

G4 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 City's regulations or land use controls, the City 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.

G4.1 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's development regulations allow for a variety of densities, most of the city 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 City complies with Assembly Bill (AB) 2126 to allow supportive housing "by-right," but does not provide an exemption from parking requirements for supportive housing units.
- Use permit regulations for group homes with seven or more people pose a constraint to housing for individuals with special needs and use permit regulations for emergency shelters in pose a constraint on housing access for unsheltered individuals.
- In most of the City's planning procedures, subjective language is used in the determination findings. This requires the interpretation and discretion of the Site Plan Review Committee. This adds time to the review and creates an unpredictable development review process.
- Short-term rentals reduce the availability of long-term housing on the rental market.

G4.2 Non-Governmental Constraints

The availability of housing is affected by a complex set of interrelated market factors including but 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.

G4.2.1 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 G4-1 provides the average price per acre for land listed for sale throughout Merced between January 2022 and June 2023. The average price per acre is significantly higher for smaller lots, most of which are located in non-agricultural zones. The price per acre is less for larger lots, averaging \$87,964. Most of these larger properties are located in agricultural zones. The average price per acre for all listed plots is \$268,262.

Table G4-1 Listed Land Prices – City of Merced

Lot Size	Average Price per Acre (Listed)
Less than 10 acres	\$448,560.13
10 or more acres	\$87,964.25
Average \$/acre	\$268,262.19

Source: Zillow, Inc., 2023.

Table G4-2 provides the average price per acre for land sold between January and December 2022 in Merced. The average price per acre for all plots was \$279,920, which is higher than the average list price shown in Table G4-1. 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 G4-2 Sold Land Prices – City of Merced

Lot Size	Average Price per Acre (Listed)
Less than 10 acres	\$512,660.43
10 or more acres	\$45,180.52
Average \$/acre	\$279,920.47

Source: Zillow, Inc., 2023.

Conclusion

The housing market (vacant and developed land) in 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.

G4.2.2 Construction Costs

Construction costs include labor, material, equipment, plans, building permit, 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 multi-family 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.

Table G4-3 shows the estimated typical construction costs in Merced for a single-family home, assumed to be 1,600 square feet, and a 10-unit multi-family development with 800 square foot units. This does not include the price of land, site improvement costs, planning and development impact fees, or financing or marketing costs by the developer. As shown in the table below, the typical cost of an individual single-family development is an estimated \$274,502, while the development cost of an apartment unit is an estimated \$95,855, or \$958,555 for a 10-unit building.

Table G4-3 Estimated Construction Cost

Cost Type	Single-Family¹	Multi-Family²
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	\$274,502	\$958,555
Cost per Unit	\$274,502	\$95,855

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

(2) Assumed to be a 10-unit multi-family complex of 800 sq. ft. units.

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

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.

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.

G4.2.3 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 G3, *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 city 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 city 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 Analysis*, 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 Analysis*, 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 were 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 Merced, 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 City supports housing education and opportunities for all residents.

Recommended Action

The City shall continue to implement goals and policies 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. The City will implement Housing Program 14 *Fair Housing Outreach and Enforcement* to support homeownership opportunities and home-buying education for racial and ethnic groups underrepresented in the homebuying market.

G4.2.4 Requests for Lower Development Densities

In Merced, requests for development at densities below anticipated densities mostly occur for smaller townhouse projects on infill lots in established neighborhoods. The development approval of such projects at densities lower than maximum allowed densities is often driven by market preferences for the inclusion of certain project features and are not necessarily due to any singular code requirement. There is a strong preference for these types of developments to include two-car garages and larger unit sizes, which in turn limits site planning. The City has had several projects that have requested a zone change to downzone. However, the City has had more requests to add units and increase density, especially for multi-family affordable projects.

G4.3 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.

G4.3.1 Land Use Controls

Land use controls provided in the General Plan and Merced City Zoning Ordinance influence housing production in several 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.

G4.3.1.1 General Plan

The Merced Vision 2030 General Plan provides policies and programs to guide development in the City. The City of Merced adopted the Plan in 2012 and has adopted amendments periodically since that time. The City ensures that all goals and policies contained within the Housing Element are consistent with the goals and policies set forth in all other elements of the General Plan. The Merced General Plan contains the following residential land use designations:

- Rural Residential: *1 to 3 units per acre*. To provide single-family homes on large lots in a semi-rural environment, and as a buffer between agricultural land and other environmentally sensitive or resource areas and the City's urbanized areas.
- Low Density Residential: *2 to 6 units per acre*. To provide single-family residential dwellings served by City services throughout the City. Primarily single-family detached housing, but options such as condominiums and zero-lot-line units can be developed.
- Low-Medium Density Residential: *6 to 12 units per acre*. To provide duplexes, triplexes, fourplexes, condominiums, zero-lot-line as well as single-family detached units on appropriately sized lots.
- High-Medium Density Residential: *12 to 24 units per acre*. To provide areas for multi-family development such as apartments, higher density triplex/fourplex units and condominiums.
- High Density Residential: *24 to 36 units per acre*. To provide for the highest multi-family residential densities typically found only in limited areas of the City.
- Mobile Home Park Residential: *6 to 10 units per acre*. To provide designated areas within the City for the establishment of Mobile Home Park residential environments.
- Village Core Residential. *7 to 30 units per acre (minimum of 10 units per acre)*. To provide for the development of mixed-use, medium-density urban "village" centers in the undeveloped portions of the Merced Specific Urban Development Plan (SUDP)/Sphere of Influence (SOI).

Specific Plans

A specific plan is a planning document that implements the goals and policies of the General Plan. The City has adopted four specific plans to guide development in a specified geographic area: South Merced, Northeast Yosemite, Campus North, and Bellevue Corridor. The South Merced, Northeast Yosemite, Campus North Specific Plans were incorporated into the Merced Vision 2030 General Plan in 2012. The Bellevue Corridor Specific Plan contains more detailed development standards and implementation measures to which future projects located within a specified geographic area must adhere.

Bellevue Corridor Community Plan

The Bellevue Community Plan (BCP), adopted in 2015, encompasses an area of 2.42 square-miles, and establishes policies, illustrative plans, and guiding features to adapt changing market conditions in response to economic growth and the expansion of University of California, Merced (UC Merced). The majority of the Plan Area is located within the unincorporated county. However, the City is in the process of approving several parcels for annexation into Merced.

The BCP provides a broad range of uses and densities that could occur throughout the plan area, and emphasizes the foundational building blocks of street connectivity, functional mobility choices, active and passive recreation open space corridors and bikeways, gateway street designs, and attractive business park settings to create a great sense of place with investment certainty. As shown in Table G4-4, the residential densities range from two to 36 dwelling units per acre. The residential densities allow for a range of housing types and do not constrain development of housing.

Table G4-4 Bellevue Corridor Community Plan Zoning Designations

Character Area	Residential Density	Height	Block Size
TOD Center	12-36 dwelling units/gross acre	3-5 stories	1,600 sq ft
R&D Employment District	24-36 dwelling units/gross acre	1-3 stories	2,000 sq ft
Multi-Family	12-36 dwelling units/gross acre	1-4 stories	1,600 -2,400 sq ft
Single-Family	6-12 dwelling units/gross acre	1-2 stories	1,600 -2,400 sq ft
Rural	2-6 dwelling units/gross acre	1-2 stories	TBD
Flex Neighborhood	6-24 dwelling units/gross acre	1-4 stories	Varies

Source: City of Merced. Belleview Corridor Community Plan. 2015. Available online at:
<https://www.cityofmerced.org/home/showpublisheddocument/6032/637034156452470000>

Conclusion

The General Plan includes seven residential land use designations with a density range from one to 36 dwelling units per acre. The densities ranges are higher than or similar to most other jurisdictions, such as the cities of Atwater (density range from 0 to 35 dwelling units per acre), Los Banos (density range from 0.1 to 30 dwelling units per acre), and the County of Merced (density range from one to 33 dwelling units per acre). As a result, the City’s land use designations are not considered a constraint to development.

Recommended Action

None required.

G4.3.1.2 Zoning Ordinance

The City regulates the type, location, density, and scale of residential development primarily through the Zoning Ordinance, as well as specific plan development codes. A zoning district is assigned to every parcel in the city and the Zoning Ordinance identifies compatible uses. In general, the City’s zoning regulations are designed to balance the goal of providing a mix of residential and commercial land use types while protecting the health and safety of residents and preserving the character of existing neighborhoods. Additionally, development standards such as setbacks, height limits, lot coverage, open space requirements, and parking identified for each zoning district. Some zoning districts may allow similar uses but have different development standards. Development standards may be considered a constraint to the development of housing units if they are too restrictive or reduce the development potential on a specific parcel.

The City’s Zoning Ordinance allows residential uses in the following zones:

- Rural Residential (R-R): The R-R zone provides an area for single-family dwellings on large lots in a semi-rural environment. The R-R zone serves as a buffer between the city's urbanized areas and agricultural land and other environmentally sensitive or resource areas.
- Low Density Residential (R-1): The R-1 zone is intended to stabilize, protect, and encourage the establishment and maintenance of a suitable environment for detached single-family dwellings, duplexes, and other land uses typically compatible with or authorized by state law for a low-density residential setting. The R-1 zone is divided into four (4) subzones (R-1-20, R-1-10, R-1-6, and R-1-5) allowing for a range of minimum lot sizes.
- Low Medium Density Residential (R-2): The R-2 zone is intended to stabilize, protect, and encourage the establishment and maintenance of a suitable environment for single-family

dwellings, duplex homes, limited multi-family dwellings, and other land uses typically compatible with a low to medium-density residential setting.

- Medium Density Residential (R-3): The R-3 zone provides an area for a full range of residential uses, including single-family dwellings, duplex homes, multi-family dwellings, single room occupancy housing, and other land uses typically compatible with a medium density residential setting. The R-3 zone is divided into two (2) subzones (R-3-1.5 and R-3-2) allowing for a range of permitted residential densities.
- High Density Residential (R-4): The R-4 zone provides an area for the highest density residential uses in Merced. Permitted uses include single-family dwellings, duplex homes, multi-family dwellings, single room occupancy housing, and other land uses typically compatible with a high-density residential setting close to shopping, transportation, and other facilities.
- Mobile Home Residential (R-MH): The R-MH zone provides an area for mobile home parks with regulations and standards intended to maintain a suitable environment for mobile home park residents.
- Downtown Core (D-COR): The purpose of the D-COR zone is to maintain and enhance a vibrant downtown core with a diversity of land uses. The D-COR zone supports downtown as a destination for arts, entertainment, retail, and dining uses, with housing that contributes to the vitality of the area. The design of development helps to create a pedestrian-friendly environment and an active public realm. A mixture of land uses and higher intensity development supports transportation options, including walking, bicycling, and use of transit.
- Downtown Office (D-O): The purpose of the D-O zone is to accommodate a concentration of office uses that support a vibrant and dynamic downtown. The D-O zone accommodates a variety of land uses, including personal services in addition to office uses. In the D-O zone buildings are designed to support an active and inviting public realm. The D-O zone creates an attractive environment for businesses and employers that enhances the economic vitality of the community. The D-O zone also serves as a buffer between more intensive development in the D-COR zone and surrounding residential neighborhoods.
- Downtown Commercial (D-CM). The purpose of the D-CM zone is to encourage growth and investment in commercial areas adjacent to Merced's downtown core. New development in the D-CM zone will provide amenities for adjacent residential neighborhoods and enhance the appearance of gateways into downtown. Development supports a pedestrian-friendly environment with buildings located near the front sidewalk and parking located to the side or rear. A variety of land uses, including residential, commercial, and office, contribute to an active and inviting environment.
- Regional/Central Commercial (C-C): The C-C zone provides areas for a diversity of commercial and residential land uses in the central business district and regional centers. These uses help to support a vibrant retail destination, provide jobs for residents, and accommodate commercial and service uses to meet the needs of community and regional businesses and residents.
- Office Commercial (C-O): The C-O zone provides a location for a broad range of office uses including professional offices, business offices, medical offices, and regional or "back" offices. Multi-family and Live/Work units are allowed in C-O zones with a conditional use permit (CUP).
- Neighborhood Commercial (C-N): The C-N zone provides areas for shopping centers and other commercial uses that serve the day-to-day needs of residential neighborhoods. Multi-family and Live/Work units are allowed in C-N zones with a CUP.

- **Business Park (B-P):** The B-P zone provides a location for employment-intensive uses within an attractive campus-like setting. The B-P zone shall primarily allow "back" offices, research and development businesses but also limited commercial retail uses to serve employees in the area. Multi-family and Live/Work units are allowed in B-P zones with a CUP.
- **Inner Village Residential (R-IV):** The R-IV zone allows for higher density residential development within an urban village. The R-IV zone accommodates a range of housing types, including apartments, townhomes, and other forms of multi-family housing. The R-IV zone supports higher density housing located in close proximity to transit, employment uses, and commercial areas. The R-IV zone also may function as a buffer between village commercial areas and surrounding lower-density residential neighborhoods.
- **Outer Village Residential (R-OV):** The R-OV zone allows for lower density residential uses within an urban village. Typical housing types within the R-OV zone include single-family homes, duplex homes, and second units. The R-OV zone accommodates single-family neighborhoods located in close proximity to public amenities such as parks and schools as well as neighborhood-serving retail and service uses.
- **Village Commercial (C-V):** The C-V zone functions as the center of activity within an urban village. The C-V zone accommodates a diversity of land uses, including commercial, residential, and civic uses. Development in the C-V zone supports a pedestrian-friendly environment and encourages the use of transit. Local streets, sidewalks, and bicycle paths provide safe and convenient access to the C-V zone from surrounding residential neighborhoods. The C-V zone meets the day-to-day shopping needs of area residents and provides a central gathering place for the use and enjoyment of surrounding neighborhoods.

The City incorporated Downtown zones (D-COR, D-O, D-CM) and Urban Village zones (R-IV, R-OV, C-V) into the Zoning Ordinance in 2016. However, no land within the City is currently zoned for these zones.

In Merced, minimum residential lot sizes are required in some zones. Table G4-5 provides the minimum lot area per dwelling unit standard by zone.

Table G4-5 Lot Area Per Dwelling Unit

Zone	Lot Area
R-R	1 acre (1 units per gross acre)
R-1-20	20,000 square feet (2.2 units per gross acre)
R-1-10	10,000 square feet (4.3 units per gross acre)
R-1-6	6,000 square feet (7.26 units per gross acre)
R-1-5	5,000 square feet (8.7 units per gross acre)
R-2	3,000 square feet (14.5 units per gross acre)
R-3-2	2,000 square feet (21.8 units per gross acre)
R-3-1.5	1,500 square feet (29 units per gross acre)
R-4	1,000 square feet (43.6 units per gross acre)
R-MH	0.01 acres (minimum 10 acre lot size)
D-COR	1,250 square feet (36 units per gross acre)
D-O	1,250 square feet (36 units per gross acre)
D-CM	1,250 square feet (36 units per gross acre)

Zone	Lot Area
C-C	7,500 square feet (12-24 units per gross acre)
C-N	7,500 square feet (12-24 units per gross acre)
C-O	7,500 square feet (12-24 units per gross acre)
B-P	20,000 square feet (2 units per gross acre)
R-IV	3,000 square feet (36 units per gross acre)
R-OV	3,000 square feet (36 units per gross acre)
C-V	7,500 square feet (36 units per gross acre)

Source: Merced City Zoning Ordinance, adopted 2022.

Conclusion

The City of Merced’s development regulations allow for a range of densities and a variety of housing types. Zones allowing higher density residential uses, including medium- and high-density residential zones and the C-C zone, are primarily located within Downtown Merced, with additional pockets throughout the city. However, most of the city is comprised of land zoned for low density residential uses. The prevalence of single-family districts that do not permit other types of housing constitutes a constraint to development.

Recommended Action

Revise the City’s Zoning Code to allow for a range of housing types in low density residential zones, including triplexes and quadplexes. The City will implement Housing Program 6 *Zoning Code Amendments* to review and revise the Zoning Code accordingly.

G4.3.2 Residential Development Standards

Table G4-6 shows the development standards for residential zones. The minimum parcel area for residential zones ranges from 5,000 square feet to 10 acres. Maximum site coverage ranges from 25 percent to 65 percent of the lot area. There are no maximum lot coverage requirements for D-COR, D-O, D-CM, C-C, R-IV, R-OV, and C-V zones.

The minimum front setback requirement is 30 feet for R-R and R-1-20 zones, 20 feet for R-1-10 and R-1-6 zones, 15 feet for R-1-5, R-2, all R-3 zones, and R-4 zones, and 25 feet for R-MH zones. The minimum side setback requirement is 15 feet for R-R and R-1-20 zones, and 10 feet for R-1-10, R-1-6, R-1-5, R-2, R-3, R-4, and R-MH zones.

Maximum height requirements are 35 feet for all zones, except R-4 zones, which has a maximum height requirement of 40 feet. Maximum density ranges from one unit per acre in the R-R zone to 43.5 units per gross acre in R-4 zones.

Table G4-6 Residential Development Standards

Zoning District	Minimum Lot Area	Minimum Setback (in feet)			Maximum Height (feet)	Maximum Lot Coverage (percent of lot)	Maximum Density (du/acre)
		Front (feet)	Side (feet)	Side (feet)			
R-R	1 acre	30	15	25	35	25	1
R-1-20	20,000	30	15	10	35	30	2.1
R-1-10	10,000 sq ft	20	10	7	35	40	4.3
R-1-6	6,000 sq. ft.	20	10	5	35	45	7.2
R-1-5	5,000 sq. ft.	15	10	5	35	50	8.7
R-2	6,000 sq. ft.	15	10	5	35	50	14.5
R-3-2	6,000 sq. ft.	15	10	5	35	55	21.7
R-3-1.5	7,500 sq. ft.	15	10	5	35	55	29
R-4	7,500 sq. ft.	15	10	6	40	65	43.5
R-MH	10 acres	25	10	10	35	65	10
D-COR	1,250 sq ft	0	0	0	None	None	36
D-O	1,250 sq ft	0	0	0	60	None	36
D-CM	1,250 sq ft	0	0	0	60	None	36
C-C	7,500 sq ft	0	0	0	60	None	24 ⁴
C-N	7,500 sq ft	20 ²	03	0	35	None	24 ¹
C-O	7,500 sq ft	10	5	5	40	None	24 ¹
B-P	20,000 sq ft	25 ²	20 ³	20	⁵	None	24 ¹
R-IV	3,000 sq ft	0	5	10	40	None	36
R-OV	3,000 sq ft	15	5	10	35	None	12
C-V	7,500 sq ft	0	0	0	40	None	36

Accessory structures shall be considered a part of the primary structure and shall comply with all standards applicable to the primary structure, including lot coverage requirements.

1. Up to 36 units with a CUP
2. Minimum of 35 feet when across from a residential zone
3. Minimum of 20 feet when abutting a residential zoning zone
4. Up to 200 units for multi-family buildings over five stories with a CUP

⁵ Maximum height is 40 feet when directly adjacent to residential zones

Source: Merced City Zoning Ordinance, adopted 2022.

Conclusion

Development standards related to parcel area, setbacks, height of primary structures, site coverage, and density are similar to nearby jurisdictions. In most zones, the City’s development standards permit greater residential densities compared to other cities in the county. As a result, development standards are not considered a constraint to housing.

Recommended Action

None required.

G4.3.2.1 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.² 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 city. 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.

The City of Merced’s parking requirements for residential uses are summarized in Table G4-7.

Table G4-7 Residential Parking Requirements

Residential Use	Required Parking Spaces*
Single-family units	1 per unit
Multi-family units	1.75 per unit of 2 bedrooms or less up to 30 units and 1.5 per unit thereafter, plus 0.5 per additional bedroom over 2 in each unit and 1.0 per additional full or partial bathroom over 3 in each unit
Senior residential units	1 per 2 beds
Caretakers Home	1 per unit
Group Homes and Facilities	1 per unit plus 1 per 300 sq. ft. of office and other nonresidential areas
Group Housing	1 per unit
Live/Work Units	1.75 per unit
Mobile Home Parks	1 per unit and 1 per office or employee
Residential Care Facilities, Small	1 per unit
Residential Care Facilities, Large (Includes Convalescent/Nursing Homes)	1 per 4 beds and 1 per 300 sq. ft. of office or 1 per employee, whichever is greater
Accessory Dwelling Units	One or more bedrooms: 1 per unit ¹
Single-Room Occupancy	1 per unit
Transitional/Supportive Housing	1 per 4 beds and 1 per 300 sq. ft. of office and other nonresidential areas

¹ MMC 20.42.030(H): Parking is not required if the ADU is located within ½ mile of a public transit stop, is located in an officially architecturally and historically significant district, is part of a proposed or existing primary residence, on-street parking permits are required but not offered to occupants, a car vehicle share is located within one block, or the ADU is an attached or converted ADU
 Source: Merced City Zoning Ordinance, adopted 2022.

Required off-street parking for single-family homes and duplexes does not have to be provided in a covered garage or carport, but each required space must be located so that it may later be covered by a garage or carport structure. For multi-family housing, the Site Plan Review Committee may approve off-site parking if it finds that practical difficulties prevent parking from being located on the same lot it is intended to serve.

² Turner Center for Housing Innovation at UC Berkeley, 2016. Available at: <http://turnercenter2.berkeley.edu/proforma/>

The number of parking spaces may be reduced by the Director of Development Services up to 20 percent if the project applicant prepares a transportation demand management plan which demonstrates a reduction in the demand for off-street parking spaces by encouraging the use of transit, ridesharing, biking, walking, or travel outside of peak hours. Additionally, the number of parking spaces may be reduced by up to five percent for multi-family development projects within 400 feet of a City-approved bus stop, or 10 percent for projects located within 400 feet of a transit center.

Furthermore, under the City’s Density Bonus Ordinance, qualifying affordable projects are subject to maximum parking ratios in Table G4-8. This reduces the required parking for multi-family projects that contain a certain percentage of affordable units.

Table G4-8 Maximum Required Parking for Qualifying Projects

Bedrooms	Number of Parking Spaces
0-1	1 per unit
2-3	2 per unit
4 or more	2.5 per unit

Source: Merced City Zoning Ordinance, adopted 2022.

Conclusion

The City of Merced’s Zoning Ordinance provides several opportunities for the 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. In addition, the required number of parking spaces is higher for multi-family units than single-family units, which is a constraint to housing development of multi-family units.

Recommended Action

Revise the Zoning Ordinance to reduce parking requirements for mobile homes, senior citizen housing, one-bedroom units, and studios to require no more than one space per unit. Revise the Zoning Ordinance to ensure parking requirements for multi-family housing units are not greater than single-family units. The City will implement Housing Program 6 *Zoning Code Amendments* to review and revise parking requirements for residential uses.

G4.3.2.2 Open Space Requirements

The City’s requirements for yard and lot coverage requirements govern open space within residential developments. All required exterior setback areas, excluding areas required for access to the property, are required to be landscaped. Under the City’s Density Bonus ordinance, the City allows for a reduction in open space by 10 percent.

Additionally, the City requires a buffer for all development in areas adjacent to riparian areas within the City. The Zoning Ordinance restricts development within 25 feet in width measured from the top of bank or 50 feet in width measured from centerline of any intermittent or perennial stream or

river landward, whichever is greater. This reduces property owners from erosion and flooding, protects and enhances water resources, minimizes pollution, and preserves riparian vegetation and wildlife habitat and corridors. Trails, including pedestrian and bicycle trails are permitted within this buffer zone.

Conclusion

Open space requirements in Merced are typical of other jurisdictions. Additionally, the City allows a reduction in the amount of open space for qualified affordable housing to incentivize development. As a result, open space requirements are not a constraint to the development of housing.

Recommended Action

None required.

G4.3.3 Density Bonus

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 City of Merced does not have an inclusionary housing ordinance, but the City adopted a Density Bonus ordinance in 2005 and amended it in 2016 to comply with state law. The Density Bonus Ordinance provides incentives for the production of housing for very low-income, low-income, and senior households and for the production of housing for moderate-income households residing in condominiums and planned development projects. The City grants development bonuses in projects with five or more units and provides a certain amount of affordability as outlined in Table G4-9, for a maximum of 35 percent.

Table G4-9 Density Bonus Summary

Target Group	Minimum % Target Units	Bonus Granted	Additional Bonus for each 1% Increase in Target Units	Percent Target Units Required for Maximum 35% Bonus
Very Low-Income	5%	20%	2.5%	11%
Lower-Income	10%	20%	1.5%	20%
Moderate-Income (Condo or Planned Development Only)	10%	5%	1%	40%
Senior Citizen Housing Development	100%	20%	-	-

Source: Merced City Zoning Ordinance, adopted 2022.

Additionally, the City allows modifications of development standards for developers seeking a density bonus as an incentive. 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 include:

- Reduced minimum parcel size or dimension
- Reduced minimum setback (front, rear or side)
- Increased maximum parcel coverage
- Reduced open space requirement
- Increased maximum structure height
- Waiver of a design standard from the City's Engineering Standards

Qualified projects that include a childcare facility as part of the development are permitted an additional density bonus or incentive. Incentives/concessions are also available for developers who donate land to the City to construct affordable units.

Conclusion

The City of Merced's Density Bonus Ordinance does not reflect the most recent changes to State Density Bonus Law. This can be considered a constraint to housing. The City is currently preparing an update to the Density Bonus Ordinance to bring it in compliance with state law.

Recommended Action

Amend the Zoning Ordinance to reflect the most recent amendments to State Density Bonus Law. The City will implement Housing Programs 6 *Zoning Code Amendments* and Program 7 *Facilitating Affordable Housing Development* to revise the Density Bonus Ordinance to comply with state law.

G4.3.4 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 United States Department of Housing and Urban Development's study of Subdivision Requirements as a Regulatory Barrier, such requirements can reasonably be considered regulatory barriers to affordable housing if Merced determines that the requirements are greater (and hence, more costly) than those necessary to achieve health and safety requirements in the community. The City provides and operates water, sanitary sewer, and stormwater drainage services.

The City of Merced's Subdivision Ordinance requires on- and off-site improvements that are similar to the requirements of other cities in Merced County. 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.

Improvement Standards

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

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

Public improvement standards and approximate values for each standard are listed below.

- Local Street – 60-foot right-of-way, including 36 feet of pavement with two travel lanes and two parking lanes. 2 inches A.C. over 6 inches compacted aggregate. Value: range between \$4.00 to \$6.00/sf.
- Curb and Gutter – 30 inches from asphalt pavement to back of curb, 7 ½ inches concrete over compacted native soil. Value: \$15 to \$25 per linear foot, dependent upon method of construction.
- Sidewalk – 48 inches from back of curb, 4 inches concrete over compacted native soil. Value: range between \$4.00 to \$5.00/sf.
- Sewer Lateral – 4 inch PVC (dependent upon depth) with minimum slope of ¼-inch per foot. Value: range between \$3,000 to \$4,000/ea.
- 1-inch Water Service – 1 inch CTS polyethylene pipe, meter boxes, bronze saddles, straps, and bolts. Value: range between \$2,000 to \$4,000/ea.-

Conclusion

On- and off-site improvement standards for the City of Merced are typical of similar cities and comparable to surrounding jurisdictions. These improvements are considered necessary to the health and wellbeing of residents and are not considered a constraint to housing.

Recommended Action

None required.

G4.3.5 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. People 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, multi-family housing, accessory dwelling units, mobile homes, agricultural employee housing, homeless shelters, and transitional housing, among others. Table G4-10 summarizes the housing types permitted and conditionally permitted for the City of Merced.

Table G4-10 Residential Use Matrix

Residential Use	R-R	R-1	R-2	R-3	R-4	R-MH	D-COR	D-O	D-CM	C-C	C-N	C-O	B-P	R-IV	R-OV	C-V
Accessory Dwelling Units	P	P	P	P	P	X					X	X	X	P ⁷	P	
Duplex Homes	X	P	P	P	P	X					X	X	X	P ⁷	P	X
Fraternities and Sororities	X	C	C	C	C	X					X	X	X			
Group/Transitional/Supportive Housing	P ³	P ³	P ³	P ³	P ³	P ³	P ⁵	P ⁵	SP	P	C	C	C	SP ⁷	X	P ⁵
Mobile Home Parks	C	X	X	X	X	SP				P ¹	X	X	X			
Multiple-Family Dwellings	X	X	C ⁴	P	P	X	P ⁵	P ⁵	SP	P	C	C	C	P ⁷	X	P ⁵⁷
Residential Care Facilities, Small	P	P	P	P	P	P	P ⁵	P ⁵	SP	P ²	X	X	X	P	P	X
Residential Care Facilities, Large	C	C	C	C	C	X	C	C	C	P ²	X	X	X	C	C	C ⁵
Single-Family Dwellings	P	P	P	P	P	M					X	X	X	C ⁷	P	X
Single Room Occupancy	X	X	X	SP	SP	X	P ⁵	SP	SP	P ²	X	X	C	SP ⁷	X	
Emergency Shelters										C	X	X	X			SP ⁵⁷
Live/Work Units								P ⁶	P ⁶	P ⁶	C	C	X	M ⁷	C	P ⁵

P = permitted; M = Minor Use Permit Required; SP = Site Plan Review Permit Required; C= Conditional Use Permit Required; Use Not Allowed

Notes:

- (1) Residential use on the ground floor is prohibited unless it is located on the back of the property where it is not visible or approved with a conditional use permit.
- (2) Allowed only for converted hotels or motels.
- (3) Only permitted for rooming and boarding houses as an accessory use. The maximum persons allowed are: R-1, R-R, & R-MH (1 person); R-2 (2 persons); and R-3 and R-4 (no limit).
- (4) Permitted only on lots fifteen thousand (15,000) sq. feet or greater with five (5) or more units and at least three thousand (3,000) square feet per unit.
- (5) Prohibited as a single use unless approved with a conditional use permit. Permitted as part of a residential mixed-use project.
- (6) Residential use on the ground floor is prohibited unless it is located on the back of the property where it is not visible or approved with a conditional use permit.
- (7) Must meet minimum density requirements of ten (10) dwelling units/acre

Source: Merced City Zoning Ordinance, adopted 2022.

Manufactured Housing/Mobile Homes

Manufactured, or mobile homes are permitted in all residential zones, but are required to have a permanent foundation. Mobile home parks require a CUP in R-R zones, and a Site Plan Review Permit in R-MH zones. Manufactured homes are subject to the same design standards as single-family homes, as detailed in Section 20.46.020 of the Municipal Code.

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

Recommended Action

None required.

G4.3.5.1 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 that meet certain conditions. 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 City permits the construction of Accessory Dwelling Units (ADUs) or Junior ADUs (JADUs) in any residential zone that allows single-family or multi-family residential or mixed use. A permit application for an ADU or JADU may be allowed with ministerial review, approval, and issuance of a building permit, without discretionary review or a public hearing. ADUs and JADUs are subject to the following standards:

- Type: ADUs may be attached, detached, or converted habitable space. JADUs must be contained entirely within a single-family dwelling and be no more than 500 square feet.

- **Number:** One ADU and one JADU are allowed per lot with a proposed or existing single-family dwelling. For multi-family parcels, the number of converted cannot exceed 25 percent of the total number of dwelling units, and no more than two detached ADUs may be permitted.
- **Site requirements:** There are no minimum parcel sizes for ADUs, but an ADU may only be established on a site with a primary dwelling (either existing or being built at the same time). The City adheres to the statewide ADU exemption which precludes lot coverage, floor area ratio, open space, or minimum lot size requirements for ADUs.
- **Size:** The floor area of an attached or converted ADU shall not exceed 50 percent of the living area of the existing primary single-family dwelling on the parcel or 1,200 square feet, whichever is less. Garages and carports are excluded from floor area calculations for both the primary dwelling and accessory unit. The floor area of a detached ADU shall not exceed 1,200 square feet, excluding any space devoted to a carport or garage.
- **Development standards:**
 - An ADU shall comply with all current development and design standards of the General Plan and Zoning Ordinance that are applicable to the primary dwelling, including, but not limited to, building setbacks, parcel coverage, building height, and architectural design.
 - The accessory dwelling unit (ADU) in compliance with this section shall not be considered to exceed the allowable density for the lot upon which it is located and shall be deemed to be a residential use which is consistent with the existing general plan and zoning designations for the lot. The ADU shall be deemed to be an accessory use or accessory building and shall not be considered in the application of any local ordinance, policy, or program to limit residential growth.
 - No lot line adjustment, subdivision of land, air rights or condominium shall be allowed to enable the sale, transfer, or disposal of the accessory dwelling unit independently of the primary dwelling unit or any portion of the property except in accordance with MMC 20.42.040(C). This stipulation shall be included in a recorded deed restriction on the property.
 - An ADU or JADU shall only be allowed on parcels connected to public water and sewer service.
- **Statewide Exemption ADU.** No lot coverage, floor area ratio, open space, or minimum lot size requirement shall preclude the construction of an ADU up to 800 square feet, 16 feet in height, and with 4-foot side and rear yard setbacks. The construction of a detached Statewide Exemption ADU may be combined with a JADU within any zone allowing residential or mixed use.
- **Design Requirements:**
 - **Height:** Attached or converted ADUs cannot exceed the height of the existing single-family dwelling. A detached ADU on a parcel containing a multi-family dwelling may not exceed sixteen (16) feet.
 - **Materials and Roof Form:** The ADU or JADU entrance shall have the same exterior finish materials as the existing or proposed single-family dwelling on the parcel and shall be of the same construction typical of other dwelling units in the zone. The ADU or JADU shall have the same roof form as the primary dwelling and shall not have a flat roof.
 - **Setbacks:** When an existing detached accessory structure is converted to a detached ADU, no additional setbacks shall be required. For all detached ADUs and ADUs built above a detached garage, a four-foot side and rear setback are required.
 - An unobstructed pathway that extends from the entrance to the street is required.

- **Parking:** A maximum of one (1) additional off-street parking space shall be provided for an ADU or per bedroom, whichever is less. Parking for an ADU may be provided as tandem parking on an existing driveway or in the front or rear setback areas. These spaces shall not be covered if located within the setback areas. Parking is not required for ADU if it is located within one-half mile walking distance of public transit, if it is located within an official architecturally and historically significant historic district, if it is part of the primary residence or accessory structure, if on-street parking permits are required but not offered to occupants of an ADU, if a car share vehicle is located within one bloc, or if the ADU is attached or converted.
- **Occupancy:** The City does not impose occupancy requirements until January 1, 2025. After January 1, 2025, the owner of a parcel with an ADU shall be permitted to rent either the primary unit or the ADU, but not both, and may reside in either the primary dwelling unit or the ADU, if the ADU is located within an R-1 zone or equivalent designation in a Planned Development only. This requirement does not apply to any other zoning districts. For JADUs, owners are required to occupy either the JADU or the single-family dwelling unless the owner is a governmental agency, land trust, or housing organization.
- **Rental Term:** An ADU may be rented for a minimum of 30 continuous days.
- **Conveyance:** An ADU shall not be sold or otherwise conveyed separately from the principal residence, except when sold by a qualified nonprofit corporation to a qualified buyer in accordance with Government Code Section 65852.26 with affordability restrictions.
- **Fees and utilities:** ADUs are not a new residential use for the purposes of calculating connection fees or capacity charges for utilities, including water and sewer service unless the ADU or JADU is constructed with a new single-family dwelling. A new ADU is required to pay all applicable fees, including impact fees if greater than 750 square feet. ADUs less than 750 square feet are not subject to impact fees.

Conclusion

The City of Merced's ADU Ordinance allows second dwelling units in all zones allowing single-family and multi-family residential uses and is in compliance with ADU requirements contained in recent State ADU legislation. As a result, the City's ADU Ordinance encourages, rather than constrains, the development of ADUs as a form of affordable housing. However, size requirements for ADUs are not consistent with state law which stipulates that ADU size may not be restricted to less than 850 square feet or at least 1,000 square feet for ADUs with more than one bedroom. The City is updating the ADU Ordinance to comply with future state law updates, with an anticipated adoption in October 2023. Additionally, the City has published pre-approved ADU plans on the City's website.

Recommended Action

Revise the Zoning Code to ensure the ADU Ordinance complies with State ADU law. The City will implement Housing Program 5 *Accessory Dwelling Units* to revise the ADU Ordinance to comply with state law.

G4.3.5.2 Multi-Family

The City of Merced defines "multiple-family dwellings" as, "A residential structure that contains three (3) or more dwelling units." Multi-family housing is permitted by-right in R-3, R-4, D-COR, D-O, C-C, R-IV, and C-V zones. Multi-family is permitted in R-2 C-N, C-O, and B-P zones with a CUP and with a Site Plan Review Permit in D-CM, zones. Duplex homes are permitted by-right in R-1, R-2, R-3, and R-4 zones. In the R-IV and C-V zones multi-family housing is permitted by-right as part of a

mixed-use development but requires a CUP if proposed as a single use. Multi-family development is not permitted in any other zoning district.

Multi-family zones are clustered primarily near Downtown Merced but are also scattered throughout the city.

Conclusion

The City's zoning regulations provide sufficient opportunities for the development of multi-family dwellings. Additionally, duplex homes are permitted by-right in lower-density zones, allowing additional density. As a result, the City's zoning is not a constraint to the development of multi-family housing.

Recommended Action

None required.

G4.3.5.3 Group Homes, Residential Care Facilities, and Transitional and Supportive Housing

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 City defines group housing as, "Shared living quarters without separate kitchen or bathroom facilities for each room or unit, offered for rent for permanent or semi-transient residents on a weekly or longer basis." This definition includes rooming and boarding houses, dormitories, transitional and supportive housing, farmworker housing, and other types of organizational housing. Group homes/supportive housing are permitted in most residential zones. In R-R, R-1, R-2, R-3, R-4, and R-MH zones, group homes/supportive housing with six or fewer residents are permitted by-right, but are subject to maximum occupancy requirements [R-1, R-R, & R-MH (1 person); R-2 (2 persons); and R-3 and R-4 (no limit)]. In commercial zones, group homes/supportive housing are permitted by-right in the C-C zone and with a CUP in the C-O, C-N, C-SC, C-T, C-G, and B-P zones. Group homes/supportive housing with seven or more residents require a CUP. A Site Plan Review Permit is required for group homes/supportive housing in D-CM and R-IV zones. It is permitted in D-COR, D-O, and C-V zones as long as it is part of a residential mixed-use project.

The City defines residential care facilities as "state licensed residential facility providing social and personal care for residents. Examples include children's homes, homes for the elderly, orphanages, self help group homes, and transitional and supportive housing for homeless individuals. Excludes facilities where medical care is a core service provided to residents, such as nursing and convalescent homes, and recovery residences." Small residential care facilities (six or fewer persons) are permitted by-right in the R-R, R-1, R-2, R-3, R-4, R-MH, R-OV, and R-IV zones. In the C-C zone small and large residential care facilities are permitted by-right as converted hotels or motels. In the D-COR, D-O, and C-V zones, small residential care facilities are permitted by-right as part of a residential mixed-use project or with a CUP as a single use. In the D-CM zone, small residential care facilities are permitted with a Site Plan Review Permit. Large residential care facilities (seven or more persons) are allowed with a CUP in the R-R, R-1, R-2, R-3, R-4, D-COR, D-O, D-CM, R-OV, and R-IV zones. Small residential care facilities are also permitted by-right in the A-G zone when associated with an agricultural use, which constitutes the primary use on the property.

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 nonresidential 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

Currently, the City allows group homes/supportive housing and residential care facilities with six or fewer residents "by-right" in all residential zones, as well as in the R-OV, and R-IV zones and as part of a residential mixed-use project in the D-COR, D-O, and C-V zones. The City does not comply with AB 2126 as group homes/supportive housing and residential care facilities are not permitted "by-right" in all zones allowing multi-family and mixed-uses. Large residential care facilities require a CUP expect in the C-C zone if the facility is a conversion of a hotel or motel use. In addition, the City does not provide an exemption from parking requirements for supportive housing units. This can be considered a constraint to transitional and supportive housing and group homes.

Recommended Action

Revise the Zoning Ordinance to reduce minimum parking requirements for transitional and supportive housing located within one-half mile of a public transit stop. Revise the Zoning Ordinance to permit residential care facilities for seven or more people by-right in the R-4, D-COR, D-CM, and R-IV zones. The City will implement Housing Program 6, *Zoning Code Amendments*, to revise development standards and permitting requirements for residential care facilities and supportive housing to comply with state law.

G4.3.5.4 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 City 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 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 Zoning Code defines emergency shelters as "Housing with minimal supportive services for homeless persons that is limited to occupancy of six months or less by a homeless person." The City permits emergency shelters by-right in C-G zones. A CUP is required for emergency shelters in C-C, C-T, and B-P zones.

Emergency shelters are subject to the following development standards:

- **Beds.** The maximum number of beds on a property is 200.
- **Parking.** Off-street parking is required (one parking space per 10 beds plus one space per 300 square feet of office or other non-residential floor area).
- **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.

The Merced County Point-In-Time Count estimated that 855 unhoused individuals were residing in the county in 2022, including 555 in the city of Merced. Of that number, 224 are unsheltered and 331 are sheltered. Based on this count, the City must provide at least 111,000 square feet (2.55 acres) of land that can accommodate emergency shelters. As shown in Table G4-11, Merced has the potential capacity for more than 555 individuals in emergency shelters in C-G zones, which is greater the identified 555 individuals counted in 2022.

Table G4-11 Emergency Shelter Capacity Analysis

Zoning	Acreage	Realistic Capacity (beds)	Vacant/Non-Vacant
C-G	18.56	4,042	Vacant
C-G	196.42	42,780	Non-Vacant
Total	214.98	46,822	

Source: Merced City Zoning Ordinance, adopted 2022.

Conclusion

Emergency shelters are permitted by-right in the C-G zone and with a CUP in the C-C, C-T, and B-P zone. In addition, the City’s Zoning Code However, the C-G zone does not allow residential uses. Development standards for emergency shelters are subject, which is not in compliance with state law. For instance, emergency shelters are required to maintain “Adequate management, support staff, and security must be present during the hours of operation, with a minimum of 1 supervisory staff member, and 1 employee of the same gender as clients.”

The City’s definition of emergency shelter does not include other interim interventions, such as navigation centers, bridge housing, and respite or recuperative care and therefore does not comply with AB 2339. Low barrier navigation centers are not permitted in any zone. 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.

Recommended Action

Revise the Zoning Ordinance to allow for emergency shelters as a permitted use without a conditional use or other discretionary permit in residential or mixed-use zones, or permit residential uses in the CG zone, in such a way that meets the requirements of AB 2339. Ensure that requirements for emergency shelters are objective. The City will implement Housing Program 6 *Zoning Code Amendments* to ensure emergency shelters are permitted in accordance with AB 2339 and to allow low barrier navigation centers by-right in mixed-use and nonresidential zones allowing multi-family uses.

G4.3.5.5 Transitional and Supportive Housing

In 2018, AB 2162 amended state law to require that supportive housing be allowed by-right in zones where multi-family and mixed uses are permitted, including non-residential zones permitting multi-family uses, if the proposed housing development meets specified criteria, subject only to those restrictions that apply to other residential dwellings of the same type in the same zone.

The City permits transitional and supportive housing in all residential zoning districts, subject to maximum occupancy requirements [R-1, R-R, & R-MH (1 person); R-2 (2 persons); and R-3 and R-4 (no limit)], and the C-C zone. Transitional and supportive housing is allowed with a Site Plan Review Permit in the D-CM and R-IV district and with a CUP in the C-O, C-N, C-SC, and B-P districts. In the C-T and C-G zones, transitional and supportive housing is allowed by-right as part of a hotel or motel conversion. In the D-COR, D-O, and C-V zones, transitional and supportive housing is allowed by-right as part of a residential mixed-use project but requires a CUP as a stand-alone use.

Transitional and supportive housing is subject to the following development standards:

- Parking: 1 per 4 beds plus 1 per 300 sq. ft. of office and other nonresidential areas.

Conclusion

Transitional and supportive housing standards are not in compliance with AB 2162, as transitional and supportive housing uses are not subject to the same requirements as other residential uses of the same type in the same zone. The City also imposes a maximum number of persons for transitional and supportive housing in residential zones which may be a constraint to development. Parking requirements for transitional and supportive housing do not provide exceptions for development within one half mile of a public transit stop, as required by AB 2162.

Recommended Action

Revise the Zoning Ordinance to remove the maximum number of persons for transitional and supportive housing in the R-1, R-R, R-MH, and R-2 districts, allow supportive housing by-right in all zones where multi-family and mixed-uses are permitted, subject only to the same requirements as other residential uses of the same type in the same zone, and revise parking requirements, in compliance with AB 2162. The City will implement Housing Program 6 *Zoning Code Amendments* to amend the Zoning Code to comply with AB 2162.

Farmworker Housing/Employee Housing Act

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. Employee housing for six or fewer employees is to be treated as a single-family residential use. 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 City's Zoning Ordinance defines farmworker housing as "Employee housing consisting of no more than thirty-six (36) beds in group quarters, or twelve (12) units or spaces designated for use by a single-family or household." The Zoning Ordinance considers employee housing as an agricultural use of the property and is subject only to the same requirements as all other agricultural uses in each zoning district. Employees do not have to work on the property where the employee housing is located.

Conclusion

Agriculture employee housing is permitted in all agricultural and residential zones. However, the Zoning Code does not treat employee housing for six or fewer employees as a single-family residential use. In compliance with Health and Safety Code Section 17021.6, 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.

Recommended Action

Revise the Zoning Code to permit employee housing for six or fewer employees as a single-family residential use. The City will implement Housing Program 6 *Zoning Code Amendments* to revise the Zoning Code to treat employee housing for six or fewer employees as a single-family residential use.

G4.3.5.6 Single-Room Occupancy Units

Single room occupancy (SRO) units provide affordable housing for lower-income individuals, seniors, and persons with disabilities. The City permits SROs by-right in D-COR zones if part of a residential mixed-use project and with a CUP as a stand-alone use, in C-C zones in converted hotels or motels, and with a Site Plan Review Permit in R-3, R-4, D-O, D-CM zones. They are also permitted with a CUP in B-P zone. In the R-IV and C-V zones, SROs are permitted with a Site Plan Review Permit as part of a residential mixed-use project or with a CUP as a stand-alone use. SROs are not permitted in C-T and C-G zones, but these zones do permit hotels and motels.

SROs are subject to the following development standards:

- Location: A single-room occupancy (SRO) use, including college dormitories, shall not be located within 300 feet of any other SRO use or emergency shelter, unless such use is located within the same building, on the same lot, or on the same college campus.
- Development Standards:
 - SRO units shall have a minimum size of 150 square feet and a maximum of 1200 square feet.
 - Each unit shall accommodate a maximum of two persons.
 - SRO uses shall provide adequate exterior security lighting.
 - Laundry facilities must be provided in a separate room at the ratio of one washer and one dryer for every twenty units or fractional number thereof, with at least one washer and dryer per floor.

- An SRO unit is not required to, but may contain, partial or full bathroom facilities.
 - A partial bathroom facility shall have at least a toilet and sink; a full facility shall have a toilet, sink and bathtub, shower, or bathtub/shower combination.
 - If a full bathroom facility is not provided, common bathroom facilities shall be provided in accordance with the currently adopted Building Code for congregate residences with at least one full bathroom per 10 units or one per floor, whichever is greater.
- A partial or full kitchen facility may be provided in each unit, but is not required.
 - A full kitchen includes a sink, a refrigerator and stove, range top, or oven. A partial kitchen is missing at least one of these appliances.
 - If a full kitchen is not provided, common kitchen facilities shall be provided with at least one full kitchen per floor. If meals are provided, one large cafeteria or dining facility may substitute for the individual kitchens.
- Each SRO unit shall have a separate closet.
- Each SRO unit shall comply with all requirements of the currently adopted Building Code, and all units and common areas shall meet applicable accessibility and reasonable accommodation requirements.
- Management Standards:
 - An SRO facility with 10 or more units shall provide on-site management.
 - An SRO facility with less than 10 units may provide a management office off-site.
- Tenancy: Tenancy of SRO units shall not be for less than 30 days.
- Existing Structure: An existing structure may be converted to an SRO facility, consistent with the provisions of this section. Any such conversion must bring the entire structure up to current building code standards, including accessibility and adaptability standards, unless otherwise exempted by the City Building Official.

Conclusion

The City's Zoning Ordinance allows SROs by-right in two residential zones and with a Site Plan Review Permit in two Downtown zones. As a result, the Zoning Ordinance 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.

Recommended Action

Revise the Zoning Ordinance to allow the development of SROs in zones allowing hotel or motel uses (C-T and C-G zones).

G4.3.6 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 Merced impose any constraints on persons with disabilities accessing appropriate and adequate housing in the City.

G4.3.6.1 Definition of Family

Local jurisdictions may restrict access to housing for households that do not meet the jurisdiction’s definition for “family.” A restrictive definition of “family” that limits the number of individuals living together may illegally limit the development and siting of group homes for persons with disabilities, but not for housing families that are similarly sized or situated.

Merced does not restrict occupancy of unrelated individuals and does not define family or enforce a definition in its Zoning Ordinance.

Conclusion

The City’s definition of “family” is not restrictive.

Recommended Action

None required.

G4.3.6.2 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.

In an effort to assist residents in providing housing for persons with disabilities, the City adopted a “Reasonable Accommodation” Ordinance in 2009. This Ordinance allows certain deviations from zoning and land use restrictions in order to provide accommodations for persons with disabilities. Additionally, the City adopted and implements the 2022 California Building Code, including Title 24 regulations of the code concerning accessibility for persons with disabilities. The City has not adopted any universal design elements in its Building Code beyond Title 24 requirements.

A request for reasonable accommodation may be made by any person with a disability, their representative, or a developer or provider of housing for individuals with a disability. A reasonable accommodation may be approved only for the benefit of one (1) or more individuals with a disability. All applications for reasonable accommodation shall be heard by a hearing officer as defined in the City’s Zoning Ordinance. However, if the project for which the request for a reasonable accommodation is made requires another discretionary permit or approval that is subject to Planning Commission action, the applicant may elect to have the Planning Commission hear the request for a reasonable accommodation and act as the hearing officer at the same time as the other discretionary permit or approval is heard. If the applicant does not request a simultaneous hearing, then the request for a reasonable accommodation shall not be heard until after a final decision has been made by the City regarding the other discretionary permit or approval.

Conclusion

Merced enforces state requirements related to reasonable accommodation.

Recommended Action

None required.

G4.3.7 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.

Table G4-12 describes residential development planning fees for both single- and multi-family development. The City charges various fees and assessments to cover the cost of processing permits and providing certain services and utilities. Development impact fees in Livingston are reasonable in comparison to other jurisdictions in the state and region.

Table G4-12 Residential Development Planning Fees

Fee Title	Amount
Annexation Process	
Single R-1 Lot (1 acre or less)	\$1,509
All other annexations	\$3,018 (+\$224/acre)
Design Review (new developments)	\$1,811
Determinations/Interpretations	
By Planning Commission	\$755
By Staff	\$75
Environmental Review	+ \$50 filing fee for all
Categorical Exemption	\$151
Negative Declaration	\$1,509 (+ \$2, 916.75 State Fish and Game Fee)
Mitigated Negative Declaration/Expanded Initial Study	\$7,546 (+ \$2,916.75 State Fish and Game Fee)
Environmental Impact Report	Based on cost (+ \$4,051.25 State Fish and Game Fee)

Merced County Association of Governments
Merced County Multi-Jurisdictional Housing Element (2024-2032)

Fee Title	Amount
Final Subdivision Map Review	\$6,115
Lot Splits/Parcel Maps	\$1,207
Lot Line Adjustment/Lot Mergers	\$604
Building Permit--Planning Site Plan Review (residential)	\$75
Site Plan Review	
Minor	\$906
Major	\$1,509
Tentative Subdivision Maps	
1-50 Lots	\$4,528
50+ Lots	\$7,546
Variance	
Single R-1 Lot	\$1,283
All others	\$1,509
Multiple on one application	\$2,264
Zone Change	\$4,528 (+ \$149/acre)
Zoning Text Amendments	
Standards (Setbacks, signs, etc.)	\$1,509
Land Use (Adding a land use to a zone, adjusting requirements for a specific land use, etc.)	\$2,264
Conditional Use Permit	
Minor	\$755
Regular	\$3,773
Major	\$3,773

Source: City of Merced Planning and Development Fee Schedule, Effective January 1, 2023.
<https://www.cityofmerced.org/home/showpublisheddocument/18020/638072193062230000>, accessed July, 2023.

Development in the City is typically required to pay a range of development fees, including, water service fee, sewer service fee, and transportation impact fee. In Merced, development impact fees average about \$71,248.26 for a single-family home and about \$42,392.08 per multiple-family unit. The costs of service and infrastructure are nearly twice as much for single-family units than multi-family units. Additionally, the City offers a sliding scale for multi-family affordable housing developments, and a 50 percent discount for infill development.

Table G4-13 Residential Development Fees

Impact Fee	Single-Family Unit*	Multi-family Unit
Building Permit	\$2,354.00	\$2,354.00
Site Plan Review	-	\$1,509.00
Design Review	-	\$1,811.00
State Building Permit	\$1.00	\$1.00
Planning Review	\$75.00	\$75.00
Sewer Facility	\$6,185.00	\$6,185.00
Sewer Line/ Pump N Beat Crk	\$1,267.00	\$1,267.00
Water Facility Based on 1"	\$10,074.00	\$10,074.00

Impact Fee	Single-Family Unit*	Multi-family Unit
Residential State Tax (averaged)	\$26.00	\$26.00
Landscape/Watering	\$10.00	\$10.00
Street Tree	\$10.00	\$10.00
Water Meter	\$360.00	\$360.00
Refuse	\$281.51	\$281.51
Recycle	\$148.61	\$148.61
Park	\$662.00	\$662.00
Organics	\$123.96	\$123.96
PFIF 2021	\$12,647.00	\$9,231.00
Tax on Construction	\$1,456.00	
Estimated Totals	\$71,248.26	\$42,392.08

* Based on 1,600 Square Feet

Source: City of Merced Single-Family Building Permit Only Estimate, Effective 2023.

In 1998, the City of Merced implemented an impact fee program to pay for needed public facilities and infrastructure related to new development. All new construction is subject to these impact fees. The fees were last updated in January 2024. These impact fees are used to fund needed capital facilities and infrastructure generated by new development over the next 20 years. Capital projects included in the fee calculations are arterial streets, traffic signals, bridges, railroad crossings, fire stations, police facilities, community parks, bikeways, smart technology, and other public facilities. Table G4-14 shows the impact fees per project category compared other jurisdictions in Merced County. Impact fees for both single-family are the highest in the area and multi-family buildings are lower than most nearby jurisdictions in Merced County.

Table G4-14 Residential Development Fee Comparison

Jurisdiction	Total Cost Per Unit	
	Single-Family	Multi-family
Atwater	\$22,000	\$14,000
Dos Palos	\$12,435	\$12,435
Gustine	\$27,723	\$22,285
Livingston	\$20,804	\$5,561
Los Banos	\$32,961	\$26,197
Merced (City)	\$36,388	\$8,977
Merced (County)	\$30,996	\$26,423

The City of Merced offers available discounts for certain projects:

- ADUs: No impact fees shall be imposed on ADUs of less than 750 square feet. For an ADU larger than 750 sq. ft., any impact fee shall be charged proportionately in relation to the square footage.
- Infill Development: Within the central area of the City and the Opportunity Zones, impact fees shall be reduced by 50 percent.

- **Affordable Housing:** Fees for affordable housing projects shall be determined on a case-by-case basis depending on the level of affordability, number of affordable units, etc. The determination shall be made by the Director of Development Services but can be appealed to the City Council.
- **Single-Family Homes Smaller than the Average Home Size in Merced:** The average single-family home size in Merced is 1,920 square feet. For homes that are at least 20 percent below that average size, a reduced fee shall be charged proportional to the percent below the average single-family home size.

According to AB 602, a jurisdiction is required to establish a reasonable relationship between the fee charged and the burden posed by the development. The fees are based on new development's "fair share" of the construction costs of new public facilities needed to maintain the existing level of service.

Conclusion

Given that planning and development fees are much lower in Merced than in other small cities in the region, planning and development fees are not a constraint to development.

Recommended Action

None required.

G4.3.8 Permit Types

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

Site Plan Review Permit

A Site Plan Review Permit is a discretionary action that enables the City to determine a project's compliance with the Zoning Ordinance and ensure that it will not create negative impacts to adjacent properties or the general public. A Site Plan Review Permit is required for all uses and structures allowed under in the Zoning Code Part 2 (Zoning Design Standards) and all uses and structures within the Light Industrial (I-L) and Heavy Industrial (I-H) zoning districts, except for single-family detached dwellings and structures accessory to single-family detached dwellings.

Site Plan Review Permits are reviewed by the Site Plan Review Committee, which consists of three members holding the positions of the Chief Building Official, Director of Development Services, and the City Engineer or their respective designees. The Site Plan Review Committee may approve an application for a Site Plan Review Permit only if all of the following findings can be made:

- The proposed project is consistent with the General Plan, and any adopted area, specific, community, or neighborhood plan.
- The proposed project complies with all applicable provisions of the Zoning Ordinance and Municipal Code.
- The design and layout of the proposed project will not interfere with the use and enjoyment of existing and future neighboring properties and structures.
- The proposed architectural design makes use of appropriate materials, texture and color, and will remain aesthetically appealing and appropriately maintained.

- Any proposed landscaping design, including color, location, size, texture, type, and coverage of plant materials, as well as provisions for irrigation, maintenance, and protection landscaping elements, will complement structures and provide an attractive environment.
- The proposed design will not be materially detrimental to the public health, safety, or welfare, or be injurious to the property or improvements in the vicinity of the proposed project.

Site Plan Review requires the Site Plan Review Committee 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 Site Plan Review Committee. This adds time to the review and creates an unpredictable development review process.

Conditional Use Permits/Minor Use Permit

A conditional use permit (CUP) or minor use permit (MUP) is required for uses that are generally appropriate within a zoning district but potentially unsuitable in a particular location or in large numbers. A CUP or MUP is a discretionary action that enables the City to ensure that a proposed use is consistent with all general plan goals and policies and will not create negative impacts to adjacent properties or the general public. A CUP is reviewed by the Planning Commission, and an MUP is reviewed by the Director of Development Services. The Director of Development Services may refer MUP applications to the Planning Commission for review and final decision. A CUP is subject to a public hearing. the Planning Commission may approve an application for a CUP or MUP only if the following findings can be made:

- The proposed use is consistent with the purpose and standards of the zoning district, the general plan, and any adopted area or neighborhood plan, specific plan, or community plan.
- The location, size, design, and operating characteristics of the proposed use will be compatible with the existing and future land uses in the vicinity of the subject property.
- The proposed use will not be detrimental to the public health, safety, and welfare of the city.
- The proposed use is properly located within the city and adequately served by existing or planned services and infrastructure.

Design Review Permit

A design review permit is required for most types of development in portions of downtown Merced and areas directly west of the downtown area. A design review permit is a discretionary action that enables the Planning Commission and staff to ensure high quality development that enhances the visual qualities of Merced and creates and supports the City's economic development objectives. The Planning Commission takes all actions on design review permit applications, except for certain minor modifications such as change in exterior paint color, signage, or façade improvements, or minor new structures. These items are reviewed by Development Services Department staff. Public hearings are only required for those Design Review Permits which go to the Planning Commission for approval, not staff-level reviews.

All new structures and modifications to existing structures review a design review permit, except for the following:

- Single-family detached dwellings;
- Structures accessory to single-family detached dwellings; and,

- Structures located in the I-L and I-H zoning districts, which are subject to Site Plan Review Permits instead.

When reviewing design review permit applications, the Planning Commission or City staff may consider the following design review principles:

- Review of architectural character shall not be so restrictive that individual initiative is stifled in the design of any particular building or site. Rather, review exercised shall be the amount necessary to achieve the overall purpose and objective of the design review process.
- Good architectural character is based upon the suitability of a building and site for its purposes; upon the appropriate use of sound materials, good relationship with other structures, and the character of the city; and upon the principles of harmony, preparation and design in the elements of the building and site.
- Review of sign graphics shall be based upon suitability of the sign colors, placement, design to overall building design, and adjacent sign themes. The Planning Commission or City staff shall consider the extent, design and location of all temporary signs as well as permanent signs in the review of sign graphics.

The reviewing authority may approve an application for a design review permit application only if all of the following findings can be made:

- The proposed project is consistent with the General Plan, and any adopted area, community, specific, or neighborhood plan.
- The proposed project complies with all applicable provisions of the Zoning Ordinance and Municipal Code.
- The design and layout of the proposed project will not interfere with the use and enjoyment of existing and future neighboring properties and structures.
- The proposed building design makes use of appropriate materials, texture and color, and will remain aesthetically appealing and appropriately maintained.
- The proposed design will not be materially detrimental to the public health, safety, or welfare, or be injurious to the property or improvements in the vicinity of the proposed project.

Design review requires the reviewing authority to determine what constitutes as interference with use and enjoyment of neighboring properties, what is appropriate and aesthetically pleasing architectural design, 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 reviewing authority. This adds time to the review and creates an unpredictable development review process.

Minor Modification

A Minor Modification allows for small deviations from development standards to accommodate projects which meet the needs of property owners, are consistent with the purpose of the Zoning Ordinance and general plan, and do not negatively impact neighboring properties or the community at large. Minor Modifications are reviewed by the Director of Development Services. No public notice and hearing shall be required for a Minor Modification application.

To approve a minor modification application, the Director of Development Services shall make all of the following findings:

- The modification will be compatible with adjacent structures and uses and is consistent with the character of the neighborhood or zone where it is located.
- The modification will not adversely impact neighboring properties or the community at large.
- The modification is necessary due to unique characteristics of the subject property, structure, or use.
- Unique characteristics necessitating the modification generally do not apply to other properties in the vicinity or in the same zoning district as the subject property.
- There are no feasible design alternatives that meet the project objectives while eliminating the need for the requested modification.
- The modification will be consistent with the purpose of the zoning district, the general plan, and any adopted area, community, or neighborhood plan.
- The modification will not establish an undesirable precedent.

The Director of Development Services is required to determine what constitutes an adverse effect on neighboring properties or the community at large. This finding is subjective and requires the interpretation and discretion of the Director of Development Services. This adds time to the review and creates an unpredictable development review process.

Variance

A Variance is a discretionary permit that allows for deviation from physical development standards contained in the Zoning Ordinance. A Variance may be granted only when the strict application of development standards creates a unique hardship due to an extraordinary situation or circumstance associated with the property. The Planning Commission, acting as the Board of Zoning Adjustment, takes action on all variance applications. At least four members of the Planning Commission are required to vote to approve a variance. A public hearing is required, and the Planning Commission may approve an application for a variance only if all of the following findings can be made:

- There are unique circumstances applicable to the subject property, including size, shape, topography, location, or surroundings, that do not generally apply to other properties in the vicinity or in the same zoning district as the subject property. Unique circumstances required for approval of a variance shall not include conditions created by any act of the property owner or occupant; personal, family, or financial conditions; loss of prospective profits; or neighboring violations.
- The strict application of the Zoning Ordinance requirements would deprive the subject property of privileges enjoyed by other property in the vicinity or in the same zoning district as the subject property.
- The variance is necessary to preserve a substantial property right possessed by other property in the vicinity or in the same zoning district as the subject property.
- The variance will not be materially detrimental to the public health, safety, or welfare, or be injurious to the property or improvements in the vicinity or in the same zoning district as the subject property.
- The variance does not constitute a grant of special privilege inconsistent with the limitations upon other properties in the vicinity or in the same zoning district as the subject property.
- The variance complies with applicable standards in the Zoning Ordinance, other City ordinances, the general plan and any other applicable community, neighborhood, specific, or area plan adopted by the City. The findings are subjective but variances are rare, and do not pose a constraint to the development of housing.

Zoning Ordinance and General Plan Amendments

A request for an amendment to the General Plan Land Use Map or text or an amendment to the Zoning Ordinance Map or text may be initiated by the City Council, the Planning Commission (with the concurrence of the City Council); or the Director of Development Services (with the concurrence of the City Council). Map amendments to the General Plan or Zoning Ordinance may be initiated by one or more owners of the property for which the amendment is sought. Text amendments to the General Plan or Zoning Ordinance may be initiated by any resident, property owner, or business owner in the city. The Planning Commission conducts a public hearing and makes a recommendation to the City Council. The City Council then conducts a public hearing and makes a determination on the amendment.

Conclusion

As noted above, there are several development review processes that require subjective determinations from the reviewing authority. This is a constraint to the development of housing.

Recommended Action

Amend the required findings for Site Plan Permits, CUPs, Design Review Permits, MUPs, and minor modifications, to remove subjective judgments from the review process, in accordance with SB 330.

The City will implement Program 6 *Zoning Code Amendments* to remove subjective judgement from the CUP, site plan, and minor modification reviews and provide objectives with regard to what constitutes an impairment to the integrity and character of the zoning district, thereby streamlining the review of multi-family projects.

G4.3.9 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 City, specific approvals are required that involve permits and inspections. The most common housing applications and permit processing times are indicated in Table G4-15. Depending on the level of environmental review required, the processing time for a project may be lengthened.

Table G4-15 Timelines for Permit Procedures

Type of Approval or Permit	Typical Processing Time	Approval Body
Annexations	18-24 months	City Council
Conditional Use Permit	6-12 weeks	Planning Commission
Subdivision Parcel Map	3-5 weeks	Minor Subdivision Committee
General Plan Amendments	12 weeks	City Council
Zone Change	12 weeks	City Council
Subdivision Tract Map (Tentative)	8-12 weeks	Planning Commission
Planned Development Establishment	12 weeks	City Council

Source: Merced City Zoning Ordinance, adopted 2022.

Table G4-16 shows the typical processing procedures by project type for Merced. As shown, single-family units have the shortest estimated processing times (one week) while planned unit development has the longest (3-4 months).

Table G4-16 Typical Processing Procedures by Project Type

One Single-Family Unit (Weeks)	Subdivision (Weeks)	Multi-family Units (Weeks)	Planned Unit Development (Weeks)
	Design Review (2-4)	Design Review (2-4)	Design Review (2-4)
Site Plan (3-4)	Site Plan (3-4)	Site Plan (3-4)	Site Plan (3-4)
	Tentative Map (6-9)	Conditional Use Permit (6-9)	Conditional Use Permit (6-9)
	Environmental Assessment (12)	Environmental Assessment (0-12)	Environmental Assessment (12)
	Final Map (10)		
Total 3-4 Weeks	33-39 Weeks	11-29 Weeks	23-29 Weeks

Source: City of Merced, 2023.

Building Permits

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

- First review: 1 to 20 working days
- Second review: 1 to 15 working days
- Third review: 1 to 15 working days
- Fourth review: 1 to 10 working days
- Fifth review: 1 to 10 working days

State Streamlining

Under the 5th Cycle Housing Element reporting period (2015-2023), the City 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 City’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 City has not adopted procedures for processing SB 35 applications nor have they created a checklist for SB 35 applications.

Conclusion

Permit procedures and processing times are not considered a constraint to development, however the City should adopt a process for SB 35 applications.

Recommended Action

The City will implement Housing Program 6 to amend the Zoning Code to establish written procedures for SB 35 projects.

G4.3.10 Transparency in the Development Review Process

To increase transparency in the development process, the City's website publishes resources that help developers and homeowners navigate the residential development and home improvement processes. Specifically, the Planning Division webpage (<https://www.cityofmerced.org/departments/development-services/planning-division/application-forms-and-fees>) provides an overview of the development review process through links to applications and fees. The Municipal Code, forms and handouts, Checklists, zoning maps, and other documents are available online. The City also provides contact information for the Planning Division. This helps increase transparency in the development review process. The City's Planning Division website complies with the new transparency requirements in California Government Code Section 65940.1(a)(1).

Conclusion

The City's website provides all the necessary information and resources required by the State and is therefore in compliance with State law.

Recommended Action

None Required.

G4.3.11 Short-Term Housing Rentals

The City of Merced does not regulate short-term rental housing in the city, however, ADUs and JADUs are required to have a rental term of at least 30 consecutive days or more.

Conclusion

Short-term rentals (STRs) are defined 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. Each unit used as an STR is not available for long-term housing on the rental market, decreasing the supply of available housing. A reduced supply of long-term housing causes an increase in rents. While the City prohibits short term rentals in ADUs and JADUs, making them available for long-term rental housing, the lack of STR regulation overall may cause a constraint to the availability of long-term rental housing.

Conclusion

Short-term rentals are not considered a constraint.

Recommended Action

None Required.

G4.3.12 Code Enforcement

The City of Merced currently enforces the 2022 California Building Code (CBC). Code Enforcement is responsible for the enforcement of the CBC within Merced to address residential and commercial structures that are dangerous, substandard, blighted, or vacant. Building owners are legally required to maintain their buildings and property to the standards set forth in the City Housing, Dangerous Building and Property Maintenance Codes. City and State Codes 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.

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.

G4.4 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 city.

G4.4.1 Flood

Merced County has a number of surface water resources including rivers, creeks, reservoirs, and canals. These resources include three rivers (Merced, San Joaquin, and Chowchilla), seven major creeks (Quinto, Romero, Bear, Los Banos, Owens, Mariposa, and Deadman), five reservoirs (San Luis, O'Neil Forebay, Los Banos Creek, and Burns), and four major canals (Delta-Mendota, San Luis, the California Aqueduct, and Eastside).

Flood is a natural occurrence in the Central San Joaquin Valley. The Valley is a natural drainage basin for thousands of acres of foothill and mountain land of the Sierras. Approximately 750,000 acres in the San Joaquin Subbasin are prone to flooding. In Merced County, the flood plains of the San Joaquin and Merced Rivers and their tributaries encompass nearly one half of the Valley floor.

Merced County has an area of roughly 380,010 acres of land that is subject to 100-year frequency floods.

The overall significance of the flood hazard is high. Flood zone mapping by the Federal Emergency Management Authority (FEMA) indicates that approximately 25 square miles of land in Merced is subject to 100-year or more frequent floods.³ According to the Merced County Multi-Jurisdictional Hazard Mitigation Plan (MCMJHMP), 48 percent of Merced's buildings are in the floodplain, and the city accounts for 59% of the total estimated losses in the 100-year floodplain in the county.⁴

The State of California has adopted legislation that requires jurisdictions to prepare maps, goals, policies, implementation measures and regulations based on a 200-year flood event. According to the City's Safety Element, the City requires the construction of storm water percolation/detention basins with new development per the City's Storm Water Master Plan. Additionally, the City's Building Code includes methods for reducing flood losses, including requiring development permit applications in flood hazard areas to demonstrate that all new construction is flood-resistant and elevated.

G4.4.2 Seismic Zones

The nearest faults of major significance to Dos Palos are the San Andreas to the west, 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 five 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, including the City of Dos Palos. The only fault known inside the County is the "Ortigalita", also known as the "Telsa-Ortigalita Fault", located in the western quarter of the County, dissecting the Coast Range in a northwesterly direction. Historically, this fault has not been. There have been no records of major seismic activity originating in the county, with most epicenters in the county being below a magnitude 4.0. There are no Alquist Priolo Earthquake Fault Zones in Merced, nor is the City in an Earthquake Zones of Required Investigation.⁵ According to the MCMJHMP, Merced is subject to occasional earthquakes of critical severity.⁶

G4.4.3 Wildland/Urban Fire Hazards

Fire hazard potential is largely dependent on the extent and type of vegetation, known as surface fuels, that exists within a region. Fire hazards are typically highest in heavily wooded, undeveloped areas as trees are a greater source of fuel than low-lying brush or grassland. Suburban, urban areas, or rocky barren areas have minimal surface fuels and therefore typically have the lowest fire hazard.

³ FEMA. National Flood Hazard Layer (NFHL) Viewer. <https://hazards-fema.maps.arcgis.com/apps/webappviewer/index.html?id=8b0adb51996444d4879338b5529aa9cd>, accessed July, 2023.

⁴ Merced County. Merced County Multi-Jurisdictional Hazard Mitigation Plan.2021. <https://web2.co.merced.ca.us/pdfs/oes/MercedCounty-MJHMP-2021-2016.pdf>, accessed July 2023.

⁵ California Department of Conservation. Earthquake Zones of Required Investigation. <https://maps.conservation.ca.gov/cgs/EQZApp/app/>, accessed July, 2023.

⁶ Merced County. Merced County Multi-Jurisdictional Hazard Mitigation Plan.2021. <https://web2.co.merced.ca.us/pdfs/oes/MercedCounty-MJHMP-2021-2016.pdf>, accessed July 2023.

The California Department of Forestry and Fire Protection (CAL FIRE) ranks fire hazard of wildland areas of the state using four main criteria: fuels, weather, assets at risk, and level of service. CAL FIRE has mapped moderate and High Fire Hazard Severity Zones (FHSZ) in Merced County.⁷ While there are no fire severity zones within the city boundaries, a moderate FHSZ is located approximately two miles northeast of the City's boundary. According to the MCMJHMP, there is a high likelihood of future wildfires within the city, but the severity will be negligible and geographic extent is limited.⁸

Conclusion

Environmental constraints in Merced are not considered a constraint to development.

Recommended Action

None required.

⁷ CAL FIRE. Fire Hazard Severity Zones in State Responsibility Area 2023. <https://calfire-forestry.maps.arcgis.com/apps/webappviewer/index.html?id=988d431a42b242b29d89597ab693d008>, accessed July 2023.

⁸ Merced County. Merced County Multi-Jurisdictional Hazard Mitigation Plan.2021. <https://web2.co.merced.ca.us/pdfs/oes/MercedCounty-MJHMP-2021-2016.pdf>, accessed July 2023.

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