



## Legislation Text

---

File #: 22-421, Version: 1

---

*Report Prepared by: Julie Nelson, Senior Planner, Development Services Department*

**SUBJECT:** Public Hearing to Consider General Plan Amendment #21-02 and Site Utilization Plan Revision #12 to Planned Development (P-D) #8, Initiated by Ashley Investments, LLC, for Approximately 6.93 Acres of Land, Generally Located at the Southeast Corner of Loughborough Drive and Meadows Avenue to Allow the Construction of 161 Residential Units and to Allow the Construction of a Medical/Dental Clinic

### REPORT IN BRIEF

Request for City Council approval of a General Plan Amendment and Site Utilization Plan Revision for 6.93 acres of land generally located at the southeast corner of Loughborough Drive and Meadows Avenue.

### RECOMMENDATION

**City Council** - Adopt a motion:

A. Adopting **Resolution 2022-32**, A Resolution of the City Council of the City of Merced, California, Approving a Mitigated Negative Declaration (Environmental Review #21-23) for General Plan Amendment #21-02 and Site Utilization Plan Revision #12 to Planned Development (P-D) #8 for approximately 6.93 acres of land generally located at the southeast corner of Loughborough Drive and Meadows Avenue and approving General Plan Amendment #21-02 changing the General Plan land use designation for approximately 5.59 acres of the property from Regional/Community (RC) Commercial to High Density (HD) Residential and changing the land use designation for approximately 1.34 Acres of the property from Regional/Community (RC) Commercial to Commercial Office (CO) and approving a Legislative Action Agreement for General Plan Amendment #21-02 and Site Utilization Plan Revision #12 to Planned Development (P-D) #8; and,

B. Introducing **Ordinance 2541**, An Ordinance of the City Council of the City of Merced, California, approving Site Utilization Plan Revision #12 to Planned Development (P-D) #8 changing the land use designation for 5.59 acres of land generally located at the southeast corner of Loughborough Drive and Meadows Avenue from "High-Medium Density Residential" to "High Density Residential" and changing the land use designation for 1.34 acres of land located near the southeast corner of Loughborough Drive from "High-Medium Density" (HMD) Residential to "Commercial Office" (CO); and,

C. Authorizing the City Manager or Deputy City Manager to execute the Legislative Action Agreement.

### ALTERNATIVES

1. Approve as recommended by the Planning Commission and staff; or,

2. Approve subject to modifications as conditions by City Council; or,
3. Deny; or
4. Refer back to staff for reconsideration of specific items (to be addressed in the motion); or,
5. Continue to a future meeting (date and time to be specified in the 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. Merced Municipal Code Section 20.80 and 20.82 outlines procedures for zone changes and General Plan Amendments.

## **CITY COUNCIL PRIORITIES**

Infill Development is listed as a part of FY 2021-22 Council Goals and Priorities as part of Element 5, Future Planning.

## **DISCUSSION**

### Project Location and Overview

The project site is located at the southeast corner of Loughborough Drive and Meadows Avenue (Attachment 1). The proposed land use changes as shown on the map at Attachment 2 would allow the construction of a mixed-use project which would include a 161-unit apartment complex and a future 12,667-square-foot medical and dental clinic (refer to the site plan at Attachment 3). The proposed apartment complex would provide a density of 29 units per acre (gross), consistent with the General Plan designation of High Density (HD) Residential. As originally proposed, the project would provide affordable housing units, but as discussed below, the original developer is no longer involved. Therefore, the project could be constructed as a market-rate apartment complex.

### Background

Planned Development (P-D) #8 was established in 1970 upon annexation of this property and the surrounding land to the north and west. At that time, the land use for this site was anticipated to be a commercial use. However, the site was never developed. In 1981, the land use designation for the Site Utilization Plan was changed to Regional Commercial which was consistent with the General Plan designation of the site. In 1986, the Site Utilization Plan land use designation was changed to Elderly Care Facility, but also retained the commercial land use designation for a shopping center. The elderly care facility was never constructed. In 2006, the land use designation for the site was changed from elderly care facility to High-Medium Density Residential to allow the construction of 78 townhouses. This project was never constructed and the site has remained vacant.

In June 2021, an application for this project was submitted by UP Holdings, LLC, on behalf of Ashley Investments, LLC. At the time, UP Holdings, LLC, was in contract to purchase the property to construct the proposed project, including both the apartment component and the clinic. However, that deal has fallen through and UP Holdings, LLC, is no longer part of the project. Because UP Holdings, LLC, was the owner of the plans for the project, the project was placed on hold until a new buyer could be found to construct affordable housing and the plans could be purchased by the new developer.

On April 19, 2022, staff received confirmation that the property owner had successfully purchased the rights to the plans and wanted to proceed with the approval process. The property owner has been working with another affordable housing developer, but a final agreement has not been reached. If a deal is not reached with the new developer, the property owner will be looking for another developer, but it is possible the project would not be developed as affordable housing.

The Design Standards and Conditions of Approval for this project were written to allow the development of an affordable housing project and clinic to serve low-income individuals. Relief from certain standards and concessions on certain aspects of the development were written into the Design Standards to make this project feasible as an affordable housing project. Because it is not known at this point who will develop the property and whether or not it will ultimately be developed as affordable housing, Staff is recommending certain conditions be added (details below) to ensure that the project is consistent with City Council Resolution 2022-15 (Affordable Housing Requirements). Additionally, it is possible the clinic would not be developed at the same time as the multi-family units. Therefore, changes to the Design Standards and additional conditions are being recommended to ensure the project as a whole remains consistent with the Design Standards.

### Project Details

The current 6.93-acre parcel would be subdivided into three separate parcels as shown on the tentative parcel map at Attachment 4. The multi-family portion of the project would be constructed on Parcels A (3.61 acres) and B (1.98 acres) with access from Loughborough Drive and Meadows Avenue. The future clinic would be constructed on Parcel C (1.34 acres) with a primary access on Loughborough Drive and emergency access to Meadows Avenue and another access on Loughborough Drive through the apartment complex. A tentative parcel map has been submitted to create these parcels but has not been approved. The tentative parcel map would be reviewed by the Minor Subdivision Committee through the Lot Split application process.

The apartment complex includes open space between the buildings and an activity area, dog park, community lawn area, and play area for kids near the community building. The open space between Buildings 3 and 4 and 7 and 8 would provide a center patio with shade structure for gatherings. The buildings along the southern property on Parcel B, have an open courtyard area between the buildings. An approximately 15-foot-wide open space/landscape area is provided along the southern property line providing a separation between this project and the apartment complex and commercial uses to the south.

Public sidewalks exist along the perimeter of the site on Loughborough Drive and Meadows Avenue. A network of sidewalks within the apartment complex connect to the buildings to the public sidewalks. There would also be sidewalks on the future clinic site that connect to the public sidewalks. There is no pedestrian access between the future clinic and the apartments other than the use of the public sidewalks.

The multi-family portion of the project provides four different building types - Building types A, B, C, and D. Building types A and B would be two-story buildings with a total of 5 units in each building, plus six covered parking stalls and covered bike parking on the ground floor (refer to the floor plans at Attachment 5). Building types A and B would have the same unit mix of two- and three- bedroom units.

Building type C is a three-story building. Building type C has 10 units in each building plus six covered parking stalls and covered bike parking on the ground floor (refer to the floor plans at Attachment 5). This building type has a mixture of one-, two-, and three-bedroom units. The building elevations are provided at Attachment 6. There are eight type C buildings on the site.

Building type D is also a three-story building and has 11 units per building plus six covered parking stalls and covered bike parking on the ground floor (refer to Attachment 5). Building type D has a mixture of one-, two-, and three-bedroom units. The building elevations are the same as Building Type C

The table below provides the total number of one-, two-, and three-bedroom units provided in the project.

One Bedroom	68
Two Bedroom	48
Three Bedroom	45
Total	161

The Community/Office building would be a single-story building consisting of 3,870.5 square feet of floor area. The building would include a multi-purpose room for tenants, a gym, laundry facilities, a kitchen, bathrooms, four offices, a conference room, a mail room, and maintenance area (refer to the floor plan at Attachment 5). The architecture of the building would match the apartments (see the building elevations at Attachment 6). The amenities provided by this building would be for tenants only and would not be open to the public.

The medical/dental clinic would be located on a separate parcel from the apartments (Parcel C as shown on the Tentative Parcel Map at Attachment 4). As proposed, the clinic would be 12,667.5 square feet and provide 8 dental chairs, two chiropractic rooms, two behavioral health offices, fifteen exam rooms, an x-ray room, lab, administrative office space, a break room, reception and waiting area.

Although the project was submitted to include both the multi-family component and the clinic, the original developer is no longer involved in the project. Therefore, it is possible that the development may not happen as one individual project but may be split into two different projects. If that is the case, it is possible that some of the design elements of the project could change as well. Additional details on this change are provided in the background of this report.

### Design Standards

The Planned Development zoning district is intended to allow deviations from standards and regulations applicable to other zoning districts in exchange for high-quality development. In this case, the proposed development is considered a high-quality development, and would provide much-needed housing to the community.

Within each Planned Development, a Site Utilization Plan (SUP) is established to designate certain uses and design standards within the Planned Development. The current standards that apply to this

property within P-D #8 were established for a previously approved townhouse development and would not allow the current development. Therefore, new standards have been prepared to accommodate the currently proposed development. The standards are not intended to restrict development on the site to only this particular development. If, for some reason this particular development is not constructed, the standards are broad enough to allow another multi-family development to be constructed. However, the parking standards have been reduced in exchange for the construction of affordable housing. If a project is constructed that does not provide at least 50% of the units as affordable housing, the standard parking requirements must be met. The proposed standards for the multi-family portion of the project are based primarily on the standards for the R-4 (High Density Residential) zoning district. The proposed Design Standards for this project are provided at Attachment 7.

Separate standards have been prepared for the clinic portion of the project. The standards for the clinic are based on the Commercial Office (C-O) zoning district. Land uses allowed are those allowed within the C-O zone. All uses other than the currently proposed clinic would be subject to Site Plan Review to ensure consistency with the standards of the Planned Development. As with the multi-family portion of the site, a reduction in parking would be available for the clinic or other use that serves the affordable housing project. If the multi-family portion of the project is not developed with at least 50% of the units being affordable, the commercial portion of the project would not be eligible for any reductions in the parking requirements.

Subsequent to the Planning Commission review of this project and because the original developer is no longer involved, staff is recommending some changes to the parking section of the Development Standards. These changes are shown in red on the Design Standards at Attachment 7.

### Parking

As proposed, the site would provide 292 parking spaces, with 135 spaces on Parcel A, 79 spaces on Parcel B, and 78 spaces on Parcel C (proposed clinic). According to the Zoning Ordinance, the minimum number of parking spaces required after allowable reductions are applied for the proximity to transit stops, would be 310 spaces. The 292 spaces provided falls short of the minimum required. However, with the reductions provided in the Design Standards (details below), the project would meet the minimum parking requirements.

In consideration for providing affordable housing, the proposed Design Standards provide a 6% reduction in the overall number of parking spaces required for the project. Because the project has now been separated, the reduction may not apply to the portion of the site dedicated to the clinic unless the affordable housing has been constructed prior to the clinic being constructed. If the project is not constructed with at least 50% of the units being affordable, this reduction does not apply.

In addition to the reduction allowed in the number of parking spaces and in consideration for the construction of affordable housing, the Design Standards also allow a variation in the dimensions of the parking spaces to accommodate the proposed design without reducing the number of apartment units. As with the 6% reduction in the number of required parking spaces, the variation in the dimensions would only apply if 50% of the apartment units are designated for low- and very low-income tenants.

Each component of the project is required to meet the minimum number of parking spaces required. As proposed, the parking on the parcels dedicated to the multi-family development do not provide sufficient parking to meet the minimum requirements. However, the additional parking is provided on the parcel dedicated to the clinic. If the multi-family and clinic are not developed concurrently, each development would have to provide the minimum parking spaces required either on their site or through agreements for parking on adjacent sites as allowed by the Zoning Ordinance. In order to clarify this requirement, additional conditions are being proposed in addition to what was in the original Planning Commission recommendation. Details regarding these conditions are explained below.

### General Plan Compliance

The proposed apartment project would comply with the General Plan designation of High Density Residential (HD) and the zoning designation of Planned Development (P-D) #8 if the requested General Plan Amendment and Site Utilization Plan Revision are approved.

The proposed project would achieve several General Plan Goals and Policies, including Housing Element Goal H-1 and Policy H-2.

#### Housing Element Goal H-1: New Affordable Housing Construction

- *Increase the stock of affordable housing for very low, low, and moderate-income households.*

#### *Policy H-1.2 Support Development of Affordable Housing.*

The proposed medical/dental clinic would comply with the General Plan designation of Commercial Office (CO) and the zoning designation of Planned Development (P-D) #8, if the requested General Plan Amendment and Site Utilization Plan Revision are approved.

### Zoning Ordinance Compliance

Merced Municipal Code Section 20.20.020 (J) establishes specific findings that must be made in order to approve the establishment of a Planned Development or Site Utilization Plan Revision. These findings are provided at Exhibit B of Planning Commission Resolution #4075 at Attachment 8 and are also included in the Draft City Council Resolution at Attachment 10.

### Neighborhood Impact

The project site is surrounded by multi-family developments to the north, west, and south. Commercial uses are to the east and south. The development would add buildings to a vacant parcel and introduce more lighting, traffic, and people into the area. However, none of these impacts are considered to be significant. The development of the project site would eliminate the blight caused by the vacant parcel.

Conditions are recommended to require that the exterior of the buildings and site be regularly maintained and kept in an aesthetically pleasing manner and that any graffiti be removed in a timely manner to reduce any impacts to the neighborhood.

Public hearing notices were sent to all property owners within 300 feet of the project site. At the time of this report, no comments have been received and no one spoke in opposition to the project at the Planning Commission meeting.

### Environmental Review

The Planning staff has conducted an environmental review (Initial Study # 21-23) of the project in accordance with the requirements of the California Environmental Quality Act (CEQA), and a Draft Mitigated Negative Declaration (i.e., no significant adverse environmental effects have been found that cannot be mitigated to be less than significant) is being recommended (Attachment J of Planning Commission Staff Report #21-665 - Attachment 9).

### Planning Commission Action

On October 20, 2021, the Planning Commission considered this application at a duly noticed public hearing. No one spoke in opposition to the project. The Planning Commission voted unanimously to recommend that the City Council approve the Environmental Review, General Plan Amendment, and Site Utilization Plan Revision, subject to the Findings and Conditions contained in Planning Commission Resolution #4075 (Attachment #8). The Planning Commission also took action on Site Plan Review #473. After a holding a public hearing at which no one spoke in opposition to the project, the Planning Commission voted unanimously to approve Site Plan Review Permit #473 subject to the City Council's approval of the General Plan Amendment and Site Utilization Plan Revision (refer to Planning Commission Resolution #4076 - Attachment B of Planning Commission Staff Report #21-665). The Planning Commission Staff Report (Staff Report #21-665) is provided at Attachment 9.

### Additional Recommended Conditions

As previously described, the original developer, UP Holdings, is no longer involved in this project. The original conditions of approval reviewed by the Planning Commission were based on the development proposed by UP Holdings. Because there is a chance this development could be completed as a market-rate project and the clinic could be developed as some other use consistent with the Commercial Office land use designation, staff is recommending the following conditions be added to ensure the project meets the affordable housing requirements established in City Council Resolution 2022-15, and that all Design Standards are adhered to as originally intended with this development.

The following conditions are recommended to be added to Planning Commission Resolution #4075 (Exhibit C of the Draft City Council Resolution at Attachment 10):

34. If the multi-family portion of the project is developed as a market rate apartment complex, the project shall comply with City Council Resolution No. 2022-15 which requires a minimum of 12.5% of the units be designated for affordable housing. A plan to provide these units shall be established and a Regulatory Agreement approved by City Council prior to the first Certificate of Occupancy being issued for the project. The units may be provided through the construction of the units, through the payment of in-lieu fees as established by the City, or through any other mechanism consistent with City Council Resolution No. 2022-15.

35. Each component of the project, whether constructed as one project or as separate projects, shall meet the minimum parking requirements as required by Section 20.38 of the Zoning Ordinance and as provided in the Design Standards approved with Site Utilization Plan (SUP) Revision #12 to Planned Development (P-D) #8.

As described in the Background section of this report, the Planning Commission also took action on Site Plan Review #497. The following conditions are recommended to be added to this Resolution which is Exhibit D to the Legislative Action Agreement at Attachment 12.

35. If the multi-family portion of the project is developed as a market rate apartment complex, the project shall comply with City Council Resolution No. 2022-15 which requires a minimum of 12.5% of the units be designated for affordable housing. A plan to provide these units shall be established and a Regulatory Agreement approved by City Council prior to the first Certificate of Occupancy being issued for the project. The units may be provided through the construction of the units, through the payment of in-lieu fees as established by the City, or through any other mechanism consistent with City Council Resolution No. 2022-15.
36. Each component of the project, whether constructed as one project or as separate projects, shall meet the minimum parking requirements as required by Section 20.38 of the Zoning Ordinance and as provided in the Design Standards approved with Site Utilization Plan (SUP) Revision #12 to Planned Development (P-D) #8.
37. If the multi-family project is separated from the clinic project or if the uses are changed, each individual component of the project may subject to review by the Site Plan Review Committee to determine compliance with the Design Standards at the discretion of the Director of Development Services.

## IMPACT ON CITY RESOURCES

The project would impact City services by creating additional housing units that would require typical City services. The project would be required to pay Public Facilities Impact Fees at the time of building permit issuance and annex into the City's Community Facilities District (CFD) for Services (or provide another method of funding the City's services covered by the CFD). However, as an affordable housing project, the Public Facilities Impact Fees may be reduced on a case-by-case basis. Also, as an affordable housing project, the property owner could apply for a Welfare Exemption for property taxes that would preclude the City from collecting any special taxes for this property associated with the CFD. Additionally, certain laws preclude the City from charging for police and fire services through the Community Facilities District (CFD) for an affordable housing project. The project site has approximately 1,100 feet of frontage that would be improved with landscaping and street lighting. Additionally, there would be maintenance required on storm drain lines serving the project site. If the project is developed as an affordable housing project, staff recommends the project site be annexed into a special lighting, landscape, and storm drain maintenance district to cover the costs of maintaining the infrastructure serving the site. Condition #7 of Planning Commission Resolution #4075 requires the developer to provide funding for the services covered by the CFD. If the project is developed as a market-rate project the owner would be required to annex into the City's CFD for services or provide another funding mechanism to cover the costs of all the services provided by the CFD.



## **ATTACHMENTS**

1. Location Map
2. Land Use Changes
3. Site Plan
4. Parcel Map
5. Floor Plans
6. Elevations
7. P-D Design Standards
8. Planning Commission Resolution #4075
9. Planning Commission Staff Report #21-665
10. Draft City Council Resolution
11. Ordinance
12. Legislative Action Agreement