



Legislation Text

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Planning Commission Staff Report

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SUBJECT: Density Bonus #23-01, initiated by Linc Housing Corporation, on behalf of the City of Merced, property owner. This application involves a request to consider an increase in density and concessions to certain Design Standards for Multi-family Dwellings. The density bonus and concessions would allow the construction of a 54-unit affordable apartment complex on approximately 0.52 acres of land, generally located on the northwest corner of 18th and I Streets and the southwest corner of 19th and I Streets.

ACTION: PLANNING COMMISSION:

Recommendation to City Council

- 1) Environmental Review #23-19 (Categorical Exemption)
- 2) Density Bonus Application #23-01

CITY COUNCIL:

Approve/Disapprove/Modify

- 1) Environmental Review #23-19 (Categorical Exemption)
- 2) Density Bonus Application #23-01

SUMMARY

This is a request to consider Density Bonus #23-01 which approves an increase in density from 23 units to 54 units and concessions to certain Design Standards for Multi-family Dwellings to allow the construction of a 100% affordable apartment complex within a 4-story building at the northwest corner of 18th and I Streets and a 3-story building at the southwest corner of 19th and I Streets on approximately 0.52 acres of land. Staff is recommending the Planning Commission recommend approval to the City Council. No public hearing is required per state statues or local ordinances.

RECOMMENDATION

Planning staff recommends that the Planning Commission recommend approval to the City Council of Environmental Review #23-19 (Categorical Exemption) and Density Bonus #23-01 (including the adoption of the Draft Resolution at Attachment A) subject to the findings/considerations in Exhibit A of the Draft Resolution.

DISCUSSION

The California State Density Bonus Law (SDBL) was adopted in 1976 in recognition of California's

acute and growing affordable housing needs. The SDBL has been amended multiple times since adoption in response to evolving housing conditions, to provide clarification on the legislation, to respond to legal and implementation challenges, and to incorporate new or expanded provisions. The SDBL, as originally enacted, sought to address the affordable housing shortage by encouraging development of low- and moderate-income units; over time, the law was expanded to recognize the need for housing for households at a wider range of income levels and with specialized needs.

The SDBL incentivizes affordable and other specialized housing production by requiring local agencies to grant an increase to the maximum allowable residential density for eligible projects, and to support the development of eligible projects at greater residential densities by granting incentives, concessions, waivers, or reductions to applicable development regulations. An example of a concession or incentive is a reduction in the number of parking spaces that may be required for a project, or an increase in the allowable building height that applies to the project. The SDBL applies to projects providing five or more residential units, including mixed-use developments. Density bonuses and associated incentives, concessions, waivers, or reductions are intended to offset the financial burden of constructing affordable or specialized units.

The City of Merced originally adopted a local Density Bonus Ordinance in 1993 and amended it in 2016 (included in Zoning Ordinance Chapter 20.56) to comply with State law at the time the ordinances were adopted. Several updates to SDBL have occurred since the Zoning Ordinance was adopted in 2016, and the City's local Ordinance is currently inconsistent with State law. However, the City is committed to complying with State law and will be updating our local ordinance in the future.

SDBL allows an increase in density using a sliding scale based on the number of affordable units provided. SDBL prohibits the City from placing a maximum density on a project that provides 100% affordable units (excluding a manager's unit) and is located within one-half mile of a major transit stop such as a rail station or bus stop with a minimum of 15-minute headways. Additionally, the law allows an increase in height of up to an additional 3 stories or 33 feet for a project located within one-half mile of a major transit stop. Finally, for a project so located, the City is prohibited from applying parking requirements.

To provide additional information and a more in-depth overview of the SDBL, the document entitled [Guide to the California Density Bonus Law](#) (revised January 2023), prepared by Jon Goetz and Tom Sakai of the Meyers-Nave Law Firm, is provided at Attachment B.

One of the basic elements of this law is that a development that meets the requirements of the state law is entitled to receive a density bonus to increase the density of a project by right. This means that no discretionary review is required to allow an increase in the density of a project. The requested density is allowed to exceed the density established by the General Plan and/or Zoning. Additionally, the developer may ask for concessions and waivers to certain design standards that may make the project infeasible.

The proposed project would provide affordable housing for tenants whose household income is between 30% and 60% of the Area Median Income (AMI). The Area Median Income for 2023 in Merced County is \$70,700. The table below shows the income limits for the different income levels based on household size:

No. of Persons in Household	1	2	3	4	5	6	7	8
Extremely Low Income	\$16,350	\$18,700	\$23,030	\$27,750	\$32,470	\$37,19	\$41,910	\$46,630
Very Low Income	\$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	\$37,300	\$72,300	\$77,300	\$82,250
Median Income	\$56,200	\$64,250	\$72,250	\$80,300	\$86,700	\$93,150	\$99,550	\$106,000
Moderate Income	\$67,450	\$77,100	\$86,700	\$96,350	\$104,050	\$111,750	\$119,450	\$127,200

As part of the process for a Density Bonus, the developer/property owner will enter into an agreement specifying the length of time the units will be kept affordable. This agreement will be recorded and will remain in effect for the term of the agreement. The developer is proposing to keep the units affordable for a term of 55 years. The agreement will be presented to the City Council for approval and execution.

Specific Findings for a Density Bonus are required by Section 20.56 of the City’s Zoning Ordinance. Those Findings are provided at Exhibit A of Draft Planning Commission Resolution #4114 (Attachment A of Planning Commission Staff Report #23-471). Additional information regarding the State Density Bonus Law is provided in Finding A of Draft Planning Commission Resolution #4114. It should be noted that the City may not add conditions to any Density Bonus approval.

Project Description

The proposed project is located on I Street between 18th and 19th Streets (Attachment C). The project would provide 53 affordable housing units and one manager’s unit for a total of 54 units. The site has a General Plan designation of High Density (HD) Residential and is zoned R-4. The site is located within one-half mile of a major transit stop (the Amtrak station at 24th and K Streets and the Transportation Center at 16th and O Streets) (refer to the location map at Attachment D).

A four-story building (Building A) with 39 units would occupy the northwest corner of 18th and I Streets and a three-story building (Building B) with 15 units would occupy the southwest corner of 19th & I Streets for a total of 54 units (refer to the Site Plan at Attachment E).

As referenced above, the project includes two building types - Type A at the corner of 18th and I Streets and Type B at the corner of 19th and I Streets. Building Type A is a four-story building with 39 units. The height of this building at the top of the stairway/elevator shaft would be 48 feet, but the majority of the building would have a height of 44 feet to the top of the parapet (Attachment F). All the units in this building, except for the manager’s unit are 1 bedroom, 1 bath units (refer to the Floor Plans for Building Type A at Attachment G). The manager’s unit, located on the 4th floor, is a 3 bedroom, 2 bath unit. The breakdown of the units on each level of the building are shown below: The building also includes a laundry room for the tenants, the community room, manager’s office, a trash room, a maintenance room, and an electrical room. The upper levels are accessible by elevator or by stairs. There are three off-street covered parking spaces (one handicap accessible) provided off the alley. A bike storage room would also be provided on the north side of the building adjacent to the electrical room. There would be a courtyard provided with tables and chairs located on the west side of the building to provide an outdoor area for the tenants.

Level	No. of Units
1	7
2	11
3	11
4	10 (including manager's unit)

All the units in Building Type B (three-story) at the corner of 19th and I Streets are 1 bedroom, 1 bath units. This building would have a maximum height at the stairway/elevator shaft of 38 feet. The top of the parapet would be 34 feet. Both these heights are within the height limit for the R-4 zone. This building would consist of five 1-bedroom, 1 bath units on each of the three levels. A trash room, electrical room, and bike storage would also be provided. The tenants of this building would use the community amenities (i.e., laundry, courtyard, community room) in Building A.

Density Bonus Request

The site is zoned R-4 which would allow 1 unit for every 1,000 square feet of lot area. Based on the zoning, the project site would be allowed 23 units. Because all of the units are affordable to lower income residents and the site is within one-half mile of a major transit stop Density Bonus law prohibits the City from placing restrictions on the density. The project is proposing 54 units (53 affordable units and 1 manager's unit) which would be an increase of 31 units over the maximum allowed density.

To provide affordable housing units, the developer would need relief from certain design standards. Therefore, as part of the Density Bonus, the developer has requested a deviation from certain design standards. As previously described, Density Bonus law allows concessions, incentives, waivers, and reductions in order to allow for the construction of affordable housing. Based on the income level served by the proposed units, this project is eligible for 4 concessions or incentives (refer to Finding A of Draft Planning Commission Resolution #4114 on how the number of concessions are determined). In addition to those concessions or incentives, the City may not impose any development standard that would physically preclude the construction of the affordable housing units. Because the project is taking advantage of the unlimited density, the project is not automatically eligible for waivers in addition to concessions. However, the City could grant waivers if it chose to do so. In this case, the applicant is not requesting waivers, but is requesting four concessions as described below.

The table below shows the applicant's request for four concessions. As previously mentioned, the project is eligible for 4 concessions. Justification for each concession is provided in Finding F of Planning Commission Resolution #4114 at Attachment of A.

Standard	Requested Concessions/Incentives	Type of Request
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Setbacks	Reduced setbacks for exterior yards. The R-4 zone requires a 15-foot setback for exterior, front yards, a 10-foot setback for side exterior yards on corner lots, other yards may have a 5-foot setback. Merced Municipal Code (MMC) Section 20.46.040 establishes design standards for any multi-family dwelling with 5 or more units (or 3 or more units on corner lots). Section 20.46.040 (A) (1) states: Building construction shall not exceed the plan established by 1:1 height and setback ration from any exterior property lie of a lot or parcel, for more than 50 percent of the allowable building area at any established distance from said exterior property line. The applicant is requesting a 10-foot reduction for the exterior yard setback required by the R-4 zoning. The applicant is also requesting relief from the setback requirements of Section 20.46.040 as it would be impossible to construct this project to meet those requirements.	Concession
Private Outdoor Space	Allow relief from the requirement of Private Outdoor Space as required by MMC Section 20.46.030 (I) (1) and (2). MMC Section 20.46.030 (I) (1) and (2) states that every unit should have a private outdoor usable space, if feasible, of a minimum size of 5 feet by 8 feet.	Concession
Mechanical Equipment	Allow roof-mounted mechanical equipment if screened from public view. Roof-mounted mechanical equipment is prohibited by Zoning Ordinance Section 20.46.040 (A) (5a).	Concession
Reduction in the number of trees	Reduction in the number of trees required for the site per MMC Section 20.46.040 (A) (2). The requested reduction would reduce the number of trees from 18 to 14.	Concession

The project site is located on the northwest corner of 18th and I Streets and the southwest corner of 19th and I Streets (Attachment C). The surrounding uses are identified on the location map at Attachment C and listed in the table below.

Surrounding uses as noted in Attachment C.

Surrounding Land	Existing Use of Land	City Zoning Designation	City General Plan Land Use Designation
North	Multi-Family Residential	R-4	High Density Residential (HD)
South	Commercial/Retail (across 18 th St)	C-C	Regional/Community Commercial (RC)
East	Multi-Family & Single-Family Residential (across I Street)	R-4	High Density Residential (HD)
West	Multi-Family Residential	R-4	High Density Residential (HD)

Background

The project site is comprised of four individual parcels at the northwest corner of 18th and I Streets and one parcel at the southwest corner of 19th and I Streets. There was a total of four dwellings on three of the four parcels at 18th and I Streets and 5 dwellings at the corner of 19th and I Streets. All the units were demolished between 2009 and 2010.

The City’s Redevelopment Agency purchased these properties in the early 2000’s. After the dissolution of the Redevelopment Agency, the property was transferred to the City of Merced Public Financing and Economic Development Authority. In 2012, the City of Merced Public Financing and Economic Development Authority transferred the property to the City of Merced as the Housing Successor Agency to the former Redevelopment Agency. The City is currently in negotiations with the applicant to purchase the property for \$1 to allow the construction of affordable housing. Additionally, the City has committed Permanent Local Housing Allocation (PLHA) funding to assist in the development of this project.

Linc Housing Corporation responded to the City’s Request for Proposals (RFP) under the State Surplus Land Act for the property disposition. They have also submitted a statement under the City’s open Housing Request for Qualifications (RFQ). Linc Housing has been developing affordable housing since 1984. According to their website, Linc works hard to address the homelessness crisis by building supportive housing and addressing the affordable housing needs of the state’s diverse population. More information about Linc Housing, including past projects, is available on their website at <https://www.linchousing.org/>.

Findings/Considerations

Please refer to Exhibit A of the Draft Planning Commission Resolution at Attachment A for the Findings related to Density Bonus #23-01.

ATTACHMENTS

- A. Draft Planning Commission Resolution #4114
- B. Guide to California Density Bonus Law (Meyer-Nave)
- C. Location Map
- D. Proximity to Major Transit Stops
- E. Site Plan
- F. Elevations

- G. Floor Plans
- H. Categorical Exemption
- I. Presentation