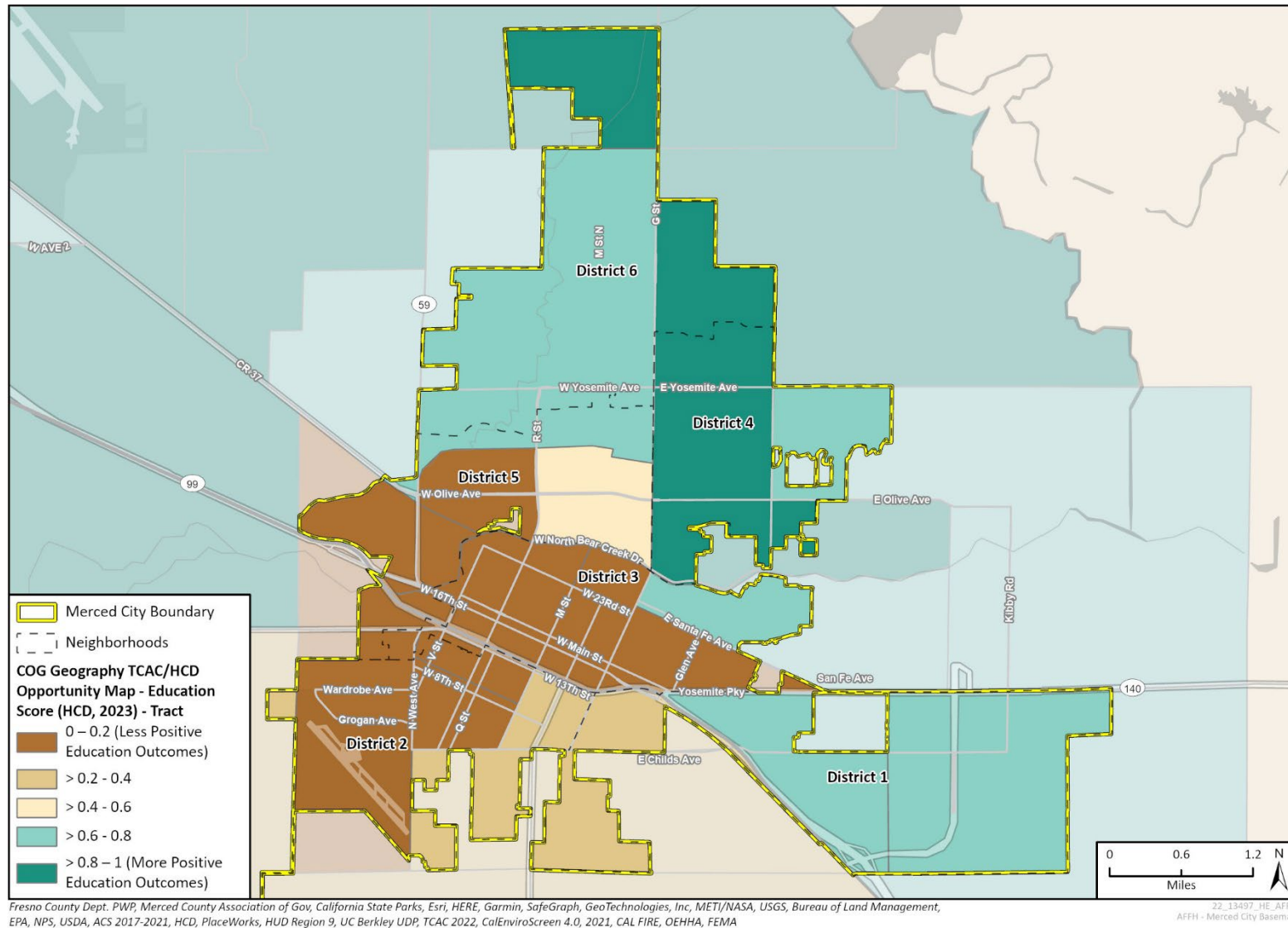


Fresno County Dept. PWP, Merced County Association of Gov, California State Parks, Esri, HERE, Garmin, SafeGraph, GeoTechnologies, Inc, METI/NASA, USGS, Bureau of Land Management, EPA, NPS, USDA, ACS 2017-2021, HCD, PlaceWorks, HUD Region 9, UC Berkley UDP, TCAC 2022, CalEnviroScreen 4.0, 2021, CAL FIRE, OEHHA, FEMA

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AFFH - Merced City Basemap

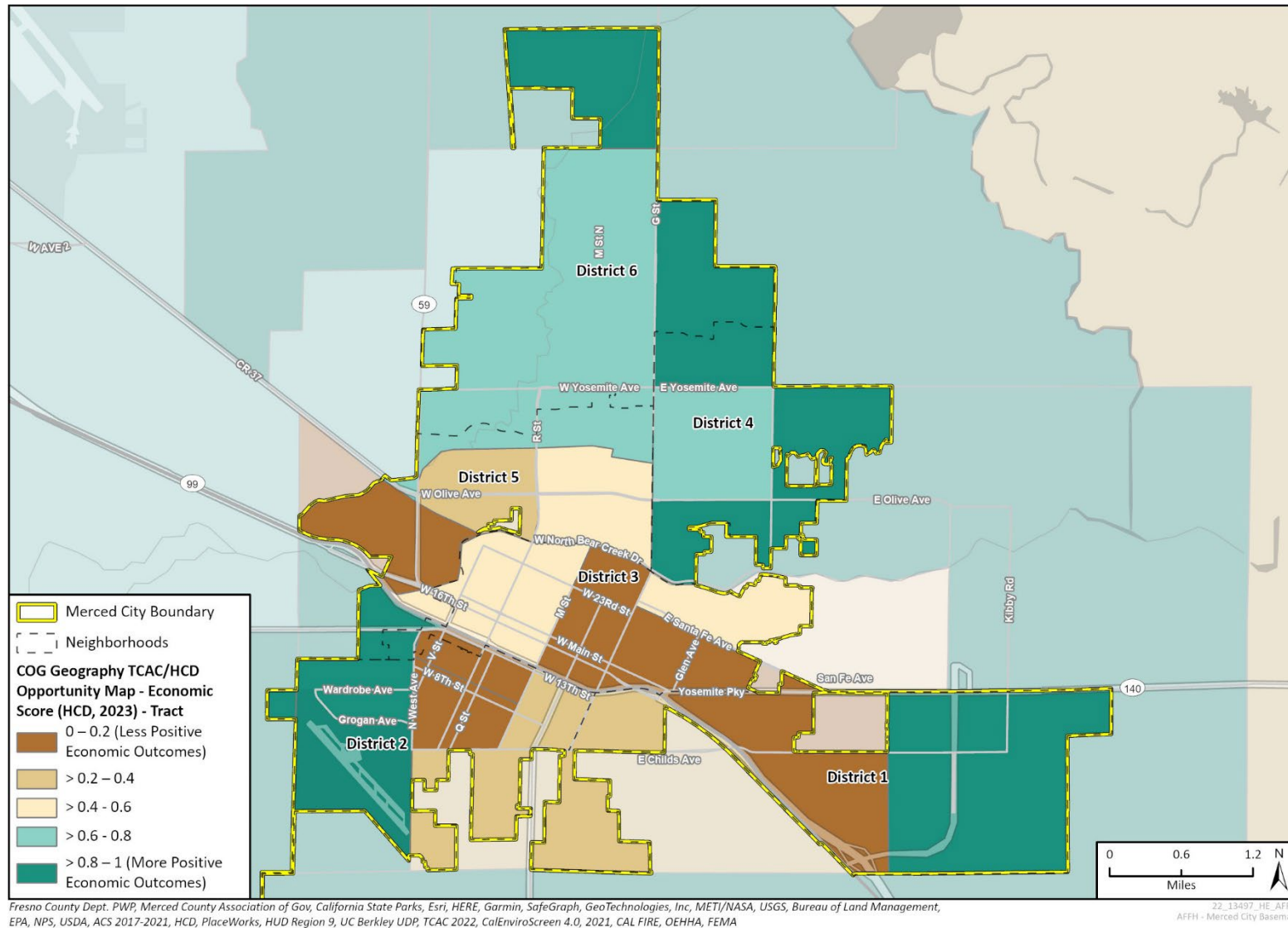
Source: National Walkability Index, 2023.

**Figure G5-15 TCAC Opportunity Areas – Education Outcomes (City of Merced)**



Source: AFFH Data Viewer, 2023.

Figure G5-16 TCAC Opportunity Areas - Economic (City of Merced)



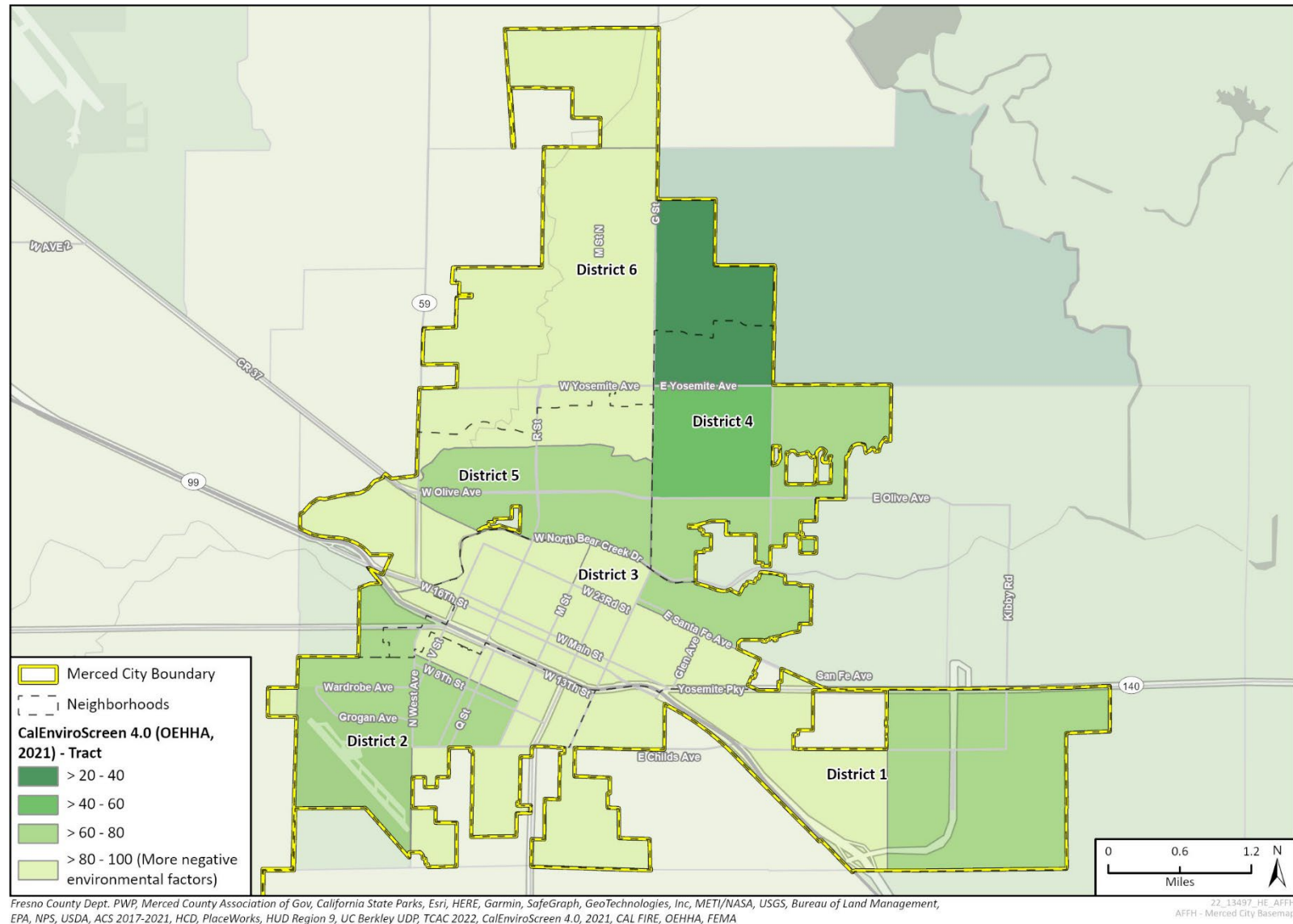
Source: AFFH Data Viewer, 2023.

## **Healthy and Safe Housing Environment**

The CalEnviroScreen map for Merced identifies the degree to which communities are considered burdened by pollution. CalEnviroScreen identifies higher pollution burden in the central areas of the city in District 3 and most of District 6, and lower pollution burden in northeastern area of the city in District 4 and near the Merced College in District 6 (Figure G5-17). Pollution burden caused by ozone and particulate matter less than 2.5 micrometers in diameter is high throughout the entire city. In District 3, higher pollution burden is caused by diesel particulate matter, lead risk from housing, traffic impacts, and groundwater threats compared to other parts of the city. The TCAC environmental opportunity map also identifies pollution burden, using CalEnviroScreen scores. However, unlike CalEnviroScreen, the TCAC map compares census tracts to other census tracts within the same council of governments to show differences in pollution burden within the region. Similar to the CalEnviroScreen map, the TCAC opportunity map indicates environmental outcomes in the central portion of the city are generally less positive (District 3) and the environmental outcomes in the northern portion of the city (District 4 and District 6) are the most positive (Figure G5-18). Areas with the worst environmental outcomes are also areas that have a predominant Hispanic or Latino population.

Senate Bill (SB) 535 tasks the California Environmental Protection Agency with identifying disadvantaged communities. Disadvantaged communities are low-income areas that are disproportionately affected by environmental pollution and other hazards. Under SB 535, a minimum of 25 percent of funds from the Greenhouse Gas Reduction Fund, funded by revenue from the state's cap-and-trade emissions program, goes to projects that benefit disadvantaged communities. Most of the city of Merced, including District 1, District 2, District 3, District 6, most of District 5 and a small part of District 4, are considered disadvantaged communities under SB 535 (Figure G5-19).

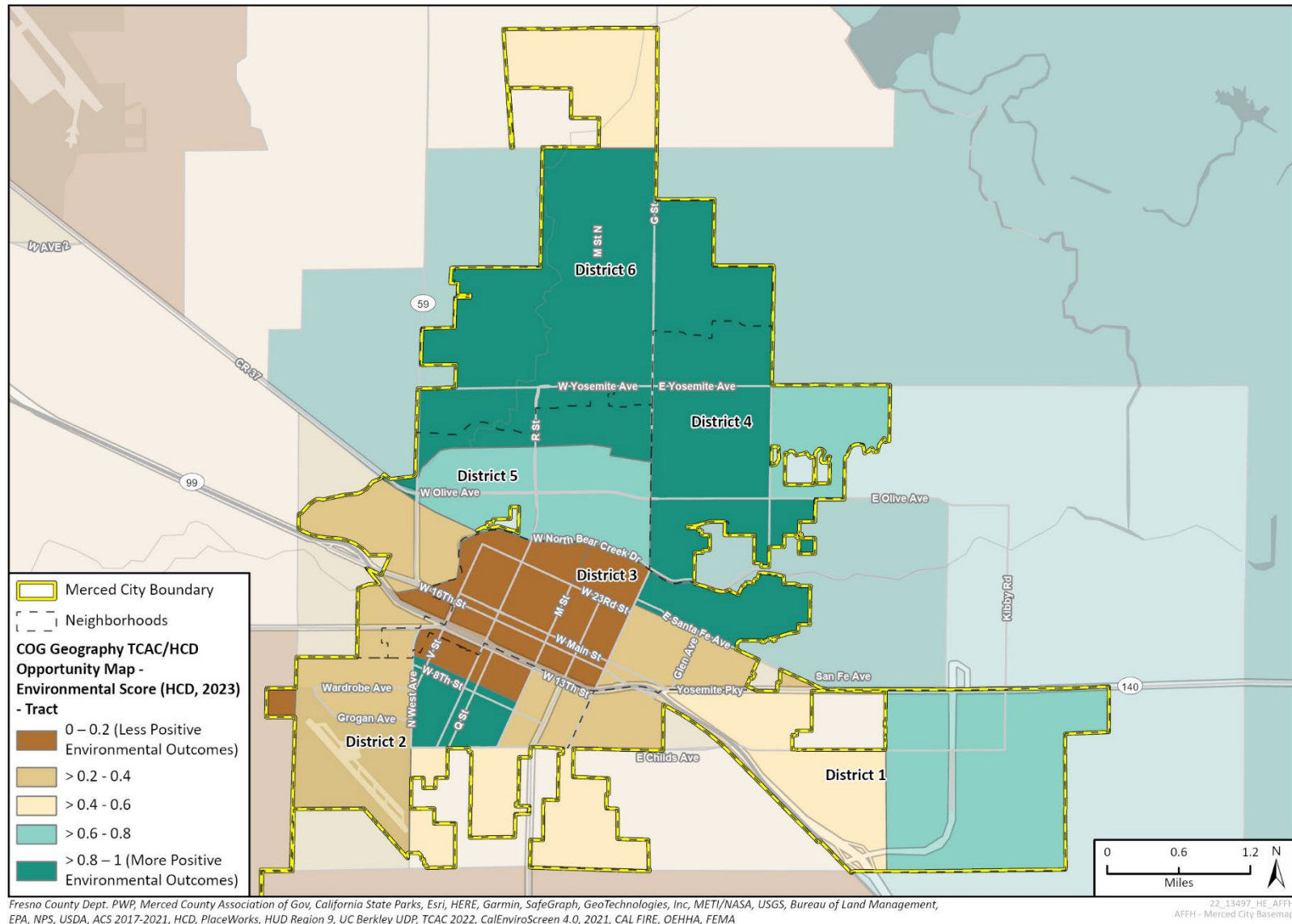
**Figure G5-17 CalEnviroScreen 4.0 Percentile Scores (City of Merced)**



Source: AFFH Data Viewer, 2023.

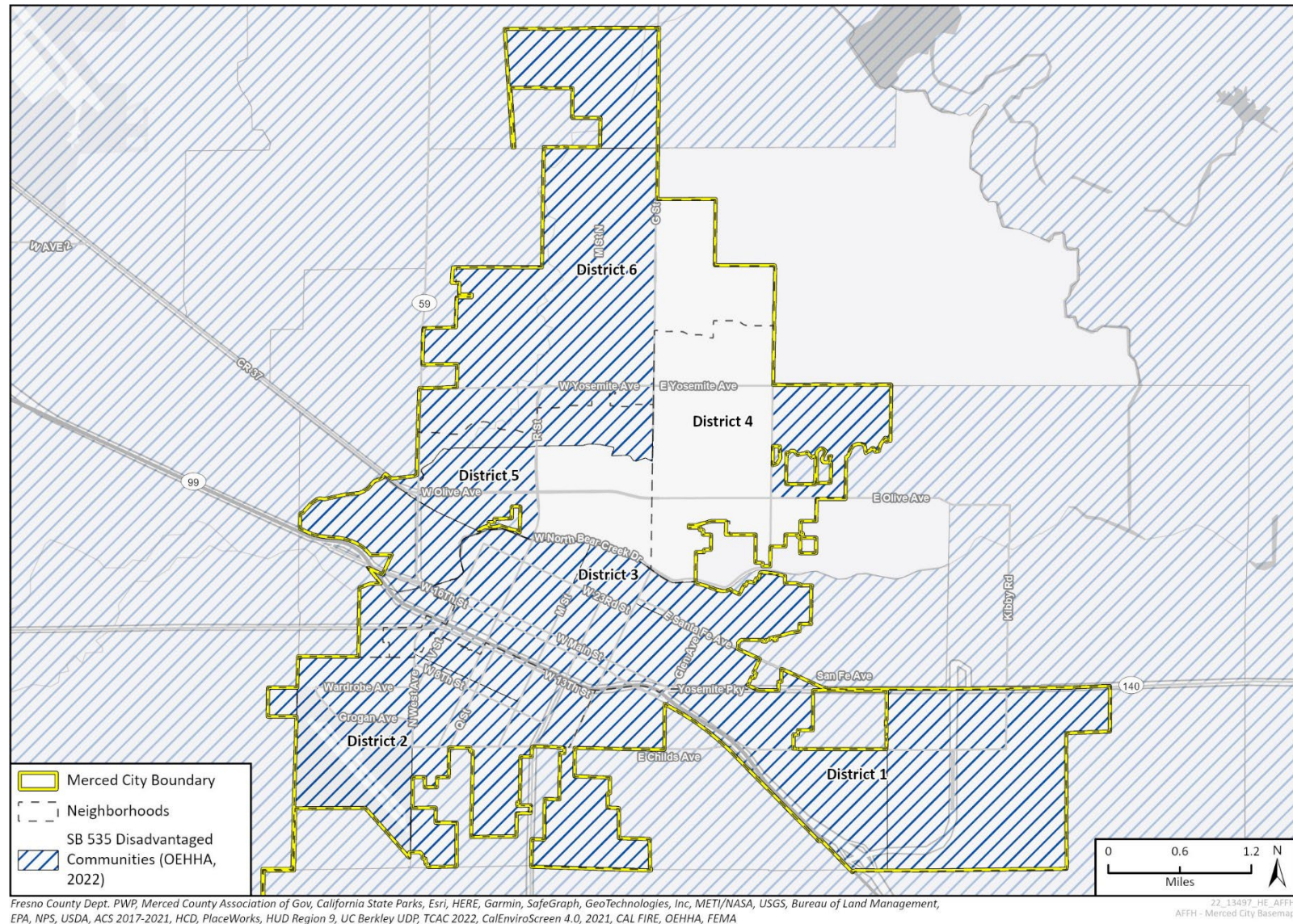


**Figure G5-18 TCAC Opportunity Areas - Environmental (City of Merced)**





**Figure G5-19 SB 535 Disadvantaged Communities (City of Merced)**



Source: AFFH Data Viewer, 2023.

## G5.10 Disproportionate Housing Needs

Disproportionate housing needs refers to a condition in which there are significant disparities in the proportion of members of a protected class experiencing a category of housing need, or the total population experiencing that category of housing need in the applicable geographic area. To analyze the extent of disproportionate housing needs, this section reviews HUD Comprehensive Housing Affordability Strategy (CHAS) data on housing cost burden, overcrowding, and substandard housing conditions (collectively known as “housing problems”), homelessness, and displacement risk.

### **Housing Problems**

According to federal law, “housing problems” refers to any of four housing issues: cost burden and severe cost burden, overcrowding, and substandard housing conditions.

Approximately 46 percent of total households in the city are experiencing housing problems.<sup>17</sup> About 28 percent of total households are experiencing severe housing problems. This is higher than the region, where 41 percent of total households are experiencing housing problems and 23 percent of households are experiencing severe housing problems.

#### *Substandard Housing Conditions*

HUD considers housing units to be “standard units” if they comply with local building codes, whereas housing units are considered “substandard” if they lack complete plumbing or kitchen facilities. According to 2017-2021 ACS estimates, less than one percent of units within the city of Merced do not have complete plumbing facilities and less than one percent of units do not have complete kitchen facilities.

Approximately 63 percent of Merced’s housing stock was constructed prior to 1990 and is more than 30 years old. These units are potentially in need of repair and modernization improvements.

#### *Housing Cost Burden*

The rate of cost burden (spending more than 30 percent of household income on housing costs) among Merced residents is slightly lower than the Merced County and Northern SJV averages. Cost burden among homeowners is lowest in District 2, District 4, and portions of District 6; less than 20 percent of homeowner households are cost burdened in these neighborhoods. In most other parts of the city, between 20 and 40 percent of homeowners are cost burdened. However, higher percentages of cost burden by homeowners are prevalent in the central portions of the city, with 40-60 percent of homeowners experiencing cost burden in areas District 3 and District 5. The highest percentages of cost burden by homeowners can be found in District 3, District 5, and portions of District 6 near the University. Data shows that 60 to 80 percent of homeowners in these neighborhoods are cost burdened (Figure G5-20).

The highest rates of cost burden for renters in Merced are observed in District 3 and portions of District 2 and District 4, where 60 to 80 percent of renters are cost burdened. Between 20 and 40 percent of renter households are cost burdened in the northern parts of the city in District 1, District 2, District 3, District 5, and portions of District 4 and District 6 (Figure G5-21).

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<sup>17</sup> Office of Policy Development and Research. 2022. Consolidated Planning/CHAS Data.  
<https://www.huduser.gov/PORTAL/datasets/cp.html>



Approximately 41 percent of total households in Merced are cost burdened and 21 percent of households are severely cost burdened (Table G5-4). Across each income level there is a higher percentage of cost-burdened renter-occupied households. Extremely low-, very low-, and low-income households experience cost burden at disproportionately high rates compared to moderate- and above moderate-income households for both renter and owner households. Approximately 80 percent of all extremely low-income households experience cost burden, while only nine percent of moderate and above moderate-income households experience cost burden. The percentage of households experiencing cost burden generally increases as income decreases.

**Table G5-4 Cost Burden by Income Category (2015-2019)**

Household by Tenure, Income, and Housing Problem	Renters		Owners		Total Households	
	Total	Percent	Total	Percent	Total	Percent
<b>Extremely low-income (0-30% AMI)</b>	<b>4,685</b>		<b>790</b>		<b>5,475</b>	
With any housing problem	3,695	78.9%	560	70.9%	4,525	82.6%
With cost burden >30%	3,800	81.1%	540	68.4%	4,350	79.5%
With cost burden >50%	3,035	64.8%	380	48.1%	3,420	62.5%
<b>Very low-income (31-50% AMI)</b>	<b>3,050</b>		<b>835</b>		<b>3,885</b>	
With any housing problem	2,530	83.0%	555	66.5%	3,085	79.4%
With cost burden >30%	2,335	76.6%	530	63.5%	2,865	73.7%
With cost burden >50%	1,045	34.5%	300	35.9%	1,345	34.6%
<b>Low-income (51-80% AMI)</b>	<b>2,635</b>		<b>1,850</b>		<b>4,485</b>	
With any housing problem	1,680	63.8%	820	44.3%	2,500	55.7%
With cost burden >30%	1,480	56.2%	755	40.1%	2,230	49.7%
With cost burden >50%	195	7.4%	210	11.4%	405	9.0%
<b>Moderate &amp; Above Income (&gt;80% AMI)</b>	<b>4,590</b>		<b>7,055</b>		<b>11,645</b>	
With any housing problem	625	13.6%	890	12.6%	1,515	13.0%
With cost burden >30%	305	6.6%	695	9.9%	1,000	8.6%
With cost burden >50%	20	0.4%	105	1.5%	125	1.1%
<b>Total Households</b>	<b>14,960</b>		<b>10,530</b>		<b>25,490</b>	
With any housing problem	8,880	58.8%	2,825	26.8%	11,625	45.6%
With cost burden >30%	7,920	52.9%	2,520	23.9%	10,445	41.0%
With cost burden >50%	4,295	28.7%	995	9.4%	5,290	20.8%

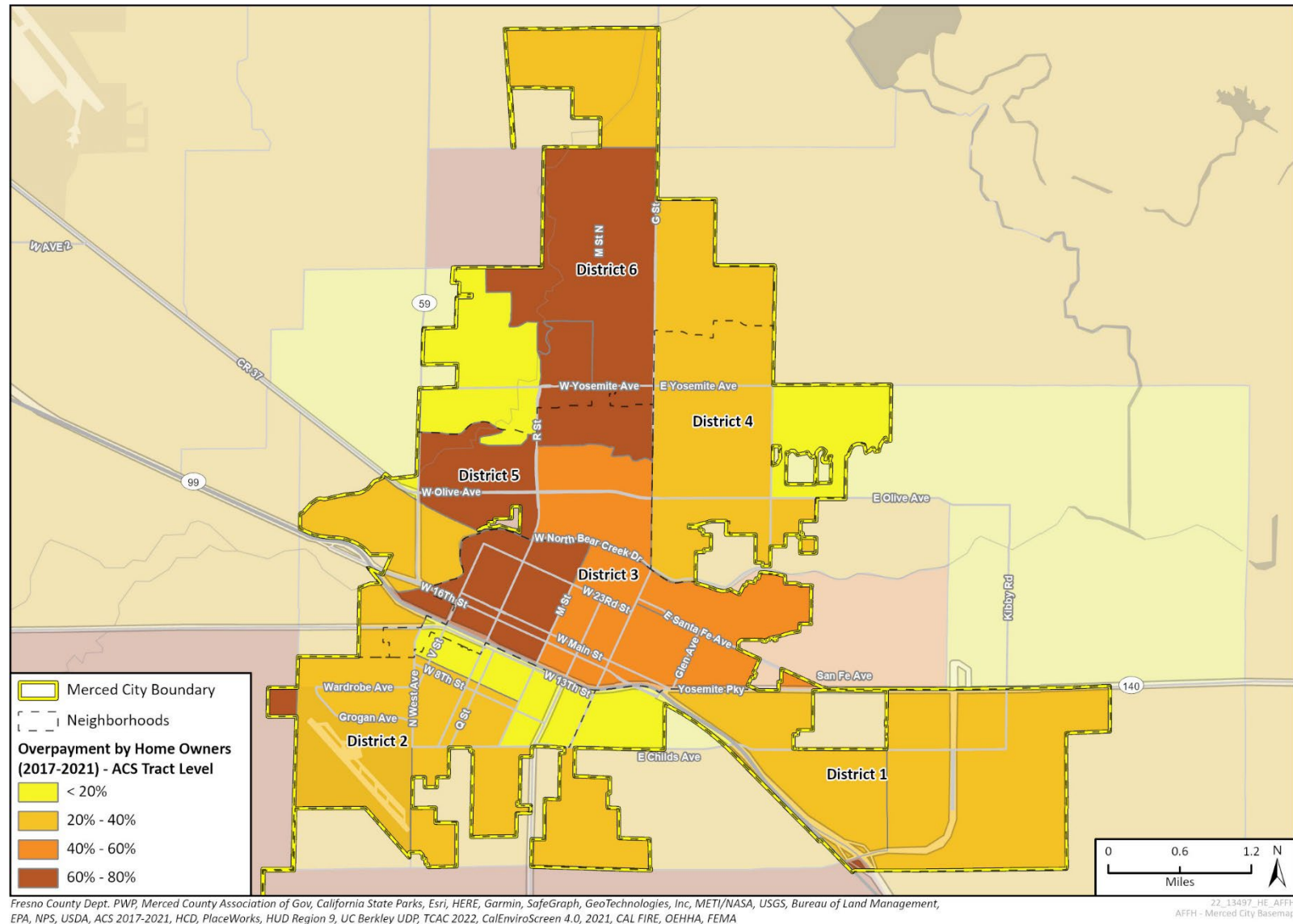
Note: Housing Problems: There are four housing problems in the CHAS data: 1) housing unit lacks complete kitchen facilities; 2) housing unit lacks complete plumbing facilities; 3) household is overcrowded; and 4) household is cost burdened. A household is said to have a housing problem if they have any 1 or more of these 4 problems.

Cost burden: Monthly housing costs (including utilities) exceeding 30% of monthly income.

Severe cost burden: Monthly housing costs (including utilities) exceeding 50% of monthly income.

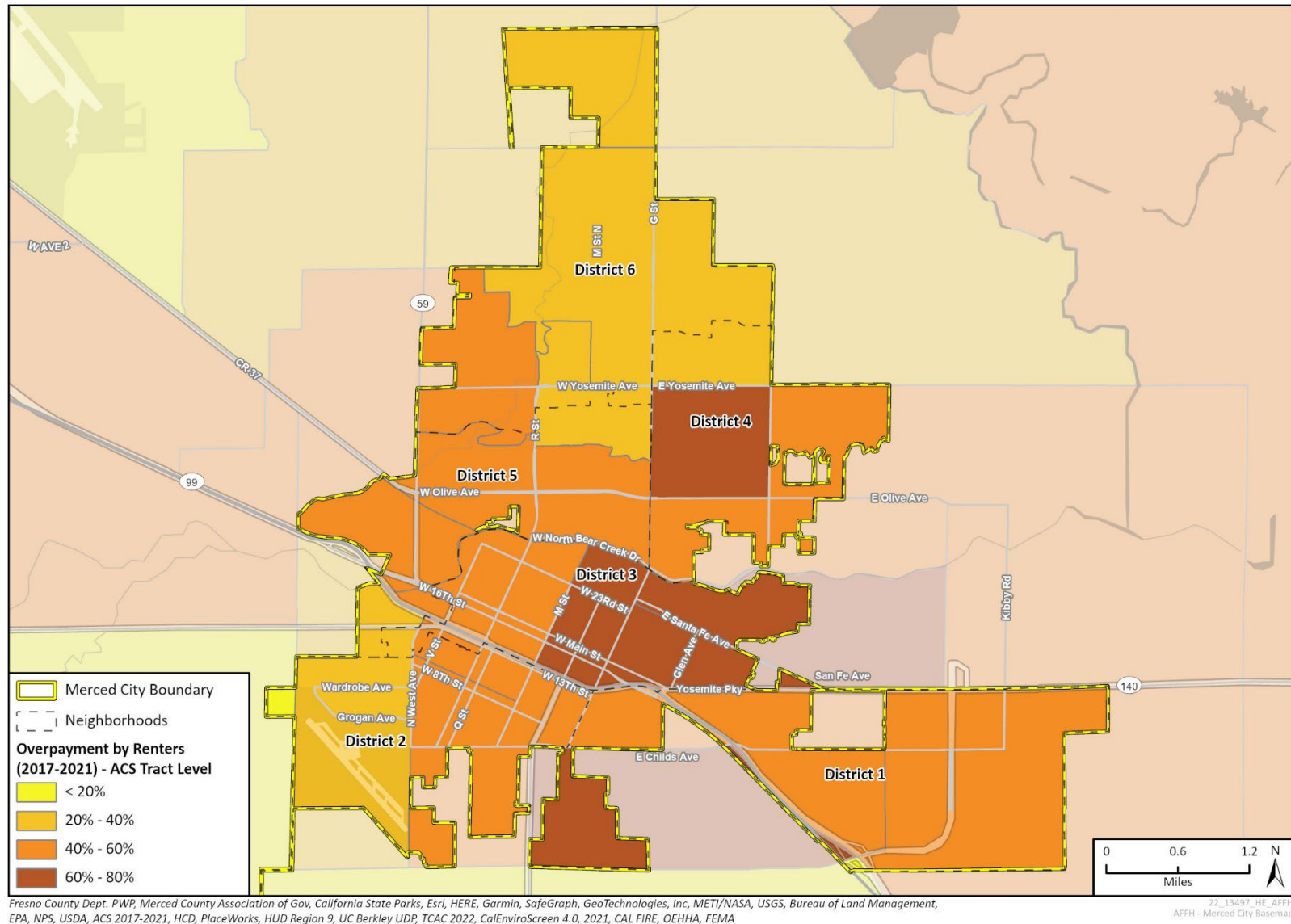
Source: U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS) ACS tabulation, 2015-2019 release

**Figure G5-20 Overpayment by Home Owners (City of Merced)**



Source: AFFH Data Viewer, 2023.

Figure G5-21 Overpayment by Renters (City of Merced)



Source: AFFH Data Viewer, 2023.

## Overcrowding

As discussed in Chapter G3, *Housing Needs Assessment*, Merced has 5,220 large households (households with five or more people), comprising approximately 11 percent of total households, as shown in Table G5-5. A higher percentage of renter households (21 percent) are considered large households compared to owner households (7 percent).

Approximately five percent of households in Merced are overcrowded (more than 1.0 persons residing per room) and two percent are severely overcrowded (more than 1.5 persons residing per room). Overcrowded housing is concentrated in the southern half of the city, in District 2, where over 20 percent of households are experiencing overcrowding (Figure G5-22). In the northern and eastern parts of the city, households experienced overcrowding at a rate lower than the state average of 8 percent.<sup>18</sup>

**Table G5-5 Large Households (City of Merced)**

	Number of Household	Percent of Households
<b>Total Occupied Housing Units</b>	<b>26,673</b>	<b>100%</b>
<b>Total Large Households (5 or More Persons)</b>	<b>5,220</b>	<b>20%</b>
5-Person Household	2,952	11%
6-Person Household	1,362	5%
7-or-More Person Household	906	3%

Source: U.S. Census Bureau, American Community Survey 5-Year Data (2017-2021), Table B25009.

## Unhoused Persons

According to the Merced City and County Continuum of Care Point-In-Time (PIT) Count, 855 unhoused individuals were recorded in Merced County, representing a two percent increase from 2021.<sup>19</sup> In the city alone, 555 unhoused individuals were recorded in 2022, an increase from 482 persons recorded in 2021. Factors contributing to the increase in unhoused individuals may include social structural issues such as increases in rent, loss of job, and rising health care costs. Of the 555 unhoused individuals during the 2022 count, 47 were chronically unhoused, which is defined as people who have been unhoused for at least a year (or repeatedly) while struggling with a disabling condition such as serious mental illness, substance use disorder, or physical disability. Sixty-four individuals had a chronic health condition, 77 had mental health problems, 84 had physical disabilities, and 133 had substance use problems.

Compared to the overall population of the city, white, Native American/Alaskan Native, Black/African American, and multi-race residents are overrepresented for the unhoused population (Table G5-6). Asian American/Pacific Islander residents are underrepresented in the unhoused population per their respective share of the population.

<sup>18</sup> U.S. Census Bureau. 2021 ACS 5-Year Estimates, S2501: Occupancy Characteristics.

<https://data.census.gov/tables?t=Household+Size+and+Type&g=160XX00US0646898&tid=ACST5Y2021.S2501>

<sup>19</sup> Merced County Continuum of Care. 2022. Homeless Count and Survey Report.

<https://static1.squarespace.com/static/6149207801c5c134f32b280c/t/625605199113fa3f4be48dbe/1649875108255/Merced+County+COC+2022+Homeless+Count+and+Survey+Report+>

**Table G5-6 Race/Ethnicity of Unhoused Population and Overall Population (City of Merced)**

	Unhoused Population	Total Population
White	69.6%	23.8%
Native American/Alaskan Native	2.2%	0.4%
Black/African American	9.4%	3.9%
Asian American/Pacific Islander	1.8%	10.8%
Multiple Races or Other	17.0%	3.0%
Source: Merced City and County Continuum of Care (CoC). 2022. 2022 Homeless County Report.		

Resources for homeless individuals are concentrated in the central parts of the city, in Districts 2, 3, and 5. There are several emergency shelters and transitional and supportive housing facilities in Merced that provide shelter and housing to those experiencing homelessness. There are a total of 103 emergency shelter beds, 90 transitional housing beds, and 17 permanent housing units. Based on the 2022 PIT Count, there is a large gap in the number of individuals experiencing homelessness and the number of available beds in the city. The City will implement Housing Program 1 *Regional Collaboration* to support regional efforts to address homelessness needs throughout the regional and Housing Program 6 *Zoning Code Amendments* to amend the Zoning Code to remove constraints to the development of emergency shelters and supportive and transitional housing.

## Displacement

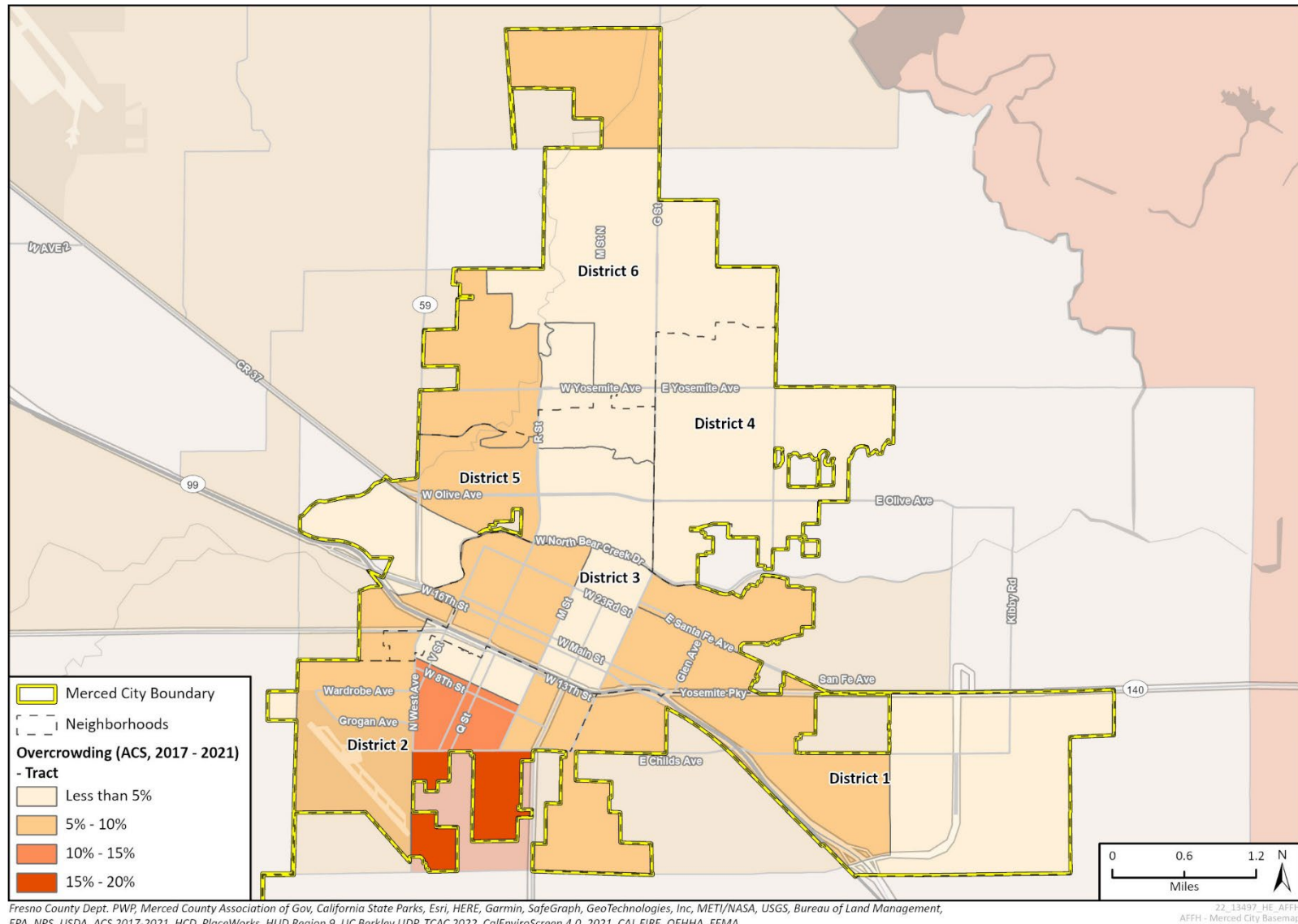
The Urban Displacement Project (UDP) designates communities as at risk of displacement if the share of very low-income residents is greater than 20 percent and have any of the two following characteristics:

- The share of renters is above 40 percent
- The share of people of color is above 50 percent
- The share of very low-income households that are severely rent burdened is above the county median
- The percent change in rent is above the county median for rent increases

According to the UDP, risk of displacement is highest in the central parts of the city, including District 2, District 3, and District 5 (Figure G5-23). In the northern, southwestern, and southeastern portions of the city, including the neighborhoods of District 1, District 4, District 6, and the western and southern parts of District 2 the displacement risk is lower.

Home values and rents have increased significantly in the city of Merced over the past decade. According to ACS estimates, between 2016 and 2021, home value increased from \$170,500 to \$286,600 (68 percent increase) and median rent increased from \$855 to \$1,127 (32 percent increase). In addition, about 41 percent of all households are cost burdened, meaning many households are paying too much for housing. While the UDP rates the city as having a low risk of displacement, these trends indicate cost burdened and low-income households may be at risk of displacement if the cost of housing continues to rise.

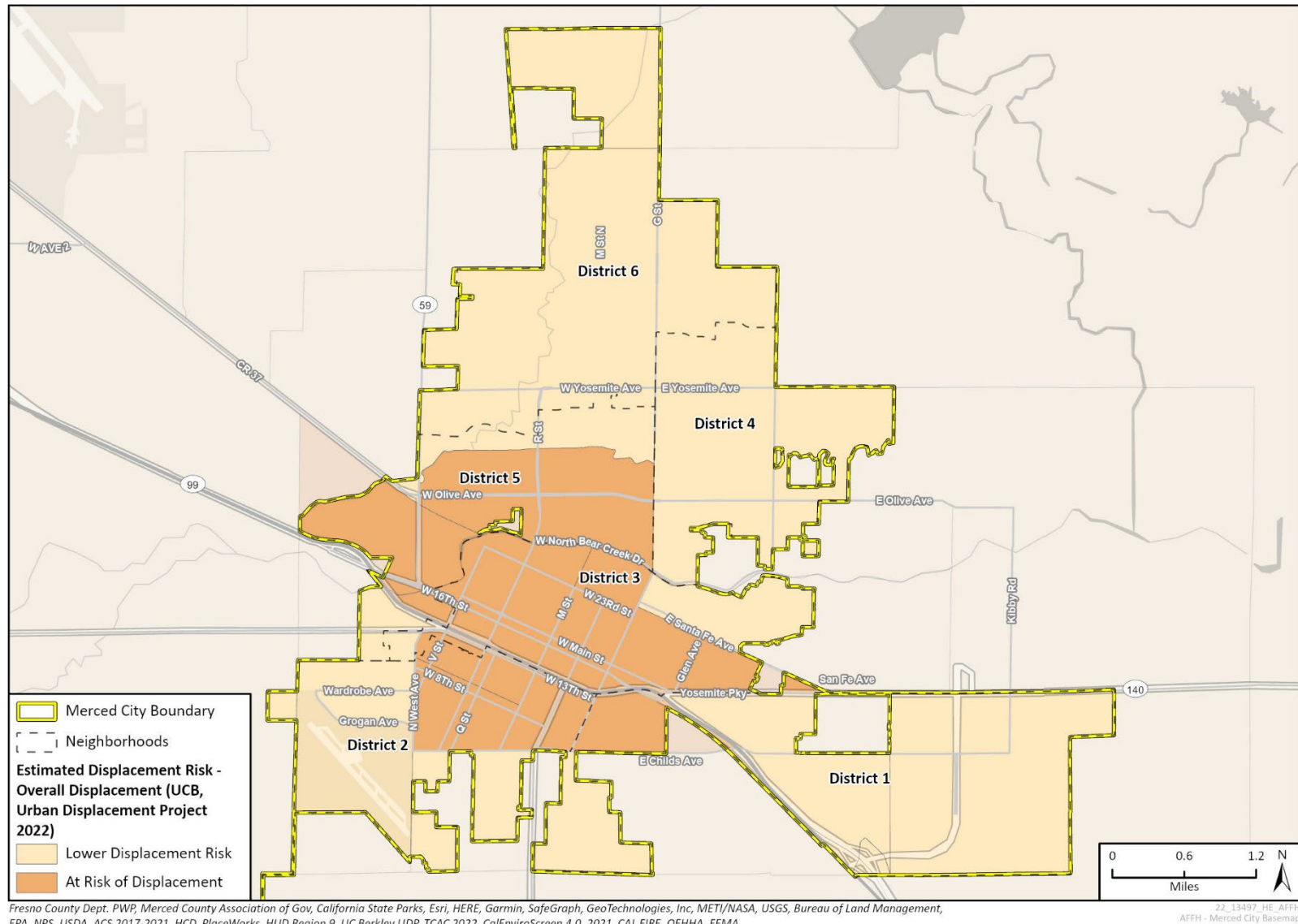
**Figure G5-22 Overcrowded Households (City of Merced)**



Source: AFFH Data Viewer, 2023.



Figure G5-23 Displacement Risk (City of Merced)



## G5.11 Local Area Knowledge

### Historic Patterns of Segregation

The city of Merced's patterns of segregation reflect the same patterns discussed previously in Chapter 5, *Regional Assessment of Fair Housing*. Its first inhabitants were the Yokut-speaking tribes, then in the 1800s the Spanish managed much of the land. The Spanish settlers began to dramatically change the face of the area after the Treaty of Guadalupe-Hidalgo in February of 1848. Soon after the treaty, the discovery of gold in 1849 brought people flooding into California looking for quick riches. As more people were residing in California, the diversity in the state was also changing.

One of the first documented cases of segregation in Merced was between 1883 and 1908, when anti-Chinese legislation and anti-Chinese sentiment began to rise. The actions taken by Merced decision makers closely mirrored those taken in other California cities like San Francisco. In March of 1880, the San Francisco Board of Health performed a raid on Chinatown and subsequently declared the area a public health nuisance. Merced's most prominent newspaper in the 19<sup>th</sup> century, the *San Joaquin Valley Argus*, acknowledged and reported success on the enforcement of policies such as the Cubic Air Ordinance in San Francisco that disproportionately targeted Chinese citizens. During this time, the Chinese population that resided on Merced Main Street continued to increase. Authors for the *Argus* began to urge the City of Merced to remove and restrict the local Chinese population from public spaces.

Merced's Board of Trustees passed a series of ordinances, including provisions for a health district. Ordinance no. 10, enacted in 1889, was established to "define and punish" any public health nuisance found within Merced's city limits. Merced County Ordinances also included anti-Chinese provisions, including Section 20 of Ordinance no. 82, enacted in 1908, which called for all cases of "Asiatic Cholera," widely thought at the time to be the result of Chinese trade and immigration, to be reported to the county Board of Health. These ordinances also included Ordinance No. 96, enacted in 1908, that lays out the responsibility of the Health Officer. Section 5 of Ordinance No. 96 stated that the Health Officer may enter any premises, and should there be evidence of overcrowding (any more than one person per 500 cubic feet) shall be removed.

In more recent years, the closure of Castle Air Force Base (AFB) has had a significant impact on the economy and housing stock in Merced. Operating from 1941 to 1995, the closure of the base led to a considerable decline in the city's population, causing a ripple effect on the local economy. Many individuals who relied on jobs provided by the base were left unemployed and had to seek opportunities elsewhere. As an additional consequence of the closure, there was an increase in vacant homes and apartment buildings in the area, leading to a decrease in property values. Homeowners faced challenges in selling their properties due to the unfavorable market conditions, which further exacerbated the issue. In some cases, financial difficulties resulted in vacant properties falling into disrepair or facing foreclosure. This resulted in the rapid changes of the character of these neighborhoods, leading to the decline in the overall appearance and atmosphere in these communities. In many of the cities surrounding Castle AFB, rental units where military and civilian personnel previously lived deteriorated, eventually being referred to as "Section 8" areas.<sup>20</sup> The decrease in value of the housing stock led to segregated pockets of lower-income individuals, which is still seen in city centers where more dense housing is located, and poverty levels are higher.

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<sup>20</sup> Merced County Community Action Board Strategic Plan 2013-2018. [https://www.mercedcaa.com/v2/wp-content/uploads/2018/11/7.1\\_Strategic\\_Plan\\_Jan\\_2013.pdf](https://www.mercedcaa.com/v2/wp-content/uploads/2018/11/7.1_Strategic_Plan_Jan_2013.pdf)



The establishment of UC Merced in 2005 had a contrasting effect on the housing stock. As the university attracted a growing number of students, faculty, and staff, there was an increased demand for housing near the campus. This demand put pressure on the existing housing market, resulting in rising rental and housing prices in the areas close to the university, adding value to the housing stock. To accommodate the influx of students and staff, developers and investors recognized the potential for building new housing units. As a result, there has been an increase in residential development, including apartment complexes, to cater to the needs of the university population, such as the off-campus Merced Station Apartments built in 2021. Additionally, the university's efforts to promote education in the Central Valley might have influenced some individuals from the region to pursue higher education at UC Merced. As a result, the demographics of the student body became more reflective of the local population. The presence of the university also encouraged graduates to stay in the area after completing their studies, further impacting the demographics by retaining a more educated and skilled workforce in the city.

The city of Merced experienced a downturn in the housing market between 2011 and 2015. During this time the number of people purchasing homes decreased and many homes were foreclosed throughout the city. Between 2011 and 2014, the City tracked vacant homes in the city. According to the City's Public Works Department, approximately 603 single-family homes were vacant each month in 2011 and the number of vacant homes decreased over the following years. In 2012 450 single-family homes were vacant each month, in 2013 325 single-family homes were vacant each month, and in 2014 256 single-family homes were vacant each month.

## **Stakeholder and Community Input**

The city held community workshops on August 22, 2023 and August 26, 2023. During the workshops, participants expressed the need for more affordable housing in the city and the need for accessible affordable housing in particular. During workshops held in each jurisdiction as part of the Merced County Multi-Jurisdictional Housing Element planning effort, participants identified the most significant housing barriers, including rent affordability and rent increases, lack of housing with supportive services, and difficulty buying a home.

The city held a series of stakeholder meetings on August 8, 9, and 23, 2023. Each meeting was centered around one of the following stakeholder groups: service providers, developers, and residents. Respondents at the service providers meeting noted that the cost of housing within the county is high and job insecurity further exacerbates those conditions. Respondents noted that residents in the city of Merced are being displaced due to expiring covenants, rent increases, additional fines, and reapplication fees. Respondents also stated several other barriers to housing including language equity, digital access equity, and racial inequities present amongst various groups when renting and buying homes. When asked about potential solutions to these barriers, respondents stated that tenant rights with aims to preserve and improve existing housing without offsetting costs onto renters and buyers is necessary. In addition, respondents agreed that housing should be located near transit to connect residents with job opportunities and other necessary resources and services. Respondents also noted right to counsel, investments in the general fund, rent relief programs, widespread affordable housing, community agreements, development requirements, and additional transitional housing as opportunities for safe and affordable housing. At the second meeting hosting developers, respondents noted that some of the largest challenges faced by the County is affordability. Several respondents noted that the largest determinant for renters and buyers is affordability. In addition, respondents stated that Merced County needs to be competitive when compared to its surrounding jurisdictions such as Stanislaus and San Joaquin. The

addition of a thriving downtown or services such as a central airport would help to promote the area and attract new residents to the area. Interest rates have also challenged the housing market. Several respondents noted the incongruencies between different developers and their idea of what affordable housing looks like with such high interest rates. When asked what types of housing would most benefit the community one respondent noted that housing for those with middle incomes is missing. Several respondents noted that several affordable housing development barriers include supply expenses, restrictive zoning, and a lack of public transit to build affordable housing around. In the third of the stakeholder meetings community members largely echoed the concerns of the other two stakeholder meeting groups stating that the cost of living and housing affordability are a primary concern. Respondents noted that inclusionary zoning seemed to be present in northern Merced, but southern Merced was lacking in investments. Housing needs identified by respondents included deed restrictions, rent control and rent stabilization measures, additional transitional housing, rental rights programs, equitable housing practices, on-site amenities in housing developments, home rehabilitation, and an accessible rental registry.

An online community survey was available on the MCAG Housing Element website in both English and Spanish from May to December 2023. The survey asked participants about housing issues and the types and location of housing development they would like to see in their city. Respondents in Merced identified desirable aspects when looking for housing includes affordability and the quality and size of housing. Affordability was selected as the most urgent housing challenge and rental assistance, Housing Choice Vouchers, and homebuyer loan counseling services were selected as the most beneficial programs to assist residents with housing needs. The most needed housing type selected was housing with three or more bedrooms, followed by housing with one or two bedrooms. According to respondents, areas that should be developed with housing include areas near public transit stops, employment, and shopping centers and downtown locations. In addition, approximately one third of respondents would be interested in developing an accessory dwelling unit on their property.

## **Other Relevant Factors**

Other factors to fair housing issues in Merced that have not been previously discussed in this analysis include limited English proficiency, housing stock types, and community opposition to affordable housing development. These contributing factors limit the accumulation of wealth and access to housing resources in historically marginalized communities.

### *Limited English Proficiency*

Language barriers can lead to linguistic and cultural isolation. According to 2017-2021 ACS estimates, 48 percent of Merced residents speak a language other than English at home, and the majority of those residents speak Spanish. This is slightly more than the percentages of Northern SJV region residents (46 percent) and California (44 percent) residents that speak a language other than English at home.

The City has translation at most of their community events. There are two strong non-English speaking populations (Hmong and Spanish languages) that the City supports with translation services at most events and official meetings such as City Council, Planning Commission, and Town Hall meetings.

### *Housing Stock Type*

More than half the housing stock in Merced (66 percent) is made up of detached single-family homes, which may not be affordable to lower-income households.

The city of Merced has 5,220 large households (households with five or more people), or approximately 20 percent of total households. Only 24 percent of all housing units contain four or more bedrooms which can accommodate large families without overcrowding.<sup>21</sup>

### *Community Opposition*

Merced has experienced some negative public comments and opinions regarding zoning changes to allow higher density housing and public negative opinions coming from those living close to recent permanent supportive housing complexes.

### *Areas Annexed from the County*

The City has observed that areas that have been annexed from Merced County often have issues regarding older infrastructure that is in need of updates. In particular, roads are difficult to maintain due to heavy traffic patterns and old roadways. Some older county annexations do not have sidewalks and some areas do not have enough streetlights.

## G5.12 Subsidized Housing

Subsidized housing is located in District 1, District 2, District 3, and District 5, but is primarily concentrated in District 2 and District 5. The City of Merced does not own public housing located within city limits. However, the City works closely with the Housing Authority of the County of Merced (HACM) to provide public housing within the city and throughout the county. According to the City of Merced 2022 HUD Annual Action Plan, the waiting list for households in need of housing is 2,379 families, and 1,195 (50 percent) of those families include children.<sup>22</sup>

According to the City's 2020-2021 Consolidated Plan, as of July 2021, 2,856 housing choice vouchers (HCVs) are in use in Merced.<sup>23</sup> Approximately 37 percent of vouchers are used by households with a person with a disability. The average annual income for households using housing choice vouchers is \$16,021. The use of HCVs is most prevalent in parts of District 1, District 2, District 3, and District 5 where 15 to 30 percent of households rely on HCVs, as shown in Figure G5-24.

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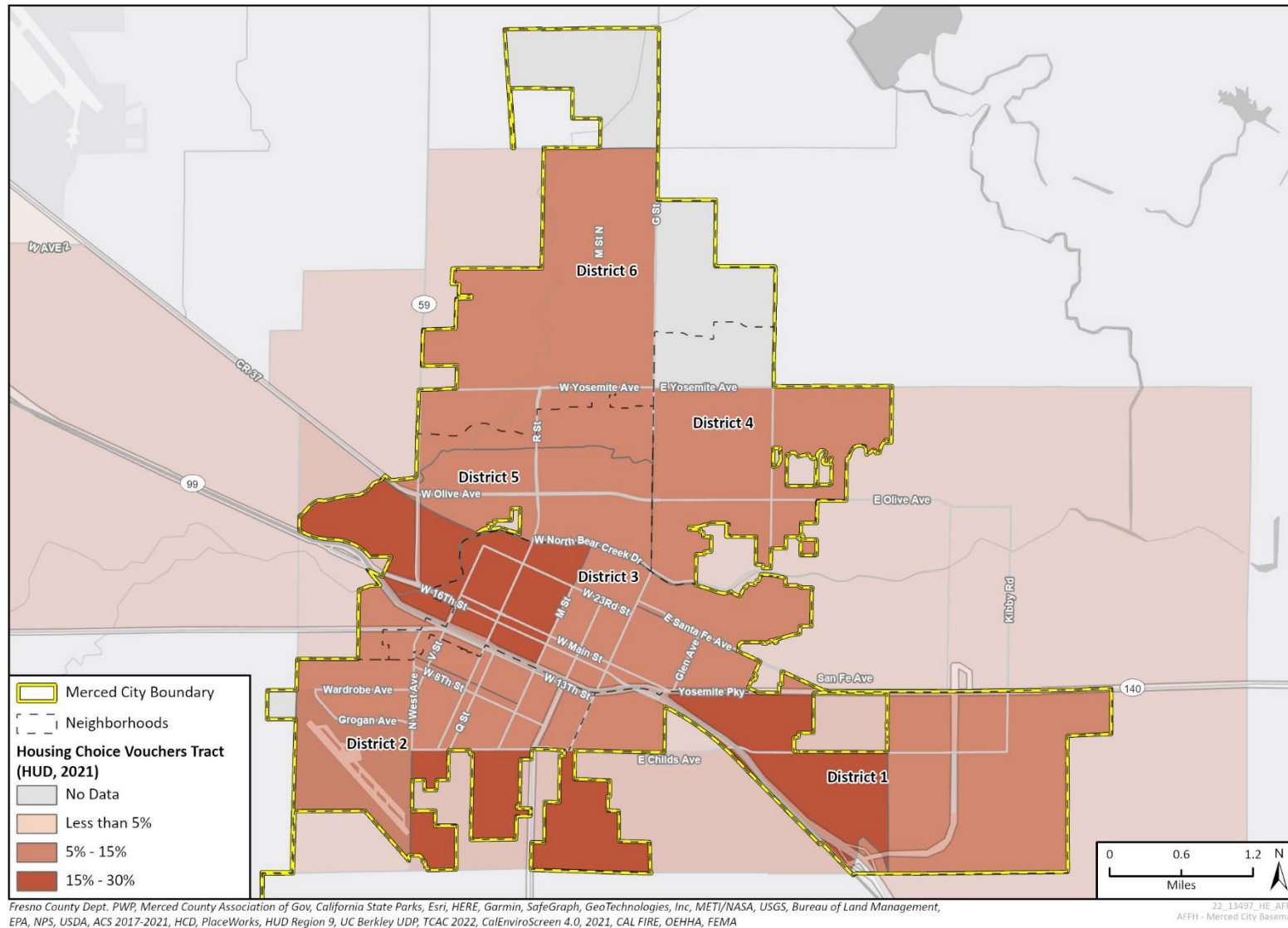
<sup>21</sup> U.S. Census Bureau, ACS 17-21 (5-year Estimates), Table B25041

<sup>22</sup> City of Merced 2022 HUD Annual Action Plan.

<https://www.cityofmerced.org/home/showpublisheddocument/18316/638119081773530000>

<sup>23</sup> 2020-2021 Consolidated Plan. <https://www.cityofmerced.org/home/showpublisheddocument/15059/637654911015170000>

**Figure G5-24 Housing Choice Vouchers (City of Merced)**



Source: AFFH Data Viewer, 2023

## G5.13 Housing Site Inventory Analysis

This portion of the AFFH analyzes the relation between the housing opportunity sites and AFFH-related issues. Government Code Section 65583(c)(10) requires the housing opportunity sites to be analyzed with respect to AFFH to ensure that sites designated for lower-income households are dispersed equitably throughout the city rather than concentrated in areas of high segregation and poverty or low-resource areas that have historically been underserved, and conversely, that sites designated for above moderate-income households are not concentrated in areas of high resources. By comparing the Site Inventory to the fair housing indicators in this assessment, this section analyzes whether the sites included in the Housing Element Site Inventory improve or exacerbate fair housing conditions, patterns of segregation, and access to opportunity.

### Housing Sites by TCAC Opportunity Area

For purposes of evaluating fair housing, resource levels designated by TCAC/HCD denote access to economic and educational opportunities such as low-cost transportation, jobs, and high-quality schools and the quality of environmental factors in the area such as proximity to hazards and air quality. TCAC has a composite opportunity score for each census tract. Merced contains areas of all resource levels.

The City's Site Inventory can accommodate 7,859 housing units on 99 sites. Figure G5-25 shows the housing opportunity sites by TCAC designated resource area. The housing opportunity sites are designated by income category – whether the sites could accommodate housing appropriate for low-, moderate-, or above moderate-income households. The “appropriateness” of sites for various affordability levels is dictated by State housing element law and HCD guidance and includes allowable density, size of site, realistic capacity, existing use(s), and other factors. More information about the sites and income designations is available in Chapter G6, *Housing Resources and Site Inventory Analysis*.

Most of the housing opportunity sites, accommodating 82 percent of all units, are located in highest/high resource areas. These sites are primarily located in District 4 and District 6, in part due to the availability of large vacant and underutilized parcels in these neighborhoods.

### *Total Units by Resource Area*

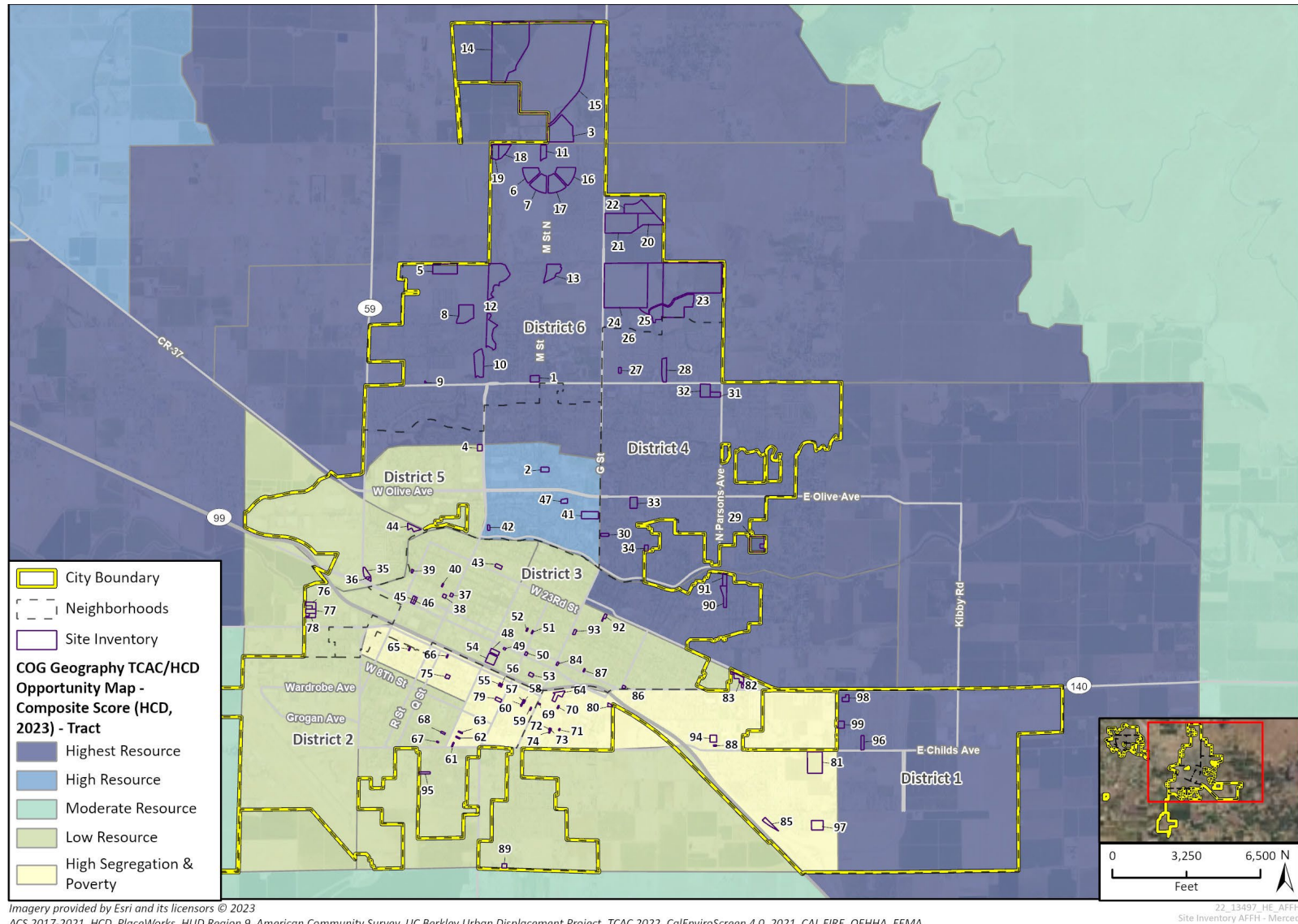
There are 1,376 units planned in areas of high segregation and poverty and low resource: 70 percent of those units (962 units) will be lower-income units, 23 percent (323 units) will be moderate-income units, and six percent (91 units) will be above moderate-income units. In contrast, 6,483 units are planned in areas designated high/highest-resource: 46 percent of those units (2,992 units) will be lower-income units, 27 percent (1,761 units) will be moderate-income units, and 27 percent (1,730 units) will be above moderate-income units. Table G5-7 shows the number of proposed housing units by income level in each resource area.

**Table G5-7 Proposed Housing Units by Resource Area**

Income Level	Lower-Income	Moderate-Income	Above-Moderate Income	Total Units
Areas of High Segregation and Poverty	334 units (8% of lower-income units)	132 units (6% of moderate-income units)	91 units (5% of above moderate-income units)	557 units (7% of total units)
Low-Resource Areas	628 units (16% of lower-income units)	191 units (9% of moderate-income units)	0 units (0% of above moderate-income units)	819 units (10% of total units)
Moderate-Resource Areas	0 units (0% of lower-income units)	0 units (0% of moderate-income units)	0 units (0% of above moderate-income units)	0 units (0% of total units)
High-/Highest-Resource Areas	2,992 units (76% of lower-income units)	1,761 units (85% of moderate-income units)	1,730 units (95% of above moderate-income units)	6,483 units (82% of total units)

The housing opportunity sites will add a higher percentage of lower-income units in high/highest-resource areas (75 percent of total lower-income units) than in areas of high segregation and poverty (8 percent of total lower-income units). A total of 557 housing units (four percent of total housing units housing opportunity sites) are proposed in areas of high segregation and poverty. A total of 819 housing units (10 percent of total housing units) are proposed in areas of low resource. The remaining housing units (86 percent) are proposed in highest-resource areas. The strategy of identifying opportunity sites across the city will increase the mix of housing at all incomes levels.

Figure G5-25 Housing Opportunity Sites by TCAC Resource Area



AFFH Data Viewer, 2023

## **Sites by Income Population**

Census tracts with more than 50 percent low- and moderate-income (LMI) households are located in all neighborhoods except District 6. Figure G5-26 shows the housing opportunity sites by percentage of LMI populations. Approximately 21 percent of the total housing units included in the opportunity sites are located in census tracts with more than 50 percent LMI households due to the availability of underutilized sites in these areas and the potential for mixed-use, transit-oriented development in many neighborhoods such as those in District 3. Of the opportunity sites in these areas, approximately six percent of proposed units are appropriate for above moderate-income households, 35 percent appropriate for moderate-income households, and 58 percent for low-income households. These areas of Merced will benefit from the mix of households of differing income levels and will not see exacerbated levels of segregation by income between neighborhoods.

## **Sites by Overcrowded Households**

Overcrowding is moderate to low throughout Merced, with most of the city having rates of zero to ten percent of overcrowding, as shown in Figure G5-27. District 2 has a higher percentage of overcrowding than other neighborhoods in Merced. The Site Inventory assumes that sites located in District 2 will accommodate 137 housing units. Of these units 67 could accommodate lower-income households and 70 could accommodate moderate-income households. This equates to approximately two percent of the total housing units included in the Site Inventory. The Site Inventory will not exacerbate overcrowding conditions but will add new housing opportunities in areas that need them.

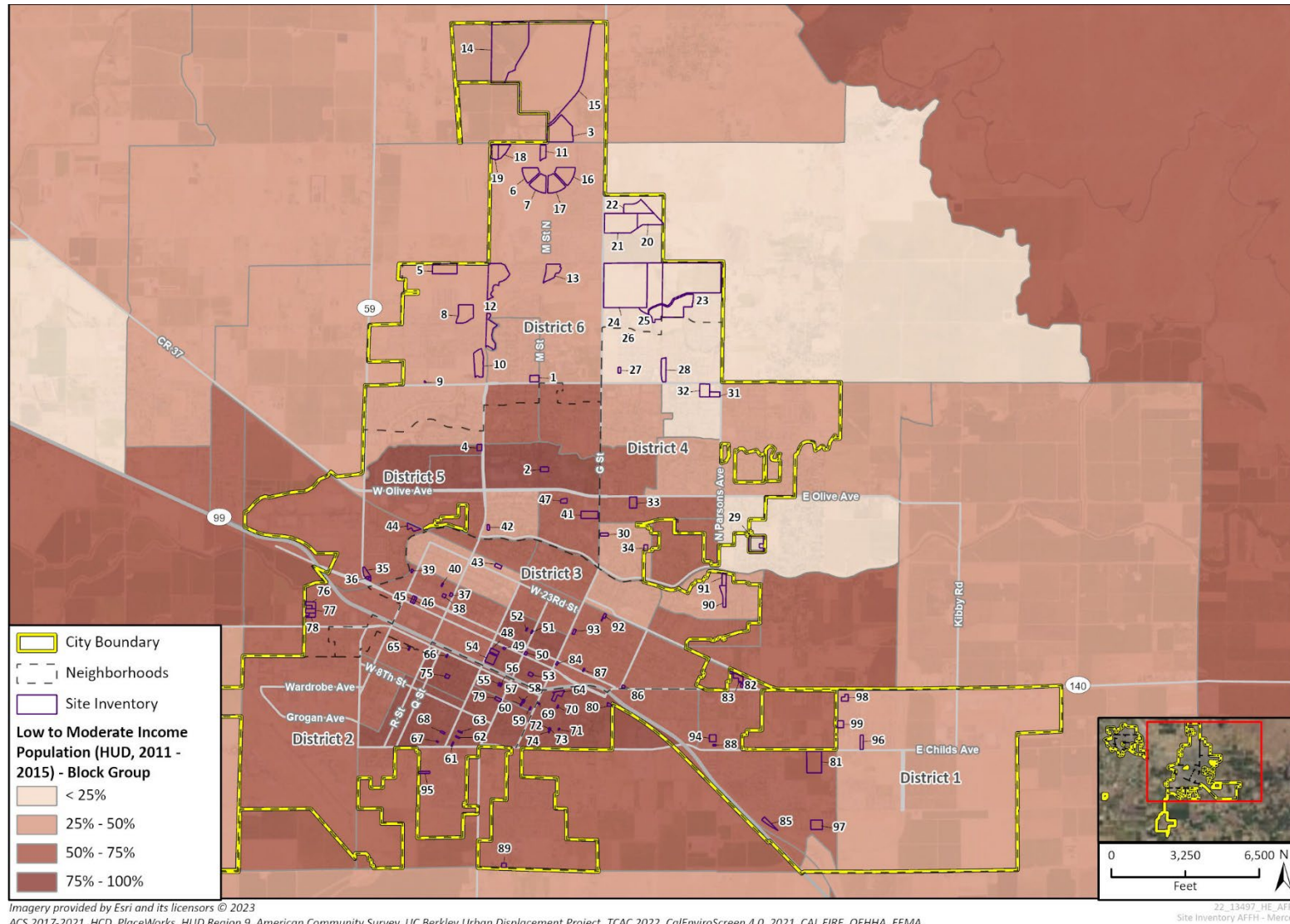
## **Sites by Overpayment by Renters**

The percentage of overpayment by renters ranges throughout the city. Overpayment among renters is highest in District 3 and District 4, as much as 60 to 80 percent, as shown in Figure G5-28. Housing opportunity sites in these districts will provide housing opportunities for a mix of income levels in these neighborhoods, including 552 units affordable to lower-income households and 174 units affordable to moderate-income households. Most of these housing units will likely be rental units, based on trends in planning entitlements and developer interest, which will alleviate overpayment among renters in District 3 and District 4.

According to the UDP, new market-rate construction in gentrifying areas neither worsens nor eases rates of people moving out of the area. It increases rates of people moving to an area across all socio-economic groups, particularly high-socio-economic residents. The UDP recommends subsidized housing construction and housing preservation to help existing residents stay in their neighborhood. The mix of lower and moderate-income housing units in District 3 and District 4 will provide affordable housing options for existing lower-income residents as well as encourage higher-income households to move into the area. The Site Inventory will not exacerbate overpayment by renters but will add new housing opportunities in areas that need them.

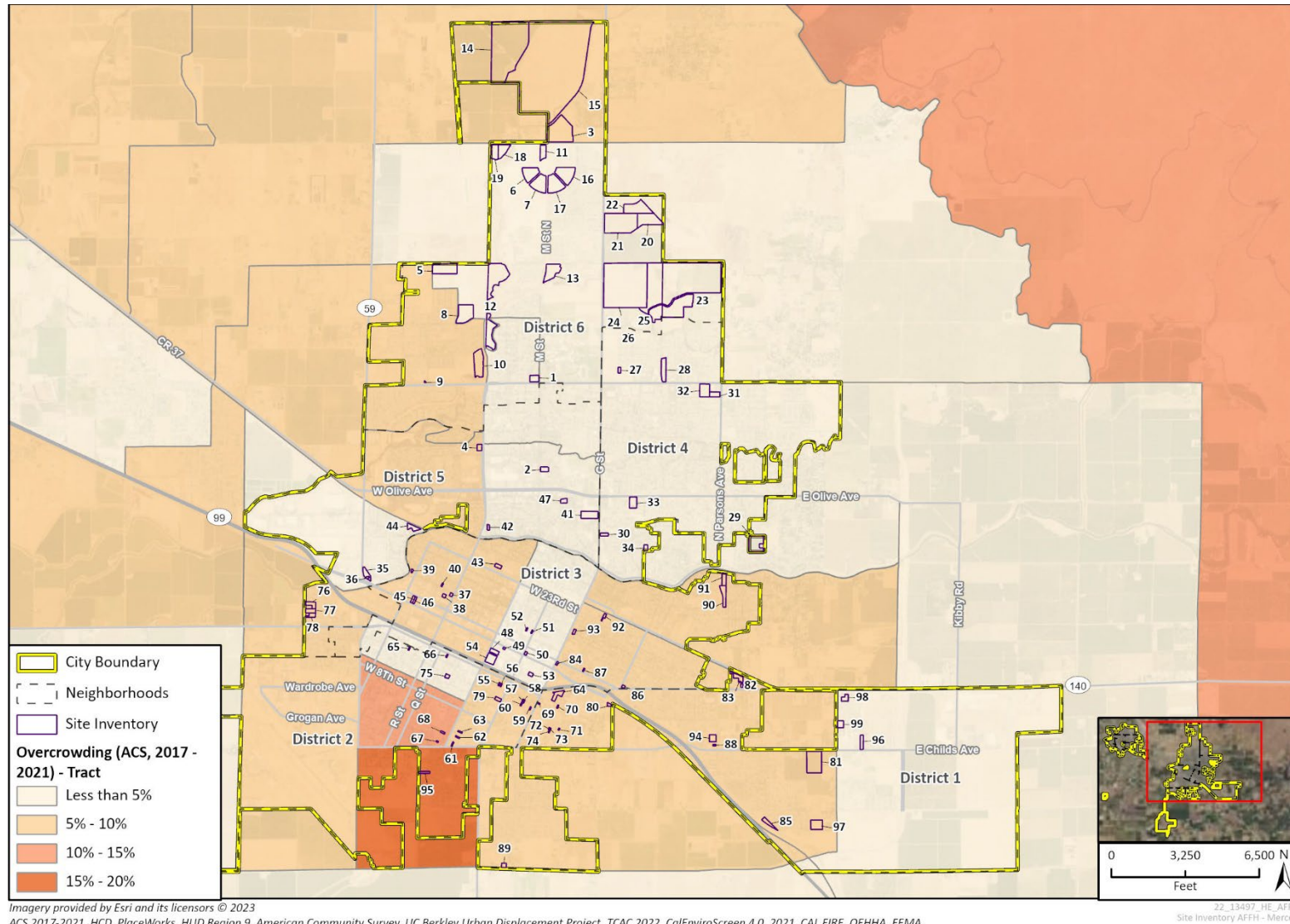


Figure G5-26 Housing Opportunity Sites by Income Population



Source: AFFH Data Viewer, 2023

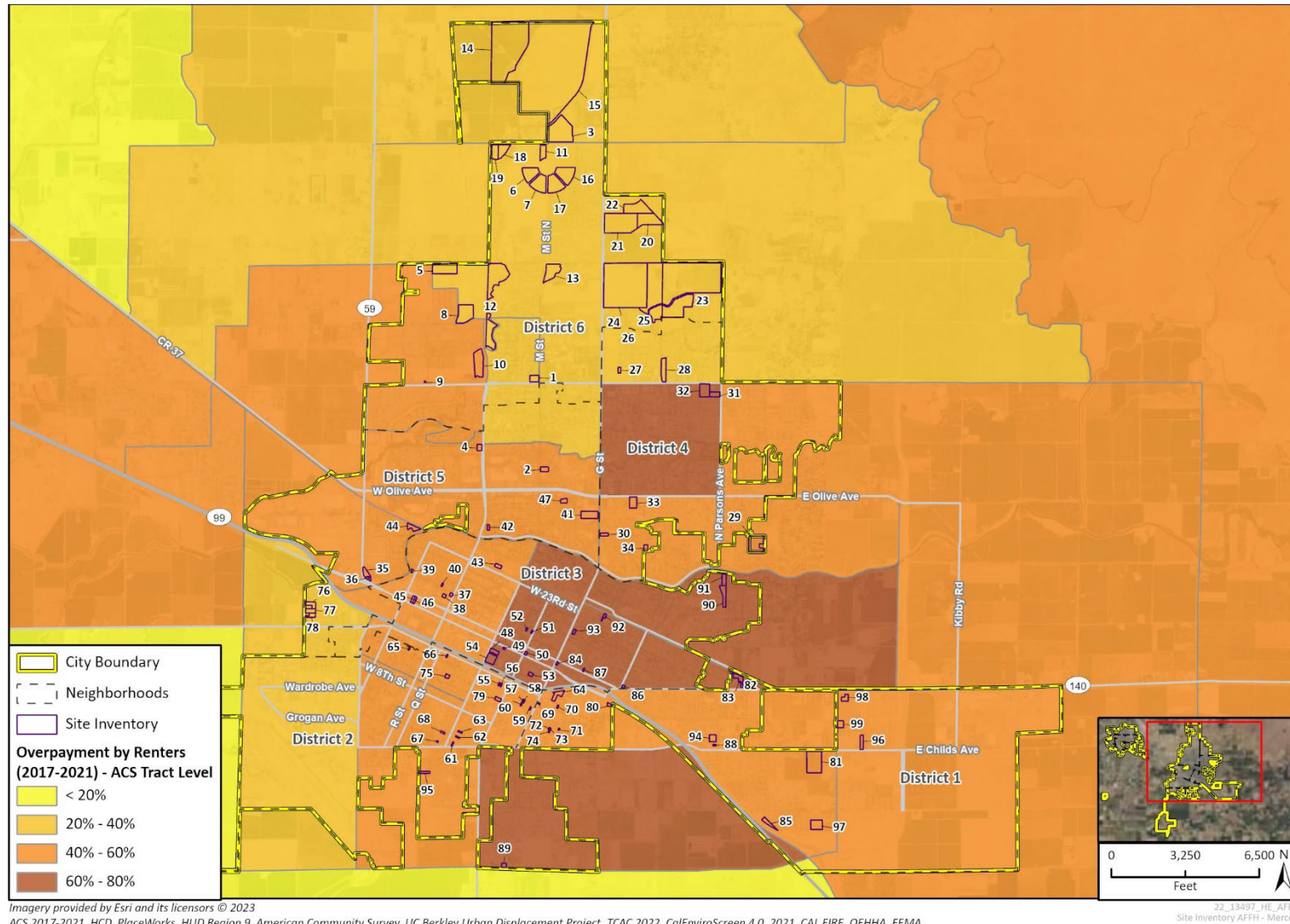
**Figure G5-27 Housing Opportunity Sites by Overcrowding**



Source: AFFH Data Viewer, 2023



Figure G5-28 Housing Opportunity Sites by Overpayment by Renters



Source: AFFH Data Viewer, 2023

## **Sites by Areas of Integration and Segregation**

Most of the city of Merced is racially integrated, yet a few neighborhoods have a higher percentage of non-white residents (between 81 and 100 percent) than other portions of the city. In District 2, housing opportunity sites can accommodate a mix of income levels in areas that already have a diverse mix of ethnic and racial groups. Opportunity sites in these areas can accommodate 44 units appropriate for lower-income households and 21 units appropriate for moderate-income households (Figure G5-29). In addition, District 3 and District 4, which have the lowest percentages of non-white residents in the city, accommodate 916 units affordable to lower-income households. This will help integrate low-income households of all racial/ethnic backgrounds in areas where diversity is lower. The Site Inventory will not contribute to segregation based on race/ethnicity or income level.

As discussed in Chapter G3, *Housing Needs Assessment*, approximately 14 percent of the population has one or more disabilities. For persons with disabilities who live independently or with other family members, independent living can be supported with special housing features, financial support, and in-home supportive services. The location of housing is also an important factor for people with mobility restrictions who rely on public transportation for travel. District 3 has the highest percentage of residents with a disability (20 to 30 percent). Housing opportunity sites in District 3 would add a total of 436 units appropriate for lower-income households and 111 units appropriate for moderate-income households in areas with greater walkability and in proximity to transit stops. This will allow more residents to live near transit and create housing opportunities for residents who are unable to drive.

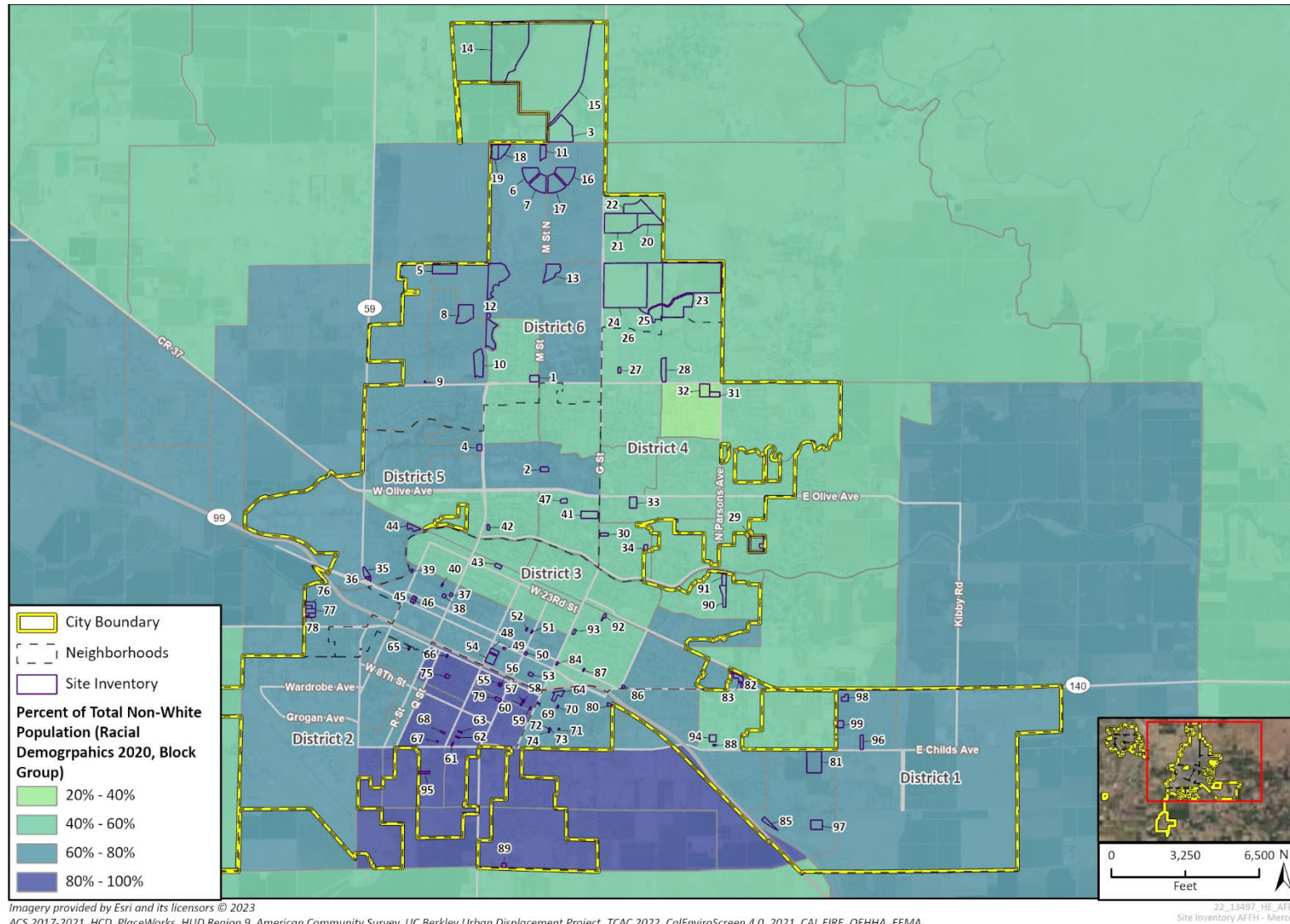
## **Sites by Communities Vulnerable to Displacement**

Most of the city is considered to be vulnerable to displacement by the UDP, including all of District 3 and portions of District 1, District 2, District 4, and District 5. Figure G5-30 shows the housing opportunity sites in relation to the location of areas at risk of displacement. The Site Inventory includes capacity for 706 units appropriate for lower-income households, or approximately 18 percent of the total number of the proposed lower-income units, in these areas. These lower-income units will provide affordable housing options for existing very low and low-income residents at risk of displacement.

## **Sites by CalEnviroScreen Score**

Most of Merced has high CalEnviroScreen scores, above the 71<sup>st</sup> percentile. District 4 has the lowest CalEnviroScreen scores (as low as the 37<sup>th</sup> percentile) while District 3, District 6, and portions of District 1, District 2, and District 5 have the highest CalEnviroScreen score (as high as the 95<sup>th</sup> percentile). The rest of the city has CalEnviroScreen scores of the 71<sup>st</sup> percentile and above. Housing opportunity sites located in census tracts with a CalEnviroScreen score greater than the 80<sup>th</sup> percentile can accommodate for 4,681 housing units (approximately 60 percent of total proposed housing units) are, including 2,777 lower-income housing units, 1,813 moderate-income housing units, and 91 above moderate-income housing units (Figure G5-31). The remaining 5,082 housing units proposed by the Site Inventory would be located in areas with a CalEnviroScreen percentile less than 80. The Site Inventory would not concentrate lower-income units in areas of higher pollution burden.

Figure G5-29 Housing Opportunity Sites by Total Non-White Population



Source: AFFH Data Viewer, 2023



**Figure G5-30 Housing Opportunity Sites by Displacement Risk**

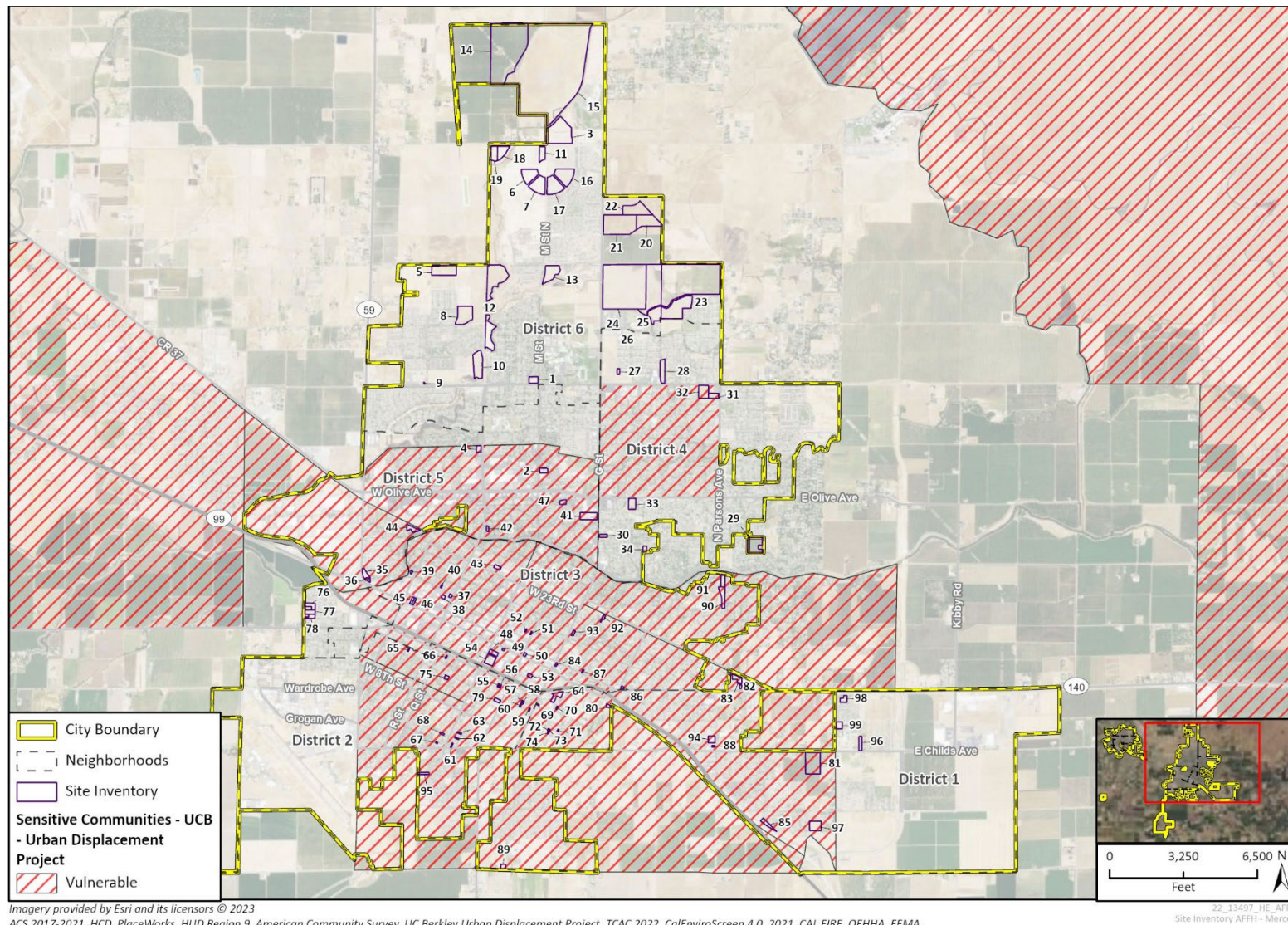
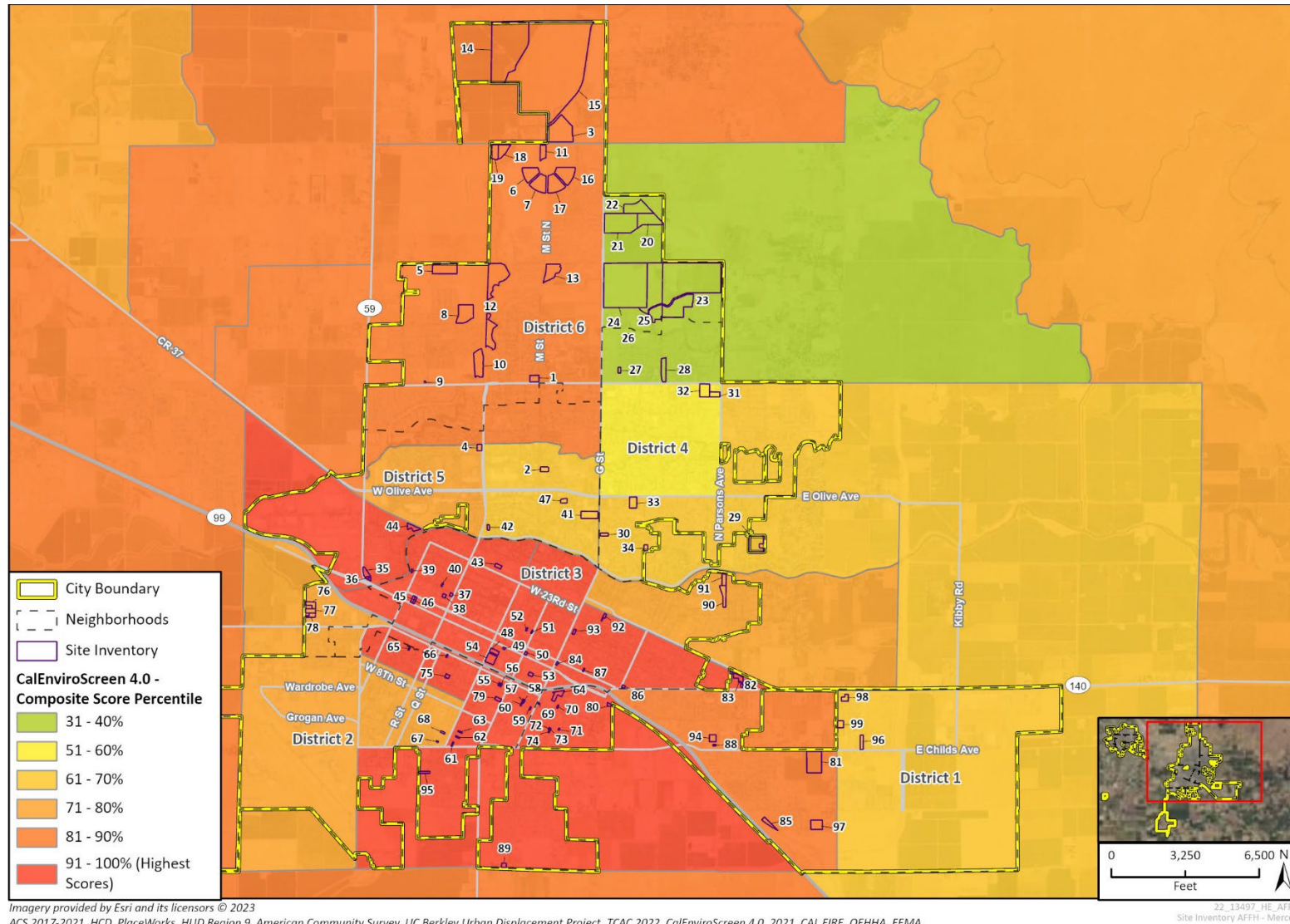




Figure G5-31 Housing Opportunity Sites by CalEnviroScreen Percentile Score



**Sites Analysis Summary Data**

Table G5-8 summarizes the Site Inventory by development priority area, sites, number of units by income level, and census tract characteristics. While most of the city consists of low resource areas and areas of high segregation and poverty, a majority of parcels in the Site Inventory are in high resource areas. In addition, housing opportunity sites throughout the city do not concentrate new housing in areas with a higher percentage of LMI residents, overcrowding, overpayment by renters, non-white residents, or areas with a higher risk of displacement.



Table G5-8    Site Inventory by Census Tract Characteristics

Census Tract Number	Number of Existing Households	Site Inventory Capacity (Units)			AFFH Indicators							CalEnviroScreen Percentile
		Lower-Income	Moderate-Income	Above Moderate-Income	Percent Non-White	Percent LMI Households	Median Household Income	TCAC Opportunity Area	Percent Overpayment by Renters	Percent Overcrowded Households	Displacement Sensitivity	
District 1												
06047001401	1,464	42	21	0	59.1%	65.6%	\$42,839	Low Resource	61.5%	6.2%	At Risk of Displacement	92.4
06047001601	1,279	52	33	0	76.7%	93.9%	\$36,843	High Segregation & Poverty	42.3%	9.7%	At Risk of Displacement	96.9
06047001604	945	16	8	0	80.2%	54.2%	\$50,368	Low Resource	60.1%	8.6%	Lower Displacement Risk	92.0
06047001700	2,122	243	42	91	59.4%	67.0%	\$42,287	High Segregation & Poverty	48.0%	5.8%	Lower Displacement Risk	82.1
06047002601	603	156	20	0	76.1%	39.0%	\$96,222	Highest Resource	47.8%	0.5%	Lower Displacement Risk	68.0
District 2					0.0%				0.0%	0.0%		
06047001502	745	19	9	0	79.2%	78.1%	\$38,045	High Segregation & Poverty	55.2%	4.8%	At Risk of Displacement	93.9
06047001503	1,300	0	9	0	81.1%	87.1%	\$27,654	Low Resource	59.6%	11.5%	At Risk of Displacement	79.5
06047001601	1,279	20	48	0	76.7%	93.9%	\$36,843	High Segregation & Poverty	42.3%	9.7%	At Risk of Displacement	96.9
06047001603	786	28	4	0	84.1%	68.6%	\$49,743	Low Resource	54.7%	16.2%	Lower Displacement Risk	92.0
District 3					0.0%				0.0%	0.0%		
06047001301	1,145	77	26	0	61.1%	64.6%	\$33,359	Low Resource	45.0%	9.8%	At Risk of Displacement	98.2
06047001302	1,141	156	50	0	63.2%	84.7%	\$33,136	Low Resource	62.5%	1.1%	At Risk of Displacement	98.2
06047001401	1,464	29	14	0	59.1%	65.6%	\$42,839	Low Resource	61.5%	6.2%	At Risk of Displacement	92.4
06047001402	1,692	174	21	0	48.0%	35.0%	\$49,688	Highest Resource	64.9%	6.0%	Lower Displacement Risk	76.9
District 4					0.0%				0.0%	0.0%		
06047001101	2,136	135	60	0	39.6%	10.9%	\$74,515	Highest Resource	67.8%	1.7%	Lower Displacement Risk	55.8
06047001200	1,793	153	26	51	47.8%	41.1%	\$67,382	Highest Resource	46.7%	0.4%	Lower Displacement Risk	65.7
06047001801	1,194	192	41	0	49.2%	14.2%	\$82,500	Highest Resource	32.7%	0.0%	Lower Displacement Risk	37.1
District 5					0.0%				0.0%	0.0%		
06047001003	1,599	24	11	0	74.8%	78.1%	\$44,289	Low Resource	45.0%	6.1%	At Risk of Displacement	75.9
06047001004	1,645	187	64	0	64.8%	89.0%	\$46,962	High Resource	49.9%	0.7%	At Risk of Displacement	68.3
06047001005	907	100	29	0	66.0%	66.7%	\$40,916	Low Resource	57.9%	1.8%	At Risk of Displacement	94.9
06047001501	688	156	19	0	71.3%	58.4%	\$57,656	Low Resource	35.5%	5.2%	Lower Displacement Risk	77.2
District 6					0.0%				0.0%	0.0%		
06047001006	1,718	49	21	0	53.0%	30.0%	\$54,200	Highest Resource	31.7%	4.2%	Lower Displacement Risk	80.4
06047001007	917	1,346	967	0	65.0%	33.0%	\$85,398	Highest Resource	28.9%	0.0%	Lower Displacement Risk	80.4
06047001008	1,650	150	131	0	71.1%	33.0%	\$123,639	Highest Resource	49.4%	8.1%	Lower Displacement Risk	80.4
06047001801	1,194	0	0	1,679	49.2%	14.2%	\$82,500	Highest Resource	32.7%	0.0%	Lower Displacement Risk	37.1
06047002500	733	450	410	0	41.7%	33.6%	\$72,109	Highest Resource	33.4%	5.0%	Lower Displacement Risk	80.8
Total		3,954	2,084	1,821								
Source: California Tax Credit Allocation Committee (TCAC)/California Housing and Community Development (HCD), Opportunity Maps (2023); U.S. Census Bureau, American Community Survey 5-Year Data (2017-2021)												

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## G5.14 Contributing Factors and Meaningful Actions

This section lists contributing factors that create, perpetuate, or increase the severity of one or more fair housing issues that were identified in the AI, community outreach, and the analysis in this document. Chapter G7, *Housing Plan*, includes a summary of the identified fair housing issues, contributing factors to these issues, and meaningful actions the City will undertake to affirmatively further fair housing for special needs, racial/ethnic minority, and low-income residents.

### Enforcement and Outreach

The City's website includes a webpage for Fair Housing Resources and Services which includes links to Project Sentinel, the City's contracted fair housing provider, as well as information on fair housing rights and responsibilities for residents and landlords. The website offers translation services using Google Translate and most informational pamphlets are provided in multiple languages, some of which are offered in up to six different languages.

Contributing factors to enforcement and outreach in Merced include:

- Limited distribution of fair housing workshops and materials: According to the AI, the general public often does not understand fair housing rights or the fair housing complaint processes and fair housing opportunities are not readily available on the City's website.
- Limited distribution of housing services and programs available to residents: While the City's website includes a webpage for Housing Programs, this webpage is not regularly updated and does not include information on all housing programs available to city residents.
- Language barriers: Forty-eight percent of residents in the city speak a language other than English at home. However, not all informational pamphlets on the City's Fair Housing Resources and Services webpage are offered in languages other than English.

### Segregation and Integration Patterns and Trends

Merced is a racially/ethnically diverse city with a high percentage of low- and moderate-income residents and low median household incomes. In particular, District 2 has the highest percentage of non-white residents in the city. District 2, District 3, District 5, and the eastern part of District 1 has a disproportionately high percentage of low- and moderate-income residents, low median income residents, high POC segregation, and residents living below the poverty line. Multifamily residential zones are concentrated in District 3 and portions of District 1, District 2, and District 5 that are adjacent to District 3. According to the UDP, Hispanic/Latino residents are segregated in South Merced.

Contributing factors to segregation and integration patterns and trends in Merced include:

- Displacement of residents due to economic pressures: Home values and rents have increased significantly in Merced over the past decade. Between 2016 and 2021, home values increased 68 percent and median rent increased 32 percent. In addition, about 41 percent of all households are cost burdened, meaning many households are paying too much for housing. These trends indicate cost burdened and low-income households may be at risk of displacement if the cost of housing continues to rise.

## **Racially and Ethnically Concentrated Areas of Poverty**

In the city of Merced, areas of high segregation and poverty are concentrated in Districts 1 and 2. In the more urban areas of Districts 1, 2, and 3, up to ninety-three percent of residents are Hispanic/Latino and have a median income of \$38,045. This area is also at risk of displacement and considered an area of high POC segregation.

Contributing factors to racially and ethnically concentrated areas of poverty in Merced include:

- Land use and zoning patterns: The majority of land zoned for housing within Merced is single-family residential or planned development. Zones allowing higher density residential development are concentrated in the central and southern parts of the city. The central part of the city has higher residential density and commercial zoning, is predominantly Hispanic/Latino, and has the lowest median household incomes in the city.
- Location and type of affordable housing: Affordable housing units are concentrated in areas of high segregation and poverty
- Displacement of residents due to economic pressures: High rates of cost burden and rising housing costs are placing low-income residents at risk of displacement.

## **Disproportionate Housing Needs**

Cost burden among renters and homeowners is high throughout most of the city. Cost burden among renters is highest in portions of District 2, District 3, and District 4 and cost burden among homeowners is highest in portions of District 3, District 5, and District 6. Overcrowding is high within the city, with 37 percent of households experiencing overcrowding. Overcrowded housing is concentrated in the southern half of the city, particularly in District 2. District 3 has an older housing stock than other areas of the city, where approximately 99 percent of housing units are over 30 years old and 79 percent are over 50 years old. However, areas with older housing have the lowest household median incomes and high percentage of low- and moderate-income residents, indicating that homeowners may not be able to afford to pay for repair and maintenance on their homes.

Contributing factors to disproportionate housing needs in Merced include:

- Lack of public housing: While the City offers Housing Choice Vouchers to residents, the city does not have any of its own public housing. Public housing in the County of Merced is extremely limited, and the waitlist for public housing is currently over 2,000 households long. In 2022, the Housing Authority of the County of Merced selected 1,200 applicants from the existing waiting list for housing. However, due to the lack of available housing units, many of these families have experienced difficulty finding and securing housing.
- Prevalence of cost burden: Home values and rent has increased significantly in Merced over the past decade, which causes increased cost burden among homeowners and renters. According to 2017-2021 ACS estimates, approximately 41 percent of all households in Merced are cost burdened and 21 percent of all households are severely cost burdened.
- Lack of affordable housing in a range of sizes: More than half of the housing stock (66 percent) is made up of detached single-family homes, which may not be affordable to lower-income households. Sixteen percent of all housing units contain four or more bedrooms which can accommodate large families without overcrowding.
- Cost of housing maintenance and repairs: Merced's older housing stock may indicate that a significant number of housing units are in need of repair.

## Disparities in Access to Opportunities

Northern parts of Merced are considered high and highest resource, however, District 2, District 3, and most of District 1 and District 5 are considered low resource or areas of high segregation and poverty. These areas also have a high pollution burden and have the lowest education and economic opportunity scores in the city.

Contributing factors to disparities in access to opportunities in Merced include:

- Land use and zoning patterns: Types of zoning that accommodate land uses with employment opportunities, such as industrial and commercial, are concentrated in District 1 and District 3. Most other areas of the city primarily consist of residential zones.
- High pollution burden: According to CalEnviroScreen, most of Merced is ranked in the 68<sup>th</sup> percentile or above for pollution burden and most of District 3, District 5, and District 6 scored between the 80<sup>th</sup> to 100<sup>th</sup> percentile.

## G5.15 Meaningful Actions to Address Fair Housing Issues

The findings of this analysis were used to develop meaningful actions, metrics and milestones that promote inclusive communities, increase housing opportunities, and address racial/ethnic and economic disparities in the city. The contributing factors were prioritized to better formulate policies and programs and carry out meaningful actions to further fair housing. Meaningful actions to address fair housing issues are included in the housing programs located in Chapter G7, *Housing Plan*.

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## G6 Merced Housing Resources

This section documents the methodology and results of the Site Inventory analysis conducted to demonstrate the City of Merced’s ability to meet its share of the 6<sup>th</sup> cycle Regional Housing Needs Allocation (RHNA). This section also discusses infrastructure, services, and financial and administrative resources that are available for the development, rehabilitation, and preservation of housing in the city of Merced. Background information on regional development trends and analysis are included in Chapter 4, *Regional Development Trends*.

The Site Inventory was developed through the analysis of development trends, the identification of available land, and community input. Community engagement events, including two community workshops held on August 22, 2023, and August 26, 2023, influenced the selection of opportunity sites.

### G6.1 Regional Housing Needs Allocation (RHNA)

This Housing Element covers the planning period of January 2024 through January 2032 (also referred to as the 6<sup>th</sup> cycle). The Merced County Association of Governments (MCAG), as the Metropolitan Planning Agency for the Merced County region, is responsible for preparing the RHNA for the region based on recent growth trends, income distribution, and capacity for future growth. This methodology must align with state objectives, including but not limited to:

- Promoting infill, equity, and environmental protection
- Ensuring jobs-housing balance
- Affirmatively furthering fair housing

Merced must identify adequate land with appropriate zoning and development standards to accommodate its assigned share of the region’s housing need. Merced’s share of the RHNA is 10,517 units, which is distributed among five income categories, as shown in Table G6-1.

**Table G6-1 Merced 2024-2032 RHNA**

Income Category (Percent of Merced County Area Median Income [AMI])	Number of Units	Percent of Total Units
Extremely Low (< 30% of AMI)*	1,488	14.1%
Very Low (30 to 50% of AMI)	1,055	10.0%
Low (51 to 80% of AMI)	1,742	16.6%
Moderate (81% to 120% of AMI)	1,838	17.5%
Above Moderate (> 120% of AMI)	4,394	41.8%
<b>Total</b>	<b>10,517</b>	<b>100%</b>

\*The RHNA does not project the need for extremely low-income units, but pursuant to state law (AB 2634), the City must project its extremely low-income housing needs based on Census income distribution or assume 50 percent of the very low-income units required by the RHNA as extremely low-income units. The City’s very low-income requirement is 2,543 units. The number of extremely low-income units that the City must plan for shown here was projected using Census data. According to the Comprehensive Housing Affordability Strategy (CHAS), data developed by HUD, 36.7 percent of households in the city earned less than 50 percent of the AMI. Among these households, 58.5 percent earned incomes below 30 percent (extremely low). Therefore, the City’s RHNA allocation of 2,543 very low-income units was distributed as 1,488 extremely low (58.5 percent of the 2,543 very low-income units required by the RHNA) and 1,055 very low-income units. However, for purposes of identifying adequate sites for the RHNA allocation, state law does not mandate the separate accounting for the extremely low-income category.

Source: MCAG, 2022. Final Regional Housing Needs Plan.

## G6.2 Meeting the RHNA

Each jurisdiction must identify adequate land with appropriate zoning and development standards to fulfill its share of the RHNA. Jurisdictions can use planned and/or approved projects, estimated accessory dwelling unit (ADU) production, and vacant and/or underutilized sites to accommodate the RHNA. In some cases, rezoning must occur to ready sites for future residential development.

Once the City has demonstrated in the Housing Element that it has the development capacity to accommodate the RHNA, it has two implementation-related obligations during the planning period:

1. Maintain a “no net loss” policy of its residential development capacity over the housing element planning period, meaning that sites listed in the adopted Housing Element land inventory may not be down-zoned to a lower-density residential zone or rezoned to a nonresidential zone, unless the City up-zones or rezones alternative sites prior to the density reduction or rezone on the inventoried site.
2. Continue to allocate available funding resources to and facilitate the development of affordable housing.

### G6.2.1 RHNA Credits

The City may use units in approved and/or permitted residential developments which will be completed within the planning period, and anticipated ADU production, as credit towards fulfillment of its RHNA.

#### **Planned and Approved Projects**

Residential developments approved and permitted, but not yet built (also called “pipeline projects”) can be credited towards the City’s RHNA provided it can be demonstrated that the units can be built by the end of the 6<sup>th</sup> cycle planning period. Similarly, units that are under construction but have not yet received a building permit as of June 30, 2023, can also be credited towards the RHNA.

Affordability (the income category in which the units are counted) is based on the actual or projected sale prices, rent levels, or other mechanisms establishing affordability of the units within the project. Pipeline projects that can count toward the City’s 6<sup>th</sup> cycle RHNA are listed in Table 6.4-2 and the locations of these projects are shown on Figure 6.4-1. For the purpose of analysis in this Housing Element, the city is divided into six districts.

These pipeline projects are scattered throughout the city, but mostly concentrated in District 6, and consist of single-family and multi-family projects. Five pipeline projects (20, 21, 22, 23, 24) are sites that are currently in process to be annexed into the city. Based on the status of these projects, all units are expected to receive Certificates of Occupancy during the 2024-2032 planning period. All projects with extremely low-, very low-, and low-income households were able to attain affordability through either deed restrictions or through other financing likely administered through HCD. There are no known barriers that would impede the completion of these projects.



**Table G6-2 Pipeline Projects**

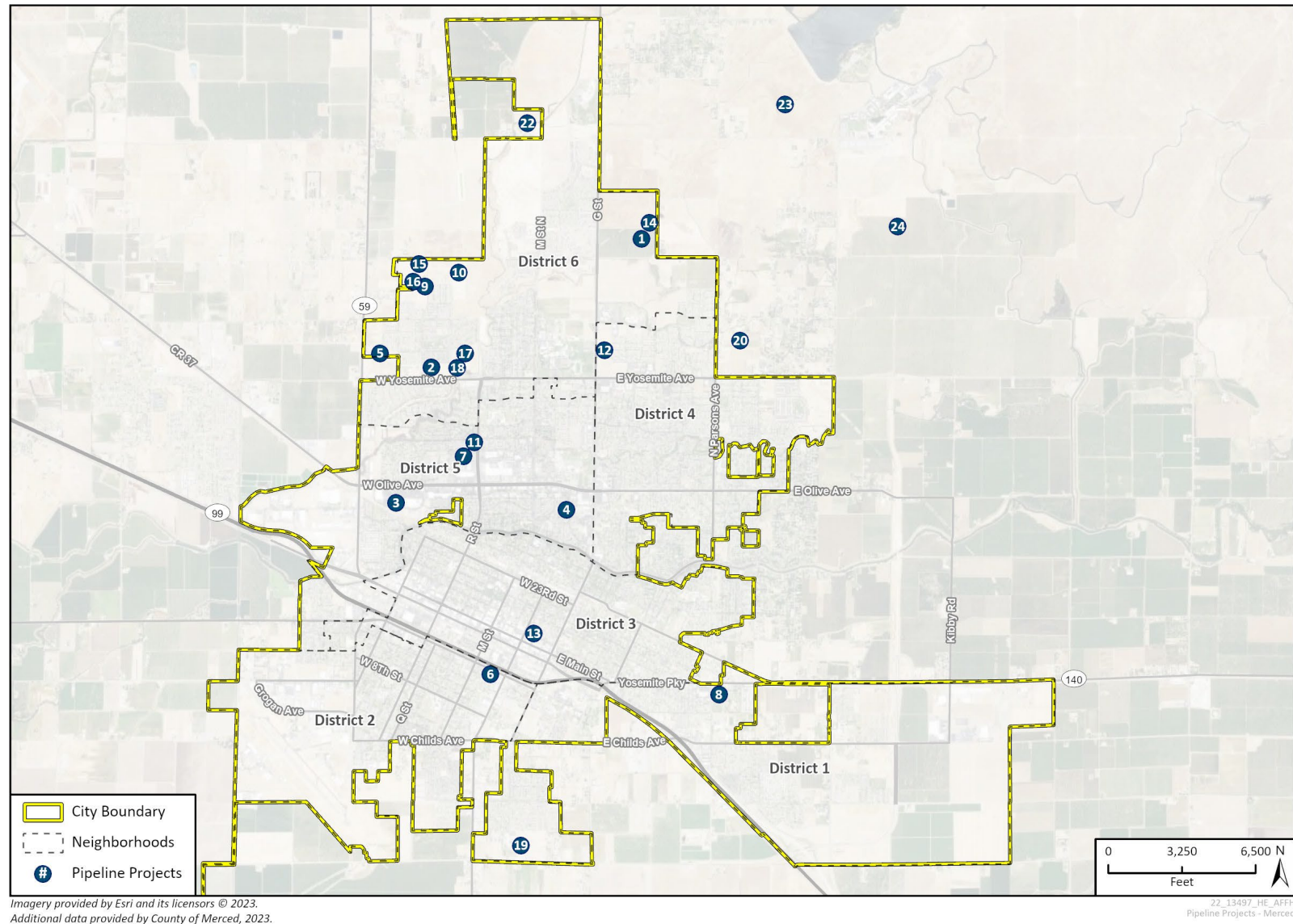
Map ID	Project Name	Assessor's Parcel Number (APN) <sup>1</sup>	Extremely Low-Income Units	Very Low-Income Units	Low-Income Units	Moderate-Income Units	Above Moderate-Income Units	Total Units	Status
1	Regency Court Apartments (B.P. Investors)	060030045	0	0	0	0	180	180	Approved August 2015
2	Yosemite Village Apartments	206070011, 206070002	0	0	0	0	220	220	Approved June 2020
3	Devonwood Apartments	058470001	31	16	107	0	2	156	Approved August 2021
4	Up Holdings--Park Ave	007350018	65	0	0	0	1	66	Approved January 2022
5	Bruno Apartments	206050017		0	0	0	164	164	Approved March 2019
6	Gateway Terrace II	031323002	50	0	0	0	0	50	Awaiting Permit Issuance
7	Isaac Sargiz	058030028	0	0	0	0	161	161	Approved June 2022
8	Bella Vista - Visionary Homes	061390027	0	0	106	0	0	106	Approved May 2022
9	Royal Woods Apartments	206010012	0	0	0	0	72	72	Approved June 2022
10	Maracor Development, Inc.	206030019	0	0	0	0	396	396	Approved but Unconstructed June 2022
11	CR Consulting Group	058030023	0	0	0	0	24	24	Approved December 2022
12	Yosemite Crossing	231040039, 231040003	0	0	0	0	96	96	Approved January 2020 & October 2021
13	Linc Housing	031074012	0	54	0	0	0	54	Pending
14	4500 G ST	060030039	0	0	0	0	216	216	Approved August 2015
15	507 Cardella Rd	206010010	0	0	0	0	72	72	Approved April 2022
16	1449 Pettinotti Rd	206010011	0	0	0	0	113	113	Approved June 2022
17	3720 Horizons Ave	206070009	0	0	0	0	64	64	Approved January 2016
18	3664 Compass Pointe Ave	206070010	0	0	0	0	64	64	Approved January 2016

Merced County Association of Governments  
**Merced County Multi-Jurisdictional Housing Element (2024-2032)**

Map ID	Project Name	Assessor's Parcel Number (APN) <sup>1</sup>	Extremely Low-Income Units	Very Low-Income Units	Low-Income Units	Moderate-Income Units	Above Moderate-Income Units	Total Units	Status
19	Winder Ave	259130045	0	0	0	0	108	108	Approved May 2022
20	Merced Crossing Annexation (Pending)	060860032	21	22	22	0	455	520	Pending annexation, estimated completion June 30, 2024
21	Rogina Annexation	170100002	16	17	17	0	350	400	Pending annexation, estimated completion October 1, 2025
22	M Street Annexation		8	8	9	0	175	200	Pending annexation, estimated completion June 1, 2025
23	University Vista Annexation	170180006	14	15	15	0	306	350	Pending annexation (University of California (UC) Merced Must be Annexed First), estimated completion October 1, 2024
24	Virginia Smith Trust (VST) Specific Plan/Annexation (Merced County Project)	060020048, 060010004	18	19	19	0	394	450	Being Processed through Merced County w/ Annexation Awaiting UC Merced Annexation, estimated completion April 30, 2024
<b>Total</b>			<b>223</b>	<b>151</b>	<b>295</b>	<b>0</b>	<b>3,633</b>	<b>4,302</b>	

<sup>1</sup> An assessor's parcel number is a series of digits used to identify property. Each parcel is assigned an APN that corresponds to a location on a page in a book of maps maintained by the County Assessor's Office.

### Figure G6-1 Pipeline Projects



## Accessory Dwelling Units

Based on an analysis of ADU production in Merced over the last five years (2018 through 2022), ADU production that will occur during the 6th housing cycle has been estimated and assumed against the City's RHNA obligation.

The City issued an average of two ADU building permits per year during the last five years. Extrapolated over the 2024-2032 Housing Element planning period, the City can assume the production of 16 ADUs. ADUs permitted in previous years have been reported in the very low and low-income categories without deed restrictions. While it is likely that some ADUs may be affordable to lower- or moderate-income households, due to the relatively small sample size of permitted ADUs, all anticipated ADUs were conservatively assigned to the above moderate-income category. Table G6-3 shows the recent history of ADU permit issuance.

**Table G6-3 Accessory Dwelling Unit Production, City of Merced**

Reporting Year	ADU Building Permits Issued
2018	0
2019	0
2020	1
2021	2
2022	7
Total	10
Annual Average	2

## G6.3 Summary of RHNA Credits

The City can satisfy approximately 48 percent of its RHNA requirement with planned and approved units and projected ADU development. To achieve the remaining RHNA, the City must demonstrate the availability of sites with appropriate zoning and development standards that allow and encourage the development of 6,199 units. This unit count is broken down by household income level. As shown on Table G6-4, Merced has a remaining RHNA of 2,169 units affordable to very low-income households, 1,742 units affordable to low-income households, 1,838 units affordable to moderate-income households, and 745 units affordable to above moderate-income households.

**Table G6-4 Remaining Share of RHNA**

Affordability Category (Percent of AMI)	RHNA Allocation	Units Pending or Approved or under Construction	Estimated ADUs	Remaining RHNA
Very-Low	2,543	374	0	2,169
Low	1,742	295	0	1,447
Moderate	1,838	0	0	1,838
Above Moderate	4,394	3,633	16	745
<b>Total</b>	<b>10,517</b>	<b>4,302</b>	<b>16</b>	<b>6,199</b>

## G6.4 Methodology

### G6.4.1 Suitable Sites for Affordable Housing

State law requires that jurisdictions demonstrate in the Housing Element that the land inventory is adequate to accommodate that jurisdiction's share of the regional growth. State law has established "default" density standards for the purpose of estimating potential units by income range. In a suburban jurisdiction, a density standard of 20 or more units per acre (primarily for higher density multi-family developments) would facilitate the development of housing in the low- and very low-income category.

In addition to default density standards, the California Legislature established size requirements for parcels intended to support the development of lower-income units. Government Code Section 65583.2 establishes that sites between 0.5 and 10 acres in size which are zoned for residential development at greater than 20 units per acre are suitable for lower-income projects. Very small parcels, even when zoned for high densities, may not facilitate the scale of development required to access competitive funding resources. Conversely, typically lower-resource affordable housing developers may be unable to finance the scale of project necessitated by very large parcels. No standalone parcels smaller than 0.5 acres are assumed to accommodate lower-income units. The City assumed no more than 150 lower-income units on any individual site.

## G6.5 Nonvacant Sites

Nonvacant sites included on the Site Inventory have comparable predevelopment characteristics to developed residential projects in the region. As discussed in Chapter 4, *Regional Development Trends*, residential development in Merced County has occurred primarily on vacant sites and sites used for agriculture.




The Housing Element must analyze the extent to which existing uses may impede additional residential development. The Site Inventory accommodates approximately 95 percent of its lower- and moderate-income RHNA and 100 percent of its above moderate-income RHNA on vacant sites. As a result of insufficient available vacant land, the City identified the remaining 5 percent of the lower-income and 5 percent of moderate-income RHNA is proposed on nonvacant.

### G6.5.1 Adequacy of Nonvacant Sites


Of the 99 sites included in the Site Inventory, 95 are vacant and four are nonvacant. In considering sites, the City has identified sites currently occupied by office, parking lots, and commercial uses that could facilitate the development of a variety of housing types throughout the city. All identified nonvacant sites were selected for their redevelopment potential and higher probability of turnover, as seen in Table G6-5. Similarly, several regional projects discussed in Chapter 4, *Regional Development Trends*, consist of the development of housing on nonvacant sites:

- Twelve Thirteen V Street Housing Project
- Stocking Street
- Manzanita
- Sundance Village
- The Villas
- Westbrook

**Table G6-5 Representative Nonvacant Sites**

Site Address	Description	Size (Acres)	Capacity (Units)	Aerial Image
3033 G St	This 5.4-acre parcel is currently developed with an office building and is in a zone where residential is also allowed. With its current zoning designation, the site could accommodate 146 dwelling units. The office buildings were previously occupied by the Merced Sun Star but are currently vacant. In addition, the site is underutilized with building lot coverage of approximately 20 percent.	5.44	146	
564 W 15 <sup>th</sup> St	This 3.77-acre parcel is currently used as a parking lot in Midtown. Through rezoning this site to high density residential, the site could accommodate 124 dwelling units. The parking lot is currently underutilized and is surrounded by multiple other parking lots in Midtown. In addition, nearby commercial uses have their own private parking lots that serve their customers.	3.77	124	
1407 W 16 <sup>th</sup> St	This 0.73-acre parcel is currently a commercial building. The existing commercial buildings are older and in disrepair. In addition, the site is underutilized with existing uses covering approximately 30 percent of the site. Through rezoning this site to high density residential, the site could accommodate 24 dwelling units.	0.73	24	



Site Address	Description	Size (Acres)	Capacity (Units)	Aerial Image
1401 W 16 <sup>th</sup> St	This 0.60-acre parcel is currently used as a parking lot in Midtown. The parking lot is currently underutilized and is surrounded by other parking lots that serve nearby commercial uses. Through rezoning this site to high density residential, the site could accommodate 20 dwelling units.	0.60	20	

## G6.6 Development Trends

As discussed in detail in Chapter 4, *Regional Development Trends*, the development characteristics in the region indicate that most of the recently developed residential projects, or projects that are planned to be developed, are on vacant land. Out of the 17 projects identified, 13 are single-family developments, and four are multi-family developments. Approximately 12 percent of these projects include affordable units.

The densities of these projects range from 1.64 to 51.34 dwelling units per acre due to the various zoning requirements in each jurisdiction. The average density of projects with affordable units is approximately 37 dwelling units per acre, and these projects typically achieved a density of 135 percent of the maximum density allowed by the zoning district.

Projects located in low, medium, and high-density residential zones typically achieved a density of 67, 60, and 84 percent, respectively, of the maximum density allowed by the zoning district. Overall, the average achieved density is 8.8 dwelling units per acre, which is low. This can be attributed to the predominance of single-family residential developments in the region.

Of the projects discussed in Chapter 4, *Regional Development Trends*, four projects used to determine regional development trends are in Merced: Retreat Apartments, Twelve Thirteen V Street Housing Project, Lantana, and Stoneridge South. Three out of the four projects are multi-family developments, and both Retreat and Twelve Thirteen V Street with affordable units. These projects have an average density of approximately 21 units per acre with an average achieved density of 87 percent of the maximum density allowed by the zoning district, as shown in Table G6-6.

**Table G6-6 Merced Development Trends**

Project Name	Total Units	Acreage	Density	Zoning District	Zoning District Density (du/ac)	Number of Units Allowed	Percent Density Achieved
Retreat Apartments	119	5.07	23.47	Multi-family (medium density)	24	121.68	98%
Twelve Thirteen V Street Housing Project	96	1.87	51.34	Multi-family (high density)	30	56.10	171%
Lantana	99	20.6	4.81	Single-Family (low density)	8	164.80	60%
Stoneridge South	160	29.75	5.38	Multi-family (high density)	30	892.50	18%
<b>Merced Average</b>			<b>21.25</b>				<b>87%</b>
<b>Regional Average</b>			<b>8.80</b>				<b>70%</b>

### G6.6.1 Realistic Development Capacity

To create a realistic development assumption, the City assumes that the development capacity on each site will be less than the full development capacity allowed by the parcel's zoning or land use designation. Sites do not always develop to their full capacity potential due to factors such as site-specific conditions and development standards such as open space or parking requirements. To determine a realistic development achievement on the sites in the inventory, the City reviewed the development achievement of pipeline and recently developed projects in the region. On average, the pipeline projects in Merced, as shown in Table G6-2, achieved an average density of 87 percent of the maximum density allowed on the site based on the site's zoning and development standards. As discussed in 4, *Regional Development Trends*, the average achieved density for projects collectively in the region is 70 percent. Based on the local and regional trends, the City conservatively assumes the realistic capacity of each site would be 75 percent of the maximum allowable density in each zone.

The Site Inventory includes parcels in 12 zoning districts with varying allowable densities and development standards. The City's Zoning Code classifies each site into the following zones:

- **Low Density Residential (R-1-5):** This zoning district allows for detached single-family dwellings, duplexes, and other land uses typically compatible with or authorized by state law for a low-density residential setting. It allows for one unit per 5,000 square feet of lot area, equal to a maximum residential density of 8.71 dwelling units per acre.
- **Low Density Residential (R-1-6):** This zoning district allows for detached single-family dwellings, duplexes, and other land uses typically compatible with or authorized by state law for a low-density residential setting. It allows for one unit per 6,000 square feet of lot area, equal to a maximum residential density of 7.26 dwelling units per acre.
- **Low-Medium Density Residential (R-2):** This zoning district allows for single-family dwellings, duplex homes, limited multi-family dwellings with one unit per 2,000 square feet of lot area, equal to a maximum residential density of 14.52 dwelling units per acre.
- **High-Medium Density Residential (R-3-1.5):** This zoning district allows for single-family dwellings, duplex homes, multi-family dwellings, single room occupancy housing with one unit per 1,500 square feet of lot area, equal to a maximum residential density of 29.04 dwelling units per acre.



- High Density Residential (R-4): This zoning district allows for single-family dwellings, duplex homes, multi-family dwellings, single room occupancy housing with one unit per 1,000 square feet of lot area, equal to a maximum residential density of 43.56 dwelling units per acre.
- Central Commercial (C-C): This zoning district allows for a diversity of commercial and residential land use with a maximum density of 36 units per acre.
- Office Commercial (C-O): This zoning district allows for a diversity of commercial and residential land use with a maximum density of 36 units per acre. Residential development in this district requires a conditional use permit.
- Planned Development (P-D): This zoning district allows for a variety of uses and densities. The use and density per parcel are determined by the underlying General Plan Land Use designation.

The distribution of income levels among sites was determined by zone, district, and parcel size. It is typical for units in single-family zones to be affordable only to above moderate-income households. Within multi-family zones that have a higher density, units are more likely to be affordable to lower- and moderate-income households. Table G6-7 details the realistic capacity of available sites by zoning district.

**Table G6-7 Realistic Capacity of Sites by Zoning District**

Zoning District	Total Acreage	Maximum Density	Realistic Density	Lower-Income Units	Moderate-Income Units	Above Moderate-Income Units	Total Units
R-1-5	168.26	8.71	6.53	0	0	1,096	1,096
R-1-6	133.37	7.26	5.45	0	0	725	725
R-4	1.02	43.56	32.67	0	30	0	30
R-3-1.5	10.85	29.04	21.78	116	112	0	228
C-C	3.22	36	27	38	46	0	84
C-O	9.21	36	27	157	69	0	252
R-2	1.12	12	9	0	8	0	8
P-D	50.95	varies	varies	830	566	0	1,396
<b>Total</b>	<b>378.00</b>			<b>1,141</b>	<b>831</b>	<b>1,821</b>	<b>3,793</b>

## G6.6.2 Likelihood of 100 percent Nonresidential Uses on Sites

The City identifies units in zones that allow for 100 percent nonresidential uses. In accordance with state law, the Housing Element must consider the likelihood of nonresidential development on sites that allow for nonresidential uses. The Site Inventory accounts for the likelihood of nonresidential uses being developed in zones that allow both residential and nonresidential uses by providing an adequate buffer of units in all income categories. If all of the sites in the C-C and C-O zones were developed with 100 percent nonresidential uses, the Site Inventory would still maintain a three percent buffer of lower-income units, a seven percent buffer of moderate-income units and a 24 percent buffer of above moderate units. The City will continue to evaluate all future mixed-use development to determine how often development has a residential component and make adjustments, as necessary, to maintain adequate sites throughout the planning period.

## G6.7 Site Inventory

The Site Inventory lists all sites or parcels that are intended to accommodate residential development in fulfillment of Merced’s RHNA. The inventory is broken up into six distinct geographic areas of the city:

- District 1
- District 2
- District 3
- District 4
- District 5
- District 6

The sites included in the inventory are listed in Table G6-8. The table of sites includes the following items in the column heading order from left to right:

- Map Identification number (a unique reference number assigned by the City to reference the parcel on each map)
- Address or nearest cross street
- APN (Government Code Section 65583.2(b)(1))
- Size in acres (Government Code Section 65583.2(b)(2))
- General Plan land use designation (Government Code Section 65583.2(b)(2))
- Zoning designation (Government Code Section 65583.2(b)(2))
- Description of existing uses (Government Code Section 65583.2(b)(3))
- Minimum allowable density by zone
- Maximum allowable density by zone
- Inventoried income level (units appropriate for lower-, moderate-, above moderate-income households) (Government Code Section 65583.2(c))
- Total number of units realistically assumed on the site
- Opportunity category as designated by the California Tax Credit Allocation Committee (TCAC)<sup>1</sup>

The current zoning of the selected sites is shown geographically in Figure G6-2 and the proposed zoning of the selected sites are shown in Figure G6-3. There are no known barriers outside of financing that would preclude development of these parcels in the planning period.

These sites are also assessed by TCAC Opportunity area which range from areas of High Segregation and Poverty to the Highest Resource areas. The more positive economic, educational, and health outcomes for low-income families—particularly long-term outcomes for children, the higher the score. The scores in each district are listed below and a breakdown of each opportunity category is discussed in Chapter G5, *Assessment of Fair Housing*.

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<sup>1</sup> Resource levels designated by TCAC/HCD denote access to economic and educational opportunities such as low-cost transportation, jobs, and high-quality schools and the quality of environmental factors in the area such as proximity to hazards and air quality. TCAC has a composite opportunity score for each census tract. Source: <https://www.treasurer.ca.gov/ctcac/opportunity/2023/methodology.pdf>

## **District 1**

District 1 is in the southeast portion of Merced and is bounded by East CA-140 to the north, Martin Luther King Jr. Way to the west, and city boundaries to south and east. This district primarily consists of commercial, low density, and medium density residential zones. District 1 does not have any fire hazards and is in an area of moderate flood hazard. District 1 can accommodate 13 sites with an assumed capacity of 137 lower-income units, 78 moderate-income units, and 91 above moderate-income units. All sites identified in this area are currently vacant. All sites are in an area of the city that has a TCAC designation of Low Resource and High Segregation and Poverty. Through rezoning three sites from low-density and general commercial to high-density residential and central commercial, District 1 can accommodate an additional 127 low-income units and 16 moderate-income units. Overall, this totals to 264 low-income units, 94 moderate-income units, and 91 above moderate-income units in this district.

## **District 2**

District 2 is bounded by Highway 99 to the north, Martin Luther King Jr. Way to the east, and city boundaries to the south and west. This district primarily consists of commercial, industrial, low density, medium density, and high-density residential zones, including the Merced Municipal Airport. District 2 doesn't have any fire hazards and is in an area of moderate flood hazard. District 2 can accommodate 13 sites with an assumed capacity of 60 moderate-income units. All sites identified in this area are currently vacant. All sites are in an area of the city that has a TCAC designation of High Segregation and Poverty. Through rezoning four sites from low-density to high-density residential and general commercial to central commercial, District 2 can accommodate an additional 211 low-income units and 27 moderate-income units. Overall, this totals 211 low-income units and 87 moderate-income units in this district.

## **District 3**

District 3 is bounded by E. North Bear Creek Drive to the north, Highway 99 to the south, city boundaries to the east, and V Street to the west. This district primarily consists of industrial and commercial zones, with some residential areas. District 3 does not have any fire hazards and is in an area of moderate flood hazard<sup>2</sup>. District 3 can accommodate 12 sites with an assumed capacity of 38 lower-income units and 62 moderate-income units. All but one site identified in this area is currently vacant, with the other one currently occupied by office uses. All sites are in an area of the city that has a TCAC designation of Low Resource and High Segregation and Poverty. Through rezoning 10 sites from low-density to high-density residential and general commercial to central commercial, District 3 can accommodate an additional 444 low-income units and 55 moderate-income units. Overall, this totals to 482 low-income units and 117 moderate-income units in this district.

## **District 4**

District 4 is bounded by Mercy Avenue to the north, E. North Bear Creek Drive to the south, city boundaries to the east, and G Street to the west. This district primarily consists of low density residential. District 4 does not have any fire hazards and is in an area of minimal flood hazard.

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<sup>2</sup> The City has the Flood Hazard designation of "AH". Zone AH are areas with a 1 percent annual chance of shallow flooding, usually in the form of a pond, with an average depth ranging from 1 to 3 feet. The City has the Flood Hazard designation of "AO". Zone AO are river or stream flood hazard areas, and areas with a 1 percent or greater chance of shallow flooding each year, usually in the form of sheet flow, with an average depth ranging from 1 to 3 feet.

District 4 can accommodate six sites with an assumed capacity of 212 lower-income units, 95 moderate-income units, and 51 above moderate-income units. All sites identified in this area are currently vacant. All sites are in an area of the city that has a TCAC designation of Highest Resource. Through rezoning four sites from low-density to high-density residential, District 4 can accommodate an additional 268 low-income units and 32 moderate-income units. Overall, this totals 480 low-income units, 127 moderate-income units, and 51 above moderate-income units in this district.

## **District 5**

District 5 is bounded by Buena Vista Drive to the north, E. North Bear Creek Drive to the south, city boundaries to the west, and G Street to the east. This district primarily consists of low density residential. District 5 does not have any fire hazards and is in an area of minimal flood hazard. District 5 can accommodate five sites with an assumed capacity of 192 lower-income units and 90 moderate-income units. All sites identified in this area are currently vacant. All sites are in an area of the city that has a TCAC designation of Low or High Resource. Through rezoning six sites from low-density to high-density residential, District 5 can accommodate an additional 275 low-income units and 33 moderate-income units. Overall, this totals 467 low-income units and 123 moderate-income units in this district.

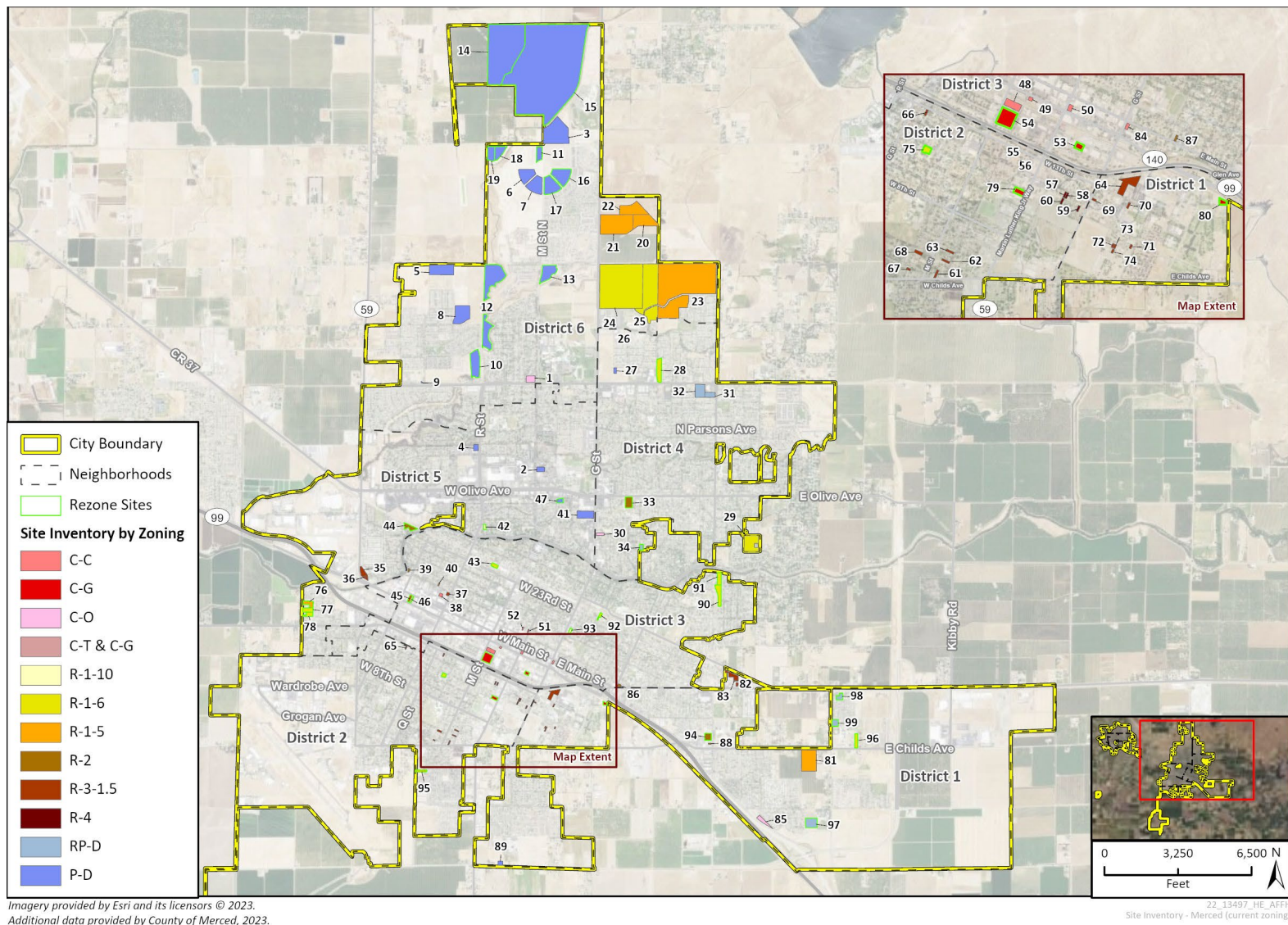
## **District 6**

District 6 is bounded by city boundaries to the north, east, and west, and Buena Vista Drive to the south. This area primarily consists of planned developments and low density residential zones. District 6 does not have any fire hazards and in an area of minimal flood hazard<sup>3</sup>. This district can accommodate 13 sites with an assumed capacity of 562 lower-income units, 446 moderate-income units, and 1,679 above moderate-income units. All sites identified in this area are currently vacant. All sites are in an area of the city that has a TCAC designation of Highest Resource. Through rezoning 10 sites from planned developments to high-density residential and inner village residential, District 6 can accommodate an additional 1,433 low-income units and 1,083 moderate-income units. Overall, this totals to 1,995 low-income units, 1,529 moderate-income units, and 1,679 above moderate-income units in this district.

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<sup>3</sup> The City has the Flood Hazard designation of "X". Zone X is the area determined to be outside the 500-year flood and protected by levee from 100- year flood.

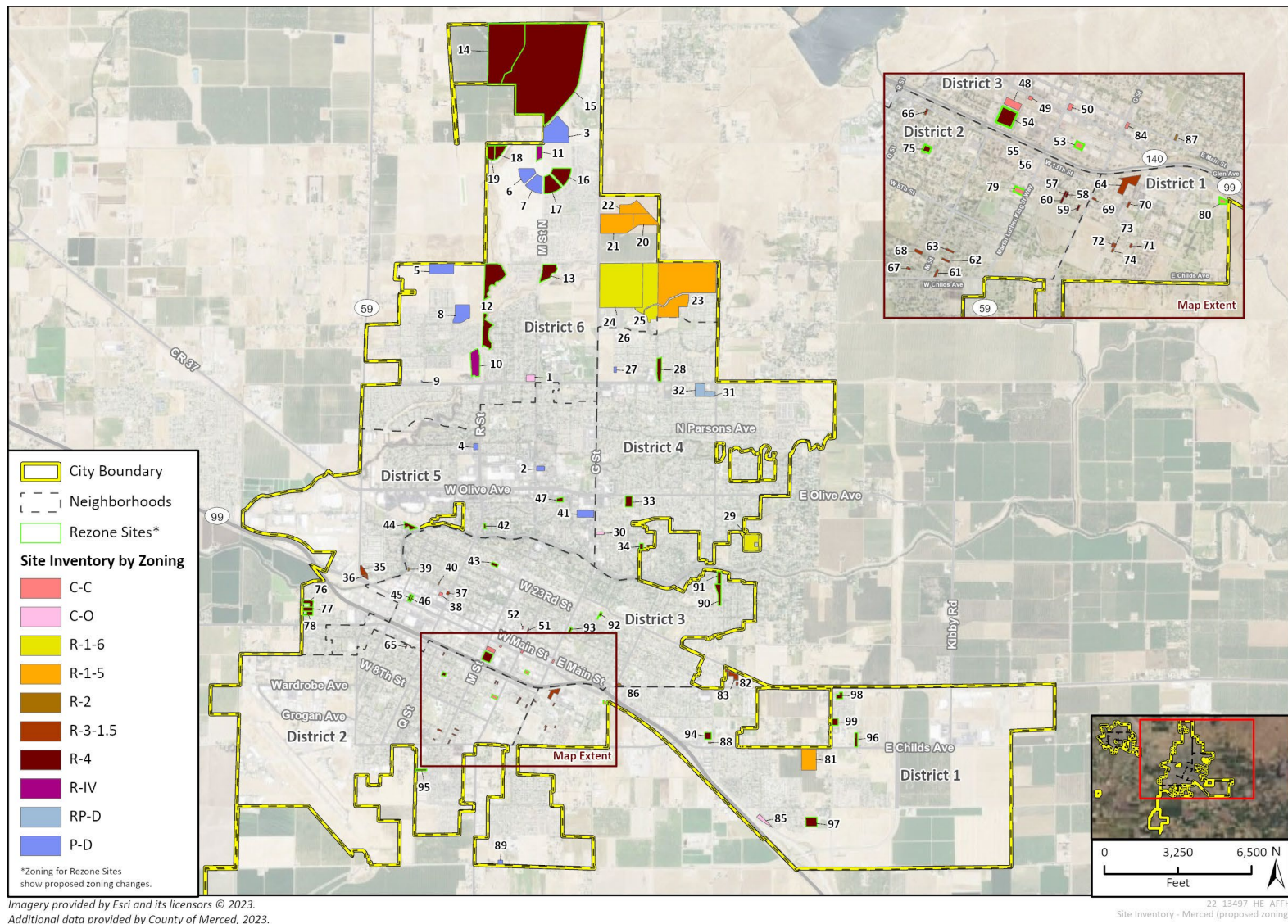
Figure G6-2 Merced Site Inventory (Current Zoning)



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Additional data provided by County of Merced, 2023.



**Figure G6-3 Merced Site Inventory (Proposed Zoning)**



**Table G6-8 Merced Site Inventory – Opportunity Sites**

Map ID	Site Address or Street	APN	Acres	Land Use	Zoning	Current Use	Minimum Density	Maximum Density	Lower-Income Capacity	Moderate-Income Capacity	Above Moderate-Income Capacity	Total Capacity	TCAC Opportunity Category
<b>District 1</b>													
81	2832 E CHILDS AVE	61261010	14.18	FSCH	R-1-5	Vacant	0	8.712	0	0	91	91	High Segregation & Poverty
82	Kelly Ave	34240029	2.84	HMD	R-3-1.5	Vacant	0	29.04	42	19	0	61	Low Resource
64	E 13th St	35020030	2.69	HMD	R-3-1.5	Vacant	0	29.04	40	18	0	58	High Segregation & Poverty
83	1988 KELLY AVE	34240034	0.10	HMD	R-3-1.5	Vacant	0	29.04	0	2	0	2	Low Resource
69	G St	35031012	0.12	HMD	R-3-1.5	Vacant	0	29.04	0	2	0	2	High Segregation & Poverty
70	170 E 13TH ST	35033004	0.17	HMD	R-3-1.5	Vacant	0	29.04	0	3	0	3	High Segregation & Poverty
71	E 10TH ST	35042012	0.11	HMD	R-3-1.5	Vacant	0	29.04	0	2	0	2	High Segregation & Poverty
72	224 E 10TH ST	35043004	0.11	HMD	R-3-1.5	Vacant	0	29.04	0	2	0	2	High Segregation & Poverty
73	E 10TH ST	35043005	0.11	HMD	R-3-1.5	Vacant	0	29.04	0	2	0	2	High Segregation & Poverty
74	245 9TH ST	35043017	0.11	HMD	R-3-1.5	Vacant	0	29.04	0	2	0	2	High Segregation & Poverty
85	555 S PARSONS AVE	61285001	2.08	CO	C-O	Vacant	0	36	39	17	0	56	High Segregation & Poverty
88	33 PARSONS ST	35140018	0.15	LMD	R-2	Vacant	0	12	0	1	0	1	High Segregation & Poverty
89	173 E MISSION AVE	259130021	0.92	CO	P-D (CO)	Vacant	12	36	16	8	0	24	Low Resource

Merced County Association of Governments  
**Merced County Multi-Jurisdictional Housing Element (2024-2032)**

Map ID	Site Address or Street	APN	Acres	Land Use	Zoning	Current Use	Minimum Density	Maximum Density	Lower- Income Capacity	Moderate- Income Capacity	Above Moderate- Income Capacity	Total Capacity	TCAC Opportunity Category
<b>Total</b>			<b>23.71</b>						<b>137</b>	<b>78</b>	<b>91</b>	<b>306</b>	
<b>District 2</b>													
55	363 W 12TH ST	31331014	0.17	HD	R-4	Vacant	0	43.56	0	5	0	5	High Segregation & Poverty
56	345 W 12TH ST	31331012	0.17	HD	R-4	Vacant	0	43.56	0	5	0	5	High Segregation & Poverty
57	112 W 12TH ST	31342007	0.17	HD	R-4	Vacant	0	43.56	0	5	0	5	High Segregation & Poverty
58	106 W 12TH ST	31342008	0.17	HD	R-4	Vacant	0	43.56	0	5	0	5	High Segregation & Poverty
59	21 W 11TH ST	31344009	0.17	HD	R-4	Vacant	0	43.56	0	5	0	5	High Segregation & Poverty
60	111 W 11TH ST	31342010	0.17	HD	R-4	Vacant	0	43.56	0	5	0	5	High Segregation & Poverty
61	CHILDS AVE	32222007	0.23	HMD	R-3-1.5	Vacant	0	29.04	0	5	0	5	High Segregation & Poverty
62	501 CANAL ST	32222001	0.23	HMD	R-3-1.5	Vacant	0	29.04	0	5	0	5	High Segregation & Poverty
63	Canal St	32212038	0.23	HMD	R-3-1.5	Vacant	0	29.04	0	5	0	5	High Segregation & Poverty
65	1251 W 12TH PL	31283004	0.17	HMD	R-3-1.5	Vacant	0	29.04	0	3	0	3	High Segregation & Poverty
66	912 W 13TH ST	31301022	0.17	HMD	R-3-1.5	Vacant	0	29.04	0	3	0	3	High Segregation & Poverty
67	292 N ST	32221017	0.11	HMD	R-3-1.5	Vacant	0	29.04	0	2	0	2	High Segregation & Poverty
68	N St	32221035	0.34	HMD	R-3-1.5	Vacant	0	29.04	0	7	0	7	High Segregation & Poverty
<b>Total</b>			<b>2.52</b>						<b>0</b>	<b>60</b>	<b>0</b>	<b>60</b>	



Map ID	Site Address or Street	APN	Acres	Land Use	Zoning	Current Use	Minimum Density	Maximum Density	Lower-Income Capacity	Moderate-Income Capacity	Above Moderate-Income Capacity	Total Capacity	TCAC Opportunity Category
<b>District 3</b>													
37	W 19th St	31032004	0.42	HMD	R-3-1.5	Vacant	0	29.04	0	9	0	9	High Segregation & Poverty
38	1115 W 18TH ST	31032009	0.52	RC	C-C	Vacant	0	36	9	5	0	14	High Segregation & Poverty
48	W 15th St	31360068	1.56	RC	C-C	Vacant	0	36	29	13	0	42	High Segregation & Poverty
49	W 16th St	31360006	0.21	RC	C-C	Vacant	0	36	0	5	0	5	High Segregation & Poverty
50	1616 MARTIN LUTHER KING JR WAY	31154012	0.34	RC	C-C	Vacant	0	36	0	9	0	9	High Segregation & Poverty
84	4 E MAIN ST	34201001	0.25	RC	C-C	Vacant	0	36	0	6	0	6	High Segregation & Poverty
51	1835 MARTIN LUTHER KING JR WAY	31072008	0.17	RC	C-C	Vacant	0	36	0	4	0	4	High Segregation & Poverty
52	344 W 19TH ST	31072003	0.17	RC	C-C	Vacant	0	36	0	4	0	4	High Segregation & Poverty
39	W 19th St	31011014	0.25	LMD	R-2	Vacant	0	12	0	2	0	2	High Segregation & Poverty
40	W 19th St	31023013	0.17	LMD	R-2	Vacant	0	12	0	1	0	1	High Segregation & Poverty
86	Glen Ave	34162020	0.37	LMD	R-2	Vacant	0	12	0	3	0	3	High Segregation & Poverty
87	E Main St	34193008	0.17	LMD	R-2	Vacant	0	12	0	1	0	1	High Segregation & Poverty
<b>Total</b>			<b>4.61</b>						<b>38</b>	<b>62</b>	<b>0</b>	<b>100</b>	

Merced County Association of Governments  
**Merced County Multi-Jurisdictional Housing Element (2024-2032)**

Map ID	Site Address or Street	APN	Acres	Land Use	Zoning	Current Use	Minimum Density	Maximum Density	Lower-Income Capacity	Moderate-Income Capacity	Above Moderate-Income Capacity	Total Capacity	TCAC Opportunity Category
<b>District 4</b>													
29	McKee Rd and Arden Ln	108010010	9.43	LD	R-1-6	Vacant	0	7.26	0	0	51	51	High Segregation & Poverty
26	462 MERCY AVE	231200005	2.52	CO	C-O	Vacant	0	36	46	21	0	67	High Segregation & Poverty
30	2958 N G ST	7131001	1.01	CO	C-O	Vacant	0	36	23	10	0	33	High Segregation & Poverty
31	Parsons Ave and Yosemite Ave	6050072	2.30	CO	RP-D	Vacant	12	36	28	13	0	41	High Segregation & Poverty
32	1380 YOSEMITE AVE	6050068	5.72	CO	RP-D	Vacant	12	36	107	47	0	154	High Segregation & Poverty
27	Yosemite Avenue & Mansionette Drive	231040023	0.70	HMD	P-D (HMD)	Vacant	0	24	8	4	0	12	High Segregation & Poverty
<b>Total</b>			<b>21.67</b>						<b>212</b>	<b>95</b>	<b>51</b>	<b>358</b>	
<b>District 5</b>													
35	2434 N HWY 59	58150002	2.27	HMD	R-3-1.5	Vacant	0	29.04	34	15	0	49	High Segregation & Poverty
36	Bear Creek Dr	58150003	0.30	HMD	R-3-1.5	Vacant	0	29.04	0	6	0	6	High Segregation & Poverty
2	3180 M ST	236230011	1.71	CO	P-D (CO)	Vacant	0	36	32	14	0	46	High Segregation & Poverty
41	3033 G ST	7350009	5.44	CO	P-D (CO)	Vacant	0	36	102	44	0	146	High Segregation & Poverty
4	3351 R ST	058030023	1.33	CO	P-D (CO)	Vacant	0	36	24	11	0	35	High Segregation & Poverty

Map ID	Site Address or Street	APN	Acres	Land Use	Zoning	Current Use	Minimum Density	Maximum Density	Lower- Income Capacity	Moderate- Income Capacity	Above Moderate- Income Capacity	Total Capacity	TCAC Opportunity Category
<b>Total</b>			<b>11.05</b>						<b>192</b>	<b>90</b>	<b>0</b>	<b>282</b>	
<b>District 6</b>													
20	G St and Merrill Pl	60030038	11.37	VR	R-1-5	Vacant	0	8.712	0	0	74	74	High Segregation & Poverty
21	G St and Merrill Pl	60030055	26.25	LD	R-1-5	Vacant	0	8.712	0	0	171	171	Low Resource
22	G St and Foothill Dr	60880006	11.54	LD	R-1-5	Vacant	0	8.712	0	0	75	75	High Segregation & Poverty
23	Gardener Ave and Destiny Dr	231010009	104.93	LD	R-1-5	Vacant	0	8.712	0	0	685	685	Low Resource
24	3878 N G ST	231010001	85.62	LD	R-1-6	Vacant	0	7.26	0	0	466	466	High Segregation & Poverty
25	800 CARDELLA RD	231010021	38.31	LD	R-1-6	Vacant	0	7.26	0	0	208	208	High Segregation & Poverty
1	3603 M ST	230220055	2.62	CO	C-O	Vacant	0	36	49	21	0	70	High Segregation & Poverty
3	Bellevue Rd & Barclay Way	170060033	10.00*	CO	P-D (CO)	Vacant	0	36	150	120	0	270	High Segregation & Poverty
5	W Cardella Rd	206030017	10.00**	CO	P-D (CO)	Vacant	0	36	150	120	0	270	High Segregation & Poverty
6	Freemark Ave	224300012	7.78	HMD	P-D (HMD)	Vacant	0	24	97	42	0	139	High Segregation & Poverty
7	M St	224300013	9.29	HMD	P-D (HMD)	Vacant	0	24	116	51	0	167	High Segregation & Poverty
8	Horizons Ave and Lehigh Dr	206030013	10.00	LMD	P-D (LMD)	Vacant	0	12	0	90	0	90	High Segregation & Poverty

Merced County Association of Governments  
**Merced County Multi-Jurisdictional Housing Element (2024-2032)**

Map ID	Site Address or Street	APN	Acres	Land Use	Zoning	Current Use	Minimum Density	Maximum Density	Lower-Income Capacity	Moderate-Income Capacity	Above Moderate-Income Capacity	Total Capacity	TCAC Opportunity Category
9	1310 BELMONT DR	206176026	0.10	VR	P-D (VR)	Vacant	0	30	0	2	0	2	Low Resource
<b>Total</b>			<b>327.80</b>						<b>562</b>	<b>446</b>	<b>1,679</b>	<b>2,687</b>	
<b>Merced Total</b>									<b>1,141</b>	<b>831</b>	<b>1,821</b>	<b>3,781</b>	

\* This parcel is 23.29 acres; however, the Site Inventory assumes only 10.00 acres are developable. Up to 150 units are being used for lower-income.

\*\* This parcel is 10.94 acres; however, the Site Inventory assumes only 10.00 acres are developable. Up to 150 units are being used for lower-income.

## G6.7.1 Rezone Sites

To accommodate this shortfall of capacity, the City is obligated to rezone land suitable to facilitate the development of the listed rezone sites. The City of Merced anticipates beginning the rezone process with outreach and public hearings for all properties included in the Site Inventory in Spring 2024, continuing through Fall 2024. The City anticipates adoption of the rezonings by January 31, 2025.

The Site Inventory includes 37 sites that will be rezoned to facilitate additional residential development. The sites will be rezoned from low density residential, general commercial, and planned development to high-density residential and central commercial. These sites encompass 127.33 acres and can accommodate a total of 2,813 low-income units and 1,253 moderate-income units. Rezone sites are seen throughout the city with the most units in District 6, as seen in Figure G6-2. Table G6-9 summarizes the acreage and unit assumptions for sites proposed for rezoning per district. The rezoned sites shall include the following components pursuant to Government Code Section 65583.2(i):

- Permit owner-occupied and rental multi-family uses by-right for developments in which 20 percent or more of the units are affordable to lower-income households. By-right means approval without discretionary review.
- Permit the development of at least 16 units per site.
- Establish a minimum density of 20 units per acre and a maximum density of at least 20 units per acre for all rezone sites to accommodate lower-income RHNA.
- Ensure that either: a) at least 50 percent of the shortfall of low- and very-low-income regional housing need can be accommodated on sites designated for exclusively residential uses; or b) if accommodating more than 50 percent of the low- and very-low-income regional housing need on sites designated for mixed uses, all sites designated for mixed uses must allow 100 percent residential use and require that residential uses occupy at least 50 percent of the floor area in a mixed-use project.

**Table G6-9 Proposed Rezone Sites to Accommodate RHNA Shortfall**

Map ID	Site Address or Street	APN	Acres	Existing Zoning District	Proposed Zoning District	Current Use	Minimum Density	Maximum Density	Lower-Income Capacity	Moderate -Income Capacity	Above Moderate -Income Capacity	Total Capacity	TCAC Opportunity Category
<b>District 1</b>													
94	125 N Parsons Ave	35140016	2.07	R-2	R-4	Vacant	20	43.56	60	7	0	67	High Segregation & Poverty
96	E Childs Ave	61340006	1.91	R-1-6	R-4	Vacant	20	43.56	55	7	0	62	Highest Resource
80	Crist Ave	35160016	0.52	C-G	C-C	Vacant	20	36	12	2	0	14	High Segregation & Poverty
<b>Total</b>			<b>4.50</b>						<b>127</b>	<b>16</b>	<b>0</b>	<b>143</b>	
<b>District 2</b>													
75	832 W 11th St	35140016	0.68	R-1-6	R-4	Vacant	20	43.56	19	3	0	22	High Segregation & Poverty
95	259 S N St	61340006	0.99	R-1-5	R-4	Vacant	20	43.56	28	4	0	32	Low Resource
79	1075 Martin Luther King Jr Way	35160016	0.86	C-G	C-C	Vacant	20	36	20	3	0	23	High Segregation & Poverty
97	Alfarata Blvd	61250056	4.93	RP-D	R-4	Vacant	20	43.56	144	17	0	161	High Segregation & Poverty
<b>Total</b>			<b>7.46</b>						<b>211</b>	<b>27</b>	<b>0</b>	<b>238</b>	

Map ID	Site Address or Street	APN	Acres	Existing Zoning District	Proposed Zoning District	Current Use	Minimum Density	Maximum Density	Lower-Income Capacity	Moderate -Income Capacity	Above Moderate -Income Capacity	Total Capacity	TCAC Opportunity Category
<b>District 3</b>													
43	O St	30163008	1.03	R-1-6	R-4	Vacant	20	43.56	29	4	0	33	High Segregation & Poverty
90	N Parsons Ave	33060024	3.79	R-1-6	R-4	Vacant	20	43.56	110	13	0	123	High Resource
91	N Parsons Ave	33210062	2.23	R-1-6	R-4	Vacant	20	43.56	64	8	0	72	High Resource
92	205 E 23rd St	34021002	0.50*	R-1-6	R-4	Vacant	20	43.56	14	2	0	16	Low Resource
93	8 E 21st St	34072030	0.55	R-1-10	R-4	Vacant	20	43.56	15	2	0	17	Low Resource
53	160 W 15th St	31251030	0.69	C-G	C-C	Vacant	20	36	16	2	0	18	High Segregation & Poverty
98	Baker Dr	61310006	1.62	RP-D	R-4	Vacant	20	43.56	46	6	0	52	Highest Resource
54	564 W 15th St	31231005	3.77	C-G	R-4	Parking Lot	20	43.56	111	13	0	124	High Segregation & Poverty
45	1407 W 16th St	31094005	0.73	C-G	R-4	Commercial	20	43.56	21	3	0	24	High Segregation & Poverty
46	1401 W 16th St	31094006	0.60	C-T & C-G	R-4	Parking Lot	20	43.56	18	2	0	20	High Segregation & Poverty
<b>Total</b>			<b>15.01</b>						<b>444</b>	<b>55</b>	<b>0</b>	<b>499</b>	

Merced County Association of Governments  
**Merced County Multi-Jurisdictional Housing Element (2024-2032)**

Map ID	Site Address or Street	APN	Acres	Existing Zoning District	Proposed Zoning District	Current Use	Minimum Density	Maximum Density	Lower-Income Capacity	Moderate -Income Capacity	Above Moderate -Income Capacity	Total Capacity	TCAC Opportunity Category
<b>District 4</b>													
33	470 E Olive Ave	7050009	3.49	R-2	R-4	Vacant	20	43.56	102	12	0	114	Highest Resource
28	Paulson Rd	231040010	4.73	R-1-6	R-4	Vacant	20	43.56	138	16	0	154	Highest Resource
99	1600 N Coffee Rd	61600001	1.91	RP-D	R-4	Vacant	20	43.56	55	7	0	62	Highest Resource
34	2917 Oleander Ave	7142047	0.98	RP-D	R-5	Vacant	20	43.56	28	4	0	32	Highest Resource
<b>Total</b>			<b>9.21</b>						<b>268</b>	<b>32</b>	<b>0</b>	<b>300</b>	
<b>District 5</b>													
42	1050 Rambler Rd	7022002	0.59	R-1-10	R-4	Vacant	20	43.56	13	6	0	19	High Resource
44	NW Bear Creek Dr	58110044	2.28	R-2	R-4	Vacant	20	43.56	66	8	0	74	Low Resource
76	1536 Massasso St	59330021	2.11	R-1-5	R-5	Vacant	20	43.56	61	7	0	68	Low Resource
77	Massasso St	59330026	1.90	R-1-6	R-4	Vacant	20	43.56	54	7	0	61	Low Resource
78	Massasso St	59581040	1.42	R-1-6	R-4	Vacant	20	43.56	41	5	0	46	Low Resource
47	Rambler & College Green	7250029	1.23	P-D (CO)	R-4	Vacant	20	43.56	36	4	0	40	High Resource
<b>Total</b>			<b>9.53</b>						<b>275</b>	<b>33</b>	<b>0</b>	<b>308</b>	



Map ID	Site Address or Street	APN	Acres	Existing Zoning District	Proposed Zoning District	Current Use	Minimum Density	Maximum Density	Lower-Income Capacity	Moderate -Income Capacity	Above Moderate -Income Capacity	Total Capacity	TCAC Opportunity Category
<b>District 6</b>													
10	Pacific Dr and R St	206040020	10.00*	P-D	R-IV	Vacant	20	36	150	129	0	279	Highest Resource
11	Bellevue Rd and M St	224300011	3.56	P-D	R-IV	Vacant	20	36	87	10	0	97	Highest Resource
12	R St Parcel (Hostetler )	230010012	8.66	P-D	R-4	Vacant	20	43.56	150	132	0	282	Highest Resource
13	Cardella & M	230010016	8.33	P-D	R-4	Vacant	20	43.56	150	122	0	272	Highest Resource
14	BRN V 34A	170060018	10.00**	P-D	R-5	Vacant	20	43.56	150	176	0	326	Highest Resource
15	BRN 36 A, B, C	170060019	8.11**	P-D	R-6	Vacant	20	43.56	150	114	0	264	Highest Resource
16	BRE V 22 E (Lot W)	224020006	10.00* ****	P-D (HMD)	R-7	Vacant	20	43.56	150	176	0	326	Highest Resource
17	BRE V 22 E (Lot X)	224020008	10.00* *****	P-D (HMD)	R-8	Vacant	20	43.56	150	176	0	326	Highest Resource
18	BRW 19 A	224300007	5.55	P-D	R-4	Vacant	20	43.56	150	31	0	181	Highest Resource
19	BRW 19 B	224300008	5.00	P-D	R-4	Vacant	20	43.56	146	17	0	163	Highest Resource
<b>Total</b>			<b>79.21</b>						<b>1,433</b>	<b>1,083</b>	<b>0</b>	<b>2,516</b>	
<b>Merced Total</b>									<b>2,813</b>	<b>1,253</b>	<b>0</b>	<b>4,066</b>	

\* This parcel is 0.63 acres; however, the Site Inventory assumes only 0.50 acres are developable.

\*\* This parcel is 10.31 acres; however, the Site Inventory assumes only 10.00 acres are developable.

\*\*\* This parcel is 10.04 acres; however, the Site Inventory assumes only 10.00 acres are developable.

\*\*\*\* This parcel is 252.50 acres; however, the Site Inventory assumes only 8.11 acres are developable.

\*\*\*\*\* This parcel is 10.64 acres; however, the Site Inventory assumes only 10.00 acres are developable.

\*\*\*\*\* This parcel is 10.13 acres; however, the Site Inventory assumes only 10.00 acres are developable.

## G6.7.2 Sites used in Previous Planning Periods

In accordance with Government Code Section 65583, vacant parcels from both the 4<sup>th</sup> and 5<sup>th</sup> RHNA cycles, and nonvacant parcels from the 5<sup>th</sup> RHNA cycle, may be reused in this Housing Element to accommodate lower-income housing, provided they are rezoned to allow projects that have at least 20 percent of the units set aside as affordable for lower-income households, to be allowed by-right (i.e., can be approved administratively without requiring Planning Commission or City Council approval). Sites proposed for rezone as part of this Housing Element Update are considered new sites and are not subject to this requirement. The Site Inventory does not include any sites that meet these criteria.

## G6.7.3 Adequacy of Residential Site Inventory in Meeting RHNA

The Site Inventory identifies 3,954 lower-income units, 2,084 moderate-income units, and 1,821 above moderate-income units on 99 sites.

Of the identified sites, 95 are vacant while the remaining four are located on land currently used for parking or commercial space. All 37 identified rezone sites are to allow for high density residential or central commercial.

With rezoning, the Site Inventory includes a surplus of 338 lower-income units, giving the City an eight percent buffer for this income category above the RHNA requirement, as well as a surplus of 246 moderate-income for a 13 percent buffer, and a surplus of 1,076 above moderate-income for a 24 percent buffer. The summary of the residential Site Inventory is presented by district in Table G6-10.

**Table G6-10 Adequacy of Residential Site Inventory**

	Lower-Income	Moderate-Income	Above Moderate-Income	Total
<b>City's Share of RHNA</b>	<b>4,285</b>	<b>1,838</b>	<b>4,394</b>	<b>10,517</b>
Planned and Approved Units	669	0	3,633	4,302
ADUs Anticipated	0	0	16	16
<b>Remaining RHNA</b>	<b>3,616</b>	<b>1,838</b>	<b>745</b>	<b>6,199</b>
Opportunity Sites (District 1)	137	78	91	306
Opportunity Sites (District 2)	0	60	0	60
Opportunity Sites (District 3)	38	62	0	100
Opportunity Sites (District 4)	212	95	51	358
Opportunity Sites (District 5)	192	90	0	282
Opportunity Sites (District 6)	562	446	1,679	2,687
Rezone Sites	2,813	1,253	0	4,066
<b>Total Units on Sites</b>	<b>3,954</b>	<b>2,084</b>	<b>1,821</b>	<b>7,859</b>
<b>Total Unit Surplus</b>	<b>338</b>	<b>246</b>	<b>1,076</b>	<b>1,660</b>
<b>Percent Buffer over RHNA</b>	<b>8%</b>	<b>13%</b>	<b>24%</b>	<b>16%</b>

## G6.8 Availability of Infrastructure and Services

The City's Public Works Department provides a wide variety of services, including Fleet Services for City-owned vehicles, Facilities Maintenance for City-owned buildings, Refuse/Recycling/Green Waste garbage services, Parks and Trees maintenance, Streets, Water, Wastewater, Sewer/Storm Drains, and Water Quality Control. As such, the City will ensure adequate capacity of all infrastructure and utilities to accommodate the housing growth discussed in this Housing Element. All sites included in the inventory have existing and available capacity that can support residential development. Within one week of adoption, the City will provide a copy of the adopted 2024-2032 Housing Element to the City's Public Works Department Division, pursuant to Government Code Section 65589.7.

### G6.8.1 Wastewater System

The City of Merced operates a wastewater treatment facility (WWTF) with an operational capacity of 12 million gallons per day (MGD). Merced's average daily sewer load is 7.0 MGD, and its peak daily load is 19.5 MGD. The WWTF's current capacity meets the City's average daily flows but is not adequate for peak flows. The City intends to upgrade the existing system to accommodate up to 35 MGD.

Merced's sanitary sewer collection system consists of approximately 400 miles of gravity pipeline ranging from six to 48 inches in diameter. The City's sewage collections system is adequate for its current needs but will need upgrades to accommodate future growth. A report conducted by MKN & Associates for the Merced County Association of Governments recommends interim Capital Improvement Projects (CIPs) that will increase the system's capacity to accommodate up to 34,628 additional housing units, which exceeds the City's RHNA of 10,517.<sup>4</sup>

### G6.8.2 Potable Water System

The city's water system includes 20 groundwater wells with a total well capacity of 54,400 gallons per minute (gpm). According to the City's 2020 Urban Water Management Plan, the City pumped 20,076 acre-feet (AF) of potable water in 2020. Potable water demands are projected to increase to 31,825 AF by 2040 due to increases in the City and UC Merced population. In the future, if the surface water treatment plant (SWTP) is constructed, the City will use the contractual amount of surface water available and supplement the remaining demand with groundwater. The City's water supply is projected to sufficiently meet expected demands through 2040 through the installation of additional groundwater wells and construction of a 10 MGD SWTP. The SWTP is projected to use surface water supplied by Merced Irrigation District (MID) and begin operation by 2030.

### G6.8.3 Storm Water and Drainage

The Wastewater Collection Department also operates and maintains the City's storm drainage collection system. The storm drainage system consists of an underground storm drain system, detention ponds, underground storage pipes, pump stations, and open channels. The City anticipates the storm drainage collection system has adequate capacity to accommodate the RHNA.

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<sup>4</sup> Merced County Infrastructure Capacity Assessment, June 2023

## G6.8.4 Dry Utilities

Dry utilities are defined as electricity, natural gas, cable, and telephone services. In Merced, each dry utility has one provider: Pacific Gas & Electric (PG&E) provides natural gas, MID provides electricity services, and Xfinity provides telecom services. The City does not anticipate any connection issues with these utilities and future residential development sites during the planning period.

## G6.9 Environmental Considerations

A city's environmental setting and characteristics can greatly affect the feasibility and cost of developing housing. As noted in Chapter G4, *Housing Constraints Analysis*, environmental factors in Merced include potential impacts from wildfire, drought, and flood. There are no known barriers on these sites related to shape, access, contamination, easements, property conditions, likelihood of disposition of rights-of-way, Williamson Act, conservation easements, or environmental overlays.

### **Wildfire**

Merced is not located in a Very High Fire Hazard Severity Zone, as designed by California Department of Forestry and Fire Protection. Future wildfire occurrences are highly likely, but the severity is estimated to be negligible. The City of Merced requires all new development and subdivisions to comply with the most recent California Fire and Building Code requirements for health and safety. As a result, wildfire is not considered a constraint to development. The potential impacts of a wildfire would not preclude development of housing in Merced.

### **Drought**

As for the impacts of a drought, there will be minimal impact on the physical structures of buildings and facilities across Merced, however there may be less reliability on infrastructure. The potential impacts of a drought would not preclude development of housing in Merced.

### **Flood**

The City of Merced is at risk for flooding and flood related losses. The City's Building Code includes provisions to reduce the risk of flooding. While these provisions add an additional requirement in the development process and additional costs to a project, these provisions are necessary for the health and safety of residents. The potential impacts of flooding would not preclude development of housing in Merced.

## G6.10 Opportunities for Energy Conservation

Affordable energy is crucial for affordable housing, as energy costs can account for more than 25 percent of overall housing expenses. With California's energy conservation standards, many new homes have improved energy efficiency. The City of Merced Housing Rehabilitation Loan Program has made significant improvements for energy efficiency in older homes (built pre-1975). In addition, through the State and PG&E's Forgiveness Loan Program, homeowners can obtain funds to make energy conservation upgrades to their homes. In addition, the City adopted a "Climate Action Plan" in 2012 that spells out strategies and policies to encourage energy conservation throughout the City. The City has also participated in the Home Energy Renovation

Opportunity (HERO) program, offering low-interest loans through the State to property owners to make energy efficient upgrades to their home. The City will implement Housing Program 12 to continue to provide rehabilitation assistance for energy conservation and weatherization improvements to homeowners.

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## G7 Housing Plan

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This eight-year Housing Plan (2024-2032) sets forth a strategy, including goals, policies, and programs, to address housing issues identified in the City of Merced.

### G7.1 Goals and Policies

<b>Goal 1: Regional Collaboration</b>	<b>Work collaboratively with jurisdictions in the county to efficiently address housing issues and find regional solutions.</b>
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**Policy 1.1** Proactively coordinate with cities, Merced County, and other agencies and organizations to create effective policies and programs and respond to opportunities for achieving common housing goals.

**Policy 1.2** Participate in, as appropriate, pursuit of state and federal housing funds to address regional housing issues.

<b>Goal 2: Housing Development</b>	<b>Provide an adequate supply and range of housing types to meet the diverse needs of residents.</b>
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**Policy 2.1** Provide adequate sites for new housing development to accommodate the regional housing needs allocation (RHNA) throughout the planning period.

**Policy 2.2** Facilitate a range of housing development that will meet the needs of all income levels including extremely low, very-low, low-, moderate- and above moderate households.

**Policy 2.3** Encourage a range of housing types and sizes in large-scale development and annexations.

**Policy 2.4** Promote infill development on vacant and underutilized sites within developed areas.

**Policy 2.5** Encourage higher density and mixed use residential development along major transportation and transit corridors and/or near existing or planned community facilities and services.

**Policy 2.6** Enact programs that facilitate well-designed, energy efficient development and flexible standards to encourage high quality projects.

**Goal 3: Affordable Housing Options**

**Facilitate the development of affordable housing and protect the existing supply of affordable housing to extremely low, very low-, low- and moderate-income households.**

- Policy 3.1** Provide a range of incentives and tools to encourage affordable housing for all lower-income levels, including extremely low-income.
- Policy 3.2** Support the Merced County Housing Authority (MCHA) by promoting Housing Choice Voucher (HCV) opportunities.
- Policy 3.3** Ensure permit processing procedures to ensure streamlining is available for affordable housing development projects (SB 35).
- Policy 3.4** Support the development of Accessory Dwelling Units (ADUs) as an affordable housing option.
- Policy 3.5** Promote home ownership for lower- and moderate- income households by pursuing grant funding for downpayment assistance and other homeownership loan programs.
- Policy 3.6** Monitor existing affordable housing developments and pursue preservation strategies to maintain their affordability.

**Goal 4: Housing and Neighborhood Preservation**

**Maintain and improve the city's existing housing stock.**

- Policy 4.1** Preserve existing residential neighborhoods by promoting balanced design and architecture.
- Policy 4.2** Support code enforcement efforts to work with property owners with repairs and rehabilitation of housing to preserve existing housing stock.
- Policy 4.3** Utilize Capital Improvement Programs for repairs and improvements of public infrastructure and facilities in existing neighborhoods.

**Goal 5: Housing for Persons with Special Needs**

**Support and provide housing and services for people with special needs in the community. People with special needs include, but are not limited to, seniors, families with children, people with disabilities, single-parent families, farmworkers, and people who are experiencing homelessness or at risk of becoming homeless.**

- Policy 5.1** Assist in local and regional efforts that address the housing needs of special needs residents.
- Policy 5.2** Provide reasonable accommodation for individuals with disabilities to access housing opportunities.
- Policy 5.3** Support the development of affordable housing units for farmworkers and farmworker families by encouraging the use of federal, state, and local resources.



**Policy 5.4** Coordinate with regional agencies and local non-profit/private developers on housing options and services for people who are experiencing homelessness or at risk of becoming homeless.

**Policy 5.5** Proactively apply for and utilize available resources to provide and maintain housing for special needs groups.

**Goal 6: Resource Conservation and Sustainable Development**

**Utilize energy conservation and sustainable measures for new and rehabilitated housing.**

**Policy 6.1** Support and, as appropriate, incentivize the use of green building techniques for new housing and rehabilitation.

**Policy 6.2** Promote energy conservation and efficiency in residential developments.

**Goal 7: Affirmatively Furthering Fair Housing**

**Promote housing opportunities and access for residents regardless of age, race, religion, sex, marital status, ancestry, national origin, color, disability, or economic level in compliance with local, state, and federal fair housing laws.**

**Policy 7.1** Promote meaningful and informed participation of residents, community groups, and governmental agencies in all local housing and community development activities.

**Policy 7.2** Comply with federal, state, and local fair housing anti-discrimination laws ensuring equal access to housing regardless of circumstances as protected by fair housing laws.

**Policy 7.3** Provide fair housing services to city residents and ensure that residents are aware of their fair housing rights.

**Policy 7.4** Provide residents with housing mobility options by facilitating the development of a variety of housing types and expanding access to housing services.

**Policy 7.5** Protect tenants from discriminatory housing practices and displacement.

**Policy 7.6** Promote the integration of affordable and special needs housing in existing and planned neighborhoods.

## G7.2 Implementing Programs

### Program 1: Regional Collaboration

Collaborate with other jurisdictions in the region on housing efforts, including funding opportunities, best practices, and other efforts to address housing, transit, economic development, and homeless issues in Merced County.

Regional collaboration efforts can include, but are not limited to:

- Affordable housing development opportunities
- Regional housing programs and outreach efforts
- Economic development opportunities
- Creation of a regional Housing Trust Fund

- Coordination on funding applications and administration
- Identification of transit opportunities and access near new and established residential areas
- Development of environmental mitigation that can improve the quality of life for residents
- Efforts for the development of emergency shelters, low barrier navigation centers, transitional and supportive housing as well as support services for persons experiencing homelessness or at risk of becoming homeless in the county, including participation in services offered by the County

<b>Specific Actions, Objectives and Timelines</b>	<ul style="list-style-type: none"> <li>▪ Participate in regional meetings related to housing and homeless issues to pursue funding and coordination opportunities. Annually pursue funding opportunities for regional housing issues.</li> <li>▪ Partner with the Merced County Human Services Agency and/or the Merced County Community Action Agency to proactively address shelter, housing and support services for people experiencing homelessness.</li> <li>▪ Participate in the Merced County Association of Governments (MCAG) Authority to manage and implement regional transit and services, while providing a public forum for cross-jurisdictional issues. <ul style="list-style-type: none"> <li>▫ Hold at least one community workshop to identify transportation needs and apply for funding to implement projects using Measure V funds.</li> </ul> </li> <li>▪ Work with the Merced Continuum of Care to complete and implement the 10-Year Plan to End Homelessness during the planning period.</li> </ul>
<b>Primary Responsible Departments</b>	Department of Development Services
<b>Funding Sources</b>	General Fund; federal, state, and local grant funds
<b>Relevant Policies</b>	1.1, 1.2
<b>AFFH Themes</b>	<ul style="list-style-type: none"> <li>▪ Outreach and Education</li> <li>▪ Housing Mobility</li> <li>▪ New Housing Opportunities in Areas of Higher Resources</li> <li>▪ Anti-Displacement and Tenant Protection</li> </ul>
<b>AFFH Geographic Targeting</b>	Citywide
<b>AFFH Outcomes</b>	N/A

## Program 2: Adequate Sites for RHNA and Monitoring of No Net Loss

For the 6th cycle Housing Element, Merced has been assigned a RHNA of 10,517 units, including:

- Very Low-Income: 2,543 units
- Low-Income: 1,742 units
- Moderate-Income: 1,838 units
- Above Moderate-Income: 4,394 units

The City is committed to ensuring that adequate sites at appropriate densities remain available during the planning period, as required by law. As of December 2023, the City has identified capacity for 4,302 units through projects under construction, approved, or permitted, that will be available during the RHNA projection period. The City also projects 16 ADUs affordable to above moderate income

households will be developed during the planning period. Accounting for these units, the City has a remaining RHNA of 5,454 units (2,169 very low income, 1,447 low income, and 1,838 moderate income) for which the City must identify adequate sites for potential development.

The City has identified vacant and nonvacant sites with potential for development/redevelopment, or adaptive reuse of existing uses over the next eight years. The City is divided into six geographic districts for the purpose of the Site Inventory. Sixty-two vacant opportunity sites have been identified throughout the six districts that do not require rezoning and have a capacity of 3,827 units (1,234 lower income, 772 moderate income and 1,821 above moderate income). An additional 37 sites have been identified for rezoning to meet the RHNA, with a potential capacity totaling 4,066 units (2,829 lower income and 1,237 moderate income). None of the 99 sites described above were used during previous Housing Element cycles. However, the sites identified for rezoning will be subject to by-right approval requirements of AB 1397 as the zoning was not in place as of the beginning of the statutory deadline of the Housing Element (January 31, 2024).

This program describes the actions the City will take to ensure that adequate sites are designated consistent with Government Code Section 65583c)(1)(A) and 65583.2. The rezoned sites shall include the following components pursuant to Government Code Section 65583.2(i):

- Permit owner-occupied and rental multi-family uses by-right for developments in which 20 percent or more of the units are affordable to lower-income households. By-right means approval without discretionary review.
- Permit the development of at least 16 units per site.
- Establish a minimum density of 20 units per acre and a maximum density of at least 20 units per acre for all rezone sites to accommodate lower income RHNA.
- Ensure that either: a) at least 50 percent of the shortfall of low- and very-low-income regional housing need can be accommodated on sites designated for exclusively residential uses; or b) if accommodating more than 50 percent of the low- and very-low-income regional housing need on sites designated for mixed uses, all sites designated for mixed uses must allow 100 percent residential use and require that residential uses occupy at least 50 percent of the floor area in a mixed-use project.

During the planning period, the City will be reviewing the list of opportunity sites and will add or remove specific sites while maintaining RHNA goals. By making amendments to the Zoning Code, the City may add additional sites to the list, such as making residential principally permitted in all commercial (and equivalent PD zones), as well as aggressively pursuing annexations with large amounts of housing. Evaluation of the feasibility of these additional sites will be consistent with the criteria used in developing the original site inventory as outlined in the Housing Resources section of this Housing Element.

To ensure that the City complies with SB 166 (No Net Loss), the City will monitor the consumption of residential and mixed-use acreage to ensure an adequate inventory is available to meet the City's RHNA obligations. To ensure sufficient residential capacity is maintained to accommodate the RHNA, the City will develop and implement a formal ongoing (project-by-project) evaluation procedure pursuant to Government Code Section 65863. Should an approval of development result in a reduction in capacity below the residential capacity needed to accommodate the remaining need for lower and moderate-income households, the City will identify and if necessary, rezone sufficient sites to accommodate the shortfall and ensure "no net loss" in capacity to accommodate the RHNA.

<b>Specific Actions, Objectives and Timelines</b>	<ul style="list-style-type: none"> <li>Facilitate the development of 10,517 units over 8 years (2,543 very low income, 1,742 low income, 1,838 moderate income, and 4,394 above moderate-income units).</li> <li>By January 31, 2025, rezone properties as outlined above and detailed in the Housing Resources section of this Housing Element to fully accommodate the remaining RHNA of 5,454 units (3,616 lower income and 1,838 moderate income units). As part of the rezoning, establish appropriate development standards (including parking, height, setback, lot coverage, etc.) to ensure maximum allowable densities at the respective zones can be achieved.</li> <li>Facilitate the development of 16 ADUs during the planning period.</li> <li>Maintain an inventory of available vacant and prospective sites that can accommodate new housing and update annually. Make this inventory available to the public and interested developers on the City website.</li> <li>Annually meet with property owners and interested developers to pursue housing development in the city.</li> <li>By January 31, 2025, develop a formal procedure to monitor no net loss in capacity pursuant to SB 166.</li> </ul>
<b>Primary Responsible Departments</b>	Department of Development Services
<b>Funding Sources</b>	General Fund
<b>Relevant Policies</b>	2.1, 2.2, 2.4, 3.1
<b>AFFH Themes</b>	<ul style="list-style-type: none"> <li>Housing Mobility</li> <li>New Housing Opportunities in Areas of Higher Resources</li> </ul>
<b>Geographic Targeting</b>	N/A
<b>AFFH Outcomes</b>	N/A

### Program 3: By-Right Approval

Pursuant to Government Code Section 65583.2, reusing the following types of sites in the City’s site inventory for lower-income RHNA are subject to by-right approval exempt from CEQA and subject only to design review based on objective standards when a project includes 20 percent of the units affordable to lower-income households and no subdivision is proposed:

Reuse Sites (No Rezoning Required):

- Vacant sites that were identified in the City’s 4th and 5th cycles Housing Element as sites for lower income RHNA; and
- Nonvacant sites that were identified in the City’s 5<sup>th</sup> cycle Housing Element as sites for lower income RHNA.

The by-right approval requirement of reuse sites is effective January 31, 2024. Currently, the site inventory does not contain any reuse sites.

Rezoning of sites past the statutory deadline of the Housing Element to meet the lower income RHNA are subject to the by-right approval requirement. The by-right approval requirement of rezone sites is triggered by the rezoning.

By-right shall mean the local government’s review shall not require:

- A conditional-use permit
- A planned unit development permit

- Other discretionary, local-government review or approval that would constitute a “project” as defined in Section 21100 of the Public Resources Code.

This provision does not preclude local planning agencies from imposing design review standards. However, the review and approval process must remain ministerial, and the design review must not constitute a “project” as defined in Section 21100 of the Public Resources Code.

No parcels in the City’s 6<sup>th</sup> Cycle Site Inventory are subject to by-right approval pursuant to state law.

<b>Specific Actions, Objectives and Timelines</b>	By January 31, 2025, concurrent with the Development Code update to provide adequate sites for the RHNA (see Program 2), update the Development Code to address the by-right approval requirements.
<b>Primary Responsible Departments</b>	Department of Development Services
<b>Funding Sources</b>	General Fund
<b>Relevant Policies</b>	2.1, 2.2, 3.1
<b>AFFH Themes</b>	<ul style="list-style-type: none"> <li>▪ Housing Mobility</li> <li>▪ New Housing Opportunities in Areas of Higher Resources</li> </ul>
<b>Geographic Targeting</b>	Citywide
<b>AFFH Outcomes</b>	N/A

#### Program 4: Replacement Housing

Development on non-vacant sites with existing residential units is subject to replacement requirements, pursuant to AB 1397. Specifically, AB 1397 requires sites occupied with a residential use within the last five years to replace these units affordable to the same or lower income level, as a condition of any development on a non-vacant site consistent with those requirements set forth in state Density Bonus Law.

<b>Specific Actions, Objectives and Timelines</b>	By January 31, 2025, amend the Zoning Code to address the replacement housing requirements.
<b>Primary Responsible Departments</b>	Department of Development Services
<b>Funding Sources</b>	General Fund
<b>Relevant Policies</b>	2.2, 3.6
<b>AFFH Themes</b>	<ul style="list-style-type: none"> <li>▪ Housing Mobility</li> <li>▪ New Housing Opportunities in Areas of Higher Resources</li> <li>▪ Anti-Displacement and Tenant Protection</li> </ul>
<b>Geographic Targeting</b>	Citywide
<b>AFFH Outcomes</b>	N/A

#### Program 5: Accessory Dwelling Units

ADUs provide an important affordable housing option in the city. The City’s ADU Ordinance was updated in September 2023 and complies with state law. In addition, the City has launched a Pre-Approved ADU program that includes pre-approved plans, a “how-to” guide, and a design workbook. The City also has permitted the development of tiny homes and tiny homes on wheels as ADUs.

Consistent with Government Code Section 65583 and Health & Safety Code Section 50504.5 City will continue to encourage the production of ADUs and work to provide affordable units for lower-income households.

<b>Specific Actions, Objectives and Timelines</b>	<ul style="list-style-type: none"> <li>Facilitate the development of 16 ADUs over 8 years.</li> <li>By January 31, 2025, facilitate the production of ADUs through efforts including, but not limited to: <ul style="list-style-type: none"> <li>Updating ADU webpage to include available resources for ADU production, such as grants for pre-development costs available to lower-income homeowners through California Finance Agency (CalHFA).</li> <li>Conduct three educational workshops, campaigns, or outreach events to promote ADU development.</li> </ul> </li> <li>Participate in regional collaboration efforts regarding pre-approved ADU plans.</li> <li>Explore an ADU amnesty program. If feasible, establish an ADU amnesty plan by December 2026.</li> <li>Continue to provide information about ADUs and their benefits via the City's website, monthly newsletter and brochures at the front counter.</li> <li>Provide technical assistance when requested.</li> </ul>
<b>Primary Responsible Departments</b>	Department of Development Services
<b>Funding Sources</b>	General Fund
<b>Relevant Policies</b>	2.2, 2.3, 3.1, 3.4
<b>AFFH Themes</b>	<ul style="list-style-type: none"> <li>Outreach and Education</li> <li>Housing Mobility</li> <li>New Housing Opportunities in Areas of Higher Resources</li> </ul>
<b>Geographic Targeting</b>	Citywide with emphasis on high resource, single-family neighborhoods (Districts 4 and 6)
<b>AFFH Outcomes</b>	Support the development of at least 16 ADUs in Merced during the planning period.

## Program 6: Zoning Code Amendments

In order to facilitate a variety of housing types, especially housing for lower-income households and those with special needs, the City will remove constraints to housing development by amending the Zoning Code.

<b>Specific Actions, Objectives and Timelines</b>	<p>Include the following Zoning Code Amendments by January 31, 2025:</p> <ul style="list-style-type: none"> <li><b>Adequate Sites:</b> Revise the City's Zoning Map to upzone Low Density Residential zones throughout the city to allow for additional density to accommodate a range of housing types.</li> <li><b>SB 35:</b> Establish procedure for implementing SB 35.</li> <li><b>SB 330:</b> Amend the required findings for Site Plan Permits, CUPs, Design Review Permits, MUPs, and minor modifications, to remove subjective judgments from the review process, in accordance with SB 330.</li> <li><b>Development Standards:</b> Review and revise the City's development standards (including parking and height), particularly in relation to higher density affordable housing:</li> </ul>
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	<ul style="list-style-type: none"> <li>▫ Revise the Zoning Ordinance to reduce parking requirements for mobile homes, senior citizen housing, one-bedroom units, and studios to require no more than one space per unit.</li> <li>▪ <b>Transitional and Supportive Housing:</b> Revise the Zoning Ordinance to reduce minimum parking requirements for transitional and supportive housing located within one-half mile of a public transit stop. Revise the Zoning Ordinance to increase the maximum number of persons for transitional and supportive housing in the R-1, R-R, R-MH, and R-2 districts to 6 people.</li> <li>▪ <b>Single-Room Occupancy (SRO) Housing:</b> Revise the Zoning Ordinance to allow the development of SROs in zones allowing hotel or motel uses (C-T and C-G zones).</li> <li>▪ <b>Emergency Shelters:</b> Revise the Zoning Ordinance to allow for emergency shelters as a permitted use without a conditional use or other discretionary permit in residential or mixed-use zones, or permit residential uses in the CG zone, in such a way that meets the requirements of AB 2339. Ensure that requirements for emergency shelters are objective.</li> <li>▪ <b>Low Barrier Navigation Centers:</b> Amend the Zoning Code to explicitly allow the development of Low-Barrier Navigation Centers, by-right, in residential use and mixed-use districts and nonresidential districts permitting multi-family uses.</li> <li>▪ <b>Residential Care Facilities:</b> Revise the Zoning Ordinance to permit residential care facilities for seven or more people by-right in the R-4, D-COR, D-CM, and R-IV zones.</li> <li>▪ <b>Farmworker Housing:</b> Review and revise the Zoning Code to ensure compliance with the Employee Housing Act (H&amp;S Code Section 17021.6), which requires that any farmworker housing consisting of no more than 36 beds in a group quarter or 12 units or spaces designed for use by a single family or household shall be deemed an agricultural land use for the purposes of this section. For all local ordinances, farmworker housing shall not be deemed a use that implies that the farmworker housing is an activity that differs in any other way from an agricultural use. No conditional use permit, zoning variance, or other zoning clearance shall be required of this farmworker housing that is not required of any other agricultural activity in the same zone. The permitted occupancy in farmworker housing in a zone allowing agricultural uses shall include agricultural employees who do not work on the property where the farmworker housing is located.</li> <li>▪ <b>Employee Housing:</b> Review and revise the Zoning Code to ensure compliance with the Employee Housing Act (Health and Safety Code Section 17021.6), which requires that housing provided by an employer for up to six employees is considered a residential use, subject to the same standards as single-family residences.</li> </ul>
<b>Primary Responsible Departments</b>	Department of Development Services
<b>Funding Sources</b>	General Fund
<b>Relevant Policies</b>	2.2, 3.1, 3.4, 5.2, 5.3, 7.4
<b>AFFH Themes</b>	<ul style="list-style-type: none"> <li>▪ Housing Mobility</li> <li>▪ New Housing Opportunities in Areas of Higher Resources</li> <li>▪ Anti-Displacement and Tenant Protection</li> </ul>
<b>Geographic Targeting</b>	Citywide
<b>AFFH Outcomes</b>	Facilitate the development of 50 units for special needs populations during the planning period.

## Program 7: Facilitating Affordable Housing Development

The City is committed to expanding affordable housing options for households of all income levels using development tools such as density bonus provisions, waiving development fees and streamlining the application process. The City will contact local non-profit and private developers to facilitate the production of this housing as well as pursue funding opportunities available at the local, regional, state and federal levels and allocate monies to the City's Affordable Housing Program

On a case-by-case basis, the City will provide opportunities for public, private and non-profit groups to develop affordable housing by constructing off-site improvements and physical infrastructure as Capital Improvement Projects. Assistance provided by the City may include traffic, street and sewer upgrades as well as other pedestrian and mobility improvements.

<b>Specific Actions, Objectives and Timelines</b>	<ul style="list-style-type: none"> <li>▪ Annually pursue funding at the local, regional, state, and federal levels such as state CDBG, CalHome, PLHA, and Project Homekey funds.</li> <li>▪ Work with other jurisdictions in Merced County to create a regional list of affordable housing developers. Annually conduct outreach to these developers with information on potential sites, available regulatory concessions and incentives, and potential funding opportunities.</li> <li>▪ Facilitate the development of affordable housing by allowing improvements to be negotiated.</li> <li>▪ Encourage the use of the City's Lot Split Process (Parcel Map) to subdivide large parcels into smaller parcels that would be more likely to be developed for affordable housing, including for special needs housing (see Program 11).</li> <li>▪ Facilitate the development of affordable housing through the provision of the following regulatory concessions and incentives: <ul style="list-style-type: none"> <li>▫ Density increases under the City's Density Bonus Ordinance.</li> <li>▫ Potential fee waivers/reductions/deferrals.</li> <li>▫ Reduced parking requirements.</li> </ul> </li> <li>▪ Continue to review permit fees annually to ensure fees do not inhibit the development of affordable housing.</li> <li>▪ Ensure infrastructure is in place to accommodate new housing.</li> <li>▪ Adopt an ordinance that establishes specific procedures to grant priority service within a year of the certification of the Housing Element to housing with units affordable to lower-income households whenever capacity is limited.</li> </ul>
<b>Primary Responsible Departments</b>	Department of Development Services
<b>Funding Sources</b>	Local, state and federal resources, General Fund, CDBG
<b>Relevant Policies</b>	2.1, 2.2, 2.3, 3.1, 4.1, 4.3, 7.4
<b>AFFH Themes</b>	<ul style="list-style-type: none"> <li>▪ Housing Mobility</li> <li>▪ New Housing Opportunities in Areas of Higher Resources</li> </ul>
<b>Geographic Targeting</b>	Citywide
<b>AFFH Outcomes</b>	Increase the percent of the city's housing stock that is multi-family from 30 percent to 33 percent by December 2030, using 2017-2021 ACS data as a baseline.



## Program 8: Preservation of At-Risk Housing

There are 1,472 assisted units in the city, and 233 units are at risk of conversion to market-rate units by 2033. The City will work to preserve these units and will proactively monitor all other units to encourage continued affordability beyond existing covenants and work proactively with owners of affordable units to assist in rehabilitation needs.

<b>Specific Actions, Objectives and Timelines</b>	<ul style="list-style-type: none"> <li>▪ Prioritize the preservation of at-risk units with a goal of preserving 1,472 affordable units, including 233 at-risk units.</li> <li>▪ Monitor affordable units during the planning period.</li> <li>▪ Ensure tenants are properly noticed by the property owners should a Notice of Intent to opt out of low income use is filed. Notices must be filed three years, one year and six months in advance of conversion.</li> <li>▪ Maintain annual contact with property owners of affordable housing regarding any change in status/intent or need for assistance, such as rehabilitation assistance.</li> <li>▪ Maintain the AB 987 database to include detailed information on all subsidized units, including those that have affordability covenants. Update annually.</li> </ul>
<b>Primary Responsible Departments</b>	Department of Development Services
<b>Funding Sources</b>	General Fund
<b>Relevant Policies</b>	3.6, 5.5
<b>AFFH Themes</b>	Anti-Displacement and Tenant Protection
<b>Geographic Targeting</b>	Citywide
<b>AFFH Outcomes</b>	Preserve all affordable housing units.

## Program 9: Housing Preservation and Rehabilitation

Approximately 46 percent of the housing stock in Merced is more than 40 years old (built before 1980). The City's Code Enforcement Officers and the Inspection Services Department works with citizens in a cooperative manner to achieve compliance with the Municipal Code. Additionally, the City continues to investigate potential funding sources for rehabilitation programs to determine the most applicable for the City. The City Housing Program Supervisor, Management Analyst, and Development Services Director review funding opportunities and apply for funds when appropriate. The City currently receives CDBG and HOME funds to assist in the rehabilitation and conservation of existing housing units for income eligible households through the City's Housing Rehabilitation Grant Program.

The City Housing Department continues to provide information on energy efficiency and to refer homeowners to the Community Action Agency for assistance with energy conservation and weatherization. The City will utilize information dissemination programs such as the City's website and monthly newsletter to educate the public on low-cost preventative maintenance, as well as energy conservation measures.

<b>Specific Actions, Objectives and Timelines</b>	<ul style="list-style-type: none"> <li>Utilize the Code Enforcement Division to track areas where rehabilitation needs are heightened.</li> <li>Continue to review funding opportunities and apply for funds when appropriate. The City currently receives CDBG and HOME funds to assist in the rehabilitation and conservation of existing housing units for income eligible households.</li> <li>Conduct a housing conditions survey by December 2026.</li> <li>Utilize the City's website and monthly newsletter to educate the public on low-cost preventative maintenance, as well as energy conservation measures, they can take to prolong the life and quality of their home and reduce their long-term utility and maintenance costs.</li> </ul>
<b>Primary Responsible Departments</b>	Department of Development Services
<b>Funding Sources</b>	General Fund
<b>Relevant Policies</b>	3.6, 4.1, 4.2, 4.3, 5.5
<b>AFFH Themes</b>	<ul style="list-style-type: none"> <li>Outreach and Education</li> <li>Place-Based Strategy for Neighborhood Improvements</li> </ul>
<b>Geographic Targeting</b>	Citywide with emphasis on tracts with larger proportions of aging housing units (District 3)
<b>AFFH Outcomes</b>	<p>Partnership with Self-Help Enterprises: 10 owner-occupied rehabs, 5 manufactured home rehabs and 5 ADU/JADU rehabs.</p> <p>Partnership with Habitat for Humanity: 6 rehab projects.</p> <p>Assist five units annually through the Weatherization Program.</p>

## Program 10: Lower-Income and Special Needs Housing

To assist in the development of housing to meet the needs of extremely low, very low- and low-income households, the Housing Authority of Merced County (HACM) offers the following programs:

- **Housing Choice Vouchers (HCVs):** Offers affordable, decent, and safe housing in open market rentals selected by voucher holders. Voucher holders receive a fixed subsidy, which the Housing Authority pays directly to the landlord, and tenants are responsible for payment of the remainder of the rent.
- **Public Housing:** Provides rental assistance to low and moderate income families and individuals. The HACM owns and manages all 421 rental units offered under this program, which are located in communities throughout Merced County.
- **Project-Based Voucher Program (PBVs):** The Housing Authority released a Request for Proposal (RFP) for the PBV Program in November 2023, seeking proposals from owners/developers who will commit up to 150 units of their rental housing to receive assistance through project-based vouchers.

The City will continue to work with the Housing Authority to obtain HCVs and provide information to the community about other available programs.

<b>Specific Actions, Objectives and Timelines</b>	<ul style="list-style-type: none"> <li>▪ Assist 3,110 Merced households through HCVs.</li> <li>▪ Work with the Housing Authority to continue providing assistance in the community.</li> <li>▪ Over the 8-year planning period, subsequent to each Point-in-Time Count, conduct workshops for the Planning Commission and City Council to share the data from the count.</li> <li>▪ Develop an inventory of affordable housing, with contact information and the number of affordable units, and publish the inventory on the City's website by January 2025.</li> <li>▪ Connect low-income residents with housing assistance resources, including the HCV program. <ul style="list-style-type: none"> <li>▫ Add information on the HCV Program and other housing assistance programs to the City's website by January 2025.</li> <li>▫ Promote the availability of assistance programs through all City's social media pages.</li> <li>▫ Attend at least two community events to spread awareness and distribute fact sheets on available financial assistance programs.</li> </ul> </li> <li>▪ In collaboration with the Housing Authority, provide education to property owners and managers to expand awareness of the HCV program to increase acceptance of tenant-based HCVs and to facilitate mobility and provide choices for lower-income households throughout the city. Identify and address challenges that property owners/managers have with existing or prospective HCV holders. <ul style="list-style-type: none"> <li>▫ Starting in 2025, annually conduct one outreach event for landlords on the HCV program, for a total of seven events during the planning period (i.e., workshops, community events, mailings, etc.).</li> </ul> </li> <li>▪ Encourage the Use of the Density Bonus Provision to allow a 50% increase in the number of units allowed in medium and high density zones dedicated exclusively for Senior Housing, if at least 50% of the units are affordable to very low-income households.</li> <li>▪ Work with UC Merced to Develop a Student Housing Plan.</li> <li>▪ For extremely-low income housing projects, provide information referral, consultation regarding applications and assisting private individuals and nonprofit organizations in applying for state and federal funds.</li> <li>▪ Work with other agencies to assist in identifying and procuring funding for extremely-low, very-low, and low-income rental programs. The City continues to work with the Merced County Housing Authority, the Community Action Agency, the Salvation Army, and other Continuum of Care partners to provide funding for income-eligible households.</li> <li>▪ The City will continue to work with Merced County and the Merced County Association of Governments to implement the Continuum of Care to address the homeless issues in Merced.</li> </ul>
<b>Primary Responsible Departments</b>	Department of Development Services
<b>Funding Sources</b>	HUD, Self-Help Enterprise funding sources
<b>Relevant Policies</b>	3.2, 5.1, 5.4, 5.5, 7.4
<b>AFFH Themes</b>	<ul style="list-style-type: none"> <li>▪ Outreach and Education</li> <li>▪ Housing Mobility</li> <li>▪ New Housing Opportunities in Areas of High Resources</li> <li>▪ Anti-Displacement and Tenant Protection</li> </ul>
<b>Geographic Targeting</b>	Citywide

<b>AFFH Outcomes</b>	<p>Promote, with the goal of expanding, the use of HCVs in the city by 10 percent by December 2030, using 2023 data as baseline.</p> <p>Conduct one HCV outreach event annually for a total of 7 events during the planning period.</p> <p>Complete at least one housing project annually for persons with special needs.</p>
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## Program 11: Farmworker Housing

Merced had 2,781 farmworkers in 2021, representing 22.6 percent of the total farmworker population across the county. The Housing Authority manages four Migrant Centers throughout the County. The Migrant Housing Centers provide temporary housing to migrant farmworkers available to them during the peak growing and harvest season, which is typically April through November. Migrant Centers managed by the Housing Authority are located in Atwater, Merced, Los Banos, and Planada.

<b>Specific Actions, Objectives and Timelines</b>	<ul style="list-style-type: none"> <li>• Apply for or support applications for funding for farmworker housing with the goal of developing 2 farmworker housing projects during the planning period.</li> <li>• Periodically review available funding programs to identify additional funding sources for farmworker housing.</li> <li>• Work with farm owners and central labor providers to determine the number of farmworkers who may need housing. The resulting report should address permanent workers, seasonal resident works, and migrant workers.</li> <li>• Provide fast-track permit processing: offer a reduction in the number of parking spaces required based on the number of vehicles used for transportation; Explore the use of modified site development standards, e.g. - street widths, paving, curbs/gutters, placement of public works improvements, or landscaping.</li> </ul>
<b>Primary Responsible Departments</b>	Department of Development Services
<b>Funding Sources</b>	General Fund
<b>Relevant Policies</b>	2.1, 3.3, 3.5, 5.1, 5.3
<b>AFFH Themes</b>	<ul style="list-style-type: none"> <li>▪ Housing Mobility</li> </ul>
<b>Geographic Targeting</b>	Citywide
<b>AFFH Outcomes</b>	Assist with the development of 2 farmworker housing projects during the planning period.

## Program 12: Water and Sewer Service

The City of Merced is the provider of water and sewer services within city limits. The City confirms that adequate water and sewer services are available to fully accommodate the RHNA.

Pursuant to SB 1087, as the City's water/sewer service provider, the City must adopt a policy to prioritize the allocation of water/sewer services to affordable housing projects in the event capacity is limited.

<b>Specific Actions, Objectives and Timelines</b>	<ul style="list-style-type: none"> <li>By June 2025, complete update to water and sewer master plans. As part of the master plan updates, adopt a policy to prioritize the provision of water and sewer services for affordable housing development applications when capacity is limited and warrants allocation.</li> <li>Annually, conduct outreach and education on water conservation measure through a social media campaign.</li> <li>Pursue/provide rehabilitation assistance that includes energy conservation and weatherization improvements as eligible activities.</li> <li>By January 31, 2025, adopt a policy to prioritize the allocation of water and sewer services to affordable housing projects (SB 1087).</li> </ul>
<b>Primary Responsible Departments</b>	Development Services Department
<b>Funding Sources</b>	General Fund
<b>Relevant Policies</b>	3.1, 4.4
<b>AFFH Themes</b>	N/A
<b>Geographic Targeting</b>	Citywide
<b>AFFH Outcomes</b>	N/A

### Program 13: Community and Economic Development

Well-maintained infrastructure creates a safe and accessible urban environment, fostering a sense of community and belonging. Moreover, investing in such improvements attracts businesses and investments, contributing to economic growth and ensuring equal access to essential services. The City will implement the following actions to expand community and economic development citywide.

Upon adoption, the City of Merced will follow the requirement to prioritize water and sewer service allocation for new affordable housing development (Government Code Section 65589.7).

<b>Specific Actions, Objectives and Timelines</b>	<ul style="list-style-type: none"> <li>Coordinate with the Public Works Department to review the City's Capital Improvement Projects (CIP) to ensure public facilities and infrastructure are supportive of the needs of underserved communities.</li> <li>Utilize the CMAQ grant to help fund infrastructure and sidewalk improvements.</li> <li>Work with MCAG on a Multi-Jurisdictional Active Transportation Plan and Local Road Safety Plan.</li> <li>Incorporate connected street and pedestrian/bicycle networks, with many connections between new and older neighborhoods and the Downtown area. Utilize standards from the City's Bicycle Transportation in all new developments.</li> </ul>
<b>Primary Responsible Departments</b>	Department of Development Services
<b>Funding Sources</b>	General Funds
<b>Relevant Policies</b>	3.1, 4.4
<b>AFFH Themes</b>	Place-based Strategies for Neighborhood Improvement
<b>Geographic Targeting</b>	Citywide with emphasis on South Merced and other high poverty/high segregation areas of the City.
<b>AFFH Outcomes</b>	<ul style="list-style-type: none"> <li>Complete 5 CIP projects during the planning period, including 3 in South Merced.</li> </ul>

## Program 14: Fair Housing Outreach and Enforcement

The City of Merced has a webpage for Fair Housing that includes information and resources for tenants, immigrants, families with children, veterans, licensed daycares, persons with service animals and retaliation concerns. Many of these resources are provided in multiple languages including Spanish, Vietnamese, Chinese, Korean, and Russian. Through federal funding provided by HUD, the City contracts with Project Sentinel, Inc. to assist the City with fair housing education, discrimination investigation and dispute resolution and advocacy. Contact information for Project Sentinel is included on the City's fair housing webpage.

<b>Specific Actions, Objectives and Timelines</b>	<ul style="list-style-type: none"> <li>▪ Continue to provide information on the Housing Department website regarding available programs, current plans, and other information for tenants, landlords, and property owners.</li> <li>▪ Continue to work with the County Housing Authority, the Merced County Rental Housing Association, and other relevant organizations. Provide sponsorship of Fair Housing and Tenant/Landlord relationships and rights workshops to educate tenants and landlords on their rights and responsibilities.</li> <li>▪ Continue to contract with Project Sentinel for fair housing enforcement.</li> <li>▪ In coordination with Project Sentinel, or equivalent organization, conduct housing workshops/outreach events to educate the public about fair housing rights.</li> <li>▪ Support homeownership opportunities and home-buying education, particularly for racial and ethnic groups underrepresented in the homebuying market.</li> <li>▪ Coordinate community group coordination to disseminate information about fair housing resources. This can include, but not limited to, the following: <ul style="list-style-type: none"> <li>▫ Senior Center, Boys and Girls Clubs</li> <li>▫ Peach Jar subscription- school flyer advertising</li> <li>▫ Radio conversations (Community Conversations show)</li> </ul> </li> </ul>
<b>Primary Responsible Departments</b>	Department of Development Services
<b>Funding Sources</b>	General Fund
<b>Relevant Policies</b>	3.1, 4.4
<b>AFFH Themes</b>	Enforcement and Outreach
<b>Geographic Targeting</b>	Citywide with emphasis on low resources areas and areas of high poverty and segregation in southern Merced (Districts 1, 2, 3, 5)
<b>AFFH Outcomes</b>	<p>Assist at least 30 residents and landlords with fair housing services annually, throughout planning period.</p> <p>Conduct one outreach event annually to disseminate fair housing information (workshop, community event, etc.)</p>

## **Program 15: AFFH Actions Summary**

Government Code Section 8899.50 requires “meaningful actions” well beyond combating discrimination to overcome patterns of segregation and foster inclusive communities. Actions to affirmatively further fair housing include:

- Enhancing housing mobility strategies
- Encouraging development of new affordable housing in high resource areas
- Increasing fair housing enforcement and fair housing outreach capacity
- Improving place-based strategies to encourage community conservation and revitalization, including preservation of existing affordable housing
- Protecting existing residents from displacement

Actions to affirmatively furthering fair housing are summarized below.

Merced County Association of Governments  
**Merced County Multi-Jurisdictional Housing Element (2024-2032)**

Affirmatively Furthering Fair Housing Action Matrix			
Specific Commitment	Timeline	Geographic Targeting	Eight-Year Metrics
<ul style="list-style-type: none"> <li>Partner with local nonprofits and/or agencies that conduct general financial literacy training and educational workshops on homeownership opportunities to expand these resources to black communities and very low-income households.</li> </ul>	2024-2032	LMI Areas (Districts 1, 2, 3, 4, 5)	Hold 2 workshops during the planning period.
<ul style="list-style-type: none"> <li>Continue to advise developers of multi-family projects to host neighborhood meetings to help educate the neighborhood on their project. Utilize the vacant and developable land list that was part of the Residential Infill Study.</li> </ul>	2024-2032	Citywide	
<ul style="list-style-type: none"> <li>Continue to promote development in the downtown area to include more housing and mixed-use developments.</li> </ul>	2024-2032	Downtown Merced	
<ul style="list-style-type: none"> <li>Commit to developing pre-approved plans for duplexes and triples, similar to the pre-approved ADU program, to allow applicants to save on design and permit costs.</li> </ul>	December 2026	N/A	Facilitate the development of 16 ADUs during the planning period.
<ul style="list-style-type: none"> <li>Promote neighborhoods that contain a variety of housing types, as allowed by the R-1, R-2, R-3, R-4, and P-D zones of the Merced Zoning Ordinance.</li> </ul>	2024-2032	Citywide	
<ul style="list-style-type: none"> <li>Explore a feasibility study to limit the number of housing units that can be converted to short-term rentals.</li> </ul>	December 2026	N/A	
<ul style="list-style-type: none"> <li>Seek public input from the community, Building Industry Association (BIA), and the Board of Realtors on options for an Inclusionary Zoning Ordinance Requirement.</li> </ul>	End of 2027	Citywide	Hold 2 workshops for the public and other interested parties by January 2027. If determined appropriate, adopt Inclusionary Ordinance by end of 2027.
<ul style="list-style-type: none"> <li>Utilize the Citywide 2023 RFP list of affordable housing developers for notification for the City's streamlining review processes, the available properties for multi-family development (see Program 2) and potential funding opportunities for affordable housing development opportunities.</li> </ul>	Beginning in 2025 and every 2 years thereafter	N/A	3 workshops during the planning period.
<ul style="list-style-type: none"> <li>Encourage the inclusion of childcare centers within multi-family developments</li> </ul>	2024-2032	Citywide	
<ul style="list-style-type: none"> <li>Conduct studies to identify the needs of disadvantaged communities.</li> <li>Apply for funding that focus on addressing distressed communities.</li> </ul>	Conduct study by end of 2026  Funding – annually if applicable	Districts 1, 2, 3, 5, 6	Develop plan to address needs of disadvantaged communities by end of 2026.



## G7.3 Quantified Objectives

Merced has established quantified objectives for housing production and rehabilitation for the Housing Element. These objectives are based upon expected availability of resources to address the City's housing needs, expectations regarding future housing development, as well as prior objectives established in earlier housing plans. Table G7-1 below summarizes the City's quantified objectives for implementing its various programs and actions outlined above.

**Table G7-1 Quantified Objectives 2024-2032**

Target Income and Affordability Level	New Construction	Rehabilitation	Conservation
Extremely Low	1,482	--	--
Very Low	1,055	--	--
Low	1,742	--	233
Moderate	1,838	--	--
Above Moderate	4,394	--	--
<b>Total</b>	<b>10,517</b>	<b>31</b>	<b>233</b>

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