



## Legislation Text

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File #: 16-207, Version: 1

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*Report Prepared by: Julie Nelson, Associate Planner, Planning Department*

**SUBJECT:** Public Hearing - 205 East 16<sup>th</sup> Street - General Plan Amendment #16-01 and Zone Change #423

### REPORT IN BRIEF

Request to amend the General Plan designation from Thoroughfare Commercial (CT) to High Density Residential (HD) and change the Zoning designation from Thoroughfare Commercial (C-T) to R-4 for an approximately 1.1 acre parcel located at 205 East 16<sup>th</sup> Street.

### RECOMMENDATION

**City Council** - Adopt one of the following recommendations:

*To Approve the Request:*

- A. Adopt a motion adopting **Resolution 2016-16**, a Resolution of the City Council of the City of Merced, California, approving a Negative Declaration for General Plan Amendment #16-01 and Zone Change #423 for the approximately 1.1 acre parcel located on the north side of East 16<sup>th</sup> Street approximately 245 feet east of G Street (205 East 16<sup>th</sup> Street), and approving a General Plan Amendment for the same parcel of land to change the General Plan designation from Thoroughfare Commercial (CT) to High Density Residential (HD); and,
- B. Introducing **Ordinance 2460**, an Ordinance of the City Council of the City of Merced, California, amending the Official Zoning Map by Rezoning an approximately 1.1 acre parcel located on the north side of East 16<sup>th</sup> Street, approximately 245 feet east of G Street (205 East 16<sup>th</sup> Street), from Thoroughfare Commercial (C-T) to Conditional R-4; and,
- C. Authorizing the City Manager to Execute the Developer Agreement.

*To Deny the Request (Planning Commission Recommendation):*

- A. Adopt a motion adopting **Resolution 2016-17**, a Resolution of the City Council of the City of Merced, California denying a Negative Declaration for General Plan Amendment #16-01 and Zone Change #423, and denying General Plan Amendment #16-01 requesting to change the General Plan designation from Thoroughfare Commercial (CT) to High Density Residential (HD) for an approximately 1.1 acre parcel located on the north side of East 16<sup>th</sup> Street, approximately 245 feet east of G Street (205 East 16<sup>th</sup> Street).

### ALTERNATIVES

1. Approve the request; or,
2. Deny the request as recommended by the Planning Commission; or,
3. Approve, subject to other than the Findings and Conditions of Approval included in the Administrative Report (identify specific findings and/or conditions amended in City Council motion); or
4. Refer back to staff for reconsideration of specific items (specific items to be addressed in City council motion); or,
5. Continue to a future City Council meeting (date and time to be specified in City Council motion).

## **AUTHORITY**

Title 19 of the Merced Municipal Code outlines environmental review procedures and California Government Code Section 65358(a) grants authority to amend all or part of an adopted General Plan. The legislative body may amend the zoning pursuant to California Government Code Section 65583.

## **DISCUSSION**

### Project Description/Site Plan Options

The project site is located on the north side of East 16<sup>th</sup> Street, approximately 245 feet east of G Street (Attachment 1). The site was most recently used as a 39-unit motel with a manager's quarters located at the rear of the property (Attachment 2). If the General Plan Amendment and Zone Change are approved, the proposed project would convert the 39 existing motel rooms into 41 permanent supportive housing (PSH) units for very low- and extremely low-income residents (refer to Site Plan Option #1 at Attachment 3). Fifteen of the units would be used for medical recovery care. The remaining 26 units would provide permanent, supervised housing. A medical clinic would be provided on site (within the existing motel building) to provide services to the residents of the site. The clinic would not be open to the public. The existing manager's unit fronting the alley would remain with a portion of this building being used as the manager's office.

A community building would be constructed near the center of the site, which would provide laundry facilities, offices for mental health practitioners, and a place to hold group activities on site. An outside management company would be hired to manage the complex and would provide 24-hour a day on-site management services.

Based on Site Plan Option #1, the primary access to the site would be from the alley. Pedestrian access would be provided along the eastern side of the buildings to provide a connection to the clinic at the south end of the site. The 16<sup>th</sup> Street access would be gated and only allow access during specific hours (currently proposed to be 7:00 a.m. to 7:00 pm.). The developer provided an optional site plan (Site Plan Option #2) that moves the primary access to 16<sup>th</sup> Street. Details of Option #2 are discussed below.

An animal companion area would be provided off the alley way as well. This area would provide a place for the tenants' animals to have a grassy area to play and relieve themselves. Animals would not be allowed to stay in this area overnight. In Site Plan Option #1, the animal companion area is roughly 50 to 60 feet wide, and 4 parking stalls are provided off the alley. In Site Plan Option #2, the parking stalls are eliminated and the animal companion area is expanded to roughly double the size shown in Option #1. This modification limits access from the alley and moves the primary access point to 16<sup>th</sup> Street.

A covered and secured bicycle parking area is provided off the alley as well. There would be sufficient parking for approximately 20 bicycles.

In addition to the changes to the animal companion area described above, Site Plan Option #2 (Attachment 4) moves the manager's office from the alley (adjacent to the manager's unit) to the front of the site near the clinic. These changes would shift the access point to the front of the site along 16<sup>th</sup> Street. Gated pedestrian access would be provided from the alley to the site.

This project is being developed using the "Housing First" model. This model prioritizes providing housing to people experiencing homelessness, which in turn, allows an individual to pursue other goals and improve their quality of life. Information on the Housing First model was provided by the developer and is available at Attachment 5.

The project would use the "Coordinated Entry System" to determine the level of vulnerability of possible tenants and would seek to help those considered most vulnerable within the City. Although a priority would be given to homeless individuals within the City of Merced, individuals may be accepted from locations throughout the County and possibly other jurisdictions.

One of the primary goals of this project is to reduce vehicular impacts and encourage alternate means of transportation. In order to help accomplish this goal, tenants would not be allowed to have vehicles on the site per their rental agreements. In addition, in order to encourage alternate means of transportation, the applicants are providing covered bicycle parking, pedestrian pathways throughout the site, and tenants would be provided with free bus passes. The developer is working with the Merced County Transportation Authority to install a bus pull-out on 16<sup>th</sup> Street in close proximity to the site. Because of the emphasis on reducing the number of vehicles on the site, the applicants have proposed to dramatically reduce the number of vehicle parking spaces on site. Additional information on the parking requirements for this project is provided later in this report.

The developer has provided additional details regarding this project at Attachment 6.

The developer has worked with an independent consultant, James Coles, to help design the project. Mr. Coles has extension experience in the development of permanent supportive housing. Information regarding Mr. Coles' background and experience, as well as examples of other projects he has helped develop and letters of recommendation, are provided at Attachment 7. The developer has also provided a list of similar projects within California and New Mexico which have successfully converted a former motel/hotel into permanent supportive housing (Attachment 8). Attachment 9 provides a list of successful permanent supportive housing models in San Francisco.

#### Coordination with Community Resources and Medical Providers

In addition to providing housing, the tenants would be provided with job skills training. The Merced County Department of Workforce Investment would assist in providing services to the residents, including orientations, informational seminars, and possible on-site workshops. A letter from the Merced County Department of Workforce Investment has provided a letter regarding their services at Attachment 10.

Tenants would also have access to medical, dental, and mental healthcare, as well as respite care at the site. The developer has contracted with Horisons Unlimited to provide medical, dental, and behavioral health care. Please refer to the letter provided by Horisons Unlimited at Attachment 11 for information regarding the services they would provide the residents of the project.

The Merced Rescue Mission would work with the developer and Horisons Unlimited to provide medical respite care for the residents, in coordination with the HOPE Medical Respite Care program (Attachment 12). The services provided by the Merced Rescue Mission are described in the letter provided at Attachment 13.

#### Information Provided by Developer

In addition to the information described above, the developer has also provided information regarding the cost of homelessness to the community. Attachment 14 provides information regarding “The cost of ignoring the problem.”

The developer is obtaining funding through the Community Reinvestment Fund, USA (CRFUSA) Housing Loans. The CRFUSA is a non-profit lender that helps originate or acquire Low Income Housing Tax Credit properties. Information on the CRFUSA is provided at Attachment 15.

The developer also provided a recap of the May 4, 2016, Planning Commission meeting (based on the audio recording of the meeting) and provided a narrative of his responses to questions asked. Please refer to Attachment 16 for this information.

#### General Plan Amendment and Zone Change

The site currently has a General Plan and Zoning designation of Thoroughfare Commercial. The Thoroughfare Commercial (CT) General Plan and Zoning designations allow hotels and motels (transitory dwelling uses), but does not allow for permanent residential uses such as the supportive housing project proposed. Therefore, in order to allow the proposed project, a General Plan Amendment to High Density Residential (HD) and a Zone Change to R-4 are required. Because the proposal is for a specific use with a dramatic reduction in on-site parking spaces, staff is recommending the zone be changed to Conditional R-4 Zoning, which would provide a mechanism to ensure other multi-family uses could not locate at this site without providing additional parking or providing other alternatives to meet the parking requirements for multi-family dwellings. With Conditional Zoning, the property owner enters into an agreement with the City of Merced addressing the special provisions for the development. The agreement is recorded and runs in perpetuity with the land.

#### Relation to Housing Element

The proposed project would help achieve the following goals and policies of the Housing Element of the General Plan:

- Goal H-1: New Affordable Housing Construction*
- Policy H-1.1. Support Development of Affordable Housing.*
- Policy H-1.1.e Encourage Alternate Housing Types.*

*Policy H-1.7 Support Housing to Meet Special needs.*

*Policy H-1.7.b Promote and Develop Housing to Meet Special Needs.*

*Policy H.3.1.b Coordinate with Local Agencies to Provide Housing Assistance to Extremely Low, Very Low, and Low Income Households.*

### Parking

With Site Plan Option #1, the project provides a total of 15 parking spaces. For a typical multi-family project with 42 units (41 tenants and one on-site manager), a total of 71 parking spaces would be required. Therefore, the site is only providing approximately 21 percent of the required number of parking spaces. With Site Plan Option #2, the four spaces provided along the alleyway are eliminated bringing the total number of parking spaces down to 11. As previously described, one of the goals of this project is to promote alternate transportation and reduce vehicles miles traveled. The developer plans to implement several strategies to carry out this goal (i.e., pedestrian access, bus passes for tenants, bicycle parking, etc.).

Because this project is unique in the type of tenants it would house as well as the amenities it provides to encourage alternate means of transportation and the restriction proposed on tenant vehicles, staff has proposed to use Conditional Zoning (Condition #39 of the Draft Resolution for Approval - Attachment 24) which would allow this specific project to operate with only 15 parking spaces (or 11 spaces as proposed with Option #2), but would require any other future use to comply with the minimum parking requirements of the Zoning Ordinance (Condition #17 of the Draft Resolution for Approval - Attachment 24).

The onsite clinic would not be open to the public. Therefore, no additional parking spaces would be required for patients of the clinic. However, parking would be needed for the service providers coming to the site. Based on the limited number of providers expected to be at the site, the 15 parking spaces (or 11 spaces with Option #2) provided would be sufficient to serve the residents and clinic.

### Public Improvements/City Services

The site is served by City sewer and water services and has public access by the way of 16<sup>th</sup> Street and the alley north of the property. Sidewalks exist in front of the subject site, but would need to be replaced/installed from the subject site west to the point of the proposed bus stop. Sidewalks would also need to be installed on the west side of E Street from Main Street south to the alley. Additionally, the alley would need to be reconstructed along the property frontage from D Street to E Street. Refer to the map at Attachment 17 for the location of the required public improvements. The cost of these improvements are the sole responsibility of this project. Conditions #14 and #15 of the Draft Resolution for Approval (Attachment 24) address the requirements for public improvements.

### Building Design

The buildings are single-story units laid out in a U-shape design. The basic design of the units would not change. Thirty-six of the motel units would be converted to single-occupancy dwelling units and four units would be double-occupancy units. A portion of the area previously used as the motel office would be converted to a health clinic and the remainder would be used for the complex office. The developer would make cosmetic changes to the exterior and bring the buildings up to current code

requirements, including disabled accessibility. A portion of the unit behind the motel would be used for the on-site manager's quarters and the remainder would most likely be used for storage of some type. As required by Condition #28 of the Draft Resolution for Approval (Attachment 24), Design Review approval would be required for any future exterior changes to the buildings.

### Site Design

The site has access from West 16<sup>th</sup> Street and two driveways into the site (Attachment 2). The design of the site would remain mostly unchanged with the exception of the construction of the community building near the center of the site (Attachments 3 and 4). Gates would be added to both driveways into the site. The existing parking spaces in front of each unit would be eliminated other than those in front of the northern-most units. An additional four parking spaces would be added behind the units along the alley. A secure, covered bicycle parking area would be constructed at the northeast corner of the site and a covered animal companion area would be built adjacent to the bicycle parking area. Pedestrian access would be added from the alleyway along the east side of the site providing access to the front of the site and the clinic. Pedestrian access would also be provided on the west side of the site from the manager's unit running in front of the units on the west side of the site. Sidewalks would provide access along the front of the site to the proposed bus stop along East 16<sup>th</sup> Street, west of the site.

### Neighborhood Impact/Interface

The area to the north of the site is zoned R-2, which allows one and two family dwelling units (Attachment 1). There is a church located at the corner of East Main Street and D Street. To the west of the site is a multi-family development which was also previously a motel, but was converted to a multi-family complex in 1981. A Zone Change and General Plan Amendment were approved for that site in 1981 allowing the conversion of the motel to a multi-family complex, also utilizing Conditional Zoning. An automotive repair shop is located to the east of the site.

The Harvest Two Community Church is located at 161 East 16<sup>th</sup> Street (west of site, adjacent to the Fire Station). In addition to church activities, there is also a private school (Kindergarten through twelfth grade) that operates at this location. The school has approximately 44 students enrolled.

The applicant held a community forum on Monday, April 25, 2016 (Attachment 18). Prior to the meeting, the applicant handed out flyers notifying the tenants and property owners within the area of the forum. At the meeting, there were approximately 6 individuals from the area in attendance. A list of attendees was provided by the Developer at Attachment 19. Some of the concerns voiced at the meeting were: 1) crime in the area that appears to be attributed to homeless individuals; 2) the pedestrian traffic through the alley that may also be associated with the crime in the area; and, 3) the types of tenants that would be living at the development. The developer explained the way the program would work using the Housing First model and the coordinated entry system to screen tenants. He also explained that the tenants would be required to sign a lease and be bound by rules and that a manager would be on-site at all times.

The site is currently blighted and has been abandoned and boarded up for quite some time. Although it has been enclosed by a fence, it has still attracted vagrants and has been a nuisance to the neighborhood. The developer believes the proposed development would clean up the site. On-

site management would assist in ensuring problems did not arise due to the tenants. All tenants would be required to sign and adhere to a rental agreement. A sample rental agreement has been provided at Attachment 20.

At the Planning Commission meeting, concerns were raised regarding the proximity of this site to the downtown area. Cindy Morse, President of the Downtown Neighborhood Association, spoke in opposition to the project citing concerns with the proximity to the downtown and the efforts being made to reduce the number of homeless individuals in the downtown area.

The City recognizes the need for permanent supportive housing and encourages this type of development. The proposed project is the first of its kind for the City. As such, it's very important that it be designed and operated so it is an asset to the City. Therefore, it is important that the project be fully vetted prior to approval.

#### Public Notice

Public hearing notices were sent to all property owners within 300 feet of the site prior to the Planning Commission meeting on May 4, 2016. An additional notice was sent prior to the City Council meeting on June 6, 2016.

#### Planning Commission Action

The Planning Commission reviewed this project at their meeting on May 4, 2016. Commissioner Padilla recused himself due to a business conflict. There were three people who spoke in favor of the project, one person who was neutral, and one person in opposition to the project.

The Planning Commission questioned the applicant regarding how the project would be operated. Specifically, whether there would be background checks on the tenants, the ratio of on-site personnel to tenants, whether there would be a "Sober Living Agreement" with the tenants, and how the tenants would be motivated to move on from this site and not make this their life-time residence. An excerpt from the Planning Commission minutes is provided at Attachment 21.

After hearing the public testimony and discussing the project, the Planning Commission voted (5 Ayes, 1 No, 1 Abstain) to recommend denial of the General Plan Amendment and Zone Change. The Planning Commission Resolution is available at Attachment #22. Planning Commission Staff Report #16-10 is provided at Attachment #23.

#### **City Council Action**

The City Council has been provided with two Draft Resolutions (one for approval and one for denial) and an Ordinance. If the Council wishes to approve the General Plan Amendment and Zone Change, the Council would need to adopt the Resolution approving the Environmental Review (Negative Declaration) and General Plan Amendment (Attachment 24) and introduce the Ordinance for the Zone Change (Attachment 25) and adopt a motion to authorize the City Manager to execute the Developer Agreement at Attachment 26.

If the Council wishes to deny the project, as recommended by the Planning Commission, the Council would need to adopt the Resolution not approving the Environmental Review (Negative Declaration)

and denying the General Plan Amendment (Attachment 27) and not introduce the ordinance for the Zone Change.

## **ATTACHMENTS**

1. Location Map
2. Existing Site Plan
3. Site Plan Option #1
4. Site Plan Option #2
5. Housing First
6. Applicant's Information on Project
7. Information on Consultant
8. Other Project Examples
9. PSH in San Francisco
10. Letter from Department of Workforce Investment
11. Letter from Horizons Unlimited
12. Hope Respite Care Information
13. Letter from Merced Rescue Mission
14. Cost of Ignoring the problem
15. CRFUSA Information
16. Applicant's Recap of Planning Commission Meeting
17. Public Improvements Required
18. Public Forum Flyer
19. List of Attendees
20. Sample Rental Agreement
21. Planning Commission Minutes Excerpt
22. Planning Commission Resolution
23. Staff Report #16-10
24. Draft Resolution for Approval
25. Draft Ordinance
26. Developer Agreement
27. Draft Resolution for Denial