

**CITY OF MERCED**  
**Planning & Permitting Division**

**STAFF REPORT:** #16-13

**AGENDA ITEM:** 4.2

**FROM:** Kim Espinosa,  
Planning Manager

**PLANNING COMMISSION**  
**MEETING DATE:** May 18, 2016

**PREPARED BY:** Julie Nelson,  
Associate Planner

**CITY COUNCIL**  
**MEETING DATE:** July 18, 2016  
(Tentative)

**SUBJECT:** **Housing Element for the City of Merced (General Plan Amendment #16-03)**, initiated and prepared by the City of Merced. This application involves the update of the Housing Element of the General Plan, one of seven required elements of the General Plan. The Housing Element sets forth policies and programs for the provision of affordable housing throughout the community. \*PUBLIC HEARING\*

**ACTION:** PLANNING COMMISSION:

Recommendation to City Council

- 1) Environmental Review #16-11 (Negative Declaration)
- 2) Adoption of Draft Housing Element/General Plan Amendment #16-03

CITY COUNCIL:

Approve/Disapprove/Modify

- 1) Environmental Review #16-11 (Negative Declaration)
- 2) Adoption of Draft Housing Element/General Plan Amendment #16-03

**SUMMARY**

The City's current Housing Element, one of the seven required elements of the General Plan, was adopted in May 2011 and then revised in November 2011 based on comments from the State Department of Housing and Community Development (HCD). The Housing Element was to be updated according to the schedule published by HCD State Law by March 31, 2016, but there is a 120-day grace period. Working with a citizen task force, City staff, and elected officials, a draft Housing Element has been prepared (enclosed). The Housing Element sets forth policies and programs for the provision of affordable housing throughout the community.

Staff is recommending that the Planning Commission recommend adoption of the draft Element to the City Council. City staff will then submit the draft Element to HCD for preliminary comments, which could take up to 60 days. It is highly likely that HCD will require revisions. The Housing Element will then be revised and scheduled for final adoption by the City Council, likely in late July 2016. HCD then has 90 days to review the final adopted Element. If further

revisions are required, the Housing Element will come back to the Planning Commission and City Council at a later date.

### **RECOMMENDATION**

Planning staff recommends that the Planning Commission recommend approval to the City Council of a Negative Declaration for Environmental Review #16-11 and adoption of the Draft Housing Element as enclosed with this staff report in accordance with the Draft Resolution at Attachment A.

### **BACKGROUND**

The City's current Housing Element, one of the seven required elements of the General Plan, was first recommended for approval by the Planning Commission in August 2009, but finally adopted in May and November 2011, and was incorporated into the *Merced Vision 2030 General Plan* as Chapter 9. (Due to extensions granted by the State, the Housing Element was considered to be the 2009 Housing Element, although it was adopted in 2011.) Since State law requires updates of the housing element every 5 years (recently changed to 8 years), the City's Housing Element was to be updated by March 31, 2016, but there is a 120-day grace period. In late 2015, the City formed the Housing Element Task Force, made up of citizens and representatives of various housing interests, to help develop the document (see Finding E below).

### **FINDINGS/CONSIDERATIONS:**

#### **Housing Element Requirements**

- A) The Housing Element is one of the seven required elements of the General Plan. State Housing Element Law (California Government Code Sections 65580 through 65589.8) is extremely complex with many specific requirements. The enclosed draft Housing Element for the City of Merced addresses all the requirements of State law.

#### **Housing Element Organization**

- B) The draft Housing Element (enclosed) is organized as follows:

Section ES:	Executive Summary
Section 9.1:	Introduction and Overview (including state requirements, relationship to other General Plan Elements, etc.)
Section 9.2:	Evaluation of the 2009 Housing Element and its Effectiveness
Section 9.3:	Population and Housing Data
Section 9.4:	Land for Housing
Section 9.5:	Constraints to Housing
Section 9.6:	Goals, Policies, and Programs (2015)
Section 9.7:	Public Participation
Appendices:	A—LAFCO Policies
	B—Merced City and County Continuum of Care Plan
	C – Environmental Documentation
	D—Available Land Inventory

### **Goals, Policies, & Programs (2016)**

- C) The primary focus of the Housing Element are the goals, policies, and programs as outlined in Section 9.6 of the enclosed draft. The City of Merced's goals from the previous Housing Element remain intact as follows:
- 1) New Affordable Housing Construction
  - 2) Housing Conservation and Rehabilitation
  - 3) Housing Affordability
  - 4) City Coordination
  - 5) Quantified Objectives
  - 6) Provide Equal Opportunity Housing

The majority of Action Programs are also maintained. Some of them have been modified or omitted, and new programs have been added. City staff will present a summary of the new programs and modifications to existing programs at the Planning Commission meeting on May 18, 2016.

The funding resources identified in the Plan include competitive grants as well as entitlements. Although the grant amounts quantified are competitive, the purpose of including them in the Action Plan is to establish a commitment to apply for these grant funds when they may become available. Other funds such as CDBG funds are based on an estimate of previous years' allocations.

### **State Review**

- D) Unlike other General Plan elements, the Housing Element must be submitted to the State for review. A Draft Housing Element may be submitted to the California Department of Housing and Community Development (HCD) for review. HCD then conducts a review and issues written findings determining whether the element "substantially complies" with State housing law. This review can take up to 60 days. If HCD finds that the element is substantially out of compliance, the legislative body is required to either change the element to comply, or adopt the draft housing element without changes and include written findings explaining why the legislative body believes it does substantially comply. Upon adoption, the final housing element must be submitted back to HCD for a 90-day review, after which HCD will report its final written findings.

After the Planning Commission public hearing, City staff will incorporate any changes in the document as required by the Commission, and the document will be submitted to HCD for its initial 60-day review. After the City receives HCD's comments, changes will be made and/or written findings prepared regarding issues raised by HCD. The Housing Element will then be submitted to the City Council for adoption and submitted again to HCD. If further revisions are needed after that 90-day review, the Planning Commission and City Council will consider those revisions to the Housing Element at a later date.

### **Housing Task Force**

- E) In 2015, the Housing Element Task Force was formed. The Task Force was made up of 9 individuals representing various housing interests in the City. A membership roster of the

Task Force can be seen below. Two Planning Commissioners, Bill Baker and Jill McLeod, were part of the Task Force.

<b>Name</b>	<b>Organization</b>
Brenda Callahan-Johnson	Merced County Community Action Agency
Bill Baker	City of Merced Planning Commission
Christie Hendricks	Merced County Office of Education, Child Care Support Services
Guy Maxwell	Building Industry Association
Jill McLeod	City of Merced Planning Commission
Johanna Gallegos	Central Valley Coalition for Affordable Housing
Mark Hamilton	City of Merced Housing Division
Renise Ferrario	Merced County Housing Authority
Samantha Thompson	Merced County Office of Education, Child Care Support Services

F) From December 2015 to February 2016, four meetings of the Task Force were held, covering the following topics:

- Meeting #1: Review and Revision of 2009 Housing Element Goals & Programs
- Meeting #2: Review and Revision of 2009 Housing Element Goals & Programs
- Meeting #3: Housing Resources and Constraints
- Meeting #4: New/Revised Policies, Objectives, and Programs

**Regional Housing Needs**

G) In 2015, the Merced County Association of Governments (MCAG), as required by State law, determined existing and projected regional housing needs or “share” for each jurisdiction in Merced County for the period of January 1, 2014, through December 31, 2023, based on the statewide and regional needs as determined by HCD. Each jurisdiction was to then determine how it would address this need through the process of updating its Housing Element. The City of Merced’s share of the regional housing needs was determined to be 5,537 units.

It is important to note that the resulting numbers do not imply that each jurisdiction must produce the identified amount of very low, low, moderate, and above moderate income housing. Each jurisdiction is required, however, to demonstrate that it has an adequate number of available sites for single-family and multi-family housing to accommodate its share of the Regional Housing Needs (5,537 units for the City of Merced) within its General Plan and to identify strategies for promoting additional housing opportunities for all income levels. The City’s draft Housing Element addresses this requirement and it has been determined that Merced has adequate sites to accommodate our share of the regional housing needs.

**Environmental Clearance**

- H) The Planning staff has conducted an environmental review (Initial Study # 16-11) of the project in accordance with the requirements of the California Environmental Quality Act (CEQA), and a *Draft Negative Declaration* (i.e., no significant adverse environmental effects have been found) is being recommended (see Appendix C of the enclosed Housing Element).

**Attachments:**

- A) Draft Planning Commission Resolution
- B) Administrative Draft City of Merced Housing Element (July 2009) (Initial Study #16-11 included at Appendix C)

**CITY OF MERCED  
Planning Commission**

**Resolution # \_\_\_\_\_**

**WHEREAS**, the Merced City Planning Commission at its regular meeting of May 18, 2016, held a public hearing and considered **General Plan Amendment #16-03**, initiated and prepared by the City of Merced. This application involves the update of the Housing Element of the General Plan, one of seven required elements of the General Plan. The Housing Element sets forth policies and programs for the provision of affordable housing throughout the community; and,

**WHEREAS**, the Merced City Planning Commission concurs with Findings A through H of Staff Report #16-13; and,

**NOW THEREFORE**, after reviewing the City's Draft Environmental Determination, and fully discussing all the issues, the Merced City Planning Commission does resolve to hereby recommend to City Council adoption of a Negative Declaration regarding Environmental Review #16-11, and approval of General Plan Amendment #16-03.

Upon motion by Commissioner \_\_\_\_\_, seconded by Commissioner \_\_\_\_\_, and carried by the following vote:

AYES:       Commissioner(s)

NOES:       Commissioner(s)

ABSENT:     Commissioner(s)

ABSTAIN:    Commissioner(s)

PLANNING COMMISSION RESOLUTION # \_\_\_\_\_

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Adopted this 18<sup>th</sup> day of May 2016

\_\_\_\_\_  
Chairperson, Planning Commission of  
the City of Merced, California

ATTEST:

\_\_\_\_\_  
Secretary

n:shared:planning:PC Resolutions:GPA#16-03 New Housing Element