



**PLANNING AND COMMUNITY  
DEVELOPMENT DEPARTMENT**

**STAFF REPORT**

**Robert A. Lewis**  
*Director*

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**DATE:** JUNE 9, 2010

**TO:** PLANNING COMMISSION

**PROJECT PLANNER:** ROBERT F. KING, SENIOR PLANNER

**THROUGH:** ROBERT A. LEWIS, DEVELOPMENT SERVICES DIRECTOR

**PROJECT NO.:** GENERAL PLAN TEXT AMENDMENT NO. GPTA10-001

**APPLICANT:** COUNTY OF MERCED

**REQUEST:** TO RECOMMEND TO THE BOARD OF SUPERVISORS APPROVAL OF THE UPDATED HOUSING ELEMENT OF THE MERCED COUNTY GENERAL PLAN (GPTA10-001)

**LOCATION:** UNINCORPORATED AREA OF MERCED COUNTY

**SUPERVISORIAL DISTRICT:** ALL

**MUNICIPAL ADVISORY COUNCIL:** NONE

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**I. PROJECT DESCRIPTION**

The Merced County Housing Element of the General Plan is one of seven required elements of the General Plan. The Housing Element was prepared by the firm of Mintier Harnish under the direction of the Merced County Planning and Community Development Department. California State law requires that all localities adopt housing elements as part of their general plan and periodically revise and update the element that sets forth policies and programs for the provision of affordable housing for all economic segments of the community.

**II. SUMMARY OF RECOMMENDATION**

Recommend that the Board of Supervisors adopt the Negative Declaration, and approve the Updated Housing Element of the Merced County General Plan, (General Plan Text Amendment No. GPTA10-001) based on the recommended CEQA Findings and Project Findings as found in Section VII of the Staff Report.

**III. ANALYSIS**

**A. Background**

The County's previous Housing Element was adopted in 2003 for the period 2003-2008. A Housing Element (called a "chapter" in the current General Plan) is

required by State law to be updated every five years. The State allowed an extension to August 30, 2009, for the submittal of the Draft Housing Element for their review, and this deadline was met by the County. The current update began in during the summer in 2008, upon the Board's approval of the contract for Mintier Harnish. Two stakeholder meetings were held and included representatives of County Departments, School Districts, Municipal Advisory Councils, Special Districts, Business Associations, Housing Advocacy Groups, and Minority Community Groups. The first Stakeholders' meeting was held on July 24, 2008 where an overview of the process was presented and lists of issues were solicited from the attendees. The second Stakeholders meeting was held on July 29, 2009 where a summary of the proposed policies and programs were presented and comments again received from the attendees. Upon review and recommendation of the Planning Commission, the Draft Housing Element will be scheduled for a public hearing before the Board of Supervisors for Board Action on June 22, 2010.

In order for the County to be eligible to qualify for a \$600,000 Community Development Block Grant (CDBG), in the 2010 application cycle, the State's Housing and Community Department (HCD) and requires that the Housing Element update be adopted by June 25, 2010.

## **B. Review of Previous Housing Element**

Merced County has already implemented several of the program actions contained in the 2003 Housing Element. These program actions were funded primarily by State and Federal grants. The following is a summary of some of the County's major housing achievements during the last Housing Element timeframe:

- Merced County partnered with Self-Help Enterprise through the Home Rehabilitation Program to provide grants and loans to qualified low-income families (earning up to 80 percent of the area median income) to rehabilitate their homes. The County provides zero-interest loans of up to \$70,000 for rehabilitation and \$100,000 for reconstruction, with payment deferred for 30 years. Since 2003, the County has provided 13 loans and 7 grants totaling more than \$1.1 million. The County funded about 90 percent of the loans and grants with CDBG funds and the remaining 10 percent with HOME funds.
- Merced County partnered with Self-Help Enterprise to provide loans to qualified low-income, first-time homebuyers. Since 2003, the County has provided 26 loans totaling more than \$2.2 million through the First-Time Homebuyer Program. The County funded about 90 percent of the loans with HOME funds and the remaining 10 percent with CDBG funds.
- In 2003, the County worked with the Housing Authority complex in the Planada area to build a 50-unit farm worker housing complex and day care center that is available to low- and very-low income families.
- The Merced County Redevelopment Agency, which was created in 2006, has one redevelopment project area – the Castle Aviation and Development

Center. The 1996 Castle Air Base Reuse Plan serves as the current redevelopment plan. The land use plan includes aviation, industrial, business parks, commercial, institutional land uses, and open space. Accordingly the plan does not include housing but the Redevelopment Agency will make funds available in the future for housing projects in the region.

- The Housing Authority manages and operates HUD-owned housing including low income housing, farm worker housing, and senior housing. The Housing Authority also manages the following: Home Ownership program, Family Self-Sufficiency program (FSS), Resident Opportunities for Self-Sufficiency program (ROSS), and California Housing Rural program (CHRP-R).
- In 2008, Merced County was awarded \$2.18 million in Neighborhood Stabilization Program funds to assist low and moderate income families to purchase homes.
- The County has been successful in obtaining \$2 million in CDGB funds and \$2 million in HOME funds since 2003.

### **C. Existing Housing Needs Assessment**

- Merced County experienced rapid growth throughout the second half of the twentieth century and into the twenty-first century. The county grew the fastest between 1980 and 1990 when the average annual growth rate (AAGR) was 2.8 percent.
- Merced County's population grew at an AAGR of 2.6 percent from 2000 to 2008, a rate significantly higher than the AAGR for California as a whole for the 2000 to 2008 period (1.5 percent). Based on the 2010 and 2020 Department of Finance (DOF) population projection and 2008 population estimate, Merced County is projected to have a 2008 to 2010 AAGR of 2.0 percent and a 2010 to 2020 AAGR of 2.4 percent, a rate higher than the projected AAGRs of 0.8 percent and 1.2 percent, respectively, for California for the same time periods. From 2008 to 2020, Merced County is projected to have approximately 94,000 additional people that will need housing.
- From 2000 to 2008, of the 3,395 new housing units constructed in the unincorporated county, 2,791, or 82.2 percent, were single-family houses, and 122 units or 3.5 percent of all new units built in the unincorporated county were multi-family units. Mobile homes accounted for 14.2 percent of all new units, which is significantly higher than the statewide average of 4.4 percent of all housing units.
- In 2008, single-family homes made up 80.6 percent of all housing units in unincorporated Merced County, compared to 64.6 percent in all of California. In 2008, multi-family homes made up only 5.2 percent of the housing stock

for the unincorporated county and 21.7 percent of the housing stock of the incorporated county. These percentages were lower than that for all of California, in which 31 percent of the housing stock was multi-family.

- Housing prices underwent a dramatic increase in 2004 and 2005. Prices started a steep decline in mid-2006 and have continued to decline.
- Roughly 27 percent of all senior owner households and 44.3 percent of all senior renter households in the unincorporated county had a housing cost burden greater than 30 percent (moderate housing cost burden) in 2000.
- A three-person household was classified as low-income (80 percent of median) with an annual income of up to \$38,750 in 2008. A household with this income could afford to pay a monthly gross rent (including utilities) of up to \$969 or to purchase a house priced at \$143,626 or below.
- Households with a single wage earner working in any one of the occupations including nurses, police officers, and teachers would have difficulty purchasing a home in unincorporated Merced County, where the median sales price for homes was \$214,000 for 2007 through 2008.
- From January 2007 to June 2008, the median sales price for homes in unincorporated Merced County was \$214,000. Sale prices varied greatly among the different communities in the county. The median sales price for homes in Santa Nella was \$335,000 during this period, while the median sales price for homes in South Dos Palos was \$87,500. Home prices have declined since 2008 but seem to have stabilized in 2010.
- The County Housing Authority manages four seasonal housing centers providing 260 units, and Self-Help Enterprises manages one facility in Planada. The facilities are available during the six-month harvest season (April/May–October/November) and reserved only for farm workers and their families.

#### **D. Future Housing Needs Assessment**

- The Merced county Association of Governments (MCAG) allocated 7,364 new housing units to unincorporated Merced County for the 2007 to 2014 planning period through the Regional Housing Needs Assessment (RHNA) process assigned to councils of Governments. The allocation is equivalent to a yearly need of approximately 982 housing units. Of the 7,364 housing units, 4,319 units are to be affordable to moderate-income households and below, including 824 extremely low-income units, 824 very low-income units, 1,241 low-income units, and 1,430 moderate-income units.
- During the previous planning period, the Housing Element included a program to rezone 260 acres in Delhi and Planada. The rezoning was needed to accommodate 1,555 units to meet the 2003 RHNA. Merced

County updated the Delhi and Planada Community Plans, but has not yet rezoned the full 260 acres for higher-density residential uses.

## **E. Goals, Programs, and Implementation**

Overall Housing Element goals, and programs to implement them, were developed to guide the County's efforts to in meeting its housing needs. Those goals include the following:

- **New Construction**

**Goal HE-1:** To provide for a broad range of housing types and densities to meet the needs of all residents of the unincorporated area.

- **Affordable Housing**

**Goal HE-2:** To encourage the construction and maintenance of affordable housing in Merced County, with an emphasis on meeting the needs of extremely low, very low, and low-income households.

- **Foreclosures**

**Goal HE-3:** To prevent foreclosures, protect affected families, and stabilize neighborhoods impacted by foreclosures.

- **Special Need Housing**

**Goal HE-4:** To provide a range of housing types and services for special needs groups

- **Neighborhood Preservation and Stabilization**

**Goal HE-5:** To preserve the existing character and integrity of residential neighborhoods and conserve and improve the existing housing stock

- **Equal Opportunity Housing and Discrimination Prevention**

**Goal HE-6:** To provide decent housing and quality living environment for all Merced County residents regardless of age, religion, race, ethnicity, creed, sex, sexual orientation, marital status, ancestry, national origin, disability, economic level, and other arbitrary factors.

- **Energy Conservation**

**Goal HE-7:** To ensure energy efficiency and appropriate weatherization for all new and existing housing units.

- **Implementation Monitoring**

**Goal HE-8:** To ensure that Housing Element programs are implemented on a timely basis and progress of each program is monitored and evaluated annually.

Numerous Programs both new and ongoing are detailed within the Housing Element Update to implement the achievement of these housing goals. Examples of these programs include the following:

1. Maintain an inventory of available vacant and underutilized land for housing.
2. Continue to update Community Plans to ensure housing is available to all income groups.
3. Encourage development of innovative housing designs and modifications to planning, building and subdivision codes to provide affordable housing.
4. Allow multi-family developments of 21 units or more per acre be approved with an administrative permit rather than the current requirement of a conditional use permit.
5. Continue the First Time Home Buyer Program and partner with other public agencies and non-profit organizations.
6. Amend the zoning ordinance, consistent with state law, to provide density bonuses for low income housing projects.
7. Continue to pursue State and Federal funding sources such as HOME, CDBG, and Proposition 1-C funds to provide low income housing.
8. Consider the adoption of an ordinance to require owners of foreclosed properties, including banks and mortgage lenders to maintain their property.
9. Continue to acquire foreclosed properties through the Federal and State Neighborhood Stabilization Program funds for either affordable housing or first time homebuyers.
10. Consider the adoption of a Foreclosure Eviction Ordinance to prevent eviction of tenants due to foreclosure of the property.
11. Continue the additional dwelling unit program in agricultural zones to facilitate private farm worker housing.
12. Consider amending the zoning code to facilitate farm labor camps, family day care homes, transitional and supportive housing, and special needs housing.
13. Amend the zoning ordinance to allow an emergency shelter by right in either the Light Industrial (M-1) or General Commercial (C-2) zone.
14. Continue to work with other public agencies and non-profits in implementing the Owner Occupied Housing Rehabilitation Program for eligible low income homeowners.
15. Pursue State and Federal funding for a housing condition survey of the existing homes within the unincorporated portion of the County.
16. Continue to promote energy efficiency retrofit and preventive maintenance programs.
17. Annually review and report on the implementation of the Housing Element.

#### **IV. PUBLIC AGENCY REVIEW**

The California State Department of Housing and Community Development (HCD) In a letter dated May 25, 2010 stated the Housing Element, “will comply with the State housing element law (Article 10.6 of the Government Code)” upon its final adoption. This recent letter came after nine months of consultation and review with HCD to meet the policies, programs, and information for state certification.

#### **V. PUBLIC COMMENT**

Notice of this public hearing was published in the Merced Sun-Star and the Los Banos Enterprise on May 29, 2010. No comments have been received as of the completion of this Staff Report. Copies of the Draft Housing element were sent to all of the Housing element Stakeholders, Municipal Advisory Councils, and posted on the County’s General Plan Update website.

#### **VI. ENVIRONMENTAL REVIEW**

An Initial Study and Negative Declaration was prepared and circulated and posted for a 20 day review period between May 17, 2010 and June 10, 2010. Due to the short time frame to get the Housing Element adopted in order to meet the June 25, 2010 CDBG grant application deadline, the State Clearinghouse granted a 20 day review period. Being a policy document to identify goals, objectives, and programs to support housing no significant impacts were identified and subsequently no mitigation has been required. No comments regarding the Initial Study/ Negative Declaration have been received as of the completion of this report.

#### **VII. REQUIRED ACTIONS**

##### **A. CEQA Determination**

Staff recommends the Planning Commission recommend the Board of Supervisors adopt the Negative Declaration in accordance with Section 15070 to 15075 of the CEQA Guidelines and make the following motion.

**MOTION:** The Planning Commission recommends that the Board of Supervisors Adopt the Negative Declaration based on the following findings:

##### **CEQA Findings**

1. The Initial Study and Negative Declaration was prepared and circulated in accordance with Section 15070 of the CEQA Guidelines and reflects the independent judgment of the County.
2. Based on the Initial Study the project will not have a significant effect on the environment and requiring no mitigation measures.

## **B. Project Determination**

Staff recommends the Planning Commission recommend the Board of Supervisors adopt the Updated Housing Element of the Merced County General Plan, (General Plan Text Amendment No. GPTA10-001) based on the following findings and recommended conditions of approval and makes the following motion.

**MOTION:** The Planning Commission recommends that the Board of Supervisors adopt the Updated Housing Element of the Merced County General Plan, (General Plan Text Amendment No. GPTA10-001) based on the following findings.

### **Project Findings**

1. General Plan Text Amendment No. GPTA10-001 proposes to amend the Merced County General Plan Housing Element.
2. California State law requires that all localities adopt housing elements as part of their general plan and periodically revise and update the element that sets forth policies and programs for the provision of affordable housing for all economic segments of the community.
3. In a letter dated May 25, 2010 the California State Department of Housing and Community Development (HCD) stated the Housing Element Update “will comply with the State housing element law (Article 10.6 of the Government Code.)”
4. The Housing Element Update was prepared by the consulting firm of Mintier Harnish under the direction of the Merced County Planning and Community Development Department.
5. The County’s previous Housing Element was adopted in 2003 for the period 2003 – 2008.
6. The new Housing Element Update covers the period 2008 – 2013.
7. The new Housing Element Update is consistent with the other elements of the Merced County General Plan and made a part of it as the Housing Chapter.
8. The public hearing has been adequately noticed and advertised.

## **VIII. ATTACHMENTS**

1. State Department of Housing and Community Development Correspondence
2. Draft Merced County Housing Element
3. Initial Study/Draft Negative Declaration

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT  
DIVISION OF HOUSING POLICY DEVELOPMENT**

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May 25, 2010

Mr. Robert A. Lewis, Director  
Development Services Department  
County of Merced  
2222 M Street  
Merced, CA 95340



Dear Mr. Lewis:

**RE: Review of the County of Merced's Revised Draft Housing Element**

Thank you for submitting Merced County's revised draft housing element received for review on May 12, 2010 along with additional revisions on May 20, 2010. The Department is required to review draft housing elements and report the findings to the locality pursuant to Government Code Section 65585(b). Numerous communications with you, Mr. Bill Nicholson, Assistant Development Services Director, and Mr. Jim Harnish and Ms. Chelsey Norton, of Mintier Harnish, facilitated the review.

The Department recognizes the County of Merced efforts, in conjunction with the Merced Housing Authority, to facilitate the construction of 50 housing units for farmworkers in Planada and for providing incentives to assist in the development of additional housing for farmworkers. The revised draft housing element addresses the statutory requirements described in the Department's April 27, 2010 review. As a result, the revised draft element will comply with State housing element law (Article 10.6 of the Government Code) when adopted and submitted to the Department, pursuant to Government Code Section 65585g.

The Department appreciates the efforts and cooperation provided by Ms. Norton throughout the course of the review and looks forward to receiving Merced County's adopted housing element. If you have any questions or need additional technical assistance, please contact Brett Arriaga, of our staff, at (916) 445-5888.

Sincerely,

A handwritten signature in cursive script that reads "Cathy E. Creswell".

Cathy E. Creswell  
Deputy Director