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California Requirements for Housing Elements

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- ▶ Adequate Sites Inventory: an inventory of land suitable for residential development that could accommodate the County's Regional Housing Needs Allocation (RHNA)
- ▶ Constraints and Barriers Analysis: an evaluation of governmental and nongovernmental barriers to housing production
- ▶ Goals, Policies, and Implementation Programs: Identification of specific policies and actions to implement the Housing Element
- ▶ Other analyses, policies, and goals to meet community housing needs, and/or comply with applicable State law

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Regional Housing Needs Assessment (RHNA)

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What is RHNA

- State-mandated process that quantifies housing needs for each jurisdiction, it helps communities plan for smart, sustainable growth

How the State Contributes

- Uses demographic trends and projected growth to set regional housing targets

Role of MCAG

- Distributes the state-assigned housing need across Merced County jurisdictions
- Develops RHNA methodology in consultation with HCD

Final Output

- Housing allocations divided into four income categories:
 - Very Low (30 – 50% of AMI)
 - Low (50 – 80% of AMI)
 - Moderate (80 – 120% of AMI)
 - Above Moderate (120% or more of AMI)

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Regional Housing Needs Assessment (RHNA)

Income Category	RHNA Allocation
Very Low Income	2,543 Units
Low Income	1,742 Units
Moderate Income	1,838 Units
Above Moderate Income	4,394 Units

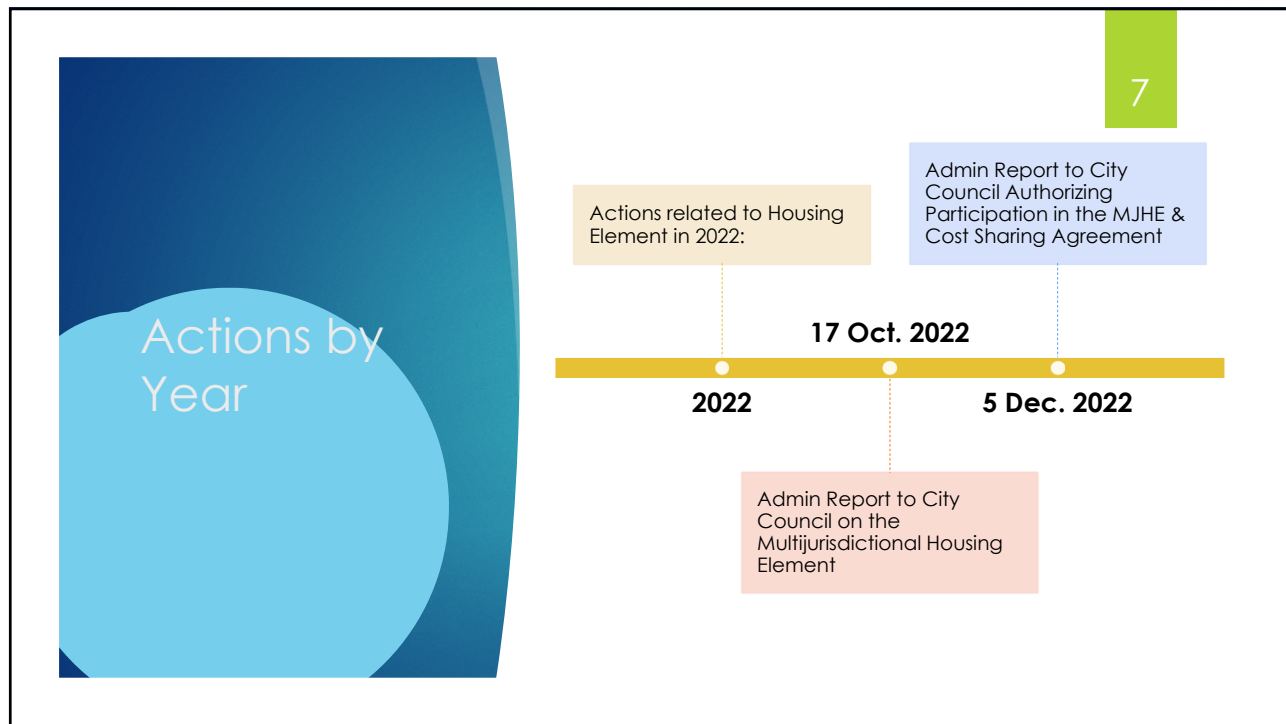
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Background/History/Actions

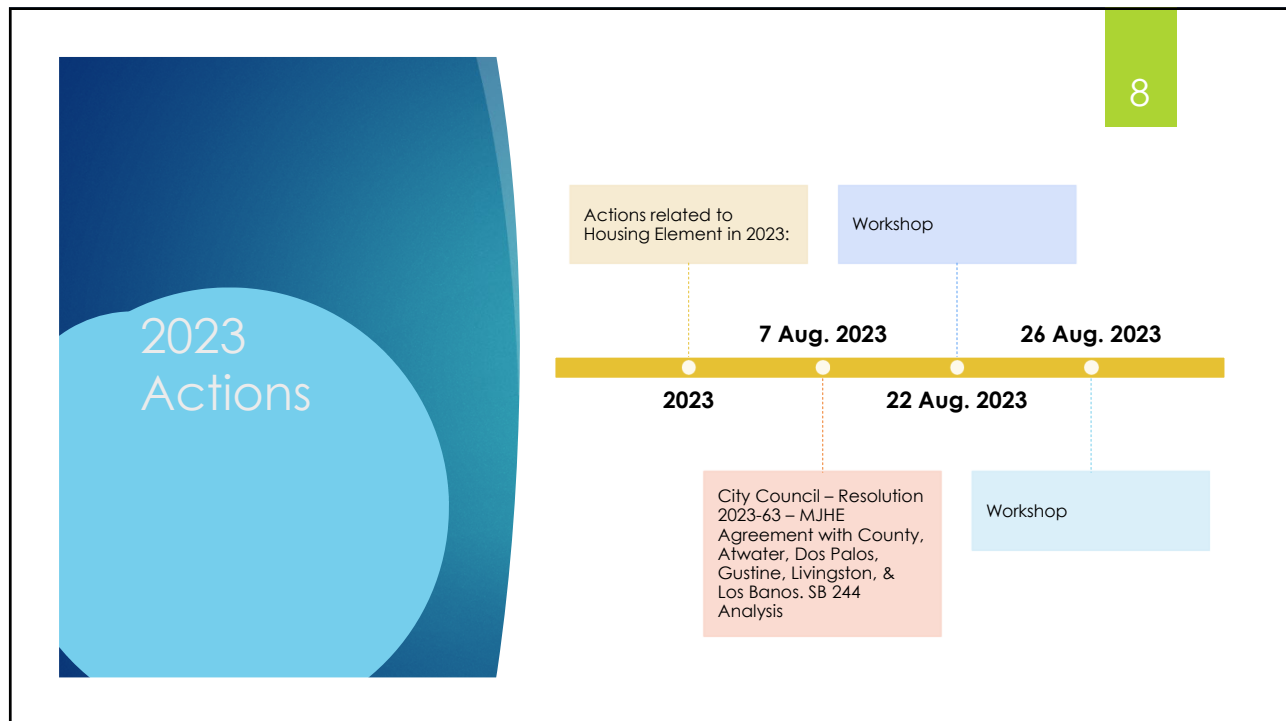
- ▶ The City of Merced last adopted and submitted a housing element in September 2016, which was in compliance with State of California Housing and Community Development Department (HCD).
- ▶ 6th Cycle Housing Element: January 31, 2024, through January 31, 2032
- ▶ Must be adopted by City Council and submitted to HCD
- ▶ June 17, 2026 - Planning Commission Approved Resolution # 4181, recommending that City Council Adopt HE, ZOA, and ER

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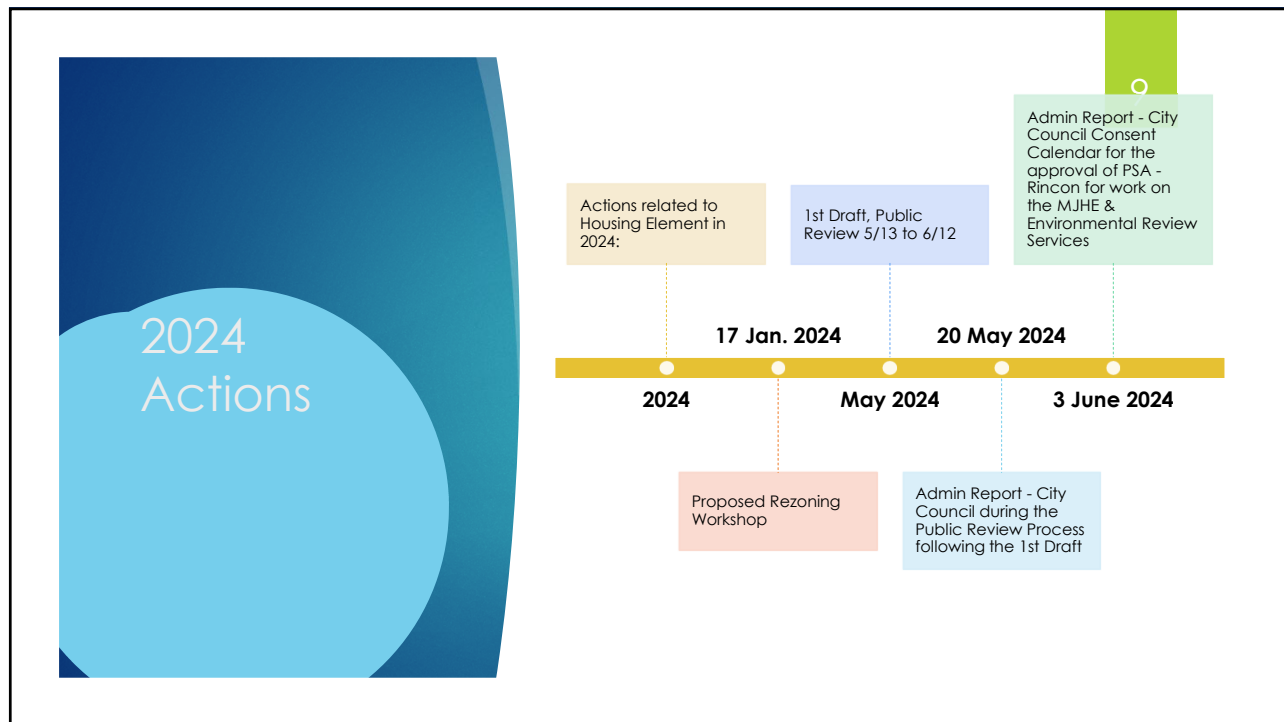
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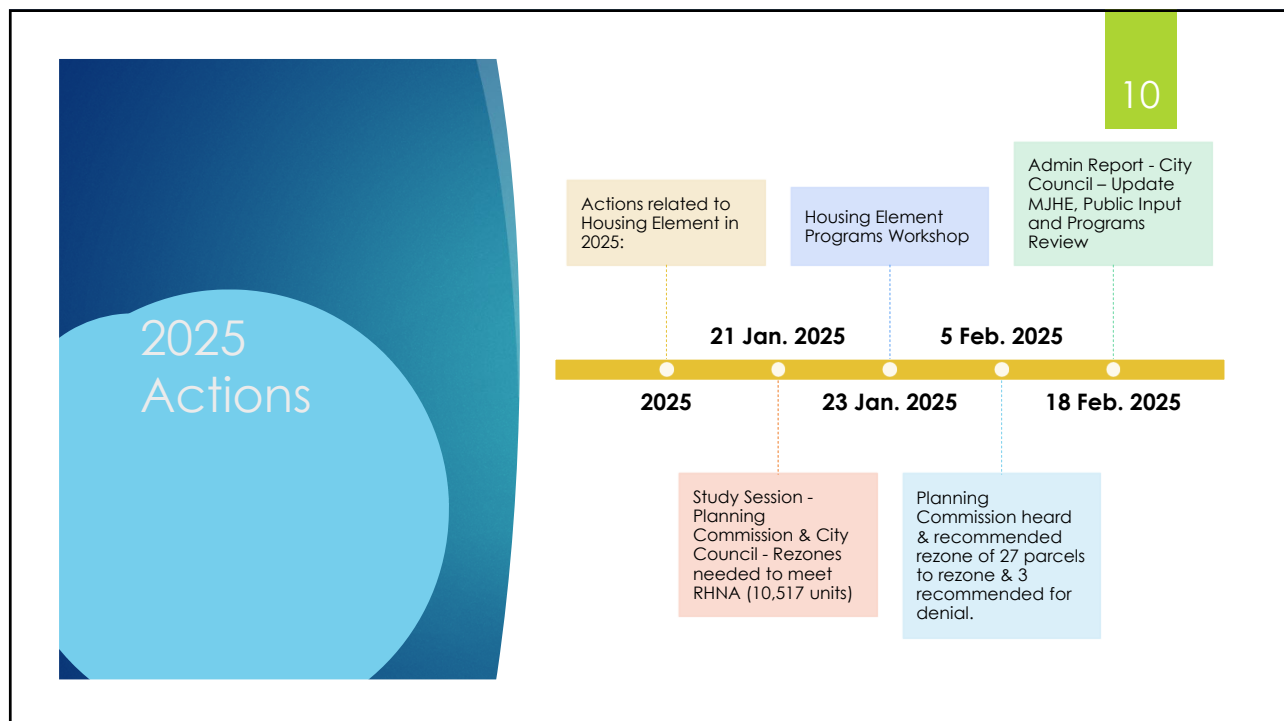
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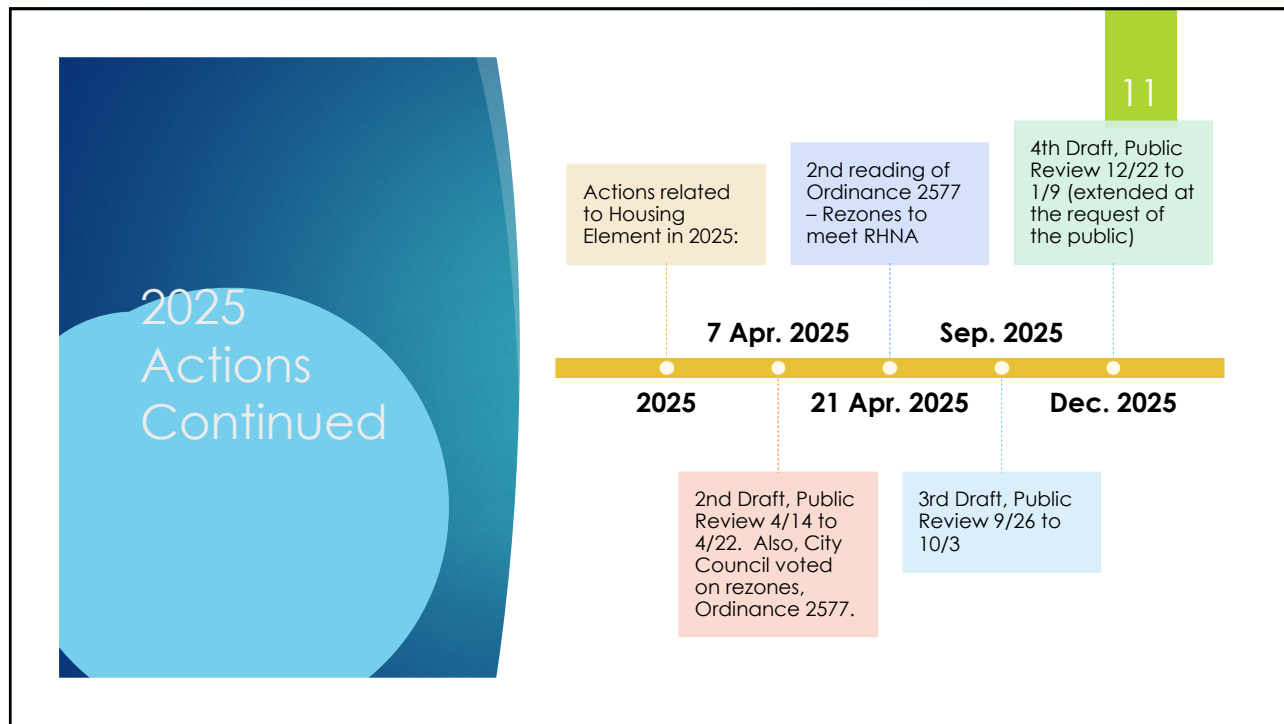
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2026 Actions

Actions related to Housing Element in 2026:

- **March 2026** – Technical Advice Meeting. 5th Draft, Public Review 3/5 to 3/12
- **March 17, 2026** -
The revised draft element, including revisions and minor modifications, meets the statutory requirements that were described in HCD's December 8, 2025 review. However, the housing element cannot be found in substantial compliance until the City has completed the necessary rezones (see below) to accommodate the Regional Housing Needs Allocation (RHNA). The housing element will substantially comply with State Housing Element Law (Gov. Code, § 65580 et seq) when all necessary rezoning and the element are adopted, submitted to, and approved by HCD, in accordance with Government Code section 65585.

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Zoning Ordinance Amendment #26-0001

- ▶ 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 24 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 needs 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 needs 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.

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Programs

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Programs were reviewed and approved by Council; modifications were made throughout the review process to include more measurable outcomes and meet State expectations and Housing Law.

- ▶ Program 1: Regional Collaboration
- ▶ Program 2: Adequate Sites for RHNA and Monitoring of No Net Loss *
- ▶ Program 3: By-Right Approval *
- ▶ Program 4: Replacement Housing *
- ▶ Program 5: Accessory Dwelling Units
- ▶ Program 6: Zoning Code Amendments *

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Programs

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- ▶ Program 7: Facilitating Affordable Housing Development
- ▶ Program 8: Preservation of At-Risk Housing *
- ▶ Program 9: Housing Preservation and Rehabilitation
- ▶ Program 10: Lower-Income and Special Needs Housing
- ▶ Program 11: Farmworker Housing
- ▶ Program 12: Water and Sewer Service *
- ▶ Program 13: Community and Economic Development
- ▶ Program 14: Fair Housing Outreach and Enforcement

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CEQA

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- ▶ General Plan EIR Addendum – adopted in April 2025
- ▶ Environmental Review #26-0068 - Statutorily Exempt
from CEQA pursuant to CEQA Guidelines Section 15162
- ▶ Future development will require CEQA review

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General Plan Consistency

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- ▶ Adopt a Resolution amending the General Plan - 6th Cycle Multijurisdictional Housing Element
- ▶ Adopted Housing Element to be incorporated into the City's Comprehensive General Plan Update

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Timeline

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- ▶ Adoption of General Plan Amendment – Housing Element
- ▶ 1st Reading of the Zoning Ordinance Amendment for the RHNA sites
- ▶ 2nd Reading of the ZOA – next City Council meeting
- ▶ 30 days after the 2nd approval the ZOA is in effect
- ▶ Pending - HCD – letter of substantial compliance

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Recommendation

- Adopt the GPA 24-06 Housing Element
- Approve the ZOA 26-001
- Approve Environmental Review 26-0068



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Questions?

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