

A4 Housing Constraints Analysis

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 County's regulations or land use controls, the County 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.

A4.1 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 County's development regulations allow for a variety of densities, the majority of the county 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 County of Merced does not have a cohesive affordable housing incentive/concessions ordinance. A lack of a cohesive affordable housing ordinance can reduce barriers to development of affordable housing by implementing concessions and incentives for developers.
- Several recently adopted state-level bills are designed to streamline the development of affordable housing and repurposing of commercial, retail, and parking areas into housing, but a lack of awareness among potential developers within the county may be a constraint to construction of projects which utilize these tools.

A4.2 Non-Governmental Constraints

The availability of housing is affected by a complex set of interrelated market factors including but not 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.

A4.2.1 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 A4-1 provides an estimate for price per acre of land listed for sale throughout the unincorporated portions of the county in September 2023. The average price per acre was significantly higher for smaller lots, most of which are located in non-agricultural zones. The sales price was less for larger lots, averaging \$47,717 per acre. Most of these larger properties are located in agricultural zones. The average price per acre for all listed plots was \$77,282.

Table A4-1 Listed Land Prices – County of Merced

Lot Size	Average Price per Acre (Listed)
Less than 10 acres	\$195,542
10 or more acres	\$47,717
Average \$/acre	\$77,282

Source: Zillow Inc., 2023.

Table A4-2 provides an estimate of average price per acre for land sold July and September 2023 in the county. The average price per acre for these plots was \$70,556, which is lower than the average list price shown in Table A4-1. 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 A4-2 Sold Land Prices – County of Merced

Lot Size	Average Price per Acre (Listed)
Less than 10 acres	\$123,556.69
10 or more acres	\$17,556.20
Average \$/acre	\$70,555.94

Source: Zillow, Inc., 2023.

Conclusion

The housing market (vacant and developed land) in the County of 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.

A4.2.2 Construction Costs

Construction costs include labor, material, equipment, plans, building permits, 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 multifamily projects, the cost of construction in the county is estimated to be between \$400,000 and \$675,000 per unit.¹ 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.

TableA4-3 shows the estimated cost of constructing a basic 1,500 square foot single family home to be \$300,252.19 in incorporated areas of the county and \$243,977.58 in unincorporated areas. This estimate includes construction costs such as materials, labor, and equipment costs, but does not include the price of land, development impact fees, administrative costs, or developer profit.

TableA4-3 Estimated Construction Cost, Merced County

Item	Cost	
	Incorporated	Unincorporated
Material ¹	\$180,151.32	\$146,386.55
Labor ²	\$114,095.83	\$92,711.48
Equipment ³	\$ 6,005.04	\$4,879.55
Total	\$300,252.19	\$243,977.58

Notes: Based on average costs of lots and units sold in 2022 and 2023. Typical 6,000 sq. ft. residential lot and 1,500 sq. ft. single-family unit; 20 percent administrative costs and developer profit.

Source: Zillow, Inc, 2023; Mintier Harnish., 2023.

Table A4-4 shows the estimated typical development costs in the county for a single-family home, assumed to be 1,600 square feet, and a 10-unit multifamily development with 800 square foot units. This includes the price of land, site improvement costs, construction costs, and permit and development impact fees; however, this does not include financing or marketing costs by the developer. As shown in the table below, the typical cost of construction of an individual single-family home is an estimated \$772,779, while the cost of construction of a multi-family unit is an estimated \$367,556.

¹ 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.

Table A4-4 Estimated Construction Cost

Cost Type	Single-Family ¹	Multi-Family ²
Home Price ³	\$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	\$772,779	\$3,675,560
Cost per Unit	\$772,779	\$367,556

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

²Assumed to be a 10-unit multifamily complex of 800 sq. ft. units.

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

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.

A4.2.3 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 A3, *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 county 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 county 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*, 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*, 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 was 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 the county, 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 County supports housing education and opportunities for all residents.

Recommended Action

The County shall implement Program 11 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. Program 11 will identify resources to assist moderate and lower-income homebuyers. Through this program, the County will promote the availability of Housing Choice Vouchers (HCVs) which offer affordable, decent, and safe housing in open market rentals selected by Voucher holders, as well as advertise the availability of the First Time Homebuyers Program. In addition, the County will implement Program 15 which will help support homeownership opportunities and home-buying education by partnering with local organizations to distribute information on fair housing services and homebuyer education programs including flyers, local event presence, social media campaigns, and educational workshops in both English and Spanish.

A4.2.4 Requests for Lower Development Densities

There have been no requests for lower development densities in the unincorporated county.

A4.3 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.

A4.3.1 Land Use Controls

Land use controls provided in the general plan and the zoning code influence housing production in various 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 County.

General Plan

Adopted in 2013, the Merced County General Plan is intended to guide development in the unincorporated portions of the county through the year 2030. The General Plan determines the number of housing units that can be built on a parcel of land based on density categories: Foothill Pasture, Agricultural, Agricultural Residential, Very Low, Low, Medium, High, and Mixed-Use. The amount of land designated for residential use and the density at which development is permitted affects the future supply and costs of housing.

- Foothill Pasture (FP): *Up to 0.0125 units per acre*. This designation is characterized by extremely low density with a minimum lot size of 160 acres. This designation provides for non-cultivated agricultural practices which typically require larger areas of land due to poor soil quality, limited water availability, and steeper slopes. This designation is typically applied to areas in the Sierra Nevada foothills and the Diablo Range on the east and west sides of the county.
- Agricultural (A): *Up to 0.05 units per acre*. The designation has very low housing density with a minimum lot size of 20 acres. It provides for cultivated agricultural practices which rely on good soil quality, adequate water availability, and minimal slopes. This is the largest land use designation by area in the county and is typically applied to areas on the valley floor.
- Agricultural Residential (AR): *Up to 0.33 units per acre*. This designation provides for single-family dwellings on large lots in a semi-rural environment with limited public services, and it is typically applied to Rural Centers or at the edge of urban areas; it is often used as a buffer between urban and rural land uses. The minimum lot size for this designation is one third of an acre.
- Very Low-Density Residential (VLDR): *1-4 units per acre*. This urban designation provides for single-family dwellings on larger lots. This designation is typically applied to areas considered appropriate for the construction of single-family dwellings within Rural Centers and Urban Communities. The minimum lot size for this designation is one quarter of an acre.
- Low-Density Residential (LDR): *4-8 units per acre*. This designation provides for single-family dwellings on medium to large lots. This designation is typically applied to areas considered appropriate for the construction of single-family dwellings within Urban Communities. The minimum lot size for this designation is 5,000 square feet.
- Medium-Density Residential (MDR): *8-15 units per acre*. This designation provides for either single-family dwellings on smaller lots or multifamily housing units. This designation is applied to areas located near commercial centers within Urban Communities. The minimum lot size for this designation is 3,000 square feet.
- High-Density Residential (HDR): *15-22 units per acre*. This designation provides for high density multifamily housing units. This designation is typically applied to areas located near the center of Urban Communities. There is no minimum lot size for this designation.
- Mixed-Use (MU): *4-33 units per acre*. This designation provides for higher-density residential development to be located on the same parcel or block as either commercial or office uses in order to provide denser, pedestrian and transit-oriented development in urban areas. The mix of uses can be either horizontal or vertical. This designation is typically applied in central areas of Urban Communities. There is no minimum lot size for this designation.

Community Plans and Specific Plans

In addition to the General Plan, the County of Merced has Community Plans and Specific Plans that guide the development of certain areas within the county which require more detailed planning than what is provided by the County-Level General Plan. These plans refine the policies of the General Plan by designating land uses, residential densities, and design standards within the planning area.

In Merced County, areas which have adopted Community Plans and Specific Plans tend to correspond with communities in Merced County which have significant population and/or are experiencing steady urbanization but which are not yet incorporated. These community plans focus on continuing the development of these communities which could incorporate in the future or be annexed into larger neighboring cities.

The County also has approved plans for several new large-scale communities where infrastructure is limited, but offer an opportunity to meet the County's regional housing need. These include the Villages of Laguna San Luis, Fox Hills, and University Community.

The County of Merced has adopted ten Community Plans, of which three are designated as Specific Plans. The County's Community and Specific Plans are listed below:

- Delhi Community Plan
- Franklin/Beachwood Community Plan
- Hilmar Community Plan
- LeGrand Community Plan
- Planada Community Plan
- Santa Nella Community Specific Plan
- University Community Plan
- Fox Hills Community Specific Plan
- Villages of Laguna San Luis Community Specific Plan
- Winton Community Plan

Delhi Community Plan

The Delhi Community Plan covers the unincorporated community of Delhi, which is located along Highway 99 approximately 5 miles north of the City of Livingston and 20 miles north of the City of Merced. Delhi has a population of 10,921 as of 2023. The Delhi Community Plan Area encompasses approximately four square miles. The Delhi Community Plan was adopted in June 2006.

Zoning designations conform to the Merced County Zoning Code which permits sufficient density for affordable housing construction. Currently, an inadequate number of sites are zoned for high-density development in Delhi. The County is in the process of upzoning land in the community to Mixed Use and R-4 zoning which will facilitate densities sufficient for development of affordable housing and accommodate an estimated 3,825 additional residents.

Franklin/Beachwood Community Plan

The Franklin/Beachwood Community Plan corresponds with the unincorporated communities of Franklin and Beachwood which have a combined 2020 population of 6,919. The Community is immediately adjacent to the City of Merced.

The Franklin/Beachwood Community Plan was adopted in August 1983. An update of the plan began in fall of 2020 and is not yet completed or adopted. Zoning designations outlined in the plan range from 2 du/ac to 15 du/ac, which is insufficient density for construction of affordable housing. However, the Community is severely limited by existing wastewater infrastructure. Program 13 commits to prioritizing wastewater infrastructure improvements to accommodate additional growth and density. However, the County is able to achieve its Regional Housing Needs Allocation (RHNA) goals for this cycle without requiring upzoning in Franklin/Beachwood. Table A4-5 shows zoning designations within the Franklin/Beachwood Community Plan.

Table A4-5 Franklin/Beachwood Community Plan Zoning Designations

Character Area	Residential Density	Height	Minimum Lot Size
Agricultural-Residential (A-R)	1 dwelling units/gross acre	N/A	1 acre
Low Density (R-1)	2-5 dwelling units/gross acre	N/A	1 acre
Medium Density (R-2)	5-15 dwelling units/gross acre	N/A	1 acre
Medium Density (R-3)	5-15 dwelling units/gross acre	N/A	1 acre

Source: Franklin-Beachwood Community Plan, adopted 1983.

Hilmar Community Plan

The Hilmar Community Plan covers the unincorporated community of Hilmar, which is located approximately two miles south of the Stanislaus-Merced County line, four miles southwest of Delhi, 23 miles northwest of Merced, and is crossed by State Highway 165. The community has a 2020 population of approximately 5,164. The Hilmar Community Plan Area Boundary encompasses about two square miles. The plan was adopted in July 2008.

Zoning designations conform to the Merced County Zoning Code which permits sufficient density for affordable housing construction. Currently, an inadequate number of sites are zoned for high-density development in Hilmar. The County is in the process of upzoning land in Hilmar to Mixed Use and R-4 zoning which will facilitate densities sufficient for development of affordable housing and accommodate an estimated 1,253 additional residents.

Le Grand Community Specific Plan

The Le Grand Community Specific Plan covers the unincorporated community of Le Grand, which is located in the easternmost portion of Merced County, about 13 miles southeast of Merced and five miles southeast of Planada. The community had a 2020 population of 1,592 in an area of 1.14 square miles. The most recent Le Grand Community Plan was implemented in September 2019.

Zoning designations conform to the Merced County Zoning Code which permits sufficient density for affordable housing construction. Currently, an inadequate number of sites are zoned for high-density development in Le Grand. The County is in the process of upzoning land in the community to Mixed Use and R-4 zoning which will facilitate densities sufficient for development of affordable housing and accommodate an estimated 848 additional residents.

Planada Community Plan

The Planada Community Plan covers the unincorporated community of Planada, which is located in eastern Merced County, approximately seven miles east of Merced and five miles northwest of Le

Grand. The community's 2020 population was 4,164. The Planada Community Plan was adopted in March 2017.

Zoning designations conform to the Merced County Zoning Code which permits sufficient density for affordable housing construction. Currently, an inadequate number of sites are zoned for high-density development in Planada. The County is in the process of upzoning land in the community to Mixed Use and R-4 zoning which will facilitate densities sufficient for development of affordable housing and accommodate an estimated 1,932 additional residents.

Santa Nella Community Specific Plan

The Santa Nella Specific Plan covers the unincorporated community of Santa Nella which is located in the western part of Merced County with a 2020 population of 2,211 and an area of 4.7 square miles. The community is located approximately 8 miles northeast of Los Banos and one mile east of the O'Neil Forebay.

The Santa Nella Community Plan was adopted in May 2000.² Zoning designations conform to the Merced County Zoning Code which permits sufficient density for affordable housing construction. However, an inadequate number of sites are zoned for high-density development in Santa Nella, and the Sites Inventory identifies eight parcels to upzone to R-4 to facilitate development of affordable housing.

University Community Plan

The University Community Plan supports the growth of the University of California, Merced (UC Merced). The plan covers the University Community planning area, which is designated as a "Specific Urban Development Area" in the Merced County General Plan, and consists of an area of approximately 2,133 acres.³ UC Merced is about eight miles northeast of Merced and about 10 miles east of Atwater.

The University Community Plan was adopted in December 2014, and the community has plans to provide a total of 11,616 housing units of student housing, which does not count towards RHNA requirements. Specific zones are not designated in the plan, but are to be further refined by Specific Plans. The Virginia Smith Specific Plan was adopted in October 2023, which amends the University Community Plan and specifies the land use designations in the Specific Plan area. The amendment also removes land assigned to the University Community Plan. The Virginia Smith Specific Plan has the development capacity of approximately of 9,680 dwelling units, including 500 deed restricted units, approximately 1,992 units in R-3 and R-4 zones, and 108 units in mixed-use zones. Additionally, the plan has a capacity of 1.25 million square feet of commercial space.

Fox Hills Community Specific Plan

The Fox Hills Community Specific Plan covers approximately 850 acres located in southwestern Merced County, approximately three miles southwest of Los Banos and five miles southeast of Santa Nella. The Plan allows for 3,460 homes, about 2,098 of which would be for adults aged 55 and older. Approximately 960 would be conventional units.⁴

² "Santa Nella Community Plan," Merced County Planning and Community Development, accessed August 7, 2023, <https://www.countyofmerced.com/1532/Santa-Nella>

³ "University Community Plan," Merced County Planning and Community Development, accessed August 7, 2023, https://web2.co.merced.ca.us/pdfs/planning/cplan/completed/university/final_university_community_plan.pdf

⁴ "Fox Hills Community Plan," Merced County Planning and Community Development, accessed August 7, 2023, <https://www.countyofmerced.com/1720/Fox-Hills>

The most current version of the plan was adopted in February 2006. Zoning designations conform to the Merced County Zoning Code which permits sufficient density for affordable housing construction. However, the County is able to achieve its RHNA goals for this cycle without requiring upzoning in the Fox Hills Community Specific Plan.

Villages of Laguna San Luis Community Specific Plan

The Villages of Laguna San Luis Community Plan covers approximately 6,200 acres located between the intersection of State Routes 33 and 152 and Interstate 5.

Zoning designations conform to the Merced County Zoning Code which permits sufficient density for affordable housing construction. However, due to the site's remote location and lack of infrastructure, development of housing is unlikely in this area within the current planning cycle.

Winton Community Plan

The Winton Community Plan covers the unincorporated community of Winton which is located approximately 2.5 miles north of Atwater and 10 miles northwest of Merced⁵. The community had a 2020 population of 11,709 and has an area of approximately three square miles. The Winton Community Plan was adopted in May 2021.

Zoning designations conform to the Merced County Zoning Code which permits sufficient density for affordable housing construction. Currently, an inadequate number of sites are zoned for high-density development in Winton. However, the Community is severely limited by existing wastewater infrastructure. The County is in the process of upzoning land in the community to R-4 zoning which will facilitate densities sufficient for development of affordable housing and accommodate an estimated 141 additional residents. Program 13 commits to prioritizing wastewater infrastructure improvements to accommodate additional growth and density.

Conclusion

The General Plan includes seven residential land use designations with density ranges from one to 33 dwelling units per acre, which is sufficient density to accommodate affordable housing according to HCD. However, there are insufficient areas within the county zoned for density ranges high enough to accommodate affordable housing, and several Specific Plans have no high-density zones.

Recommended Action

Program 7 commits the County to update its General Plan to accommodate higher densities, and to rezone more areas to densities of at least 30 dwelling units per acres to accommodate more forms of low-income housing. Program 7 also commits the County to ensuring all Community and Specific Plans implement densities adequate to facilitate affordable housing.

A4.3.1.1 Zoning Code

The County regulates the type, location, density, and scale of residential development through the Zoning Code. In general, the County's zoning regulations are designed to provide affordable housing opportunities for all income groups and protect the health and safety of residents. This section is informed by the Comprehensive Zoning Code Update adopted by the County in October 2019. There

⁵ "Winton Community Plan," Merced County Planning and Community Development, accessed August 7, 2023, <https://co.merced.ca.us/1805/Winton>

are seven zones that permit residential uses. The County's Zoning Code allows residential uses in the following zones:

- **Rural Residential (R-R):** The R-R Rural-Residential Zone is meant to provide areas for rural residential development, hobby farming, and limited animal raising operations with less than a full range of urban services. It typically serves as a transitional area between denser urban communities and agricultural uses, allowing one to three dwelling units per acre. This zone implements the Agriculture Residential (AR) and Very Low Density Residential (VLDR) land use designations in the General Plan. The R-R zone has a maximum density of three du/acre when public services are available. If public services are not available, the maximum density would be one du/acre.
- **Single-Family Residential (R-1):** The R-1 Single-Family Residential Zone is meant to provide a full range of urban services and reserve appropriately located areas for single-family living with low population densities consistent with sound standards of public health, welfare, and safety. This zone implements the Very Low Density Residential (VLDR), and Low Density Residential (LDR) land use designations in the General Plan. The R-1 zone has a maximum density of eight du/acre.
- **Single-Family Residential Zone (R-1-5000):** The purpose of the R-1-5000 Single-Family Residential Zone is to provide a full range of urban services and reserve appropriately located areas similar to the R-1 Zone for single-family living at slightly higher population densities, consistent with sound standards of public health, welfare, and safety. This zone implements Medium Density Residential (MDR) in some community plans and implements the Low Density Residential (LDR) land use designation in the General Plan. The R-1-5000 zone has a maximum density of 15 du/acre.
- **Two-Family Residential Zone (R-2):** The purpose of the R-2 Two-Family Residential Zone is to provide for areas with a full range of urban services for two residential dwellings per parcel in the form of two detached single-family dwellings, duplexes, town houses, and other forms of medium-density residential development, and to maintain a residential character similar to that found in single-family neighborhoods. This zone implements the Medium Density Residential (MDR) land use designation in the General Plan. The R-2 zone has a maximum density of 15 du/acre.
- **Multi-family Residential Zone (R-3):** The R-3 Medium-Density Multi-family Residential Zone provides areas for residential neighborhoods consistent with the Medium-Density standards of the General Plan and with a full range of urban services. This zone is meant to facilitate both rental and ownership housing opportunities which are often an affordable alternative to single-family neighborhoods. Dwelling types may include grouped or clustered multifamily dwellings (i.e., duplexes, triplexes, townhouses, apartments), and other multifamily attached dwelling units (i.e., condominiums). It is intended that new development in this zone use innovative site planning, provide on-site recreational amenities, encourages walking and connectivity to surrounding land uses and be located near major community facilities, business centers, public transportation, and/or major streets. This zone implements the Medium Density Residential (MDR) land use designation in the General Plan. The R-3 zone has a maximum density of 15 du/acre.
- **Multi-family Residential Zone (R-4):** The purpose of the R-4 High-Density Multi-family Residential Zone is to provide areas for residential neighborhoods consistent with the High-Density standards of the General Plan (typically up to 33 dwelling units per gross acre) and with a full range of urban services. Dwelling types may include grouped or clustered multifamily

dwellings (i.e., duplexes, triplexes, apartments), and other multifamily attached dwelling units, including boarding and rooming houses. It is intended that new development in this zone use innovative site planning, provide on-site recreational amenities and be located near major community facilities, business centers, and/or major streets. This zone implements the High Density Residential (HDR) land use designation in the General Plan. The R-4 zone has a maximum density of 33 du/acre.

- **Single-Family Mobile Home Residential Zone (M-H):** The purpose of the M-H Single-Family Mobile Home Residential Zone is to provide areas for residential living designed exclusively for mobile/manufactured home dwelling units and tiny homes not on a permanent foundation within an Urban Community where public water and sewer are available and with a full range of urban services. This zone implements the Medium-Density Residential (MDR) land use designation in the General Plan. The M-H zone has a maximum density of 15 du/acre.

In Merced County, minimum residential lot sizes are required in some zones. Table A4-6 provides the minimum lot area per dwelling unit standard by zone.

Table A4-6 Lot Area Per Dwelling Unit

Zone	Lot Area
R-R (no public water/sewer)	1 acre (1 unit per gross acre)
R-R (with public water/sewer)	14,520 square feet (3 units per gross acre)
R-1	6,000 square feet (8 units per gross acre)
R-1-5000	5,000 square feet (15 units per gross acre)
R-2	6,000 square feet (15 units per gross acre)
R-3	6,000 square feet (15 units per gross acre)
R-4	6,000 square feet (33 units per gross acre)
M-H	N/A
MU	None (33 units per gross acre)

Source: Merced County Zoning Code, 18.38, adopted October 2019.

Conclusion

The County of Merced’s Zoning Code provides for a range of densities and a variety of housing types. However, the majority of the county is comprised of land zoned for low and medium density residential uses. The prevalence of single-family districts that do not permit other types of housing constitutes a constraint to development.

Recommended Action

The County will implement Program 6 to revise the County’s Zoning Code to allow for additional density to accommodate a range of housing types.

A4.3.2 Residential Development Standards

Table A4-7 shows the development standards for residential zones.

The minimum parcel area for residential zones ranges from 4,500 feet to one acre. Front setbacks range from 10 feet to 50 feet, rear setbacks from five to 25 feet, and side setbacks from three to 15 feet. Height limits range from 15 to 60 feet.

Table A4-7 Residential Development Standards

Zoning District	Minimum Parcel Area (square feet)	Minimum Setback (in feet)			Maximum Height (feet)	Maximum Site Coverage (percent of lot)	Maximum Density (du/acre)
		Front (feet)	Side (feet)	Rear (feet)			
R-R (no public water/sewer)	1 acre	50	15-50 ¹	20	35	40	1
R-R (with public water/sewer)	14,520	30	10-30	20	30	60	3
R-1	6,000	20	5-20	15	30	60	8
R-1-5000	5,000	15	5-15	15	30	60	15
R-2, R-3, R-4	6,000	20	12-50	15	R-2: 45 R-3: 60 R-4: 60	70	R-2: 15 R-3: 15 R-4: 33
M-H	4,000	10	3-10	5	15	80	N/A
MU	None	5	0-15	0	50	100	33

Source: Merced County Zoning Code, adopted October 2019.

Conclusion

Development standards related to parcel area, setbacks, height of primary structures, site coverage, and density are similar to jurisdictions throughout the county. In most zones, the County of Merced development standards permit comparable residential densities to cities in the county. As a result, development standards are not considered a constraint to housing.

Recommended Action

None required.

A4.3.3 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.⁶ 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 county. 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.

Parking standards are set forth in Chapter 18.38 of the Merced County Zoning Code. The requirements vary depending on the type of dwelling and land use (i.e., residential versus commercial), as shown in Table A4-8.

⁶ Turner Center for Housing Innovation at UC Berkeley, 2016. Available at: <http://turnercenter2.berkeley.edu/proforma/>

Table A4-8 Residential Parking Requirements

Housing Type	Required Parking Spaces
Accessory Dwelling Units	1 per unit
Short term rentals	1 per short-term rental, and the parking space requirements per single-family dwelling as specified below
Mobile home park or trailer park	2 per unit or 1 per seniors (62 years or older), plus 1 guest space for every 5 units; spaces may be tandem
Multi-family	
1 bedroom	1.5 spaces per unit (at least 1 covered), plus 1 guest space for every 5 units
2-4 bedroom units	2 per unit (at least 1 covered), plus 1 guest space for every 5 units
5 or more bedroom units	3 per unit (at least 1 covered), plus 1 guest space for every 5 units
Single-and two-family dwelling	2 spaces per dwelling unit with up to 4 bedrooms, dwelling units with 5 or more bedrooms require 3 spaces at least 1 of which shall be a covered garage or carport (each space must be at least 9 feet by 19 feet).
Single Room Occupancy (SRO)	1 per unit or bedroom, 1 for on-site manager where applicable, and 1 per additional employee
Assisted living facility	0.5 per unit, plus 1 per every shift employee
Convalescent homes, nursing homes, and sanitariums	1 per staff or visiting doctor, plus one per 2 employees, plus 1 space for every 4 beds

Source: Merced County Zoning Code, adopted October 2019.

Parking for Electric and Alternative Fuel Vehicles

Merced County requires developers to provide electric and alternative fuel vehicle parking for all new residential projects and non-residential projects, additions, or alterations that add 10 or more vehicular parking spaces. Table A4-9 summarizes parking requirements for electric and alternative fuel vehicles.

Table A4-9 Parking Requirements for Electric And Alternative Fuel Vehicles

Number of Off-Street Vehicle Spaces Provided	Minimum Number of Electric and Alternative Fuel Vehicle Parking Spaces Required
1-9	None Required
10-25	1
26-50	3
51-75	6
76-100	8
101-150	11
151-200	16

Source: Merced County Zoning Code, adopted October 2019.

Conclusion

The County of Merced’s Zoning Code provides several opportunities for 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.

Recommended Action

The County will implement Program 2 to revise the Zoning Code to reduce parking requirements for to ensure that maximum densities can be achieved.

A4.3.4 Open Space Requirements

The County requires a minimum of 200 square feet of open space per dwelling unit for multifamily housing in R-2, R-3, and R-4 districts. The County requires an agricultural buffer on the edges of urban communities to minimize land use conflicts between agriculture and residential uses. Additionally, the General Plan provides minimal policy guidelines for preserving agricultural land, ranch land, and other open space areas as a means of protecting the county's scenic resources, as well as guidelines for sensitive habitats.

Conclusion

Open space requirements in the County of Merced are minimal compared to other jurisdictions. As a result, open space requirements are not a constraint to the development of housing.

Recommended Action

None required.

A4.3.5 Density Bonuses

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 County of Merced does not have an inclusionary housing ordinance, but the County adopted a Density Bonus Ordinance that was amended in 2020 to comply with state law. The Density Bonus Ordinance provides incentives for the production of housing for very low-income, low-income, moderate-income, transitional foster youth, and senior households, or for land donation. The development must have one of the following to be eligible:

- 10 percent of the dwelling units set aside for low-income households
- Five percent of dwelling units set aside for very low-income households

- Be a senior citizen housing development, or a mobile home park
- 10 percent of the dwelling units in a common interest development for moderate-income households.
- 10 percent of the dwelling units set aside for transitional foster youth
- 20 percent of the dwelling units set aside in a student housing development for lower-income students.

The County has allocated an allowable density bonus by percentage of units proposed and the proposed income level for those units, as outlined in Table A4-10. For projects proposing units affordable to very low- and low-income households may receive a density bonus ranging from 20 to 35 percent. For projects proposing units affordable to moderate-income households may receive a density bonus ranging from five to 35 percent.

Table A4-10 Density Bonus Summary

Target Group	Percent of Units Proposed (minimum)	Bonus Granted	Percentage of Units Proposed (maximum)	Bonus Granted
Very Low-Income	5%	20%	11%	35%
Lower-Income	10%	20%	20%	35%
Moderate-Income	10%	5%	40%	35%
Land Donation	10%	15%	30%	35%

Source: Merced County Zoning Code, adopted October 2019.

Density bonuses are also available for the donation of land to the County for housing. This density bonus is in addition to any increase in density, up to a 35 percent increase, for projects with a minimum of five percent of units affordable to very low-income households, 10 percent of units affordable to low-income households, 10 percent of units affordable to moderate-income households, or projects that include senior housing or mobile home parks. Density bonuses for land donation range from 15 to 35 percent.

Additionally, the County allows incentives/concessions for eligible projects:

- 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/concessions can include:

- Reduction in site development standards, or modification in architectural design requirements.
- Approval of mixed-use land uses not otherwise allowed by this Zoning Code in conjunction with the housing development, if nonresidential land uses will reduce the cost of the housing development, and the nonresidential land uses are compatible.

- Other regulatory incentives proposed by the applicant or the County that will result in identifiable and actual cost reductions to provide for affordable housing costs.
- A direct financial contribution, including writing-down land costs, subsidizing the cost of construction, or participating in the cost of infrastructure.

Conclusion

The County of Merced’s Zoning Code does not reflect the most recent changes to state Density Bonus Law. This can be considered a constraint to housing.

Recommended Action

The County will implement Program 6 to amend the Zoning Code to reflect the most recent amendments to state Density Bonus Law. In addition, Program 8 will establish density bonus standards and density increases under the County’s Density Bonus Ordinance. Standards for this include an expedited and streamlined project application review for housing for very low-income households, large families, persons with disabilities or developmental disabilities, and farmworkers. Under this program, the Zoning Code will be amended by January 31, 2025 to establish density bonuses for the housing types listed above.

A4.3.6 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 HUD’s study of Subdivision Requirements as a Regulatory Barrier, such requirements can reasonably be considered regulatory barriers to affordable housing if Merced County determines that the requirements are greater (and hence, more costly) than those necessary to achieve health and safety requirements in the community.

The County of Merced’s Subdivision Ordinance requires on- and off-site improvements that are similar to the requirements of other jurisdictions. 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.

Development standards in Merced County are minimal compared to other California jurisdictions. Basic standards are used for the purposes of ensuring that the life, safety, and health concerns of the county residents are met. Merced County’s development standards have not constrained housing development in the county nor have they been an obstacle to the development of affordable units. The cumulative effect of the development standards is not seen as being a constraint on the ability to provide housing at the affordable level. Merced County regulations are less stringent than many communities across California, and do not represent an undue constraint on the development of affordable housing.

Improvement Standards

The County 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 County standards, provided that future maintenance of the streets is assured by the developer. Streetlights and fire hydrants are required at regular intervals within the county to ensure an acceptable level of public health and safety.

The extension of necessary utilities is also a requirement for all development in Merced County. The county 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 county, electricity, natural gas, and communications infrastructure are provided by outside agencies. The improvement requirements imposed by those agencies are outside the purview of the County. However, the County does require approval from those agencies prior to the approval of any subdivision map.

Conclusion

On-/off-site improvement standards for the County of Merced are typical of counties throughout the region. These improvements are considered necessary to the health and wellbeing of residents and are not considered a constraint to housing.

Recommended Action

None required.

A4.3.7 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. Persons 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, multifamily housing, accessory dwelling units, mobile homes, agricultural employee housing, homeless shelters, and transitional housing, among others. Table A4-11 summarizes the housing types permitted and conditionally permitted for the County of Merced.

Table A4-11 Residential Use Matrix

	Housing Type											
	ADU	Accessory Structure	Child Day Care Home (Small, Large)	Single-Room Occupancy Units	Community Care Facility (6 or less)	Community Care Facility (more than 6)	Employee Housing, Agriculture	Low Barrier Navigation Center	Multi-Unit Dwelling (5 or less, more than 5)	Single-Unit Dwelling	Supportive Housing ¹	Transitional Housing ²
Residential Districts												
R-R	P	P	P,A	-	P	A	P	-	P,A	P	P	P
R-1	P	P	P,A	-	P	A	P	-	P,A	P	P	P
R-1-5000	P	P	P,A	-	P	A	P	-	P,A	P	P	P
R-2	P	P	P,A	-	P	A	P	-	P,A	P	P	P
R-3	P	P	P,A	P	P	A	P	-	P,A	P	P	P
R-4	P	P	P,A	P	P	A	P	-	P,A	P	P	P
M-H	-	-	-	-	P	A	P	-	-	-	P	P
Mixed-Use Districts												
MU	-	-	A	P	A	A	A	-	P	A	P	P

(1) Section 18.200.190: "Supportive housing units are residential uses allowed in any zone allowing residential uses, subject only to those requirements and restrictions that apply to other residential uses of the same type in the same zone."

(2) Section 18.200.200: "Transitional housing units are residential uses allowed in any residential zone allowing residential uses, subject only to those requirements and restrictions that apply to other residential uses of the same type in the same zone."

A4.3.7.1 *Manufactured Housing/Mobile Homes*

Manufactured housing is permitted by-right in the M-H zones and can also be used as second units. Mobile homes are required to be attached to a permanent foundation and must be connected to the County's water and sewer system. Design standards for mobile homes are the same standards applied to single-family dwellings.

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 Code complies with state law and is not a constraint to the development of mobile homes.

Recommended Action

None required.

A4.3.7.2 *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 to 18 feet if the ADU is within one-half mile of a major transit stop or a high-quality transit corridor. 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 Merced County Zoning Code includes regulations that create a ministerial process for the development of ADUs and junior ADUs (JADUs) that is consistent with state law. ADUs are permitted in all residential zones that allow single- or multi-unit dwellings, except for M-H. ADUs can be attached, detached, or converted, or JADUs. All ADUs must meet the following development standards:

- Height: The height of an attached or converted ADU shall not exceed the height of the existing single-family dwelling.
- Floor Area:
 - The total floor area of a new construction detached ADU shall not exceed 1,200 square feet.

- If there is an existing single-family dwelling on the parcel, the total floor area of an attached or converted ADU shall not exceed 50 percent of the living area of the existing single-family dwelling.
- The total floor area of a JADU shall not exceed 500 square feet.
- **Setbacks:**
 - When an existing detached accessory structure is converted to a detached ADU, no additional setbacks shall be required.
 - When an ADU is constructed above a detached garage, a four-foot side and four-foot rear setback are required.
 - No additional setbacks shall be required when a new structure containing an ADU is constructed in the same location (and to the same dimensions as the existing detached accessory structure).
 - Four-foot side and four-foot rear setbacks shall be required for detached ADUs.
- **Material Compatibility:** An ADU or JADU entrance shall have the same exterior finish material as the existing or proposed single-family dwelling on the parcel and shall be of the same type of construction typical of dwelling units allowed in the zone.
- **Roof Form:** An ADU or JADU may have the same roof form as the primary dwelling but shall not have a flat roof.
- **Rental Term:** An ADU or JADU may be rented, provided the rental term is at least 30 continuous days or more. Non-continuous or transient occupancy is prohibited.
- **Separate Conveyance:** An ADU shall not be sold or otherwise conveyed separately from the principal residence, except when sold to a qualified buyer in accordance with Government Code Section 65852.26.
- **Public Services:** An ADU or JADU shall only be allowed on parcels connected to public services.

An ADU can be rented, but not sold separately from the parcel and the primary dwelling and the rental term cannot be shorter than 30 days.

Conclusion

The County of Merced’s ADU Ordinance limits the height of an ADU to the adjacent single-family home. This is not in compliance with recent state ADU Law.

Recommended Action

The County will implement Program 5 to revise the Zoning Code for compliance with state law.

A4.3.7.3 Multi-Family

Multi-unit dwellings, or multi-family housing, of five units or less are permitted by-right in R-3 and R-4 zones. Multi-family residential is also permitted in the MU zone.

However, multi-family developments with more than five units require administrative permits. This is a barrier to housing development as housing with more than five units will require additional lengthy and potentially unpredictable approval processes. Additionally, this requirement is a barrier to developers taking advantage of economies of scale that come from multi-family housing development, resulting in less efficient use of land, higher per-unit construction and housing costs,

and less efficient use of existing infrastructure. Furthermore, it incentivizes the development of single-family and small multi-family homes, which require greater per-unit overhead, increased urban footprints, and result in higher per-unit costs.

Conclusion

Although the County has zones that can support higher-density housing, there is not enough land in the county with these high-density zoning designations. This makes it difficult to build affordable housing in certain areas. Additionally, restrictions to developments with five or more units present a constraint to housing supply.

Recommended Action

Under Program 6, the County will modify the Zoning Code to larger multi-unit dwelling development by-right in the R-3, R-4, and M-U districts, and permit single-family dwellings in those districts conditionally.

A4.3.7.4 Residential Care Facilities and Group Homes

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 Merced County Zoning Code defines a “community care facility” as any facility, place, or structure which is maintained and operated to provide nonmedical residential care, day treatment, adult day care, or foster family agency services for children, adults, or children and adults, including, but not limited to the physically handicapped, mentally impaired, incompetent persons, and abused or neglected children. The definition includes any facility or structure that provides nonmedical residential care, day treatment, adult day care, or foster services. Types of facilities included in this definition include: adult day care, child therapeutic day services, community treatment facilities, foster homes, residential care facilities, small-family homes, and social rehabilitation facilities.

In compliance with state law, the Zoning Code defines a small community care facility as having six or fewer residents and a large community care facility as having more than six residents. A small community care facility is allowed by-right in all residential zones. Large community care facilities (7 or more residents) are permitted in all residential zones with the approval of an administrative permit.

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 non-residential 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

The County of Merced allows small community care facilities by-right and large community care facilities with an administrative permit in all residential zones as well as the mixed-use zone.

Requiring an administrative permit for community care facilities with seven or more residents constrains development.

Recommended Action

The County will implement Program 6 to revise the Zoning Code to allow care facilities of seven or more residents in all residential districts, approved with objectivity and certainty, and subject only to the requirements of residential uses of similar type and form.

A4.3.7.5 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 County 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 139, which went into effect on January 1, 2020, mandates that emergency shelters may only be subject to standards that apply to residential and commercial development within the same zone. AB 139 also states that there should be sufficient parking to accommodate all staff working in the emergency shelter.

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 County permits emergency shelters by-right in two industrial zones, M-1 and M2. It does not currently permit them in any residential or commercial zone.

Emergency shelters are subject to the following development standards:

- Beds. The maximum number of beds on a property is 200.
- Parking. On-site parking is required for all staff plus one space per each 10 occupants allowed at the maximum capacity.
- 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.
- **Location Requirement.** Emergency shelters shall have a separation of at least 300 feet from other emergency shelters, as measured from one property line to another.

The Merced County Point-In-Time Count estimated that 855 unhoused individuals in 2022. The vast majority of these people were found in incorporated cities, 60.9 percent in the city of Merced and 13.9 percent in the city of Los Banos. A total of 58 unhoused persons were found in unincorporated Merced County, accounting for 6.78 percent of the total unhoused people.

Based on this count, the County should be able to provide 11,600 square feet of acreage for emergency shelters. However, the County should alter its code to accommodate emergency shelters in more places.

The County has experienced challenges in finding single family and other dwelling units for emergency shelters due to limited housing stock, availability of adequate parcels, and overall community pushback.

Conclusion

The County's Zoning Code does not explicitly allow the development of Low-Barrier Navigation Centers, by-right, in mixed-use districts and nonresidential districts permitting multi-family uses, inconsistent with state law.

The County has land available to provide emergency shelter for unhoused people. However, emergency shelters are not permitted in any area where multi-family housing is permitted. 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.

The County requires more parking than is required to accommodate staff. As stipulated by AB 139, this adds additional project costs and is a constraint to the development of emergency shelters. Additionally, the requirement to not locate an emergency shelter within 300 feet of another such facility may constrain the provision of adequate emergency shelter facilities.

Recommended Action

Program 6 will amend the Merced County Zoning Code to clearly identify that emergency shelters are permitted in multi-family residential zones by-right. Program 6 will amend the Merced County Zoning Code to allow Low-Barrier Navigation Centers in mixed-use and nonresidential districts that allow residential uses. Additionally, Program 6 will also revise the Zoning Code to reduce the off-street parking requirements to provide parking spaces for staff only and remove the requirement to have a minimum 300 separation from residential zones, parks, and schools.

A4.3.7.6 Transitional and Supportive Housing

"Transitional housing" is defined as buildings configured as rental housing operating under program requirements that require the termination of assistance and recirculation of the assisted unit to another eligible program recipient at some predetermined future point in time, which shall be no less than six months from the beginning of the assistance. Transitional housing units are residential

uses subject only to those requirements and restrictions that apply to other residential uses of the same type in the same zone.

“Supportive housing” is defined as housing with no limit on length of stay that is occupied by the target population and that is linked to on-site or off-site services that assist the supportive housing resident in retaining permanent housing, health services, and employment, as needed. Supportive housing units are residential uses subject only to those requirements and restrictions that apply to other residential uses of the same type in the same zone. AB 2162, which went into effect on January 1, 2019, requires that cities allow supportive housing with up to 50 units by-right in multi-family and mixed-use zones and precludes cities from imposing parking requirements on supportive housing developments located within 0.5-mile of a public transit stop.

The County permits transitional and supportive housing in all zoning districts that allow residential uses, subject only to those requirements and restrictions that apply to other residential uses of the same type in the same zone.

Conclusion

The County does not impose additional requirements on transitional and supportive housing types.

Recommended Action

The County will implement Program 6 to revise the Zoning Code to reduce minimum parking requirements for transitional and supportive housing located within one-half mile of a public transit stop..

A4.3.7.7 Farmworker Housing and Employee Housing

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. 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 County Zoning Code defines “Employee Housing” in Chapter 18.60 of the Municipal Code as housing which is provided by an employer and maintained in connection with any work or place where work is being performed, or, not provided by an employer and maintained in connection with any work or place where work is being performed.

The County Zoning Code delineates between “Agricultural” and “Residential” employee housing. “Employee Housing, Agriculture” is considered an agricultural use and permitted in any zone where agricultural uses are allowed. Agricultural employee housing consists of 36 beds or less in group quarters, or 12 units or less designed for use by a single family or household and is subject to the same permits and fees applicable to any allowed agricultural use in that zone. “Employee Housing, Residential” is considered a residential use and permitted in any zone where residential uses are allowed. Residential employee housing is subject to the same permits and fees applicable to any residential use in that zones. Residential employee housing is limited to six employees or less, but family members of the employees are not counted.

Conclusion

Agriculture employee housing is permitted in all agricultural zones, and employee housing is permitted in all residential zones. 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. However, In compliance with Health and Safety Code Section 17021.6, agricultural employee housing are required to considered as a single-family use in agricultural zones.

Recommended Action

The County will implement Program 6 amend the Zoning Code to comply with State Health and Safety Code Section 17021.6 for farmworker housing.

A4.3.7.8 *Single-Room Occupancy Units*

Single-room occupancy (SRO) units are one-room units intended for occupancy by a single individual. They are distinct from a studio or efficiency unit, in that a studio is a one-room unit that must contain a kitchen and bathroom. Although SRO units are not required to have a kitchen or bathroom, many SROs have one or the other. SROs are permitted in zones R-3, R-4, and MU.

Conclusion

The County's Zoning Code allows SROs by-right in two residential zones as well as the mixed-use zone. As a result, the Zoning Code 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. Allowing SROs in these zones is an opportunity to create additional housing options through the conversation of underutilized or aging uses.

Recommended Action

The County will implement Program 6 to revise the Zoning Code to allow the development of SROs in residential zones allowing multi-family uses and/or commercial zones allowing hotel and motel uses (C-2, C-3, and H-I-C zones).

A4.4 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 the County of Merced impose any constraints on persons with disabilities accessing appropriate and adequate housing in the county.

A4.4.1 Definition of Family

Local governments can restrict housing for households failing to qualify as a “family” by the definition specified in the Zoning Code. Restrictive definitions of family can limit access to housing for non-traditional families and persons with disabilities.

The Merced County Zoning Code defines a “family” in Section 18.200.060 of the Municipal Code as “two or more people related by blood or legal status or persons not related who are functioning as a family or single-housekeeping unit, meaning that they have established ties and familiarity with each other, jointly use common areas, interact with each other, and share meals, household activities, expenses and responsibilities. Membership in the family is fairly stable as opposed to transient and members have some control over who becomes a member of the family. Family does not include a fraternity, sorority, club, or other group occupying a hotel, other transient lodging, or institution of any kind.”

Conclusion

The County's definition of “family” is not restrictive.

Recommended Action

None required.

A4.4.2 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.

The County’s Zoning Code includes a Reasonable Accommodation procedure for persons with disabilities seeking equal access to housing under the Federal Fair Housing Act and the California Fair Employment and Housing Act (the Acts) in the application of zoning laws and other land use regulations, policies, and procedures. A request for Reasonable Accommodation is typically an adjustment to physical design standards or an exception to the Zoning Code to accommodate the needs of a disabled resident (e.g., placement of wheelchair ramps), eliminating regulatory barriers for persons with a disability to access housing of their choice.

The Merced County Zoning Code defines a person with a disability as a person who has a physical or mental impairment that limits or substantially limits one or more major life activities, anyone who is regarded as having this type of impairment, or anyone who has a record of this type of impairment. It also states that a request for Reasonable Accommodation may be made by any person with a disability, their representative, or any entity, when the application of a zoning law or other land use regulation, policy, or practice acts as a barrier to fair housing opportunities.

The process for submitting an application for Reasonable Accommodation follows the same application process as other permitting procedures where the application needs to include all information and materials specified in the application form and applicable fees paid in compliance with the most recent Fee Schedule.

If the project involves both a request for Reasonable Accommodation and some other discretionary approval (i.e., Conditional Use Permit), the application for Reasonable Accommodation can be submitted at the same time as the application and materials for the other discretionary approval. The Planning Director is responsible for accepting, reviewing, and making a decision on requests for Reasonable Accommodation, if no other discretionary approval is needed for the project. If a request for Reasonable Accommodation is submitted concurrently with another discretionary land use application, the responsible review authority is the Review Authority reviewing the other discretionary land use application.

The decision to approve or deny a Reasonable Accommodation request is based on the following seven factors outlined in the Zoning Code:

- The housing unit to be modified will be used by an individual defined as disabled.
- The modification is necessary for the housing unit to be accessible to an individual with a disability.
- Whether the modification would impose an undue financial or administrative burden on the County.
- The modification would require a fundamental alteration to the nature of a County program or law.
- Potential impact on surrounding uses.
- Physical attributes of the property and structures.
- The consideration of alternative Reasonable Accommodations that may provide an equivalent level of benefit.

Appeals for decisions made by the Review Authority can be made following the County's standard appeals procedures outlined in Chapter 20.74.

Conclusion

Merced County enforces state requirements related to reasonable accommodation.

Recommended Action

None required.

A4.4.3 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.

The County charges various fees and assessments to cover the cost of processing permits and providing certain services and utilities. Table A4-12 describes residential development planning fees for both single- and multi-family development.

Table A4-12 Residential Development Planning Fees for Both Single- And Multifamily Development

Action/Activity	Fees
Permits/Applications	
General Plan Amendment (Text Amendment Only)	\$1,377.00
Zone Code Text Amendment	\$2,468.00
Zone Change	\$1,631.00
Parallel GPA/ZC	\$1,855.00
PD Zone (Master Plan)	\$2,133.00
Guidance Package to Board of Supervisors ¹	\$3,500.00
Development Agreement	\$3,500.00
Conditional Use Permit	\$2,564.00
Administrative Permit (HO/PC)	\$2,564.00
Administrative Permit (Director)	\$1,082.00
Administrative Permit (Over the counter)	\$203.00
Administrative Permit (Residential)	\$203.00
Major Subdivision	\$ 2,242 + \$84/lot
Minor Subdivision	\$1,509.00
Plot Plan Review (Level 1, 2, & 3)	
Level 1 Counter	\$87.00
Level 2 Staff Review	\$400.00
Level 3 Director	\$615.00
Building Permit Review	\$125.00
Zone Variance	\$1,227.00
Minor Deviation (HO/PC)	\$685.00
Minor Deviation (Staff)	\$634.00
Property Line Adjustment (in SUDP, RRC or with mapped lots, or when pre 04/01/65 deed provided.)	\$455.00
Property Line Adjustment (all others)	\$1,141.00
Notice of Merger (voluntary)	\$282.00
Major Modification (Fee based on original permit type)	-

Action/Activity	Fees
Map and Permit Modifications	\$357.00
Map and Permit Extensions	\$452.00
Certificate of Compliance	\$314.00
Temporary Residential Permit	\$94.00
Home Occupation Permit	\$98.00
Adequate Access Determination	\$474.00
Waiver - Dairy Setback	\$1,227.00
ALUC Review	\$127.00
Monitoring	
Mitigation/Conditions Monitoring	\$56.00
Additional Dwelling Monitoring	Cost Based on project and conditions at \$81/hour rate
Landscape Monitoring	\$56.00
Large Truck Compliance	Cost Based on project and conditions at \$81/hour rate
Trust Fund Accounts	
Special Project Trust Fund	-
Code Compliance Fund	-
Environmental Trust Fund	\$427.00
Community Specific Plan Updates ¹¹	\$160.00

Development in the county is typically required to pay a range of development fees, including schools, water, sewer, fire, law enforcement, transportation, and parks. Table A4-13 summarizes the fees that would apply to a typical single family and multi-family residential unit in Merced County. Fees for new development vary widely throughout the county, and several of the fees are collected by other agencies. There are 16 school districts in Merced County that collect school impact fees. The school impact fees range from \$1.28 per square foot in the Le Grand High School District to \$7.35 per square foot in the Los Banos Unified School District. The water and sewer districts collect sewer hook-up and water connection fees that vary across the county. For example, the Delhi County Water District collects a sewer hook-up fee of \$3,000 and water connection fee of \$2,500. The Planada Community Services District assesses a sewer hook-up fee of \$5,000 and a water connection fee of \$5,600.

Generalizing across communities, planning and development fees for a typical, 1,500 square foot single family home total \$19,861. Fees for a typical 1,000 square foot multi-family unit total \$16,778. Agencies outside the County’s control set fees that are among the largest of the development impact fees (sewer, water, and school facilities). These three fees add up to an estimated \$13,480 for a single family unit (67.9 percent of the total fees collected) and \$12,520 for a multi-family unit (74.6 percent of the total fees collected). Based on an estimate of total development costs, development and planning fees account for approximately 10 percent of total costs for a single-family unit and 9 percent for a multi-family unit

Table A4-13 Typical Residential Development and Planning Fees

Type of Fee	Total Cost Per Unit	
	Single Family (per unit) ¹	Multifamily ²
Development Impact Fees		
Sewer Fee ³	\$5,000	\$5,000
School Fee ⁴	\$2,880	\$1,920
Fire Fee	\$673	\$607
Law Enforcement	\$641	\$641
Bridge and Major Thoroughfare ⁵	\$1,204	\$758
Parkland Dedication Fee ⁶	\$384	\$240
Water Connection Fee ³	\$5,600	\$5,600
Regional Transportation Impact Fee	\$3,224	\$1,968
Planning Fees		
Major Subdivision	\$129	-
Building Permit Review	\$125	\$2.50
Conditional Use Permit ⁷	-	\$51
Total Average Cost	\$19,861	\$16,788

¹ Assumes a 50-lot, single family subdivision with 1,500 square feet homes. Fees vary by community, and the Parkland Dedication Fee assumes 3.2 people per unit.

² Assumes a 50-unit multi-family development with an average unit size of 1,000 square feet. Fees vary by community, and the Parkland Dedication Fee assumes 2.0 people per unit.

³ Assumes development in the Planada Community Services District.

⁴ Assumes the Le Grand Union Elementary School District.

⁵ Assumes Planada Bridge and Major Thoroughfare Area of Benefit.

⁶ Assumes land is valued at \$20,000/acre, and improvement costs equal land costs.

⁷ CUP cost is \$2,564 for a project, or \$51 per unit.

Source: Merced County, 2015.

Table A4-14 shows the development fees per project category compared to nearby jurisdictions in Merced County. Development fees for single-family buildings are lower than Atwater and Gustine, but higher than the City of Merced. Fees for multi-family buildings are higher than the City of Merced and Atwater, but lower than Gustine.

Table A4-14 Residential Development Fee Comparison

Jurisdiction	Total Cost Per Unit	
	Single Family	Multifamily
Merced County	\$19,861 (per dwelling)	\$16,788 (per dwelling)
City of Merced	\$12,326	\$8,997
Atwater	\$21,958	\$13,945
Gustine	\$27,723	\$22,285

The County typically collects entitlement fees at time of application submittal, and all appropriate development impact fees and building permit fees at the time of building permit issuance.

Conclusion

Planning fees in unincorporated Merced County are higher than in incorporated cities within the county. However, planning fees are not high, and are lower than other jurisdictions in the region.

Recommended Action

None required.

A4.4.4 Permit Types

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

Site Plan Review and Design Review Process

A site plan review permit is a discretionary action that enables the County to determine a project's compliance with the Zoning Code and ensure that it will not create negative impacts to adjacent properties or the general public.

A design review is a process for the appropriate review of development projects by the applicable County Review Authority meant to ensure that all approved site and structural development:

- Promotes the orderly development of the county in compliance with the goals, objectives, and policies of the General Plan, any applicable specific plan, the applicable standards specified in the County Code, and any applicable design guidelines;
- Respects the physical and environmental characteristics of the site;
- Ensures safe and convenient access and circulation for pedestrians and vehicles;
- Exemplifies high-quality design practices;
- Encourages the maintenance of a distinct neighborhood and/or community identity; and,
- Minimizes or eliminates negative or undesirable visual impacts.

A site plan review and a design review are both conducted by staff and approved by the Director. A site plan review and design review require planning staff 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 Director. This adds time to the review and creates an unpredictable development review process.

Conditional Use Permits

Conditional Use Permits (CUPs) are discretionary permits for uses of land that require special review to ensure they are compatible with the neighborhood and surrounding uses. They are considered more likely to have greater impacts than uses allowed by-right or by Administrative Permit. Certain types of land uses may require special conditions in a particular zone or physical location within the county as a whole because they have unique characteristics or potential impacts to the surrounding area that make automatic inclusion as permitted uses either impractical or undesirable. Conditional Use Permit procedures are intended to provide sufficient flexibility to further the objectives of this

Zoning Code and to provide the County with the opportunity to impose project conditions in order to mitigate potential impacts that could result from allowing requested use(s).

CUPs are approved, conditionally approved, or denied by the Commission, except in some circumstances where the Board is the Review Authority for applications, with the Commission first making a written recommendation to the Board.

The Commission may approve or conditionally approve a CUP only after first making all of the following findings:

- The proposed use is consistent with the General Plan and any applicable specific plan;
- The proposed use is allowed within the subject zone and complies with all other applicable provisions of this Zoning Code and the County Code;
- The design, location, size, and operating characteristics of the proposed use are compatible with the allowed uses in the vicinity;
- Operation of the use at the location proposed would not be detrimental to the harmonious and orderly growth of the county, or endanger, jeopardize, or otherwise constitute a hazard to the public convenience, health, interest, safety, or general welfare of persons residing or working in the vicinity of the proposed use; and,
- The project site is:
 - Physically suitable in terms of design, location, operating characteristics, shape, size, topography, and the provision of public and emergency vehicle (e.g., fire and medical) access and services and utilities;
 - Served by highways and streets adequate in width and improvement to carry the type and quantity of traffic the proposed use would likely generate; and,
 - Adequately served by public water and sewer and/or private septic and wells.

A CUP requires the Planning Commission to make a determination on what constitutes an impairment to the integrity and character of the zoning district. This finding is subjective and requires the interpretation and discretion of County planning staff. This adds time to the review and creates an unpredictable development review process.

Variations and Minor Deviations

Variations and Minor Deviations are approved when, because of special circumstances applicable to the property, including size, shape, topography, location or surroundings, the strict application of the County's Zoning Code denies the owner of the property privileges enjoyed by other property located nearby and in an identical zone.

Depending on the scale of the deviation from the Zoning Code, the Planning Commission may approve a variance that allows for any adjustment from any of the development standards required by the Zoning Code. The Planning Director can approve a minor deviation only in specific circumstances that are listed in section 18.126.020 of the Zoning Code.

The findings of both minor deviations and variations are subjective and require the interpretation and discretion of County officials. This adds time to the review and creates an unpredictable development review process.

Amendments (General Plan, Zoning Code, and Zoning Map)

An amendment may be initiated by the Commission or Board or proposed by the Planning Director. The County Board may request an amendment of the General Plan, Zoning Code, and Zoning Map whenever the Board determines public necessity and general welfare require it. Requests for amendments are first heard by the County Planning Commission, which adopts a recommendation for the County Board.

An amendment to the General Plan, this Zoning Code, or the Zoning Map may only be approved if all the following findings are first made, as applicable to the type of amendment:

- Findings for General Plan Amendments:
 - The amendment is internally consistent with all other provisions of the General Plan;
 - The proposed amendment will not be detrimental to the public interest, health, safety, convenience, or welfare of the county; and
 - The site does not present any barrier to public safety.
- Findings Required for all Zoning Code and Zoning Map Amendments:
 - The proposed amendment is consistent with the General Plan and any applicable specific plan; and
 - The proposed amendment will not be detrimental to the public interest, health, safety, convenience, or welfare of the county.

Conclusion

As noted above, there are several development review processes that require subjective determinations from the reviewing authority, which are constraints to the development of housing.

Recommended Action

The County will implement Program 6 to amend the required findings for site plan review, CUPs, minor modifications, and design review to remove subjective judgments from the review process and replace with objective standards to promote certainty and objectivity for the applicant.:

A4.4.5 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 county, specific approvals are required that involve permits and inspections. The most common housing applications and permit processing times are indicated in Table A4-15. Depending on the level of environmental review required, the processing time for a project may be lengthened.

Table A4-15 Timelines for Permit Procedures

Type of Approval or Permit	Typical Processing Time	Approval Body
Conditional Use Permit	6-12 weeks	Planning Commission
Subdivision Parcel Map	3-5 weeks	Planning Commission
General Plan Amendments	12 weeks	County Board of Supervisors
Zone Change	12 weeks	County Board of Supervisors
Subdivision Tract Map (Tentative)	8-12 weeks	Planning Commission
Planned Development Establishment	12 weeks	County Board of Supervisors

Source: County of Merced

Table A4-16 shows the typical processing procedures by project type for the County of Merced. As shown, single-family units have the shortest estimated processing times (one month) while planned unit development has the longest (3-4 months).

Table A4-16 Typical Processing Procedures by Project Type

One Single-Family Unit (Weeks)	Subdivision (Weeks)	Multifamily Units (Weeks)	Planned Unit Development (Weeks)
Building Permit (30 days)	Design Review/Site Plan (4-6)	Design Review/Site Plan (4-6)	Design Review/Site Plan (4-6)
	Tentative Map (6-9)	Administrative Permit (6-9) (only for projects with 6 or more units)	Planned Development Permit (6-9)
	Environmental Assessment (12)	Environmental Assessment (12)	Environmental Assessment (12)
	Final Map (10)		
Total 30 days	32-37 Weeks	22-27 Weeks	22-27 Weeks

Source: County of Merced, 2023.

Building Permits

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

- First review: 30 working days
- Subsequent reviews: 14 to 30 working days

These review timelines do not include additional time required for environmental review.

State Streamlining

Under the 5th Cycle Housing Element reporting period (2015-2023), the County 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 County’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 County has not adopted procedures for processing SB 35 applications nor have they created a checklist for SB 35 applications. There have not been any projects approved through SB 35 ministerial approval in Merced County.

While the County has not adopted any policies specifically regarding SB 35 compliance, the County does have standards for streamlined development in Section 18.122.100 of the Zoning Code. In order for a project to qualify for ministerial approval process, the project must comply with SB 35 standards.

Conclusion

Permit procedures and processing times are not considered a constraint to development.

Recommended Action

The County will implement Program 6 to establish procedures for implementing SB 35.

A4.4.6 Transparency in the Development Review Process

To increase transparency in the development process, the County's website published resources that help developers and homeowners navigate the residential development and home improvement process. The County's Community and Economic Development website (<https://www.countyofmerced.com/2374/Planning>) provides links to the Municipal Code, development forms and handouts, checklists, zoning maps, and other documents.

Conclusion

While state-level streamlining policies can be powerful tools to increase the feasibility of developing income-restricted housing, lack of awareness within the county may be a constraint to construction of projects which utilize these tools.

Recommended Action

Program 8 commits the County to developing a program to spread awareness of these tools throughout the housing development community, utilizing both print and digital materials.

A4.4.7 Short-Term Housing Rentals

Short term rentals (STRs) are defined by the County 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. STRs cater to the tourism industry, and are required to pay Transient Occupancy Taxes. However, STRs impact housing supply as each unit used as an STR is not available for long-term housing on the rental market. A reduced supply of long-term housing causes an increase in rents. As a result, the lack of STR regulation may cause a constraint to the availability of long-term rental housing.

Merced County regulates Short Term Housing Rentals through Section 18.60.270 of the Zoning Code, which requires a permit, and regulates noise levels, length of stay, noticing requirements, and other standards and regulations. The County also requires STR to be the primary residents for property owners to minimize impacts to the housing stock. STRs in the county are concentrated along the State Route 99 corridor in major population centers like Merced. STRs are also popular

within the county's areas closer to the foothills of the Sierra Nevada Mountains, Mammoth Mountain, and Yosemite.

Conclusion

Short-term rentals are not considered a constraint.

Recommended Action

None required.

A4.4.8 Code Enforcement

The County of Merced currently enforces the California Building Code (CBC). Code Enforcement is responsible for the enforcement of the CBC within the County of Merced to address residential and commercial structures that are dangerous, substandard, blighted, or vacant. Local and state regulations 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.

The County has the power to inspect and declare unsafe any structure or piece of equipment, be it existing or under construction, that does not meet specific Municipal Code standards. These include, but are not limited to, structures with insufficient modes of egress; structures that are unsafe or that have been made structurally unsound due to fire, earthquake, or other natural disaster; buildings that are deemed a public nuisance; and buildings that have been constructed or maintained in violation of local or state law. Once a building has been declared unsafe, the building official may issue notice that the structure be repaired, vacated, or demolished within a reasonable amount of time and with the appropriate permits.

The enforcement of building codes in the county is centered on the inspection of new construction, alterations, or repairs requiring building permits. However, for existing structures, County staff prioritizes code enforcement complaints according to the severity of the violation on the community and individuals. Situations that appear to pose a serious risk to health and safety are given top priority; others are pursued in the order in which they are received, as resources are available. In most cases for non-emergency complaints, a warning letter or courtesy notice is sent to the alleged violator to verify the status of the potential compliant and to obtain compliance.

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.

A4.5 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 county.

A4.5.1 Flood

Flood zones are identified through Federal Emergency Management Agency (FEMA) and the County receives the applicable maps that show these zones. The Department of Engineering and General Services evaluates each building permit pursuant to FEMA guidelines.

Development within a flood zone typically is required to be protected against flood damage. FEMA requires developers to obtain a flood zone elevation certificate when they apply for their permit. These certificates require elevating the developed area (i.e., house pad) above the known flood level of that particular flood zone.

Flood is a high-level hazard in Merced County, as the 100-year floodplain covers a large area and affects many residents and properties. About 49,878 people live in the 100-year floodplain, mostly in the City of Merced. A 500-year flood would have severe consequences for 11,267 people. Some levees and flood control dams provide protection, but they also pose risks of failure. There are 438 critical facilities in the flood zones, mainly in the City of Merced and the unincorporated areas. Floods are often related to other hazards, such as heavy rain, wildfire, landslide and debris flow.⁷

A4.5.2 Seismic Zones

The nearest faults of major significance are the San Andreas to the west of Merced County, a distance of 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 5 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.

Although the county has not experienced significant damaging earthquakes in the past, a moderate earthquake could cause deaths, injuries, property damage, agricultural and environmental damage, and disruption of services and activities. The severity of the impact would depend on the location of the epicenter and the time and season of the earthquake. The western and more densely populated areas of the county are more vulnerable to earthquakes than other areas. According to Hazus probabilistic scenario modeling, a large earthquake could result in 10-65 deaths, 488-1,132 hospitalizations, 17,106 moderately damaged buildings, \$4.6 billion in economic losses, and significant impacts on essential facilities and utility lifelines.

⁷ "Multi-Jurisdictional Hazard Mitigation Plan," Merced County Office of Emergency Services, October 2021, https://web2.co.merced.ca.us/pdfs/oes/Merced_MJHMP_2021_Draft.pdf

A4.5.3 Wildfire/Urban Fire Hazards

Wildfire is a medium-level hazard in Merced County, as it can occur frequently and cause significant damage, loss of life, and disruption to critical infrastructure. The county averages one wildfire every 1.5 years and 1,500 acres burned per year, and these numbers may increase due to climate change effects such as higher temperatures and longer droughts. Wildfires can destroy homes, businesses, and critical infrastructure, affecting \$3.7 billion worth of property located in a fire threat zone. Wildfires are often related to other hazards, such as drought, agricultural pest infestation and plant disease, landslides, and debris flow.⁸

Conclusion

There are few potential environmental constraints on future development of lands for residential uses in the unincorporated areas of Merced County. However, flooding risk is not significantly higher than in other populated regions of California, and seismic risks are significantly less than other counties in California which are more seismically active.⁹ Existing design reviews and site assessment are sufficient in ensuring the risk from flooding and other environmental hazards is minimized for all new housing development.

Recommended Action

None required.

⁸ Merced County Local Hazard Mitigation Plan Update October 2021

⁹ "Multi-Jurisdictional Hazard Mitigation Plan," Merced County Office of Emergency Services, October 2021, https://web2.co.merced.ca.us/pdfs/oes/Merced_MJHMP_2021_Draft.pdf