

MERCED COUNTY GENERAL PLAN

HOUSING ELEMENT

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PART I. POLICY DOCUMENT

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INTRODUCTION

Under California law, the housing element must include the community's goals, policies, quantified objectives and housing programs for the maintenance, improvement, and development of housing. This Housing Element includes eight goal statements. Under each goal statement, the element sets out policies that amplify each goal statement. Implementation programs are listed at the end of the corresponding group of policies and describe briefly the proposed action, the County agencies or departments with primary responsibility for carrying out the program, the funding source, and the time frame for accomplishing the program. Several of the implementation programs also identify quantified objectives.

The following definitions describe the nature of the statements of goals, policies, and implementation programs and quantified objectives as they are used in the Housing Element Policy Document:

Goal: Ultimate purpose of an effort stated in a way that is general in nature and immeasurable.

Policy: Specific statement guiding action and implying clear commitment.

Implementation Program: An action, procedure, program, or technique that carries out policy. Implementation programs also specify primary responsibility for carrying out the action and an estimated time frame for its accomplishment. The time frame indicates the fiscal year in which the activity is scheduled to be completed. These time frames are general guidelines and may be adjusted based on county staffing and budgetary considerations.

Quantified Objective: The number of housing units that the County expects to be constructed, conserved, or rehabilitated; or the number of households the County expects will be assisted through Housing Element programs based on general market conditions during the time frame of the Housing Element.

Housing element law recognizes that in developing housing policy and programs, identified housing needs may exceed available resources and the community's ability to satisfy these needs. The quantified objectives of the housing element, therefore, need not be identical to the identified housing need, but should establish the maximum number of housing units that can be constructed, rehabilitated, and conserved, or households assisted over a five-year time frame.

NEW CONSTRUCTION

Over the last several decades unincorporated Merced County's housing stock has consisted mostly of moderately priced, single-family homes built in traditional suburban and rural subdivisions. Based on the county's changing demographic profile, the County may need to provide a variety of housing types to meet the needs of its diversifying population. As a result, the County approved several new large-scale master planned communities (i.e., Villages of Laguna San Luis, Fox Hills, and University Community) to guide the development of a diverse mix of land uses, including a variety of housing types (e.g., single-family, multifamily, and mixed-use dwelling units). These "new communities" approved since the adoption of the 2003 Housing Element provide excellent opportunities to meet the County's regional housing need, while at the same time provide more diverse growth patterns that respond to the county's changing population. These new communities also provide opportunities for the creation of affordable housing since these areas include the majority of the unincorporated county's available sites zoned for higher residential densities.

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.

POLICIES

- Policy 1-1 The County shall continue to adopt programs, ordinances, incentives, land use plans and other regulatory mechanisms that provide opportunities for the private sector to address the housing needs of citizens in all economic levels.
- Policy 1-2 The County shall ensure that there are adequate sites available to meet its regional fair share housing allocation of 7,364 units (824 extremely low, 824 very low, 1,241 low, 1,430 moderate, and 3,045 above moderate).
- Policy 1-3 The County shall continue to maintain an up-to-date site inventory of available sites for residential development.
- Policy 1-4 The County shall direct housing to less valuable farmland when agricultural land conversion is justified.
- Policy 1-5 The County shall allow the conversion of agricultural and other rural land, including antiquated subdivisions, into housing uses only where a clear and immediate need is demonstrated based on anticipated growth, availability of public services and facilities, and taking into account available vacant land within the community.
- Policy 1-6 The County shall support infill residential development and other mid- to large-sized residential projects in unincorporated urban communities that have the infrastructure necessary to support such development.
- Policy 1-7 The County shall encourage and support residential projects that include sustainable development principles which incorporate environmental protection measures balanced with serving the needs of residents.

- Policy 1-8 The County shall promote the use of cluster housing, mixed-use, and planned development concepts where existing community services are available.
- Policy 1-9 The County shall encourage a variety of housing types to meet the special needs of our diversified population.
- Policy 1-10 The County shall encourage the consolidation of parcels to facilitate more efficient multi-family residential development.
- Policy 1-11 The County shall strongly encourage residential development projects to develop at the maximum allowable density.
- Policy 1-12 The County shall minimize governmental constraints to the development, improvement, and maintenance of its housing stock.
- Policy 1-13 The County shall encourage key services and facilities (e.g., public transit, child care facilities, schools, parks, and neighborhood shopping centers) to be located within walking distance of higher density residential development.
- Policy 1-14 The County shall promote mixed-income housing in new development.
- Policy 1-15 Wherever feasible, the County shall encourage affordable housing to be located in transit-oriented development projects.
- Policy 1-16 The County shall encourage the usage of mixed-use residential/office/retail developments in each community's downtown core.
- Policy 1-17 When updating Community Plans, the County shall work closely with the Municipal Advisory Councils to ensure a range of housing types, including multi-family housing developments, are provided that meets the needs of all economic segments of the community.
- Policy 1-18 When feasible, the County should seek to expand the Redevelopment Agency's project area boundaries to enhance opportunities for the provision of affordable housing.
- Policy 1-19 The County shall advocate and support Federal and State actions that create a stable climate for housing production.
- Policy 1-20 The County shall ensure that updated and new Community/Specific Urban Development Plans maximize housing choice and encourage socio-economic integration by providing a range of housing types that accommodate all economic segments of the community.
- Policy 1-21 The County shall encourage and support the development of innovative housing types and building materials that may emerge during the buildout of the University Community Plan, contingent on their compatibility with adjacent uses.

PROGRAMS

Program 1-1 **VACANT AND UNDERUTILIZED LAND INVENTORY.** The County shall maintain an updated inventory of vacant and underutilized, residentially designated land. The County shall make this information available to the public by providing the inventory at the Planning and Community Development Department and on the County's website.

Responsibility: Planning and Community Development
Department, County Assessor, County Tax
Collector
Funding: Staff time, General Fund
Timeframe: FY 2009-10, ongoing
Quantified Objective: N/A

Program 1-2 **COMMUNITY PLAN UPDATES.** The County shall continue to review and update its Community Plans to ensure adequate land is available for various housing types at all income levels. The County shall continue to zone and designate adequate sites during the Community Plan updates to meet the various housing needs of each community.

Responsibility: Planning and Community Development
Department
Funding: Staff time, General Fund, development fees
Timeframe: Ongoing
Quantified Objective: N/A

Program 1-3 **INNOVATIVE HOUSING TYPES.** To encourage development of innovative housing designs and building materials that may emerge during the buildout of all new communities, the County shall consider modifications of building and subdivision codes, where appropriate, that would facilitate the development of new types of affordable units, while maintaining the public's health, safety, and quality of life. The County shall also work closely with local builders and potential developers to create new experimental housing prototypes.

Responsibility: Planning and Community Development
Department
Funding: Staff time, General Fund
Timeframe: FY 2011-12
Quantified Objective: N/A

Program 1-4 **INFRASTRUCTURE FINANCING ASSISTANCE IN NEW COMMUNITIES.** To reduce the “up-front” infrastructure improvement and development costs in new communities, the County shall investigate the feasibility of providing assistance in developing long-term infrastructure financing. Such financing might include formation of a Mello-Roos or special assessment district to support a long-term, low-interest revenue bond to fund infrastructure improvements.

Responsibility: Planning and Community Development
Department, Public Works
Funding: Staff time, General Fund
Timeframe: FY 2010-11
Quantified Objective: N/A

Program 1-5 **WATER STUDY.** The County shall conduct a county-wide water study that examines future demand compared with existing and planned supply and identifies ways to meet unmet projected demand. The study will consist of the following components:

- A summary of existing water resources in the county;
- Water demand and capacity projections for a 20-year time horizon for the eastern, western, and northern regions of the county;
- An estimation of groundwater and surface water available to support future urban development, including new towns;
- A description of water supply systems to satisfy the urban demands for each region;
- An analysis of groundwater and surface water source availability during drought years;
- A list of strategies for augmenting groundwater and surface water supplies through non-potable water sources, recycled water practices, water conservation programs, and new storage facility construction opportunities.

Responsibility: Planning and Community Development
Department, Public Works
Funding: Staff time, General Fund
Timeframe: FY 2009-10
Quantified Objective: N/A

Program 1-6 **CHILD CARE.** The County shall encourage the development of childcare facilities within all housing developments, with specific the specific emphasis on affordable housing, through the use of incentives determined to be appropriate. The County shall review incentive options to develop a plan or policy relating to this issue in cooperation with childcare providers and intermediaries.

Responsibility: Planning and Community Development
Department, Public Works
Funding: Staff time, General Fund
Timeframe: FY 2010-11
Quantified Objective: N/A

Program 1-7 **REZONE SITES TO MEET RHNA.** The County shall rezone adequate sites for higher-density development within the University Community Plan to accommodate at least the remaining need of 974 lower-income units (48.7 acres, assuming 20 units per acre). The County shall ensure that at least 50 percent of the unmet lower-income RHNA need be accommodated on housing sites designated exclusively for residential use, permit owner-occupied and rental multi-family uses by-right, allow at least 16 units per site, and allow at least 20 units per acre.

Responsibility:	Planning Department
Funding:	General Fund
Timeframe:	2012
Quantified Objective:	N/A

Program 1-8 **PLANNING FOR LARGE SITES.** The County shall provide opportunities for further subdivision or specific plan development of large sites identified in the Housing Element to encourage a variety of housing types, including affordable housing, and site plan concepts that achieve the maximum housing potential of large sites. The County shall employ a range of tools and techniques, potentially including outreach to property owners and stakeholders, to encourage development of these sites.

Responsibility:	Planning Department
Funding:	General Fund
Timeframe:	As necessary
Quantified Objective:	N/A

Program 1-9 **SUFFICIENT CAPACITY FOR VACANT SITES.** The County shall work with water and sewer service providers to ensure that sufficient capacity exists for sites identified in the Housing Element vacant sites inventory to facilitate development of these sites within the planning period.

Responsibility:	Planning Department
Funding:	General Fund
Timeframe:	Ongoing
Quantified Objective:	N/A

Program 1-10 MODIFYING THE PERMITTING PROCESS FOR MULTI-FAMILY HOUSING. The County shall amend the Zoning Code to allow multi-family developments with 21 units or more with an Administrative Permit (AP) instead of a Conditional Use Permit (CUP), consistent with the current requirements for multi-family developments with 5-20 units.

Responsibility:	Planning and Community Development Department
Funding:	Staff time, General Fund
Timeframe:	FY 2010/11
Quantified Objective:	N/A

AFFORDABLE HOUSING

Merced County, along with the State and Nation, is facing numerous economic challenges that will impact the ability to provide adequate amounts of affordable housing for all our citizens. In 2005 the County's per capita personal income was roughly \$14,000 lower than that of California. Additionally, Merced County's unemployment rate was 17.3 percent as of May 2009. Merced County has some of the largest concentrations of poverty in the country and many of these residents have difficulty affording even the most modest homes. Between 2006 and 2009, Merced County housing prices have dropped to half of their 2006 property value which has made housing affordable to specific segments of the population (e.g., first-time homebuyers with a household income near the county median). Although Merced County's housing stock is considered relatively affordable by California standards, there still exists a sizable demand for quality, affordable housing for a significant portion of Merced County's population. Despite the plummeting home prices, there have been a number of economic factors that have been barriers to obtaining affordable housing. The tightening of loan underwriting practices and larger required down payments have limited the ability of many homebuyers to take advantage of lower house prices. Since the early 1980s, the personal income gap between the Merced County and California has been growing wider. In addition, if Merced County sees another wave of Bay Area residents moving into the county in search of affordable housing like it did prior to 2006, this may drive up housing costs and further exacerbate existing affordability issues and further drive lower income residents into concentrated pockets of poverty.

There is no best strategy for providing affordable housing in Merced County. Most affordable housing projects require multiple subsidies to bridge the affordability gap. In the past, the County has addressed the need for affordable housing through successfully obtaining state grant funding, regulatory incentives for developers, and the forming of partnerships with both the public and private sectors. Since 2003, the County has been successful in obtaining \$2 million in CDGB funds and \$2 million in HOME funds to fund a variety of local housing programs, including providing low income loans through the First-Time Homebuyer Program. In 2008, Merced County was awarded \$2.18 million in Neighborhood Stabilization Program funds. In the last several years, Merced County representatives have been involved in supporting the San Joaquin Valley Housing Trust (SJVHT), a non-profit organization, which was formed to address regional housing needs by providing a dedicated source of revenue to build new 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.

POLICIES

- Policy 2-1 The County shall provide opportunities for the development of a variety of affordable housing types.
- Policy 2-2 The County shall enable opportunities for deed-restricted affordable housing to ensure long-term affordability.
- Policy 2-3 The County shall encourage deed-restricted affordable housing to be built using attractive, long-lasting, low-maintenance materials.

- Policy 2-4 The County shall continue to provide incentives to developers to construct housing that is affordable to those making under 80 percent of the area median income.
- Policy 2-5 The County shall continue to support the California Partnership for the San Joaquin Valley and San Joaquin Valley Housing Trust's efforts to create and seek funding sources to increase, preserve, and improve the supply of affordable and workforce housing in the San Joaquin Valley.
- Policy 2-6 The County shall facilitate the use of Federal and State programs to assist in development that meets Merced County's housing needs and is consistent with local plans and programs.
- Policy 2-7 The County shall promote homeownership opportunities by continuing allocation of available grant funds to assist eligible lower income households.
- Policy 2-8 The County shall continue to provide rental assistance to very low- and low-income households through programs offered by the Housing Authority and other agencies.
- Policy 2-9 The County shall continue to allow second and manufactured dwelling units on residential sites subject to adopted development standards and requirements.
- Policy 2-10 The County shall encourage and facilitate the development of second units in appropriate locations to increase the availability of affordable housing.
- Policy 2-11 The County shall encourage low- and moderate-income housing to be distributed evenly throughout unincorporated urban communities to avoid concentrations of low- and very low-income groups.
- Policy 2-12 The County shall continue to work with other agencies and non-profit organizations to prevent the conversion of subsidized, affordable housing to market-rate housing.
- Policy 2-13 The County shall preserve existing mobile home parks and encourage mobile home park development as a means of providing affordable housing opportunities.
- Policy 2-14 The County shall support the development of housing plans and programs, including new government subsidized housing, that maximize housing choice for minorities and lower-income households.
- Policy 2-15 The County shall inform and educate the public regarding the benefits of multi-family housing and affordable housing and address compatibility issues with surrounding land uses.
- Policy 2-16 The County shall seek partnerships with the University of California, Merced, other public agencies, and non-profit housing developers to secure land and construct affordable housing in the University Community.
- Policy 2-17 The County shall require that community plans for new communities and specific plans within new communities include a housing strategy that commits to accommodating a proportionate share of the county's regional affordable housing need.

- Policy 2-18 The County shall encourage and provide incentives for mixed-income housing opportunities through local commitment and planning, partnerships with affordable housing developers, and funding sources, such as a regional affordable housing trust.
- Policy 2-19 The County shall encourage affordable housing to be located close to key services (e.g., child care, transit).

PROGRAMS

- Program 2-1 **SAN JOAQUIN VALLEY HOUSING TRUST.** The County shall continue to work with the California Partnership for the San Joaquin Valley and San Joaquin Valley Housing Trust in developing a housing trust fund to provide a dedicated source of revenue to build new affordable housing units. The County shall investigate the formation of a county-level housing trust to provide a variety of assistance for low-income housing projects, including, but not limited to, land acquisition, deferred loans for homebuyers, rental loan funds, low-interest financing for the construction, incentives to private developers (e.g., density bonuses), leveraging government programs and private loans, front-end master planning, and other assistance.

Responsibility:	Board of Supervisors, Planning and Community Development Department
Funding:	Federal, State (Proposition 1C), and local (real estate transfer tax, general fund, sales tax, RDA set aside) funds
Timeframe:	FY 2009-10, Ongoing
Quantified Objective:	228 units (30 extremely low-, 70 very low-, 70 low-, and 58 moderate-income units)

- Program 2-2 **FIRST-TIME HOMEBUYER PROGRAM.** The County shall continue to partner with other public agencies and non-profit organizations in providing loans to qualified low-income, first-time homebuyers.

Responsibility:	Planning and Community Development Department
Funding:	HOME and CDBG funds
Timeframe:	Ongoing
Quantified Objective:	40 Low-income households

- Program 2-3 **DENSITY BONUS ORDINANCE AMENDMENT.** The County shall amend the Zoning Ordinance so that the density bonus requirements are consistent with changes to State law (i.e., SB 1818 and SB 435).

Responsibility:	Planning and Community Development Department, Planning Commission, Board of Supervisors
Funding:	Staff time, General Fund
Timeframe:	FY 2010-11
Quantified Objective:	N/A

Program 2-4 **"FAST TRACK" PROCESSING.** The County shall continue to provide "fast track" processing for extremely-low, very low-, low-, and moderate-income housing project applications.

Responsibility: Planning and Community Development
Department
Funding: Staff time, General Fund
Timeframe: Ongoing
Quantified Objective: N/A

Program 2-5 **EXPEDITED PLAN CHECKS AND BUILDING INSPECTIONS.** The County shall continue to expedite plan checks and building inspections to meet construction deadlines associated with the award of Federal tax credits.

Responsibility: Public Works, Planning and Community
Development Department
Funding: Staff time, General Fund
Timeframe: Ongoing
Quantified Objective: N/A

Program 2-6 **IMPACT FEES REDUCTION.** The County shall waive or reduce some or all processing and impact fees for affordable multi-family developments.

Responsibility: All County Departments, Board of Supervisors
Funding: Staff time, General Fund
Timeframe: Determined at time of project application
Quantified Objective: N/A

Program 2-7 **HOUSING CHOICE VOUCHER PROGRAM.** The County shall provide assistance to the County Housing Authority for the continuation of Section 8 (Housing Choice Voucher Program) rental housing program. The County shall assist the Housing Authority in providing translation services (e.g., Spanish, Hmong) to residents that speak English as a second language.

Responsibility: Planning and Community Development
Department, Housing Authority
Funding: Staff time, General Fund
Timeframe: Ongoing
Quantified Objective: N/A

Program 2-8 **HOUSING CHOICE VOUCHER PROGRAM OUTREACH.** The County shall continue to work with the Housing Authority in providing outreach to landlords about the benefits of Housing Choice Vouchers and other available rental programs.

Responsibility: Planning and Community Development
Department, Housing Authority
Funding: Staff time, General Fund
Timeframe: Ongoing
Quantified Objective: N/A

Program 2-9 **ASSISTANCE TO AT-RISK UNITS.** The County shall continue to work with other local agencies and non-profit organizations (e.g., California Housing Partnership) in identifying and assisting existing subsidized, affordable housing developments that are at risk of converting to market-rate housing. The County shall maintain and update, as needed, the inventory of housing units or projects at risk of converting to market rate (See Table 5-51 in the Background Report).

Responsibility: Planning and Community Development
Department, Housing Authority
Funding: Federal and State funds
Timeframe: On-going
Quantified Objective: N/A

Program 2-10 **INCLUSIONARY HOUSING PROGRAM STUDY.** The County shall consider applying for a CDBG technical assistance grant to develop workshops with the Cities, Planning Commission, and Board of Supervisors in order to discuss the need for a countywide inclusionary ordinance. The workshops shall consider various topics including integration of inclusionary requirements with employment/housing balance requirements to discourage impaction of areas, and methods to ensure firm commitment from the Cities for its implementation (e.g., City/County revenue sharing agreements).

Responsibility: Planning and Community Development
Department, County Counsel, Planning
Commission, Board of Supervisors, participation
with Cities
Funding: CDBG technical assistance funds
Timeframe: FY 2013-14
Quantified Objective: N/A

Program 2-11 **HOUSING PROGRAM INFORMATION.** The County shall continue to disseminate information to the public about its available housing programs. The County shall continue to use its website as an information/referral source.

Responsibility : Planning and Community Development
Department, Governmental Affairs
Funding: Staff time, General Fund
Timeframe: Ongoing
Quantified Objective: N/A

Program 2-12 **LEGISLATIVE RELIEF.** The County shall, through its State and Federal representatives, advocate for higher State and Federal financial commitments to low and moderate income housing programs to allow provide local governments with greater financial resources to meet Federal and State housing mandates. The County shall pursue housing legislation that establishes a permanent statewide fund to address the county's housing need. The County shall write letters of support or opposition as warranted.

Responsibility: All County Departments
Funding: Staff time, General Fund
Timeframe: FY 2011-12
Quantified Objective: N/A

Program 2-13 **PURSUE STATE AND FEDERAL FUNDING FOR AFFORDABLE HOUSING.**

The County shall pursue appropriate State and Federal funding sources, including HOME, CDBG, and Proposition 1-C funds, to support the efforts of non-profit and for-profit developers to meet new construction and rehabilitation needs of lower-income households, especially extremely low-income households. The County shall periodically update and review available housing programs to identify additional funding sources.

Responsibility:	Planning and Community Development Department
Funding:	Staff time, General Fund
Timeframe:	FY 2010-11, at least annually thereafter
Quantified Objective:	50 extremely low-, 25 very low-, 25-low-income units

FORECLOSURE

Following a decade of exponential growth in the housing market, housing growth began to crash nationwide in the Fall of 2006 after one of the biggest financial crises of the past half century. Declining home values and sharp interest rate resets have combined to drive foreclosures to record levels, and the losses to homeowners, communities, and investors have thrown the economy into one of the worst recessions in decades. Merced County has been devastated by the foreclosure crisis. Merced County is one of the hardest hit counties in both California and the United States.

Merced County's foreclosure rate is nearly double that of California's rate and close to triple the nation's rate. Between June 2007 and May 2009, there were approximately 24,000 foreclosure filings in the county. Housing prices have fallen so dramatically that the housing market collapsed back to price levels comparable to those in the 1990s. Fueled by an oversupply of new homes, high unemployment, and the national recession, Merced County's median housing price had dropped to \$105,000 in May 2009, down from approximately \$380,000 in 2005. These foreclosures have led to several problems in the county including neighborhood blight, abandoned homes, increased crime activity, declining property values, loss in property tax revenue for the County, overcrowding, and numerous economic impacts.

In the wake of the national mortgage crisis, preventing or mitigating foreclosures and facilitating recovery from the damage they cause have become tremendous challenges for local governments. The root causes of the foreclosure crisis, including lending and regulatory practices, lie at a much broader scale than a particular city or county. Local government, community groups, and the local private sector are limited in what they can do to address foreclosures like regulate lending or change foreclosure processes. In addition, the Federal government has made stimulus money available through the Neighborhood Stabilization Program (NSP), including \$3.1 million for Merced County. With this available funding, there are a number of foreclosure mitigation strategies available to local governments, such as:

- Reaching out to distressed borrowers and those facing mortgage rate resets to prevent additional foreclosures;
- Expanding access to services to households who are in the foreclosure process to ensure that they receive help in finding rental housing, credit repair services; and
- Mitigating the negative impact of foreclosures and Real Estate Owned (REO) properties on neighborhoods.

GOAL HE-3

To prevent foreclosures, protect affected families, and stabilize neighborhoods impacted by foreclosures.

POLICIES

- Policy 3-1 The County shall assist local residents in finding Federal, State, and local programs to prevent or assist with a foreclosure sale.
- Policy 3-2 To preserve homeownership and promote neighborhood stability, the County shall attempt to alleviate individual and community issues associated with foreclosures.
- Policy 3-3 The County shall strive to preserve and restore the appearance of its neighborhoods most impacted by foreclosures through basic upkeep for vacant properties and abandoned homes by supporting neighbors and community groups in performing regular lawn maintenance and clean-ups.
- Policy 3-4 The County shall allocate State and Federal funding to acquire foreclosed properties and preserve them as affordable housing for lower- and moderate-income first-time homebuyers.

PROGRAMS

Program 3-1 **FORECLOSURE PREVENTION RESOURCES.** The County shall continue to promote foreclosure prevention resources by posting information on the County website about foreclosure prevention hotlines and services offered by non-profit organizations.

Responsibility: Planning and Community Development
 Department, Government Affairs
Funding: General Fund (Staff Time)
Time Frame: Ongoing
Quantified Objective: N/A

Program 3-2 **HOMEBUYER EDUCATION PROMOTION.** The County shall continue to coordinate meetings in appropriate communities between relevant participants (Building Industry Association, mortgage lenders, Association of Realtors, Housing Authority, etc.) to educate the public on options that exist for potential homebuyers. The program shall include workshops and/or the distribution of information regarding readiness to purchase a home, money management, understanding credit, obtaining a loan, shopping for a home, home maintenance, financial management, and foreclosure prevention. The County shall promote the program on the County website, through brochures available at the County offices, and/or in local newspaper advertisements, as well as through partnerships with local realtors. To assist residents where English is their second language, the County shall provide translations of written materials and translation services at public meetings.

Responsibility: Planning and Community Development
 Department, Government Affairs
Funding: Staff time, General Fund
Timeframe: Ongoing
Quantified Objective: N/A

Program 3-3 **NUISANCE ABATEMENT IN IMPACTED NEIGHBORHOODS.** To help secure and maintain vacant, foreclosed properties, the County shall expand code enforcement in the areas most impacted by foreclosures. The County shall strive to effectively follow up on zoning code violations to ensure that problems are addressed. The County shall investigate creation of a nuisance abatement fund through measures, such as the annual licensing of properties of two or more units to fund the maintenance of abandoned properties and consider recouping costs by charging property owners and/or placing liens on the properties.

Responsibility: Planning and Community Development Department, Public Works, Environmental Health Division, District Attorney
Funding: General Fund, Neighborhood Stabilization Program funds
Time Frame: FY 2009-10
Quantified Objective: N/A

Program 3-4 **FORECLOSURE REGISTRATION ORDINANCE.** To ensure that foreclosed homes are not a source of blight, the County shall investigate adoption of an ordinance that require property owners of foreclosed homes, including banks, mortgage lenders, or any other holder of a deed of trust, to register their properties with the Public Works Building Division and pay a fine if the properties fall into disrepair. The County shall expand the electronic complaint system through the County's website that would allow neighboring homeowners to report problem homes in the community.

Responsibility: Public Works, Planning and Community Development Department, Planning Commission, Board of Supervisors, County Counsel
Funding: General Fund, Neighborhood Stabilization Program Funds
Time Frame: FY 2010-11, Ongoing
Quantified Objective: N/A

Program 3-5 **FORECLOSURE ACQUISITION.** The County shall continue its work with qualified non-profit partners using Federal and State Neighborhood Stabilization Program funds to acquire foreclosed properties for private ownership, rehabilitate properties if necessary, and redevelop properties as affordable housing for renters or first time homebuyers. The County may use other housing programs, such as the first time homebuyer down-payment assistance program, in conjunction with this program.

Responsibility: Planning and Community Development Department
Funding: Neighborhood Stabilization Program Funds, CDGB Funds, other State and Federal Funds
Time Frame: Ongoing
Quantified Objective: 50 very low-, low-, and moderate-income units

Program 3-6 **FORECLOSURE EVICTION ORDINANCE.** The County shall investigate the need for a Foreclosure Eviction Ordinance, which would ensure that banks or lenders who foreclose on a single-family or multi-family residence cannot evict tenants merely because property owners have been foreclosed on the property.

Responsibility:	Planning and Community Development Department, Public Works, County Counsel, Planning Commission, Board of Supervisors
Funding:	General Fund
Time Frame:	FY 2009-10
Quantified Objective:	N/A

SPECIAL NEEDS HOUSING

Within the general population there are several groups of people who have special housing needs. These special needs can make it difficult for members of these groups to locate suitable housing. Merced County's special needs groups include the following:

Farmworkers. Farmworkers are an essential component of Merced County's agricultural sector of the local economy. Farmworkers tend to be relatively young, predominantly male and members of a minority group, primarily Hispanic. While a number of farmworkers are single men, many have family members accompanying them, especially after the recent changes in immigration laws. Most farmworkers have high rates of poverty, live in overcrowded housing units, and have a low homeownership rate.

Seniors. With the overall aging of society, the senior population (persons over 65 years of age) will increase in most communities. Consequently, the need for affordable and specialized housing for older residents will grow. Typical housing types used to meet the needs of seniors include smaller attached or detached housing for independent living (both market-rate and affordable), second units, shared housing, age-restricted below-market-rate rental developments, congregate care facilities, life-care facilities, residential care homes licensed by the State, and skilled nursing homes.

Homeless Persons. Homeless individuals and families have perhaps the most immediate housing need of any group. They also have one of the most difficult set of housing needs to meet, due to both the diversity and complexity of the factors that lead to homelessness, and to community opposition to the siting of facilities that serve homeless clients.

Single-Parent Households. Single-parent households need affordable housing with childcare and recreation programs on-site or nearby, in proximity to schools and with access to services. Households with single-parent heads, like large households, may have difficulty in finding appropriate-sized housing. And despite fair housing laws and programs, discrimination against children may make it more difficult for this group to find adequate housing.

People with Disabilities. People with disabilities represent a wide range of different housing needs, depending on the type and severity of their disability as well as personal preference and lifestyle. "Barrier-free design" housing, accessibility modifications, proximity to services and transit, and group living opportunities represent some of the types of considerations and accommodations that are important in serving this need group.

Large Households. Large households, defined by the US Census as households with five or more persons, have special housing needs. Large households tend to have difficulties purchasing housing because large housing units are rarely affordable and rental units with three or more bedrooms may not be common in many communities.

Extremely Low-Income Households. Extremely low-income households are defined as those households with incomes under 30 percent of the area median income. Extremely low-income households typically consist of minimum wage workers, seniors on fixed incomes, the disabled, and farmworkers. This income group is likely to live in overcrowded and substandard housing conditions. This group of households has specific housing needs that require greater government subsidies and assistance, housing with supportive services, single room occupancy (SRO) and or shared housing, and/or rental subsidies or vouchers.

GOAL HE-4

To provide a range of housing types and services for special needs groups.

POLICIES

- Policy 4-1 The County shall strive to address the unique housing needs of seniors, large families, single-parent households, and the homeless, persons with disabilities, extremely low-income households, farmworkers, and students.
- Policy 4-2 The County shall work with non-profit agencies, cities, and developers on regional approaches to providing housing for special needs populations.
- Policy 4-3 The County shall assist in local and regional efforts to secure funding for development and maintenance of housing designed for special needs populations.
- Policy 4-4 The County shall continue to support the Housing Authority in developing and maintaining farmworker housing in agricultural zones.
- Policy 4-5 The County shall encourage agricultural employers to provide on-site housing opportunities for their employees.
- Policy 4-6 The County shall strive to alleviate overcrowded housing conditions for farmworkers.
- Policy 4-7 The County shall continue to support the Merced County Community Action Agency, Merced Rescue Mission, and all other homeless service provider organizations in their efforts to provide services for homeless persons and persons in need of supportive housing.
- Policy 4-8 The County shall continue to provide assistance to the Community Action Agency, Merced Rescue Mission, and all other homeless service provider organizations in providing transitional housing for the homeless.
- Policy 4-9 The County shall encourage the incorporation of supportive services and design features that respond to the needs of seniors and other with limited mobility, such as single-story floor plans, wheelchair ramps, bathrooms with grab-bars, and buildings with elevators.

- Policy 4-10 The County shall ensure equal access to housing by providing reasonable accommodation for individuals with disabilities. The County shall provide a process for individuals with disabilities to make requests for reasonable accommodation in regard to relief from the County's various land use; zoning; or building laws, rules, policies, practices, and/or procedures.
- Policy 4-11 The County shall continue to ensure new multi-family housing includes units that are accessible and adaptable for use by disabled persons in accordance with Chapter 11 of the California Building Code.
- Policy 4-12 The County shall ensure that all new multi-family construction meets the accessibility requirements of the Federal and State laws through the local permitting process.
- Policy 4-13 The County shall provide opportunities for the development of housing types (e.g., co-housing, higher density units, sustainable building materials, group quarters, etc.) that meet the special needs of students.
- Policy 4-14 The County shall encourage to co-location of childcare, disabled, mentally-disabled, and elderly facilities compatible with the needs of residents and land use patterns; and encourage such facilities to be located near homes, schools, community centers, recreation facilities, and transit hubs.

PROGRAMS

Program 4-1 **ZONING CODE AMENDMENTS.** The County shall amend to the Zoning Code to reflect changes to State law since the previous Housing Element was adopted in 2003:

- Permit "by right" farm labor camp housing for up to 36 employees through the "plot plan" review process
- Permit "by right" family day care homes for eight or fewer children consistent with the Merced County Health and Safety Code.
- Allow transitional and supportive housing as a permitted use in residential zoning districts subject only to those restrictions that apply to other residential uses of the same type in the same zone; and
- Ensure that various special needs housing types, such as single room occupancy housing, are defined and listed as permitted uses in appropriate zoning districts and specify the conditions and process required to develop such housing.

Responsibility : Planning and Community Development Department, County Counsel, Public Works, Planning Commission, Board of Supervisors

Funding: General Fund

Timeframe: FY 2010-11

Quantified Objective: N/A

Program 4-2 **FARMWORKER HOUSING PLAN.** The County shall establish a committee or task force to oversee development of a Farmworker Housing Plan that identifies and addresses farmworker housing needs. Initial committee members should include a representative from the County Planning and Community Development Department, Public Works Department, Environmental Health Division, Agricultural Commissioner, Housing Authority, Farm Bureau, University of California Cooperative Extension, and a member of a group representing farmworkers.

Responsibility: Planning and Community Development Department, Public Works Department, Environmental Health Division, County Counsel, Planning Commission, Board of Supervisors
Funding: General Fund
Timeframe: FY 2011-12
Quantified Objective: N/A

Program 4-3 **REASONABLE ACCOMMODATION.** The County shall amend the County Code to provide individuals, family members, caregivers, and/or anyone acting on behalf of the person with disabilities reasonable accommodation in rules, policies, practices, and procedures that may be necessary to ensure equal access to housing.

Responsibility: Public Works Department, Planning and Community Development Department, County Counsel, Board of Supervisors
Funding: General Fund
Timeframe: FY 2010-11
Quantified Objective: N/A

Program 4-4 **PUBLICIZING REASONABLE ACCOMMODATION.** The County shall create a public information brochure on reasonable accommodation for disabled persons and provide that information on the County's website.

Responsibility: Public Works Department, Planning and Community Development Department, Government Affairs
Funding: Staff time, General Fund
Timeframe: FY 2011-12
Quantified Objective: N/A

Program 4-5 **UNIVERSAL DESIGN.** The County shall investigate the feasibility of adopting specific universal design standards for all new construction to encourage accessibility to the greatest extent possible.

Responsibility: Public Works Department, Planning and Community Development Department
Funding: General Fund
Timeframe: FY 2011-12
Quantified Objective: N/A

Program 4-6 **FUNDING FOR SENIOR CITIZEN PROJECTS.** The County shall continue to work with the County Housing Authority and private entities in acquiring grants for senior citizen projects in the unincorporated communities where they are needed.

Responsibility: Public Works Department, Planning and Community Development Department
Funding: Federal and State grants
Timeframe: Ongoing, as funds are available
Quantified Objective: N/A

Program 4-7 **SENIOR HOUSING INCENTIVES.** The County shall allow a 50 percent density bonus for senior housing and explore revisions to the parking standards for senior housing to allow a reduced standard from that of typical single and multi-family housing.

Responsibility: Planning and Community Department, Public Works Department, Planning Commission, Board of Supervisors
Funding: Staff time, General Fund
Timeframe: Ongoing
Quantified Objective: N/A

Program 4-8 **PRIORITY PERMIT PROCESSING.** The County shall provide priority permit processing for projects that are targeted toward special needs groups and key facilities (including childcare) that service groups such as seniors, the disabled, and the homeless, including priority for building plan check, subdivision map review, improvement plans for roadways and utilities, and environmental impact analysis.

Responsibility: Planning and Community Development Department, Public Works Building Division, Public Works Roads Division, Environmental Health
Funding: Staff time, General Fund
Timeframe: FY 2009-10, ongoing
Quantified Objective: N/A

Program 4-9 **ZONING FOR EMERGENCY SHELTERS.** The County shall amend to the Zoning Code to allow emergency shelters in at least one of the following zones by right (i.e., without a conditional use permit or other discretionary approval): Light Industrial (M-1) and General Commercial (C-2). The County shall establish development and management standards for emergency shelters that are consistent with State law and encourage and facilitate the development of emergency shelters.

Responsibility: Planning and Community Development Department, County Counsel, Planning Commission, Board of Supervisors
Funding: General Fund
Timeframe: Within one year of adoption of the Housing Element
Quantified Objective: N/A

Program 4-10 **FARMWORKER HOUSING PERMITTING PROCESS.** The County shall continue the additional dwelling occupancy monitoring permit (ADOMP) program to facilitate the provision of private farmworker housing in agricultural zones.

Responsibility: Planning and Community Development Department, Building Department
Funding: General Fund
Timeframe: On going
Quantified Objective: 100 farmworker housing units (extremely low- and very low-income units)

Program 4-11 **ASSIST IN OBTAINING FUNDING FOR FARMWORKER HOUSING.** The County shall apply for or support applications for funding for farmworker housing, including the Joe Serna Jr. Farmworker Housing Grant Program. The County shall periodically review available funding programs to identify additional funding sources for farmworker housing.

Responsibility: Planning and Community Development Department
Funding: Staff time, General Fund
Timeframe: FY 2010-11, annually thereafter
Quantified Objective: 50 farmworker housing units (extremely low-income)

NEIGHBORHOOD PRESERVATION/REHABILITATION

There is often public anxiety based on the misperception that affordable and multi-family housing will devalue the neighborhoods in which they are established. Careful design and enforcement of health and safety standards can ensure compatibility with surrounding neighborhoods and reduce opposition.

While it is important to encourage the development of new affordable housing, reinvestment in the existing supply of housing is equally important. Based on a 1999 housing conditions survey of 11,636 units in Merced County, the County found that 2,089 or 18 percent were dilapidated or in need of some rehabilitation. For the nine communities (i.e., Delhi, Hilmar, Le Grand, Planada, South Dos Palos/Midway, Winton, Ballico, Stevinson, Volta) surveyed, South Dos Palos, Winton, Ballico, Stevinson, and Volta showed the largest percentage of units in need of rehabilitation.

GOAL HE-5	To preserve the existing character and integrity of residential neighborhoods and conserve and improve the existing housing stock.
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POLICIES

Policy 5-1 To ensure that housing throughout the unincorporated county is decent, safe, and sanitary for its occupants, the County shall continue to maintain adequate health, safety, fire, and applicable development standards

- Policy 5-2 The County shall require quality design and appearance of all new multi-family and affordable housing projects so that they blend in with the existing community fabric, add value to the community's built environment, and strengthen acceptance by the local community.
- Policy 5-3 The County shall require compatibility of physical design, building structure, and lot layout relationships between existing and new construction to help the new developments complement the surrounding neighborhoods.
- Policy 5-4 To create balanced communities, the County shall promote mixed-income neighborhoods by encouraging innovative design (e.g., second units, co-housing, duplexes, zipper lots, zero-lot lines, alley-loaded parking, six pack subdivisions, three-story units, live work units).
- Policy 5-5 The County shall continue to provide for code enforcement in the unincorporated areas.
- Policy 5-6 The County shall strive to raise and enforce current design standards for all rental properties in the community through General Plan and Community Plan design guidelines.
- Policy 5-7 The County shall continue to provide housing rehabilitation assistance to low-income homeowners in target unincorporated communities.
- Policy 5-8 The County shall improve infrastructure to foster private investment and rehabilitation of older neighborhoods.

PROGRAMS

- Program 5-1 **OWNER-OCCUPIED HOUSING REHABILITATION PROGRAM.** The County shall continue to work with other public agencies and non-profit organizations in implementing the Owner-Occupied Housing Rehabilitation Program, which provides assistance to eligible low-income homeowners for correction of health, safety, and/or sanitation issues and code violations.

Responsibility:	Planning and Community Development Department, Public Works Department
Funding:	Staff time, General Fund
Timeframe:	Ongoing
Quantified Objective:	500 units (100 units per year)

Program 5-2 **FUNDING FOR HOUSING REHABILITATION.** The County shall continue to apply for Community Development Block Grant and HOME Program funding for housing rehabilitation in Merced County unincorporated communities with the greatest need.

Responsibility: Planning and Community Development
Department
Funding: Staff time, General Fund, CDBG and HOME
Grants
Timeframe: Ongoing
Quantified Objective: N/A

Program 5-3 **CDBG FUNDING FOR CODE ENFORCEMENT.** The County shall continue to utilize "set-aside" funds from CDBG grants for code enforcement to aid in property clean-up and substandard housing enforcement, and community/neighborhood preservation.

Responsibility: Planning and Community Development
Department, Environmental Health Division
Funding: Staff time, General Fund
Timeframe: Annually
Quantified Objective: N/A

Program 5-4 **HOUSING CONDITIONS SURVEY.** To get an accurate assessment of Merced County's existing housing stock, the County shall pursue State and Federal grants to assist in funding a housing conditions survey.

Responsibility: Planning and Community Development
Department, Environmental Health Division
Funding: State and Federal funds
Timeframe: FY 2010-11
Quantified Objective: N/A

Program 5-5 **STATE HOUSING CODE ENFORCEMENT.** The County shall continue to enforce the State Housing Code by either the repair or demolition of substandard housing units that are health and safety hazards.

Responsibility: Planning and Community Development
Department, Environmental Health Division
Funding: Staff time, General Fund
Timeframe: Ongoing
Quantified Objective: N/A

Program 5-6 **OUTREACH TO LANDLORDS.** The County shall continue work with the Housing Authority and other housing agencies and organizations in providing outreach to landlords about the benefits of improving rental units.

Responsibility:	Planning and Community Development Department, Housing Authority, Environmental Health Division
Funding:	Staff time, General Fund
Timeframe:	Ongoing
Quantified Objective:	N/A

EQUAL OPPORTUNITY HOUSING & DISCRIMINATION PREVENTION

According to California State Law, all households have the right to rent or purchase housing without discrimination. The County has continued to ensure equal housing opportunity through the enforcement of fair housing practices and the dissemination of fair housing information throughout the community. The County’s support for the Merced County Housing Authority and other housing organizations in the operation of its fair housing counseling services has proven to be an effective means for addressing housing issues and ensuring fair housing in the county.

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.
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POLICIES

- Policy 6-1 The County shall further the cause of fair housing and encourage compliance with fair housing laws.

- Policy 6-2 The County shall promote housing opportunities for all persons regardless of age, religion, race, ethnicity, creed, sex, sexual orientation, marital status, ancestry, national origin, disability, economic level, and other arbitrary factors that prevent choice in housing.

- Policy 6-3 The County shall advocate fair housing practices in all sectors of housing and provide for the investigation of housing discrimination complaints.

- Policy 6-4 The County shall cooperate with community-based organizations that provide services or information to victims of housing discrimination.

PROGRAMS

Program 6-1 **FAIR HOUSING INFORMATION.** The County shall distribute to public locations throughout the county and continue to display in County offices brochures and pamphlets from the Fair Employment & Housing Practices Commission that explain the requirement of employers to provide adequate housing for employees. The County shall also post information on the County’s website about fair housing practices with links to appropriate investigative or enforcement agencies that can resolve housing complaints.

Responsibility:	Planning and Community Development Department, Government Affairs
Funding:	Staff time, General Fund
Timeframe:	Ongoing
Quantified Objective:	N/A

ENERGY CONSERVATION

Energy efficiency has direct application to affordable housing. The more money spent on energy, the less there is available for rent or mortgage payments. High energy costs have particularly detrimental effects on low-income households that do not have enough income or cash reserves to absorb higher energy cost increases and must choose between basic survival needs of food, clothing, and shelter.

GOAL HE-7

To ensure energy efficiency and appropriate weatherization for all new and existing housing units.

POLICIES

- Policy 7-1 The County shall promote public awareness regarding the need for energy conservation.
- Policy 7-2 The County shall ensure that new construction meets Title 24 energy conservation requirements.
- Policy 7-3 The County shall work with local energy providers to promote energy conservation programs and incentives to existing residential developments, especially low-income households.
- Policy 7-4 The County shall encourage housing developers to utilize energy efficient, green building techniques and promote “Leadership in Energy and Environmental Design” (LEED) certified housing units in both single and multi-family residential projects.
- Policy 7-5 During the review of tentative maps, the County shall encourage new subdivision lots to be oriented to allow for both passive and active solar design to minimize energy losses.
- Policy 7-6 The County shall encourage the use of solar, wind, other renewable energy resources, and use of water recycling water systems for residential and other building applications.

PROGRAMS

Program 7-1 **RENEWABLE ENERGY RESOURCES INFORMATION.** The County shall continue to display brochures illustrating the use of solar, wind, and other renewable energy resources in housing maintenance and repair and information on “Leadership in Energy and Environmental Design” (LEED) certification programs.

Responsibility: Planning and Community Development
Department, Public Works Department
Funding: Staff time, General Fund
Timeframe: Ongoing
Quantified Objective: N/A

Program 7-2 **ENERGY CONSERVATION FOR AFFORDABLE HOUSING.** The County shall target local funds and community development block grant resources to assist affordable housing developers in providing the use of solar, wind, other renewable energy resources, and use of water recycling water systems for residential and other building applications.

Responsibility: Planning and Community Development
Department, Public Works Department
Funding: Staff time, General Fund
Timeframe: FY 2011-12
Quantified Objective: N/A

Program 7-3 **GREEN BUILDING CODE REGULATIONS.** The County shall enforce State regulations related to green building as the State enacts laws in accordance with the Building Energy Efficiency Standards, Part 11 of Title 24 of California’s new Green Building Standards Code to establish mandatory green building standards for all new construction by 2010.

Responsibility: Building Department
Funding: General Fund
Timeframe: 2010
Quantified Objective: N/A

Program 7-4 **ENERGY EFFICIENCY RETROFIT PROGRAMS.** The County shall continue to promote energy efficiency retrofit and preventative maintenance programs such as the Merced County Community Action Agency Weatherization Program and PG&E Residential Energy Efficiency Rebate Programs. The County shall display brochures advertising these programs, as well as flyers and brochures illustrating the beneficial use of solar and other renewable energy resources in housing maintenance and repair.

Responsibility: Planning and Community Development
Department, Public Works Department
Funding: Staff time, General Fund
Timeframe: FY 2010-11
Quantified Objective: N/A

IMPLEMENTATION MONITORING

The County is committed to addressing the various housing needs of its citizens. Communication between County departments, the Housing Authority, and local non-profit housing developers, along with close monitoring of progress is needed to ensure that the policies and programs contained in this Housing Element are implemented to the greatest extent feasible.

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.

POLICIES

Policy 8-1 The County shall continually work to carry out the day-to-day implementation of Housing Element programs.

PROGRAMS

Program 8-1 **IMPLEMENTATION TRACKING MATRIX.** The County shall use the Implementation Tracking Matrix to continually track the progress of Housing Element programs.

Responsibility:	Planning and Community Development Department, Public Works Department
Funding:	Staff time, General Fund
Time frame:	FY 2009-10, Ongoing
Quantified Objective:	N/A

Program 8-2 **HOUSING ELEMENT IMPLEMENTATION REPORTING.** The County shall annually review and report on the implementation of Housing Element programs and the County's effectiveness in meeting the programs' objectives.

Responsibility:	Planning and Community Development Department
Funding:	Staff time, General Fund
Time frame:	Annually
Quantified Objective:	N/ A

Program 8-3 **ANNUAL REAL ESTATE MARKET MONITORING.** The County shall establish and implement a comprehensive annual monitoring program to document the sales prices or rental rates for all new units constructed or rehabilitated in the previous year and to determine housing affordability levels. The County shall also regularly monitor housing sales price trends of existing units along with a report on the amount of vacant designated land for residential development.

Responsibility:	Planning and Community Development Department, Assessor's Office, County Tax Collector
Funding:	Staff time, General Fund
Time frame:	On going
Quantified Objective:	N/A

QUANTIFIED OBJECTIVES

One of the requirements of State law (California Government Code Section 65583[b]) is that the Housing Element contain quantified objectives for the maintenance, preservation, improvement, and development of housing. State law recognizes that the total housing needs identified by a community may exceed available resources and the community's ability to satisfy this need. Under these circumstances, the quantified objectives need not be identical to the total housing needs. The quantified objectives shall, however, establish the maximum number of housing units by income category that can be constructed, rehabilitated, and conserved over a five-year time period. Table 5-1 summarizes the quantified objectives for the construction, rehabilitation, or conservation of units during the remaining time frame of the Housing Element (2009-2014).

**TABLE 5-1
SUMMARY OF QUANTIFIED OBJECTIVES**

Objective Category/Program	Extremely Low	Very Low	Low	Mod.	Above Mod.	Total
New Construction/Homeownership						
Program 2-1: San Joaquin Valley Housing Trust	30	70	70	58	-	228
Program 2-2: First Time Homebuyer Program	--		40	-	-	40
Program 2-13: Pursue State And Federal Funding for Affordable Housing	50	25	25	-	-	100
Program 4-10: Farmworker Housing Permitting Process	50	50	-	-	-	100
Program 4-11: Assist in Obtaining Funding for Farmworker Housing	50	-	-	-	-	50
Rehabilitation						
Program 3-5: Foreclosure Acquisition	-	17	17	16	-	50
Program 5-1: Owner-Occupied Housing Rehabilitation Program	-	150	200	150	-	500
Conservation						
<i>None*</i>	-	-	-	-	-	-
TOTAL	180	312	352	224	-	1,068

PART II. BACKGROUND REPORT

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5.0 Introduction

State Housing Element Law (Government Code Section 65580 (*et seq.*)) mandates that local governments must adequately plan to meet the existing and projected housing needs of all economic segments of the community. This Background Report provides current (to the end of 2008) information on household characteristics, housing needs, housing supply, land inventory for new development, housing programs, constraints, and incentives for new housing development in Merced County. It also evaluates progress made since Merced County adopted its last Housing Element in 2003.

The Background Report identifies the nature and extent of the county's housing needs, which in turn provides the basis for the County's response to those needs in the Policy Document. The Background Report also presents information on the community's setting in order to provide a better understanding of its housing needs.

Overview of State Requirements

State law recognizes the vital role local governments play in the supply and affordability of housing. Each local government in California is required to adopt a comprehensive, long-term general plan for the physical development of their city or county. The housing element is one of the seven mandated elements of the general plan. State law requires local government plans to address the existing and projected housing needs of all economic segments of the community through their housing elements. The law acknowledges that in order for the private market to adequately address housing needs and demand, local governments must adopt land use plans and regulatory systems that provide opportunities for, and do not unduly constrain, affordable housing development. As a result, housing policy in the state rests largely upon the effective implementation of local general plans, local housing elements in particular.

The purpose of the housing element is to identify the community's housing needs, to state the community's goals and objectives with regard to housing production, rehabilitation, and conservation to meet those needs, and to define the policies and programs that the community will implement to achieve the stated goals and objectives.

State law requires cities and counties to address the needs of all income groups in their housing elements. The official definition of these needs is provided by the California Department of Housing and Community Development (HCD) for each city and county within its geographic jurisdiction. Beyond these income-based housing needs, the housing element must also address special needs groups, such as persons with disabilities and homeless persons.

As required by State Housing Element Law (Government Code Section 65583(a)) the assessment and inventory for this Element includes the following:

- Analysis of population and employment trends and projections, and a quantification of the locality's existing and projected housing needs for all income levels, including extremely low-income households. This analysis of existing and projected needs includes Merced County's share of the regional housing needs.
- Analysis and documentation of household characteristics, including level of payment compared to ability to pay; housing characteristics, including overcrowding; and housing stock condition.

- An inventory of land suitable for residential development, including vacant sites and sites having potential for redevelopment; and an analysis of the relationship of zoning, public facilities, and services to these sites.
- Identification of a zone or zones where emergency shelters are allowed as a permitted use without a conditional use or other discretionary permit.
- Analysis of potential and actual governmental constraints upon the maintenance, improvement, or development of housing for all income levels and for persons with disabilities, including land use controls, building codes and their enforcement, site improvements, fees and other exactions required of developers, and local processing and permit procedures. Analysis of local efforts to remove governmental constraints.
- Analysis of potential and actual non-governmental constraints upon the maintenance, improvement, or development of housing for all income levels, including the availability of financing, the price of land, and the cost of construction.
- Analysis of any special housing needs for the elderly, persons with disabilities, large families, farmworkers, families with female heads of households, and families and persons in need of emergency shelter.
- Analysis of opportunities for residential energy conservation.
- Analysis of “at-risk” assisted housing developments that are eligible to change from low-income housing uses during the next 10 years.

The Background Report satisfies State requirements and provides the foundation for the goals, policies, implementation programs, and quantified objectives. The Background Report sections draw on a broad range of informational sources. Information on population, housing stock, and economics comes primarily from the 2000 U.S. Census, California Department of Finance (DOF), and Merced County records. Information on available sites and services for housing comes from numerous public agencies. Information on constraints on housing production and past and current housing efforts in Merced County comes from County staff, other public agencies, and several private sources.

General Plan and Housing Element Consistency

The housing element is one of seven State-mandated elements that every general plan must contain. Although the housing element must follow all the requirements of the general plan, the housing element has several State-mandated requirements that distinguish it from other general plan elements. The housing element is required to be internally consistent with the other elements of the general plan.

Merced County is currently (2009) updating its General Plan. Since the Housing Element will be adopted prior to completion of the General Plan Update, the County will conduct a consistency analysis during the preparation of the General Plan Draft Policy Document.

Public Participation

As part of the Housing Element Update process, the County implemented the State's public participation requirements, set forth in Government Code Section 65583(c)(7), that jurisdictions "...shall make a diligent effort to achieve participation of all economic segments of the community in the development of the housing element."

County staff and the Housing Element Consultants distributed announcements of the two stakeholder workshops to a mailing list of various stakeholders including local residents, housing developers, social service providers, neighborhood associations, and the business community. The County also contacted each stakeholder by phone to encourage their participation. Furthermore, the County posted announcements and public review draft documents on the General Plan Update website prior to the stakeholder workshops.

Stakeholder Workshop #1

On July 24, 2008, the Housing Element Consultants made a presentation to a group of local stakeholders that provided an overview of the Update process, outlined State housing law, and described the required components of the Housing Element Background Report and Policy Document. After the presentation, County Staff, the Consultants, and the stakeholders began an interactive discussion that was based on the following questions:

- What are your top three concerns you would like to see addressed in this Update effort?
- What are the top three barriers to affordable housing in Merced County?
- What needs to be done to increase the amount of affordable housing in the county?
- What are the existing opportunities available to meet the affordable housing needs of Merced County?

Following the workshop, County staff and the Consultants summarized the stakeholders' comments. The summary, along with the Background Report findings, became the foundation for drafting the goals, policies, and implementation programs contained in the Draft Housing Element Policy Document.

Stakeholder Workshop #2

On July 29, 2009, County staff and the Housing Element Consultants held the second and final stakeholder workshop for the Housing Element Update. The Consultants presented a summary of the proposed policies and programs that will guide the development of housing in Merced County over the next five years. After the presentation, County staff and the Consultants held a roundtable discussion with local housing stakeholders regarding the key policy/program strategies contained in the Draft Policy Document.

Planning Commission Adoption Hearing

To be completed.

Board of Supervisors Adoption Hearing

To be completed.

Public Input Summary

The following is a summary of the issues and potential solutions gathered during both stakeholder workshops. The Housing Element Policy Document addresses many of these issues through specific policies and programs.

Affordability

- Affordability is a concern for residents of all income groups.
- Even with the large number of foreclosures, housing is still too expensive for many families.
- Recruiting and retaining teachers is difficult because housing prices are an issue.
- Although costs have dropped for owner-occupied homes, rents are still high.
- Investors are already buying cheap, foreclosed homes and first-time homebuyers are missing out.
- Affordable housing is concentrated, rather than scattered throughout the community.
 - The County needs programs to “de-concentrate pockets of poverty.”
- Need to ensure that affordable housing is located close to services.
- The financial situations of many families are an impediment to getting people into affordable ownership opportunities.
- We need to look at the housing needs in the small unincorporated towns, and what we can do to create affordable housing throughout the entire county.
- IRS rules almost make it impossible to establish a non-profit entity, and the Board of Realtors tried to form one to generate funds for affordable housing.
- Habitat for Humanity is facing large permit and impact fee costs to build their affordable units, so it may be difficult to raise fees even higher.
- Economic problems, such as high unemployment levels, are big in Merced and affect affordability.

Special Needs

- There is a need to preserve existing affordable housing, especially for special needs populations.
- There is a lack of farmworker housing:
 - Currently (2008), there are only four publicly-managed farmworker housing complexes in the county.
 - Farmworkers are coming from other counties and, therefore, spending their pay elsewhere.
- Migrant farmworkers can't really come up with the down payment, and often don't work year round. The County's down payment assistance is not enough for them to qualify for a loan with their low incomes. We need to help provide more farmworker rental housing.

- Since farmers avoid building multiple farmworker housing due to water and sewer regulations (such as operating a small public water system), the County should consider creating a program to install small infrastructure systems on farm parcels.
- The County should encourage co-housing where the same unit is shared by different migrant families at different times of the year.

Funding

- The County needs to consider new mechanisms to generate housing funds (e.g., affordable housing impact fee).
- The County could look into creating a county housing trust. Need to determine where the seed money will come from. No firm source has been identified yet and many counties in the San Joaquin Valley are investigating this now. Since it has to be an on-going funding commitment to get Proposition 1B funding, measures like an “inclusionary housing ordinance” are being investigated. This is where homebuilders have to contribute funds for affordable housing when they build market rate units.
- Landlords of Section 8 housing are foreclosing and renters are being evicted.
- The County needs more homebuyer programs to help low-income residents get out of the Section 8 “rental cycle.”
- Need to make sure that the redevelopment set aside funds from the Castle Airport Redevelopment Zone are used to support affordable housing development.

Housing Type

- The County needs alternative housing types to provide choice to the community (housing type is driven by developers, not the needs of the community).
- Need workforce housing with access to child care, transit services, parks, fresh food, and other amenities.
- Second units can be a source of affordable housing, but they are difficult to build in the County because of water and sewer limitations.
- The County needs to encourage condominium developments to expand ownership opportunities.
- The County should not allow builders to build low-quality housing as a means to get affordable housing. Smaller well-built units are better than large homes that will fall apart and create a blighted neighborhood.
- In terms of housing types, there is too much focus on single-family homes in the county.
- The County should encourage “half-plexes,” which reduce land costs.
- The County should encourage granny units in new subdivisions.
- The county needs more condominium projects in the unincorporated communities to help get people into the market.

- The elderly need smaller homes (2 bedroom, 1 bath), but most subdivisions don't provide homes this small. Castle Vista in Atwater is a good example of small rental units.

Housing Construction Activity

- The County needs a program to encourage infill housing development on larger lots with single-family homes.
- Infill housing is needed where infrastructure already exists.
- Lack of infrastructure capacity is a major constraint on housing.
- The current condition of the housing market will make it difficult to provide new multi-family housing.

Foreclosures

- Need programs to address foreclosures.
- Housing foreclosures are #1 issue, and the blight resulting in neighborhoods for homes that are abandoned.
- We also need to have policies to address blight from properties which are not being taken care of during foreclosure. Existing families are on hard times and may have a hard time maintaining them and the banks have little interest.
- Thirty percent of all foreclosure sales are for cash to investors, normally the rate is only 3 percent. This is making it difficult for families who can qualify for a loan to purchase a home as the banks can get rid of the foreclosed properties without appraisals or inspections if they are sold for cash.
- There are not enough resources available now, so not much help exists to purchase foreclosed homes. There are many families who are not first time homebuyers who need help getting a newer or larger home, but the grant funds are always limited to first-time buyers. Consider a policy to lobby the State or Feds to have CDBG and HOME funding broadened to make it available to all low-income families.

Miscellaneous

- Need to consider the findings of the Blueprint planning process.

5.1 Existing Needs Assessment

This section begins with a description of demographic and employment characteristics of Merced County. The section then discusses household characteristics, housing inventory and supply, and housing affordability. The section also discusses the housing needs of “special” population groups as defined in State law. The data analysis focuses mainly on the unincorporated parts of the county, where Merced County government has jurisdiction. Data for incorporated areas, the entire county, and California is presented for comparison or when unincorporated data is not available. This facilitates an understanding of the county’s characteristics by illustrating how the county is similar to, or differs from, the State or incorporated cities in various aspects of demographic, employment, and housing characteristics and needs.

The State’s guidelines for preparing housing elements, entitled “Building Blocks for Effective Housing Elements,” identifies two primary sources for population and housing data – the U.S. Census and State Department of Finance. Therefore, much of the data described in Section 5.1 relies primarily on the most recent (2000) Census data. Although this data is helpful in identifying historical conditions and trends, it is not particularly helpful in identifying more recent trends, such as the demographic changes since the housing market crash. Therefore, Section 5.1 is supplemented, when available, with data about more recent conditions. The Housing Element Policy Document recognizes the recent events and trends (especially between 2007 and 2009) and includes policies and programs to address the more recent economic condition and trends.

Housing Stock and Demographic Profile

The purpose of this section is to establish “baseline” population, employment, and housing characteristics for Merced County. The main sources of the information are the 1990 and 2000 U.S. Census. Other sources of information include the following: the California Department of Finance (DOF); the California Employment Development Department (EDD); the U.S. Department of Housing and Urban Development (HUD); the U.S. Department of Agriculture (USDA); and local economic data (such as home sales prices, rents, wages, etc.).

Data for Merced County is presented wherever possible alongside comparable data for the State of California. This facilitates an understanding of the county’s characteristics by illustrating how the county is similar to, or differs from, the state in various aspects related to demographic, employment, and housing characteristics and needs. When available, data for both the incorporated and unincorporated areas of the county are shown.

Demographic and Employment Characteristics and Trends

Demographics

Population

Table 5-1 shows the long-term historic population trends for Merced County. As shown in the table, the 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.

**TABLE 5-1
 Historic Population
 Merced County
 1950-2008**

Year	Population	Change	AAGR
1950	70,800	--	--
1960	90,446	19,646	2.5%
1970	104,629	14,183	1.5%
1980	135,500	30,871	2.6%
1990	179,400	43,900	2.8%
2000	210,554	31,154	1.6%
2008	255,250	44,696	2.5% ¹

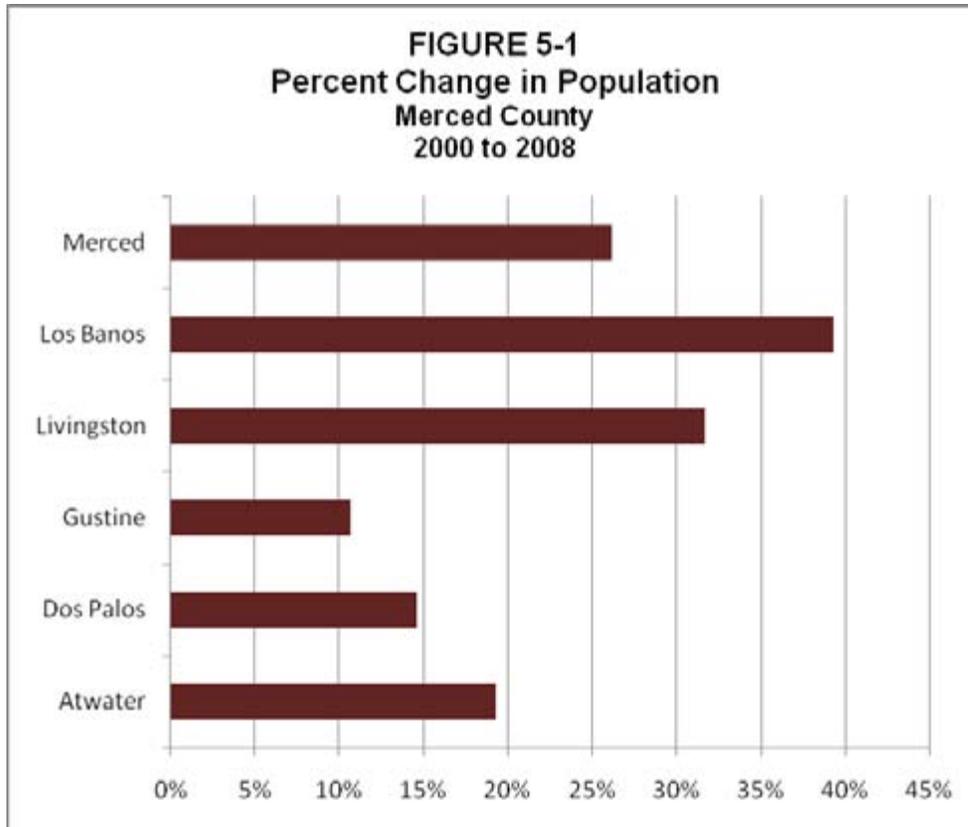
¹AAGR for 2000-2008 calculated for 7.75-year period (April 1, 2000 to Jan. 1, 2008).
 Source: DOF, Table 2a Historical Census Populations of California State, Counties, Cities, Places, and Towns, 1850-2000.

Table 5-2 and Figure 5-1 show a breakdown of the population growth in Merced County's incorporated cities and the unincorporated county. As shown in the table, the majority of the county's population growth occurred in the incorporated cities, particularly Los Banos. Los Banos was the fastest growing city in the county, with a population increase from 25,869 in 2000 to 36,052 in 2008, a 4.4 percent AAGR. The cities of Livingston and Merced also experienced significant population increases over this eight-year period, with AAGRs of 3.62 and 3.04 percent, respectively. As stated earlier, the unincorporated part of Merced County had an AAGR of 1.4 percent from 2000 to 2008.

**TABLE 5-2
 Population Change
 Merced County and California
 2000 and 2008**

Area	2000	2008	Absolute Change	% Change	AAGR ¹
Atwater	23,113	27,571	4,458	19.3%	2.3%
Dos Palos	4,385	5,024	639	14.6%	1.8%
Gustine	4,698	5,199	501	10.7%	1.3%
Livingston	10,473	13,795	3,322	31.7%	3.7%
Los Banos	25,869	36,052	10,183	39.4%	4.4%
Merced	63,893	80,608	16,715	26.1%	3.0%
Incorporated County	132,431	168,249	35,818	27.1%	3.1%
Unincorporated County	78,123	87,001	8,878	11.4%	1.4%
County Total	210,554	255,250	44,696	21.2%	2.5%
California	33,873,086	38,049,462	4,176,376	12.3%	1.5%

¹AAGR calculated using a 7.75-year period.
 Source: California Department of Finance, 2008, Table E-5.



Source: California Department of Finance, 2008.

Age

Table 5-3 illustrates the age distribution in both unincorporated and incorporated Merced County and California in 2000. Compared to California, Merced County had a lower proportion of residents in the 35 and older age groups and a higher proportion of residents in the younger age groups, especially the 5 to 14 age groups. The age distribution within the unincorporated and incorporated areas of the county is similar. The median age in Merced County in 2000 (29.0 years) was several years younger than the statewide average (33.3 years).

**TABLE 5-3
Population by Age
Merced County and California
2000**

Age Group	Unincorporated Merced County		Incorporated Merced County		California	
	Number	Percent	Number	Percent	Number	Percent
Under 5	6,502	8.3%	12,191	9.2%	2,486,981	7.3%
5 to 14	15,249	19.6%	26,604	20.1%	5,296,702	15.6%
15 to 19	7,269	9.3%	11,947	9.0%	2,450,888	7.2%
20 to 24	5,070	6.5%	9,502	7.2%	2,381,288	7.0%
25 to 34	9,917	12.7%	18,394	13.9%	5,229,062	15.4%
35 to 44	11,486	14.7%	18,859	14.2%	5,485,341	16.2%
45 to 54	8,850	11.4%	14,053	10.6%	4,331,635	12.8%
55 to 64	5,994	7.7%	8,663	6.5%	2,614,093	7.7%
65 and over	7,590	9.7%	12,414	9.4%	3,595,658	10.6%
Total	77,927	100.0%	132,627	100.0%	33,871,648	100.0%

Source: U.S. Census, 2000.

Race and Ethnicity

Table 5-4 summarizes U.S. Census data related to the race and ethnicity of residents of Merced County and California in 2000. The table shows that 45 percent of unincorporated and 38 percent of incorporated Merced County's population was white in 2000. Unincorporated Merced County's non-Hispanic white population is similar to California's non-Hispanic white population, which made up less than 47 percent, while incorporated Merced County's white population is less than the statewide average. Hispanics made up around 45 percent of the population in both the unincorporated and incorporated county, much higher than the percentage (32 percent) of the state's total population. Most of the unincorporated communities have a Hispanic majority ranging from 55 percent in Delhi to 92 percent in Planada; Hilmar has the smallest Hispanic population at 12 percent. While Asians made up just over 10 percent of the statewide population, they account for less than 8 percent of the incorporated county and just 4.5 percent of the unincorporated county populations. All other racial categories were represented in Merced County during the 2000 Census, but together made up just over 8 percent of the county's population. Merced County's population is less racially diverse than California as a whole. This is especially true for the unincorporated areas of the county.

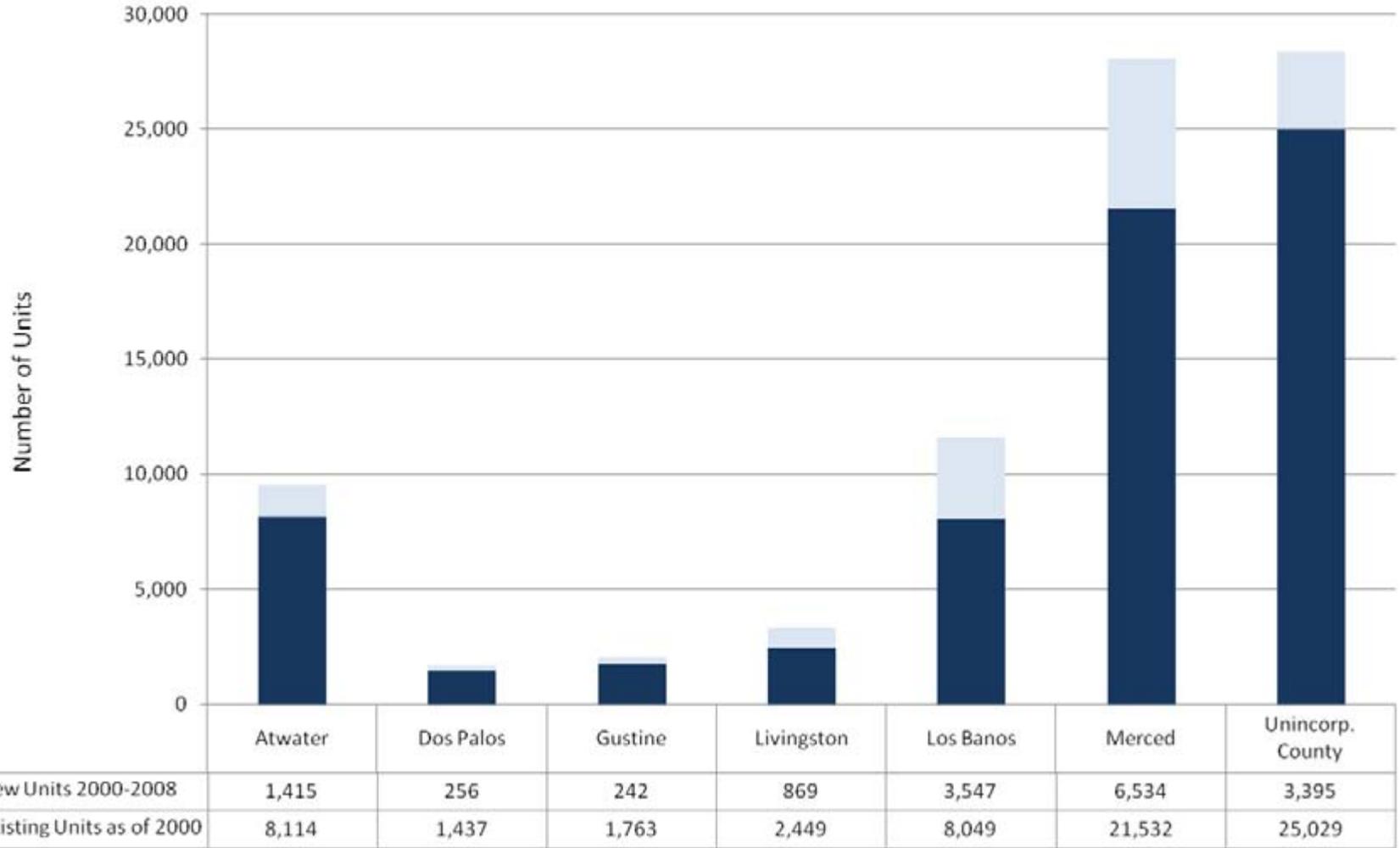
TABLE 5-4 Population Breakdown by Race/Ethnicity Merced County and California 2000						
Race/Ethnicity	Unincorporated Merced County		Incorporated Merced County		California	
	Number	Percent	Number	Percent	Number	Percent
White (non-Hispanic)	35,273	45.3%	50,312	37.9%	15,816,790	46.7%
Hispanic	34,748	44.6%	60,718	45.8%	10,966,556	32.4%
Asian	3,512	4.5%	10,529	7.9%	3,648,860	10.8%
Two or more races	2,466	3.2%	3,596	2.7%	903,115	2.7%
Black or African-American	1,360	1.8%	6,234	4.7%	2,181,926	6.4%
American Indian & Alaska Native	381	0.5%	734	0.6%	178,984	0.5%
Some other race	133	0.2%	277	0.2%	71,681	0.2%
Native Hawaiian & Other Pacific Islander	54	0.1%	227	0.2%	103,736	0.3%
Total	77,927	100.0%	132,627	100.0%	33,871,648	100.0%

Source: U.S. Census, 2000.

Figure 5-2 shows the total housing units and housing unit growth for jurisdictions in Merced County. Between 2000 and 2008, 3,395 housing units were built in unincorporated Merced County. However, the majority of housing unit growth occurred in the incorporated cities of Atwater, Dos Palos, Gustine, Livingston, Los Banos, and Merced (12,863 units total). Housing unit growth in the incorporated cities along SR 99 corridor (Atwater, Gustine, Livingston, and Merced), accounts for 70 percent of all new housing units. Merced alone accounted for just over 50 percent of all new housing unit growth.

The data on population and housing growth shows that the incorporated areas of Merced County have seen much more growth during the last decade than the unincorporated county. Merced County is among the top five fastest growing counties in the state.

**FIGURE 5-2
Housing Unit Growth
Merced County Jurisdictions
2000-2008**



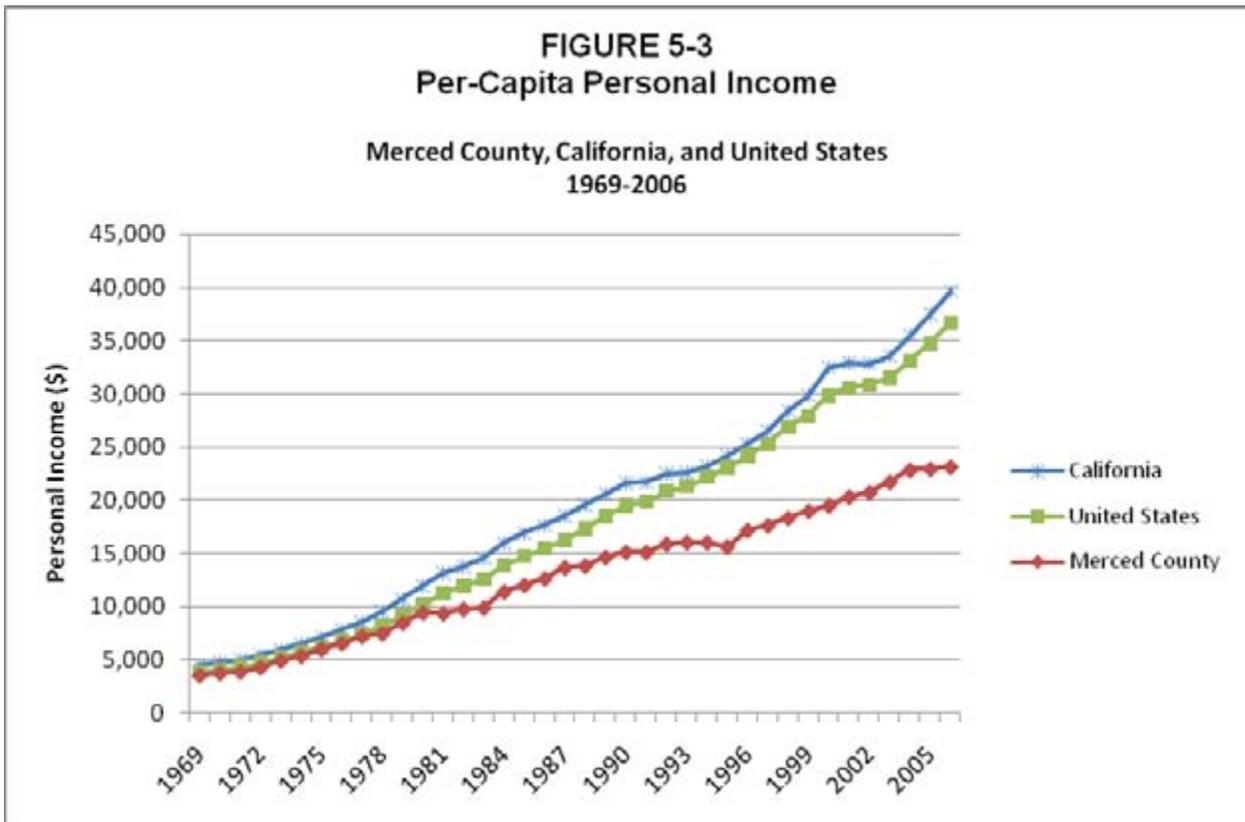
Source: California Department of Finance, 2008.

Income and Employment

Local demand for housing is significantly impacted by income, employment characteristics, and regional job growth. To effectively address the housing and jobs relationship, an understanding of local salary and job profiles is needed. This section analyzes personal income, household income, and employment characteristics for Merced County. Employment data from the California Employment Development Department (EDD) is for the Merced Metropolitan Statistical Area, which covers the same geographic boundaries as the county and includes information for the incorporated and unincorporated areas.

Personal Income

Merced County per-capita personal income has not kept pace with the country and California for the past 30 years. As shown in Figure 5-3, from 1985 to 1995 Merced County’s per-capita personal income rose 23 percent to \$15,696 compared to California, which rose approximately 42 percent to \$24,161. From 1995 to 2005 per-capita personal income in Merced County rose by 32 percent at a much slower rate than that of the state (53 percent). In 2005 Merced County’s per-capita personal income (\$22,995) was over 34 percent lower than California (\$36,936).



Source: Department of Commerce, Bureau of Economic Analysis, 2008.

Household Income

Table 5-5 shows the distribution of household incomes for Merced County and California for 2000, based on Census income data for 1999. In unincorporated Merced County 47.1 percent of all households earned under \$35,000 in 1999, compared to 36.9 percent of households in the state as a whole. At the other end of the

income spectrum, just 8.4 percent of households in the unincorporated county earned over \$100,000 in 1999, much lower than the 17.3 percent in California as a whole.

Income Group	Unincorporated		Incorporated		California	
	Number	Percent	Number	Percent	Number	Percent
Less than \$10,000	2,276	9.9%	4,781	11.7%	967,089	8.4%
\$10,000 to \$14,999	1,702	7.4%	3,353	8.2%	648,780	5.6%
\$15,000 to \$24,999	3,244	14.1%	6,463	15.8%	1,318,246	11.5%
\$25,000 to \$34,999	3,590	15.7%	6,076	14.8%	1,315,085	11.4%
\$35,000 to \$49,999	4,047	17.6%	6,965	17.0%	1,745,961	15.2%
\$50,000 to \$74,999	4,139	18.0%	7,692	18.8%	2,202,873	19.1%
\$75,000 to \$99,999	2,009	8.8%	3,188	7.8%	1,326,569	11.5%
\$100,000 to \$149,999	1,171	5.1%	1,746	4.3%	1,192,618	10.4%
Over \$150,000	756	3.3%	735	1.8%	794,799	6.9%
Total	22,934	100.0%	40,999	100.0%	11,512,020	100.0%

Source: U.S. Census, SF3, 2000.

Existing Employment

Table 5-6 shows the employment and unemployment rates along with industry employment by major classification for all of Merced County and California for 2000 and 2007. This data is from the California Employment Development Department (EDD).

The number of jobs that the EDD reports for Civilian Employment differs from the number of jobs reported for Total Industry Employment (also known as Wage and Salary Employment). Civilian Labor Force counts the number of working people by where they live. This includes business owners, the self-employed, unpaid family workers, private household workers, and wage and salary workers. A person with more than one job is only counted once. Total Industry Employment counts the number of jobs by the place of work. This does not include business owners, the self-employed, unpaid family workers, or private household workers. If someone holds more than one job, they may be counted more than once. These industry employment estimates are by place of work, not by place of residence, so they indicate the number of jobs within a given jurisdiction.

Agriculture is Merced County's economic strength and largest employer. Other sectors of the economy such as government employment, manufacturing, and retail are also strongly represented in the county when compared to the statewide average. Other sectors of the economy such as professional and business services and tourism are under-represented in the county. While most industries either grew or remained stable between 2000 and 2007, the manufacturing and agricultural industries lost jobs from 2000 to 2007, decreasing from 16.3 percent to 13.7 percent and 18.2 percent to 16.1 percent, respectively, of total industry employment. Merced's unemployment rate in 2007 (10.2 percent) was almost double the statewide average of 5.4 percent. Both Merced County and California had higher unemployment rates in 2007 compared to 2000.

**TABLE 5-6
Employment by Industry
Merced County and California
2000 and 2007**

	Merced County				California			
	2000		2007		2000		2007	
Jobs by Place of Residence								
Civilian Employment	81,600	90.4%	91,700	89.8%	16,024,333	95.1%	16,782,258	94.6%
Civilian Unemployment	8,700	9.6%	10,400	10.2%	833,242	4.9%	958,125	5.4%
Civilian Labor Force	90,300	100.0%	102,100	100.0%	16,857,575	100.0%	17,740,383	100.0%
Jobs by Place of Employment								
Total Non-farm	52,200	81.8%	59,000	83.9%	14,487,775	97.3%	14,797,292	97.5%
Natural Resources and Mining	0	0.0%	0	0.0%	26,458	0.2%	23,542	0.2%
Construction	2,100	3.3%	3,200	4.6%	733,450	5.1%	905,267	6.1%
Manufacturing	10,400	16.3%	9,600	13.7%	1,864,058	12.9%	1,514,433	10.2%
Wholesale Trade	1,400	2.2%	1,900	2.7%	646,192	4.5%	675,775	4.6%
Retail Trade	7,000	11.0%	7,700	11.0%	1,563,208	10.8%	1,659,017	11.2%
Transport., Warehousing & Utilities	1,700	2.7%	2,400	3.4%	518,292	3.6%	487,067	3.3%
Information	1,400	2.2%	1,400	2.0%	576,692	4.0%	473,617	3.2%
Financial Activities	1,600	2.5%	1,900	2.7%	806,883	5.6%	927,133	6.3%
Professional and Business Services	3,300	5.2%	4,200	6.0%	2,210,333	15.3%	2,147,933	14.5%
Educational and Health Services	5,100	8.0%	4,900	7.0%	1,401,025	9.7%	1,586,417	10.7%
Leisure and Hospitality	4,500	7.1%	4,900	7.0%	1,335,458	9.2%	1,475,083	10.0%
Other Services	1,500	2.4%	1,600	2.3%	487,733	3.4%	505,458	3.4%
Government	12,200	19.1%	15,300	21.8%	2,317,992	16.0%	2,416,550	16.3%
Total Farm	11,600	18.2%	11,300	16.1%	406,608	2.7%	378,033	2.5%
Total Industry Employment	63,800	100.0%	70,300	100.0%	14,894,383	100.0%	15,175,325	100.0%

Source: California Employment Development Department, *Employment by Industry Data, 2000-2007*.

Population and Employment Projections

Population Projections

The Department of Finance (DOF) produces the official population projections by county for California. They produced the most recent projections for 2000 to 2050 in 10-year increments in July 2008. Table 5-7 shows the population estimates for Merced County and California for 2000 and 2008, along with the DOF population projections for 2010 and 2020. The table also shows the population AAGR for each time period. As shown in the table, 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 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.

**TABLE 5-7
Past and Projected Population Estimates
Merced County and California
2000-2020**

Year	Merced County		California	
	Population	AAGR	Population	AAGR
2000 ¹	210,554	--	34,105,437	--
2008 ²	255,250	2.6%	38,049,462	1.5%
2010 ³	273,935	2.9%	39,135,676	1.1%
2020 ³	348,690	2.4%	44,135,923	1.2%

¹July 1, 2000, DOF population estimate based on 2000 Census.

²January 1, 2008 DOF Population Estimates (Note: AAGR based on 7.5-year period).

³2008 DOF Population Projections for July 1, 2010, and July 1, 2020 (Note: AAGR from 2008 to 2010 based on 2.5-year period).

Sources: California Department of Finance, Population Projections for California and its Counties, 2000-2050.

Employment Projections

Employment projections estimate the number of jobs that will be located in the county in the future. Although the projections have a high degree of uncertainty due to ever-changing local, regional, and/or national economic conditions, they provide a valuable estimate. The Merced County Association of Governments (MCAG) projected countywide employment based on data from the 2000 Census, 2007 MCAG Regional Transportation Plan (an analysis of build-out and zoning), figures from major approved commercial and industrial projects, and input from local jurisdictions.

MCAG projects Merced County will add roughly 40,000 jobs between 2010 and 2030. As shown in Table 5-8, rates of job growth in both incorporated cities (2.4 percent AAGR in incorporated cities) and unincorporated areas (2.3 percent AAGR in unincorporated areas) are expected to increase the fastest from 2015 to 2020. Overall, jobs in incorporated cities are expected to grow at just over 2 percent per year compared to just over 1 percent in unincorporated areas.

**TABLE 5-8
Merced County Association of Governments
Employment Projections
Merced County and California
2005-2030**

	Unincorporated Merced County		Incorporated Merced County		Countywide	
	Number	AAGR	Number	AAGR	Number	AAGR
2010	31,800	--	63,400	--	95,200	--
2015	33,300	0.9%	70,600	2.2%	103,900	1.8%
2020	37,300	2.3%	79,500	2.4%	116,800	2.4%
2025	39,500	1.2%	88,600	2.2%	128,100	1.9%
2030	41,600	1.0%	95,600	1.5%	137,200	1.4%

Source: Merced County Association of Governments, 2007.

Household Characteristics

This section analyzes household characteristics, such as household population, occupancy, and type. More simply stated, it summarizes the profile of Merced County residents living in private households, whether they are renters or owners, how many people live in a household, and if it is overcrowded.

Table 5-9 compares 1990 and 2000 Census data for a variety of housing characteristics, including tenure, vacancy, and household type for unincorporated and incorporated Merced County and California. The rate of homeownership in unincorporated and incorporated Merced County increased between 1990 and 2000 from 61.7 percent to 64.9 percent in the unincorporated areas and from 50 percent to 55.3 percent in the incorporated cities. Merced County's homeownership rate is significantly higher than that for the state as a whole (56.9 percent in 2000).

The housing vacancy rate in unincorporated Merced County increased slightly by under 1 percent from 1990 to 2000. Approximately 8 percent of housing units in the unincorporated areas of the county were vacant in 2000. This vacancy rate is higher than the 5.8 percent vacancy rate for housing units in all of California for 2000. Incorporated Merced County has a similar vacancy rate to the state at just under 5.8 percent.

The Census divides households into two types depending on their composition. Family households are those that consist of two or more related persons living together. Non-family households include either persons who live alone or groups composed of non-related individuals. As shown in Table 5-9, 81.2 percent of households in unincorporated Merced County were family households in 2000 compared to 68.9 percent in California. The proportion of family households in the unincorporated county increased from 76.5 percent of households in 1990.

Table 5-10 shows the average household size for Merced County as a whole and the state of California. Average household size is a function of the number of people living in households (the population in group quarters is not counted) divided by the number of occupied housing units. In Merced County the 2000 average persons per household was 3.25 persons, higher than the state average of 2.87 persons. Much like the state, Merced County's household size increased from 3.17 percent in 1990.

Since a majority of rental units are usually apartments with a small number of rooms, the average household size of renter households tends to be lower than that of owner households across the state. However, in Merced County average household size in rental units, 3.4 persons, is slightly higher than owner units in the county in 2000.

**TABLE 5-9
Summary of Housing Characteristics
Merced County and California
1990 and 2000**

	Unincorporated Merced County				Incorporated Merced County				California			
	1990		2000		1990		2000		1990		2000	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Household Population												
Persons Living in Households	68,211	97.5%	76,943	98.7%	106,961	98.6%	130,756	98.6%	29,008,161	97.5%	33,051,894	97.6%
Persons Living in Group Quarters	1,731	2.5%	984	1.3%	1,500	1.4%	1,871	1.4%	751,860	2.5%	819,754	2.4%
Total Population	69,942	-	77,927	-	108,461	-	132,627	-	29,758,213	-	33,873,086	-
Occupancy												
Occupied Housing Units	20,558	92.5%	22,915	91.8%	34,773	96.1%	40,900	94.2%	10,381,206	92.8%	11,502,870	94.2%
Vacant Housing Units	1,675	7.5%	2,060	8.3%	1,404	3.9%	2,498	5.8%	801,676	7.2%	711,679	5.8%
Total Housing Units	22,233	-	24,975	-	36,177	-	43,398	-	11,182,882	-	12,214,549	-
Household Type												
Family households	15,733	76.5%	18,757	81.9%	24,085	69.3%	31,003	75.8%	7,139,394	68.8%	7,920,049	68.9%
Non-family households	4,825	23.5%	4,158	18.1%	10,688	30.7%	9,897	24.2%	3,241,812	31.2%	3,582,821	31.1%
Total Households	20,558	-	22,915	-	34,773	-	40,900	-	10,381,206	-	11,502,870	-

Source: U.S. Census, 1990 and 2000.

**TABLE 5-10
Average Household Size by Tenure
Merced County and California
1990 and 2000**

	Merced County		California	
	1990	2000	1990	2000
Persons Per Household	3.17	3.25	2.79	2.87
Household Size: Owner-Occupied Units	2.97	3.15	2.84	2.93
Household Size: Renter-Occupied Units	3.40	3.40	2.74	2.79

Source: U.S. Census, 1990 and 2000.

Housing Inventory/Supply

This section provides information about the total supply of existing housing in the county. This section also includes information about the total number of housing units available in the county, changes in vacancy, and structural condition of the units.

Table 5-11 summarizes housing units by type for all housing units in Merced County and California in 2000 and 2008. Single-family homes continue to be the largest percentage of the housing stock in both unincorporated and incorporated Merced County. 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. Only 122 units or 3.5 percent of all new units built in the unincorporated county were multi-family units. Mobile/modular homes, however, accounted for 14.2 percent of all new units, which is much 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.

As previously stated, the majority of residential growth between 2000 and 2008 occurred in the incorporated areas of the county. Over 80 percent of all new units were constructed in the incorporated areas, and just over 81 percent of all new single-family homes were built in the incorporated areas.

TABLE 5-11
Housing Units by Type
Merced County and California
2000 and 2008

	2000		2008		Change in Units
	Units	Percent	Units	Percent	
Unincorporated Merced County					
Single-Family	20,115	80.4%	22,906	80.6%	2,791
2 to 4 Units	782	3.1%	850	3.0%	68
5+ Units	574	2.3%	628	2.2%	54
Mobile Homes	3,558	14.2%	4,040	14.2%	482
Total	25,029	100.0%	28,424	100.0%	3,395
Incorporated Merced County					
Single-Family	30,423	70.2%	42,329	75.3%	11,906
2 to 4 Units	4,386	10.1%	4,559	8.1%	173
5+ Units	6,844	15.8%	7,618	13.6%	774
Mobile Homes	1,691	3.9%	1,701	3.0%	10
Total	43,344	100.0%	56,207	100.0%	12,863
Merced County Total					
Single-Family	50,538	73.9%	65,235	77.1%	14,697
2 to 4 Units	5,168	7.6%	5,409	6.4%	241
5+ Units	7,418	10.8%	8,246	9.7%	828
Mobile Homes	5,249	7.7%	5,741	6.8%	492
Total	68,373	100.0%	84,631	100.0%	16,258
California					
Single-Family	7,815,035	64.0%	8,603,213	64.6%	788,178
2 to 4 Units	1,024,896	8.4%	1,058,518	8.0%	33,622
5+ Units	2,804,931	23.0%	3,059,069	23.0%	254,138
Mobile Homes	569,688	4.7%	591,656	4.4%	21,968
Total	12,214,550	100.0%	13,312,456	100.0%	1,097,906

Source: California Department of Finance, Table E-5, 2008.

Housing Demolition

From January 1998 to December 2008, 202 residential structures were demolished in unincorporated Merced County. These units represent a small part of the total housing stock. The loss of affordable housing through demolition is not a significant problem facing Merced County.

Housing Conditions

Merced County has not conducted a countywide housing conditions survey since 1999. The goal of the survey was to gather information to determine what part of the housing stock was sound, suitable for rehabilitation, or dilapidated. The County and Self-Help Enterprises conducted the survey in accordance with

Community Development Block Grant (CDBG) guidelines, with the results used to support eligible CDBG funding for current and future applications for housing rehabilitation purposes.

The County and Self-Help Enterprise staff conducted a windshield survey in conjunction with the previous Housing Element with emphasis placed on inspection of the foundation, roofing, siding, windows, and electrical parts of each structure. A total of 11,636 units were surveyed, and of those units, 2,089 or 18 percent were dilapidated or in need of some rehabilitation. This was a decrease from the previous 1991 survey of four communities in which 29 percent were assessed to be substandard. Table 5-12 below shows the results of the survey by Census-designated place.

TABLE 5-12 Housing Conditions Summary Merced County 1999			
Area Surveyed	Total Housing Units Surveyed	Number of Units Dilapidated or Needing Rehab	Percentage of Units Dilapidated or Needing Rehab
Delhi	1,951	214	11%
Hilmar	1,318	79	6%
Le Grand	467	46	10%
Planada	947	157	17%
South Dos Palos/ Midway	357	104	29%
Winton	2,215	478	22%
Ballico	44	24	55%
Stevinson	40	24	60%
Volta	39	27	69%
Unincorporated County Total	11,636	2,089	18%

Source: Merced County Housing Survey, 1999.

The U.S. Census provides limited data that can be used to infer the condition of Merced County’s housing stock. For example, the Census reports on whether housing units have complete plumbing and kitchen facilities. Since just over 1 percent of all housing units in Merced County lack complete plumbing or kitchen facilities (see Table 5-13 below), these indicators do not reveal much about overall housing conditions.

Since housing stock age and condition are generally correlated, one Census variable that provides an indication of housing conditions is the age of a community’s housing stock. Table 5-13 shows the decade built for owner-occupied and renter-occupied housing units in unincorporated and incorporated Merced County and California in 2000. As shown in the table, Merced County’s housing stock is relatively the same age as California’s housing stock.

In 2000, 20.7 percent of the housing stock in the unincorporated county was less than 10 years old. While this percentage is lower than that of the incorporated areas of the county (22.3 percent), it is higher than that of the state (15 percent). Unincorporated Merced County has a similar proportion of houses older than 50 years

compared to California as a whole. However, incorporated Merced County has a much lower proportion, 8.9 percent, of houses older than 50 years, when compared to the state. In California 17.2 percent of the total housing stock was built prior to 1950.

The median year built for owner-occupied units in all of Merced County in 2000 was 1977, compared to 1971 for California. The median year built for renter-occupied units in Merced County in 2000 was 1973, compared to 1969 for California. This data regarding housing stock age and kitchen and plumbing facilities may suggest that, while the majority of homes in Merced County are relatively new, there is still a small part of the housing stock in Merced County that is in need of rehabilitation. It is important to note that Merced County underwent a significant housing boom that greatly increased the overall housing stock after the 2000 Census was conducted. It is expected that the average age of units in Merced County would decrease as these new units are counted.

TABLE 5-13
Age of Housing Stock & Housing Stock Conditions by Tenure
Merced County and California
2000

	Unincorporated Merced County		Incorporated Merced County		California	
	Number	Percent	Number	Percent	Number	Percent
Owner-Occupied Housing Units						
Built 1990 to March 2000	3,789	25.6%	6,576	29.0%	984,491	15.0%
Built 1980 to 1989	2,585	17.4%	3,792	16.7%	1,141,514	17.4%
Built 1970 to 1979	2,765	18.7%	4,380	19.3%	1,260,440	19.3%
Built 1960 to 1969	1,826	12.3%	2,700	11.9%	1,005,648	15.4%
Built 1950 to 1959	1,502	10.1%	2,970	13.1%	1,097,727	16.8%
Built 1940 to 1949	1,032	7.0%	1,231	5.4%	496,066	7.6%
Built 1939 or earlier	1,319	8.9%	1,008	4.4%	560,351	8.6%
Total	14,818	100.0%	22,657	100.0%	6,546,237	100.0%
Units Lacking Complete Plumbing Facilities	125	0.8%	158	0.7%	26,924	0.4%
Units Lacking Complete Kitchen Facilities	55	0.3%	103	0.4%	19,002	0.3%
Renter-Occupied Housing Units						
Built 1990 to March 2000	923	11.5%	2,571	14.0%	475,189	9.6%
Built 1980 to 1989	1,279	16.0%	3,837	20.9%	829,835	16.7%
Built 1970 to 1979	1,500	18.8%	4,870	26.5%	1,093,120	22.1%
Built 1960 to 1969	1,429	17.9%	2,955	16.1%	921,555	18.6%
Built 1950 to 1959	1,034	12.9%	1,937	10.6%	711,424	14.4%
Built 1940 to 1949	844	10.6%	1,034	5.6%	395,297	8.0%
Built 1939 or earlier	985	12.3%	1,142	6.2%	530,213	10.7%
Total	7,994	100.0%	18,346	100.0%	4,956,633	100.0%
Units Lacking Complete Plumbing Facilities	156	1.9%	361	1.9%	58,536	1.2%
Units Lacking Complete Kitchen Facilities	130	1.6%	454	2.4%	98,380	2.0%
Total Occupied Housing Units						
Built 1990 to March 2000	4,712	20.7%	9,147	22.3%	1,459,680	12.7%

TABLE 5-13
Age of Housing Stock & Housing Stock Conditions by Tenure
Merced County and California
2000

	Unincorporated Merced County		Incorporated Merced County		California	
	Number	Percent	Number	Percent	Number	Percent
Owner-Occupied Housing Units						
Built 1980 to 1989	3,864	16.9%	7,629	18.6%	1,971,349	17.1%
Built 1970 to 1979	4,265	18.7%	9,250	22.6%	2,353,560	20.5%
Built 1960 to 1969	3,255	14.3%	5,655	13.8%	1,927,203	16.8%
Built 1950 to 1959	2,536	11.1%	4,907	12.0%	1,809,151	15.7%
Built 1940 to 1949	1,876	8.2%	2,265	5.5%	891,363	7.7%
Built 1939 or earlier	2,304	10.1%	2,150	5.2%	1,090,564	9.5%
Total	22,812	100.0%	41,003	100.0%	11,502,870	100.0%
Units Lacking Complete Plumbing Facilities	281	1.2%	519	1.2%	85,460	0.7%
Units Lacking Complete Kitchen Facilities	185	0.8%	557	1.3%	117,382	1.0%

Source: U.S. Census, 2000.

Vacancy Rates

According to the California Department of Housing and Community Development (HCD), the desired vacancy rates necessary to provide a stable housing environment are approximately 2 percent for the for-sale housing and 5 percent for rental housing. According to the DOF’s Population and Housing Estimates, Merced County’s unincorporated area had a vacancy rate of 8.21 percent in 2009, significantly higher than the vacancy rate in California (5.89 percent).

Table 5-14 below provides a detailed breakdown of the types of vacant units in unincorporated and incorporated Merced County and California at the time of the 2000 Census. Of the unincorporated county’s vacant housing units in 2000, 61.1 percent were classified as for rent, for sale, or already rented or sold but not occupied, compared to 35.7 percent in the incorporated county and 52.2 percent in California. In comparison with the incorporated areas of the county and California, a much lower percentage of vacant units were available for seasonal, recreational, or occasional use in the unincorporated county in 2000 (6.5 percent compared to 34.3 percent and 36.8 percent, respectively). Incorporated Merced County had a higher percentage of vacancies for migrant workers (3.8 percent) than California, which had less than 1 percent of units available, and unincorporated Merced County, which had zero vacancies.

TABLE 5-14
Vacant Units by Type
Merced County and California
2000

Vacancy Status	Unincorporated Merced County		Incorporated Merced County		California	
	Number	Percent	Number	Percent	Number	Percent
For Rent	946	38.5%	273	13.0%	201,388	28.3%
For Sale Only	442	18.0%	335	16.0%	115,343	16.2%
Rented or Sold; Not Occupied	113	4.6%	141	6.7%	54,785	7.7%
For Seasonal; Recreational; or Occasional Use	161	6.5%	720	34.3%	261,950	36.8%
For Migrant Workers	0	0.0%	80	3.8%	2,194	0.3%
Other Vacant	798	32.4%	549	26.2%	76,019	10.7%
Total	2,460	100.0%	2,098	100.0%	711,679	100.0%

Source: U.S. Census, 2000.

Tenure

Tenure (how many units are owner versus renter occupied) is a measure of the rates of homeownership in a jurisdiction. Tenure for type of unit and number of bedrooms can help estimate demand for a diversity of housing types.

Home equity is the largest single source of household wealth for most Americans. Median net wealth for renters is about 3 percent of that of homeowners. The national homeownership rate has risen from around 40 percent before World War II, to 65.6 percent in 1980, 64 percent in 1995, 65 percent in 2002, and 69 percent in 2008.

As shown in Table 5-15, the homeownership rate in unincorporated areas was higher than the incorporated areas. Homeownership in the unincorporated areas increased from 61.7 percent to 64.9 percent from 1990 to 2000. Homeownership in the incorporated areas also increased from 50.0 percent to 55.3 percent over the same time period. Overall, unincorporated Merced County's homeownership rate in 2000 (64.9 percent) is considerably higher than that for the state as a whole (56.9 percent in 2000).

Since the 2000 U.S. Census is the only comprehensive source for data on tenure, a current and accurate picture of Merced County's homeownership rate is not available. However, based on anecdotal evidence, homeownership has made a significant decline since 2007 following the housing market crash. A description of the housing market crash and foreclosure crisis is included on page 5-40.

TABLE 5-15 Tenure Merced County and California 1990-2000						
	Unincorporated Merced County		Incorporated Merced County		California	
	Number	Percent	Number	Percent	Number	Percent
Owner-Occupied Units						
1990	12,681	61.7%	17,401	50.0%	5,773,943	55.6%
2000	14,879	64.9%	22,604	55.3%	6,546,334	56.9%
Renter-Occupied Units						
1990	7,877	38.3%	17,372	50.0%	4,607,263	44.4%
2000	8,036	35.1%	18,296	44.7%	4,956,356	43.1%

Source: U.S. Census, 1990 and 2000.

Overcrowded Housing

The Census defines an overcrowded unit as one occupied by 1.01 persons or more per room (excluding bathrooms and kitchens). Units with more than 1.5 persons per room are considered severely overcrowded. Overcrowding increases health and safety concerns and stresses the condition of the housing stock and infrastructure. Overcrowding is strongly related to household size, particularly for large households and especially very large households and the availability of suitably sized housing. Overcrowding impacts both owners and renters; however, renters are generally more significantly impacted.

A typical home might have a total of five rooms (three bedrooms, living room, and dining room). If more than five people were living in the home, it would be considered overcrowded. There is some debate about whether units with larger households where seven people might occupy a home with six rooms should really be considered overcrowded. Nonetheless, units with more than 1.5 persons per room are considered severely overcrowded, and should be recognized as a significant housing problem. Overcrowding in households typically results from either a lack of affordable housing (which forces more than one household to live together) and/or lack of available housing units of adequate size.

While family size and tenure are critical determinants in overcrowding, household income also plays a strong role in the incidence of overcrowding. As a general rule, overcrowding levels tend to decrease as income rises, especially for renters (particularly for small and large families). The rate of overcrowding for very low-income households is generally nearly three times greater than households over 95 percent of the area median-income. As with renters, owner households with higher incomes have lower rates of overcrowding.

Table 5-16 compares occupants per room and overcrowding by tenure for unincorporated and incorporated Merced County and California in 2000. The unincorporated and incorporated areas of the county had higher proportions of overcrowded owner-occupied units compared to all of California in 2000 (13.1 percent and 11.1 percent compared to 8.6 percent). Severely overcrowded units made up just over 6 percent of owner-occupied units in the unincorporated and incorporated county, compared to approximately 4 percent of owner-occupied housing units in California.

In Merced County overcrowding is typically more of a problem in renter-occupied units than in owner-occupied units. Overcrowded households in the unincorporated county accounted for 31.8 percent of all

renter-occupied units while overcrowded households only accounted for 13.1 percent of all owner-occupied units. The proportion of severely overcrowded rental units in the unincorporated county is also much higher than that of severely overcrowded owner-occupied units (19.4 percent and 6.6 percent, respectively). In the state of California the rate of overcrowding for renter-occupied households (23.9 percent) is lower than in Merced County (30.9 percent).

TABLE 5-16 Overcrowding Merced County and California 2000						
Persons per Room	Unincorporated Merced County		Incorporated Merced County		California	
	Number	Percent	Number	Percent	Number	Percent
Owner-Occupied						
0.50 or Less	8,268	55.8%	12,555	55.4%	4,210,011	64.3%
0.51 to 1.00	4,599	31.0%	7,411	32.7%	1,774,210	27.1%
1.01 to 1.50	966	6.5%	1,311	5.8%	278,471	4.3%
1.51 or More	985	6.6%	1,380	6.1%	283,545	4.3%
Total	14,818	100.0%	22,657	100.0%	6,546,237	100.0%
Renter-Occupied						
0.50 or Less	2,391	29.9%	6,261	34.1%	2,012,190	40.6%
0.51 to 1.00	3,058	38.3%	6,488	35.4%	1,758,107	35.5%
1.01 to 1.50	995	12.4%	2,113	11.5%	421,839	8.5%
1.51 or More	1,550	19.4%	3,484	19.0%	764,497	15.4%
Total	7,994	100.0%	18,346	100.0%	4,956,633	100.0%
Total Occupied						
0.50 or Less	10,659	46.7%	18,816	45.9%	6,222,201	54.1%
0.51 to 1.00	7,657	33.6%	13,899	33.9%	3,532,317	30.7%
1.01 to 1.50	1,961	8.6%	3,424	8.4%	700,310	6.1%
1.51 or More	2,535	11.1%	4,864	11.9%	1,048,042	9.1%
Total	22,812	100.0%	41,003	100.0%	11,502,870	100.0%

Source: U.S. Census, 2000.

Household Size

Average household size is a function of household population (the group quarters population is not counted) divided by the number of occupied housing units. Larger household sizes means that more dwelling units with three or more bedrooms will be needed to accommodate population growth. Household size is also an important measure of overcrowding.

As shown previously in Table 5-10, Merced County's average household size in 2000 was 3.25 persons, higher than the state average of 2.87 persons. Merced County had an average household size for renter-occupied households of 3.4 persons in 2000, compared to 3.15 persons per owner-occupied household.

Table 5-17 shows the number of persons per household by tenure in unincorporated and incorporated Merced County and California in 2000. The unincorporated and incorporated areas of the county had higher proportions of large households (five or more members) than California in 2000 (24.3 percent and 22 percent

compared to 15.9 percent). Unincorporated and incorporated Merced County also had lower proportions of one- and two-person households than California in 2000 (42.2 percent and 45.5 percent compared to 53.1 percent).

TABLE 5-17						
Household Size by Tenure						
Merced County and California						
2000						
	Unincorporated Merced County		Incorporated Merced County		California	
	Number	Percent	Number	Percent	Number	Percent
Owner-Occupied						
1 Person	2,171	14.6%	3,858	17.1%	1,242,064	19.0%
2 Persons	4,846	32.6%	6,877	30.4%	2,162,319	33.0%
3 Persons	2,278	15.3%	3,548	15.7%	1,063,020	16.2%
4 Persons	2,476	16.6%	3,774	16.7%	1,057,933	16.2%
5 Persons	1,638	11.0%	2,388	10.6%	539,840	8.2%
6 Persons	771	5.2%	1,126	5.0%	253,814	3.9%
7 Persons	699	4.7%	1,033	4.6%	227,247	3.5%
Total	14,879	100.0%	22,604	100.0%	6,546,237	100.0%
Renter-Occupied						
1 Persons	1,138	14.2%	4,151	22.69%	1,465,064	29.6%
2 Persons	1,516	18.9%	3,719	20.33%	1,246,918	25.2%
3 Persons	1,378	17.1%	3,145	17.19%	780,946	15.8%
4 Persons	1,529	19.0%	2,872	15.70%	649,947	13.1%
5 Persons	1,134	14.1%	1,968	10.76%	394,656	8.0%
6 Persons	636	7.9%	1,106	6.05%	209,867	4.2%
7 Persons	705	8.8%	1,335	7.30%	209,235	4.2%
Total	8,036	100.0%	18,296	100.00%	4,956,633	100.0%
All Households						
1 Person	3,309	14.4%	8,009	19.6%	2,707,128	23.5%
2 Persons	6,362	27.8%	10,596	25.9%	3,409,237	29.6%
3 Persons	3,656	16.0%	6,693	16.4%	1,843,966	16.0%
4 Persons	4,005	17.5%	6,646	16.2%	1,707,880	14.8%
5 Persons	2,772	12.1%	4,356	10.7%	934,496	8.1%
6 Persons	1,407	6.1%	2,232	5.5%	463,681	4.0%
7 Persons	1,404	6.1%	2,368	5.8%	436,482	3.8%
Total	22,915	100.0%	40,900	100.0%	11,502,870	100.0%

Source: U.S. Census, 2000.

Table 5-18 shows the number of bedrooms by housing unit in unincorporated and incorporated Merced County and California in 2000. As shown in the table, 70.1 percent of owner-occupied housing units in the unincorporated areas of the county and 74.6 percent in the incorporated areas contained three or more bedrooms in 2000. This is significantly higher than the statewide percentage of 69.3 percent. The large

number of housing units with three or more bedrooms is likely due to a combination of factors, including higher rates of homeownership and a larger percentage of newer units in Merced County.

Renter-occupied units tend to have a smaller number of bedrooms than owner-occupied units. This was the case in Merced County in 2000, where 70.1 percent of the owner-occupied units in unincorporated areas and 74.6 percent in incorporated areas had three or more bedrooms, compared to only 38.8 percent of the renter-occupied units in unincorporated areas and 23.9 percent in incorporated areas. However, this figure is much larger than the 18.4 percent of renter-occupied housing units with three or more bedrooms in California. Based on this information regarding housing unit size, and the information on household sizes discussed earlier, Merced County has a higher need for large housing units than California. Merced County has a larger average household size, larger housing units, and higher overcrowding rates than the state average.

TABLE 5-18						
Number of Bedrooms by Tenure						
Merced County and California						
2000						
	Unincorporated Merced County		Incorporated Merced County		California	
	Number	Percent	Number	Percent	Number	Percent
Owner-Occupied						
No Bedroom	485	3.3%	675	3.0%	114,254	1.7%
1 Bedroom	1,158	7.8%	1,277	5.6%	411,758	6.3%
2 Bedrooms	2,785	18.8%	3,798	16.8%	1,485,676	22.7%
3 Bedrooms	7,677	51.8%	12,012	53.0%	2,825,326	43.2%
4 Bedrooms	2,363	15.9%	4,578	20.2%	1,417,027	21.6%
5 or More Bedrooms	350	2.4%	317	1.4%	292,196	4.5%
Total	14,818	100.0%	22,657	100.0%	6,546,237	100.0%
Renter-Occupied						
No Bedroom	561	7.0%	2,401	13.1%	703,196	14.2%
1 Bedroom	1,747	21.9%	4,820	26.3%	1,651,911	33.3%
2 Bedrooms	2,589	32.4%	6,748	36.8%	1,685,750	34.0%
3 Bedrooms	2,539	31.8%	3,642	19.9%	719,939	14.5%
4 Bedrooms	519	6.5%	676	3.7%	170,580	3.4%
5 or More Bedrooms	39	0.5%	59	0.3%	25,257	0.5%
Total	7,994	100.0%	18,346	100.0%	4,956,633	100.0%
All Households						
No Bedroom	1,046	4.6%	3,076	7.5%	817,450	7.1%
1 Bedroom	2,905	12.7%	6,097	14.9%	2,063,669	17.9%
2 Bedrooms	5,374	23.6%	10,546	25.7%	3,171,426	27.6%
3 Bedrooms	10,216	44.8%	15,654	38.2%	3,545,265	30.8%
4 Bedrooms	2,882	12.6%	5,254	12.8%	1,587,607	13.8%
5 or More Bedrooms	389	1.7%	376	0.9%	317,453	2.8%
Total	22,812	100.0%	41,003	100.0%	11,502,870	100.0%

Source: U.S. Census, 2000.

Housing Affordability

Housing Cost Burdens

This section provides an analysis of the proportion of households “overpaying for housing.” Lower-income households are defined as those that earn 80 percent or less of the area median income. This is a share-of-income approach to measure housing affordability in terms of the percentage of income that a household spends on housing.

Current standards measure housing cost in relation to gross household income: households spending more than 30 percent of their income, including utilities, are generally considered to be overpaying or cost burdened. Severe overpaying occurs when households pay 50 percent or more of their gross income for housing. The impact of high housing costs falls disproportionately on extremely low-, very low-income, and low-income households, especially renters. While some higher-income households may choose to spend greater parts of their income for housing, the cost burden for lower-income households reflect choices limited by a lack of a sufficient supply of housing affordable to these households. Low-income households, who are overpaying for housing, frequently have insufficient resources for other critical essentials including food and medicine. This is a significant hardship for too many workers, families, and seniors, but it also impacts local economies as money that might otherwise be spent in local stores generating sales tax revenues are being spent on housing.

Table 5-19 shows the State of the Cities Data Systems: Comprehensive Housing Affordability Strategy (SOCDS CHAS) special tabulation data from the 2000 Census regarding the percentage of households with a moderate housing cost burden (greater than 30 percent) and severe cost burden (greater than 50 percent) by income group and tenure for unincorporated and incorporated Merced County and California. As shown in the table, 29.6 percent of all households in the unincorporated county and 33.1 percent of all households in the incorporated county had a moderate housing cost burden in 2000. These percentages are lower than the percentage of households in California with a moderate housing cost burden (34.5 percent). As would be expected, housing cost burdens were more severe for households with lower incomes. Among lower-income households (incomes less than or equal to 80 percent of the area median income), 50.4 percent of households in the unincorporated county had a moderate housing cost burden in 2000 compared to just 14.9 percent of non-lower-income households. The percentage of lower-income households with a moderate housing cost burden in the unincorporated county is significantly lower than that for California (62.1 percent).

The housing cost burden was generally higher among owner households in Merced County in 2000. For example, 55.3 percent of all owner households earning less than 80 percent of median income paid 30 percent or more of their monthly incomes for housing costs in unincorporated Merced County in 2000, compared to 45.9 percent of all renter households earning less than 80 percent of median income.

Table 5-20 shows housing cost burden information for unincorporated Merced County for 2000 by household type, tenure, and income group. The low-income household types with the largest numbers and percentage of households with a housing cost burden greater than 30 percent, are “small related” and “large related” owner households. This shows that a large number of families own their homes in Merced County.

Table 5-20 shows that 47.1 percent of elderly renters had a moderate housing cost burden and 22.5 percent had a severe housing cost burden; however, elderly renter households make up only 6.9 percent of all households. The information in this table regarding senior and large households is addressed in more detail in the Special Needs Housing section of this report.

TABLE 5-19
Housing Cost Burden by Household Income Classification
Merced County and California
2000

	Unincorporated Merced County			Incorporated Merced County			California		
	Owners	Renters	Total	Owners	Renters	Total	Owners	Renters	Total
Household Income <= 80% Median Family Income (MFI)									
Total Households	4,541	4,940	9,481	6,057	12,010	18,067	1,697,563	2,814,415	4,511,978
Number w/ Cost Burden > 30%	2,509	2,266	4,778	3,564	7,017	10,581	993,816	1,806,179	2,799,995
Percent w/ Cost Burden > 30%	55.3%	45.9%	50.4%	58.8%	58.4%	58.6%	58.5%	64.2%	62.1%
Number w/ Cost Burden > 50%	1,366	1,166	2,525	1,834	3,590	5,424	592,910	948,084	1,540,994
Percent w/ Cost Burden > 50%	30.1%	23.6%	26.6%	30.3%	29.9%	30.0%	34.9%	33.7%	34.2%
Household Income > 80% MFI									
Total Households	10,336	3,071	13,407	16,550	6,282	22,832	4,848,664	2,137,109	6,985,773
Number w/ Cost Burden > 30%	1,946	48	1,998	2,678	288	2,967	974,581	188,066	1,162,647
Percent w/ Cost Burden > 30%	18.8%	1.6%	14.9%	16.2%	4.6%	13.0%	20.1%	8.8%	16.6%
Number w/ Cost Burden > 50%	351	0	349	267	0	267	169,703	17,097	186,800
Percent w/ Cost Burden > 50%	3.4%	0.0%	2.6%	1.6%	0.0%	1.2%	3.5%	0.8%	2.7%
Total Households									
Total Households	14,877	8,011	22,888	22,607	18,292	40,899	6,546,227	4,951,524	11,497,751
Number w/ Cost Burden > 30%	4,455	2,314	6,776	6,242	7,306	13,548	1,968,397	1,994,245	3,962,642
Percent w/ Cost Burden > 30%	29.9%	28.9%	29.6%	27.6%	39.9%	33.1%	30.1%	40.3%	34.5%
Number w/ Cost Burden > 50%	3,357	3,358	3,359	3,360	3,361	3,362	762,613	965,181	1,727,794
Percent w/ Cost Burden > 50%	22.6%	41.9%	14.7%	14.9%	18.4%	8.2%	11.6%	19.5%	15.0%

Source: HUD SOCDS, Comprehensive Housing Affordability Strategy (CHAS) database, 2000.

TABLE 5-20
Housing Cost Burden by Household Type and Household Income Classification
Unincorporated Merced County
2000

	Owners					Renters					Total Households
	Elderly (1 & 2)	Small Related (2 to 4)	Large Related (5 or more)	All Other	Total Owners	Elderly (1 & 2)	Small Related (2 to 4)	Large Related (5 or more)	All Other	Total Renters	
Household Income <= 80% Median Family Income (MFI)											
Total Households	1,695	1,437	1,076	333	4,541	557	1,964	1,762	657	4,940	9,481
Number w/ Cost Burden > 30%	789	907	630	181	2,509	262	953	726	327	2,266	4,778
Percent w/ Cost Burden > 30%	46.6%	63.1%	58.6%	54.5%	55.3%	47.1%	48.5%	41.2%	49.8%	45.9%	50.4%
Number w/ Cost Burden > 50%	493	526	475	177	1,366	125	480	411	214	1,166	2,525
Percent w/ Cost Burden > 50%	29.1%	36.6%	44.1%	53.3%	30.1%	22.5%	24.4%	23.3%	32.6%	23.6%	26.6%
Household Income > 80% MFI											
Total Households	2,396	5,440	1,798	702	10,336	241	1,484	826	520	3,071	13,407
Number w/ Cost Burden > 30%	323	1,193	266	171	1,946	15	10	0	25	48	1,998
Percent w/ Cost Burden > 30%	13.5%	21.9%	14.8%	24.4%	18.8%	6.2%	0.7%	0.0%	4.8%	1.6%	14.9%
Number w/ Cost Burden > 50%	66	175	62	45	351	0	0	0	0	0	349
Percent w/ Cost Burden > 50%	2.7%	3.2%	3.4%	6.4%	3.4%	0.0%	0.0%	0.0%	0.0%	0.0%	2.6%
Total Households											
Total Households	4,091	6,877	2,874	1,035	14,877	798	3,448	2,588	1,177	8,011	22,888
Number w/ Cost Burden > 30%	1,112	2,100	896	353	4,455	277	964	726	352	2,314	6,776
Percent w/ Cost Burden > 30%	27.2%	30.5%	31.2%	34.1%	29.9%	34.8%	27.9%	28.1%	29.9%	28.9%	29.6%
Number w/ Cost Burden > 50%	558	701	536	222	1,717	125	480	411	214	1,166	2,873
Percent w/ Cost Burden > 50%	13.6%	10.2%	18.7%	21.5%	11.5%	15.7%	13.9%	15.9%	18.2%	14.6%	12.6%

Source: HUD SOCDs, Comprehensive Housing Affordability Strategy (CHAS) database, 2000.

Ability to Pay for Housing

The following section compares 2008 income levels and ability to pay for housing with actual housing costs. Housing is classified as “affordable” if households do not pay more than 30 percent of income for payment of rent (including a monthly allowance for water, gas, and electricity) or monthly homeownership costs (including mortgage payments, taxes, and insurance). Since above moderate-income households do not generally have problems in locating affordable units, affordable units are frequently defined as those reasonably priced for households that are low- to moderate-income. The list below shows the definition of housing income limits as they are applied to housing units in Merced County.

- **Extremely Low-Income Unit:** affordable to households whose combined income is between the floor set at the minimum Supplemental Security Income (SSI) and 30 percent of the median income for Merced County as established by the U.S. Department of Housing and Urban Development (HUD) for the Merced County Metropolitan Statistical Area (PMSA) which consists of Merced County.
- **Very Low-Income Unit:** affordable to households whose combined income is between 31 and 50 percent of the median income as established by HUD for the Merced PMSA.
- **Low-Income Unit:** affordable to a household whose combined income is at or between 51 percent to 80 percent of the median income as established by HUD for the Merced PMSA.
- **Median-Income Unit:** affordable to a household whose combined income is at or between 81 percent and 100 percent of the median income as established by HUD for the Merced PMSA. Note that the California Department of Housing and Community Development (HCD) defines the median income at 100 percent.
- **Moderate-Income Unit:** affordable to a household whose combined income is at or between 101 percent to 120 percent of the median income as established by HUD for the Merced PMSA.
- **Above Moderate-Income Unit:** affordable to a household whose combined income is above 120 percent of the median income as established by HUD for the Merced PMSA.

According to HUD the median family income for a four-person household in the Merced PMSA was \$53,800 in 2007. Income limits for larger or smaller households were higher or lower, respectively, and are calculated by formula by HUD (See Table 5-21).

TABLE 5-21 Income Limits Merced County 2008					
Income Categories	Persons per Household				
	1	2	3	4	5
Extremely Low-Income	\$11,300	\$12,900	\$14,550	\$16,150	\$17,450
Very Low-Income	\$18,850	\$21,500	\$24,200	\$26,900	\$29,050
Low-Income	\$30,150	\$34,450	\$38,750	\$43,050	\$46,500
Median-Income	\$37,700	\$43,000	\$48,400	\$53,800	\$58,100
Moderate-Income	\$45,200	\$51,700	\$58,100	\$64,600	\$69,800

Source: California Department of Housing and Community Development, 2008.

Table 5-22 shows the 2008 HUD household income limits for Merced County by the number of persons in the household for the income categories discussed above. The table also shows maximum affordable monthly rents and maximum affordable purchase prices for homes. For example, a three-person household was classified as low-income (below 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.

Table 5-23 shows HUD-defined fair market rent levels (FMR) for Merced County in 2008. In general, the FMR for an area is the amount that would be needed to pay the gross rent (shelter rent plus utilities) of privately-owned, decent, safe, and sanitary rental housing of a modest (non-luxury) nature with suitable amenities. According to HUD, "the level at which FMRs are set is expressed as a percentile point within the rent distribution of standard-quality rental housing units. The current definition used is the 40th percentile rent, the dollar amount below which 40 percent of the standard-quality rental housing units are rented. The 40th percentile rent is drawn from the distribution of rents of all units occupied by recent movers (renter households who moved to their present residence within the past 15 months). Public housing units and units less than 2 years old are excluded." HUD uses FMRs for a variety of purposes: FMRs determine the eligibility of rental housing units for the Section 8 Housing Choice Voucher Program; Section 8 Rental Voucher program participants cannot rent units with rents that exceed the FMRs; and FMRs also serve as the payment standard used to calculate subsidies under the Rental Voucher program.

As previously stated, a three-person household classified as low-income (between 51 and 80 percent of median) with an annual income of up to \$38,750 could afford to pay \$969 monthly gross rent (including utilities). The 2008 FMR for a two-bedroom unit in Merced County was \$740. Therefore, a low-income household could afford to rent a unit at the FMR level, assuming that such a unit is available for rent.

However, a three-person household classified as very low-income (between 31 and 50 percent of median) with an annual income of up to \$24,200 could afford to pay only \$605 for monthly gross rent. This household could not afford the FMR rent of \$740 for a two-bedroom unit. Households with incomes below 50 percent of median would have even less income to spend on rent.

TABLE 5-22
Ability to Pay for Housing Based on HUD Income Limits
Merced County¹
2008

Extremely Low-Income Households at 30% of 2008 Median Family Income						
	Studio	1 BR	2 BR	3 BR	4 BR	5 BR
Number of Persons	1	1.5	3	4.5	6	7.5
Income Level	\$11,300	\$12,100	\$14,550	\$16,800	\$18,700	\$19,350
Max. Monthly Gross Rent ²	\$283	\$303	\$364	\$420	\$468	\$484
Max. Purchase Price ³	\$41,883	\$44,848	\$53,929	\$62,269	\$69,311	\$71,720
Very Low-Income Households at 50% of 2008 Median Family Income						
	Studio	1 BR	2 BR	3 BR	4 BR	5 BR
Number of Persons	1	1.5	3	4.5	6	7.5
Income Level	\$18,850	\$20,200	\$24,200	\$28,000	\$31,200	\$32,300
Max. Monthly Gross Rent ²	\$471	\$505	\$605	\$700	\$780	\$808
Max. Purchase Price ³	\$69,867	\$74,871	\$89,697	\$103,781	\$115,642	\$119,719
Low-Income Households at 80% of 2008 Median Family Income						
	Studio	1 BR	2 BR	3 BR	4 BR	5 BR
Number of Persons	1	1.5	3	4.5	6	7.5
Income Level	\$30,150	\$32,300	\$38,750	\$44,750	\$49,950	\$51,650
Max. Monthly Gross Rent ²	\$754	\$808	\$969	\$1,119	\$1,249	\$1,291
Max. Purchase Price ³	\$111,750	\$119,719	\$143,626	\$165,865	\$185,139	\$191,440
Moderate-Income Households						
Median-Income Households at 100% of 2008 Median Family Income						
	Studio	1 BR	2 BR	3 BR	4 BR	5 BR
Number of Persons	1	1.5	3	4.5	6	7.5
Income Level	\$37,650	\$40,350	\$48,400	\$55,950	\$62,400	\$64,550
Max. Monthly Gross Rent ²	\$941	\$1,009	\$1,210	\$1,399	\$1,560	\$1,614
Max. Purchase Price ³	\$139,549	\$149,556	\$179,394	\$207,378	\$231,284	\$239,253
Moderate-Income Households at 120% of 2008 Median Family Income						
	Studio	1 BR	2 BR	3 BR	4 BR	5 BR
Number of Persons	1	1.5	3	4.5	6	7.5
Income Level	\$45,200	\$48,400	\$58,100	\$67,150	\$74,900	\$77,450
Max. Monthly Gross Rent ²	\$1,130	\$1,210	\$1,453	\$1,679	\$1,873	\$1,936
Max. Purchase Price ³	\$167,533	\$179,394	\$215,347	\$248,890	\$277,615	\$287,067

¹Based on the Merced MSA (Merced County); FY 2008 Median Family Income: \$53,800; HUD FY 2008 Section 8 Income Limits.

²Assumes that 30 percent of income is available for either: monthly rent, including utilities; or mortgage payment, taxes, mortgage insurance, and homeowners insurance.

³Assumes 90 percent loan @ 6 percent annual interest rate and 30-year term; assumes taxes, mortgage insurance, and homeowners insurance account for 21 percent of total monthly payments.

Sources: HUD FY 2008 Merced County Income Limits; and Mintier Harnish, 2008.

TABLE 5-23 HUD Fair Market Rent Merced County 2008	
Bedrooms in Unit	Fair Market Rent (FMR)
Studio	\$534
1 Bedroom	\$609
2 Bedrooms	\$740
3 Bedrooms	\$1,055
4 Bedrooms	\$1,232

Source: HUD User Data Sets: 2008 FY FMR.

Affordable Housing by Income/Occupation

Table 5-24 shows an abbreviated list of occupations and annual incomes for residents in Merced County such as nursing aides, managers, school teachers, police officers, retired individuals, and minimum wage earners. The table shows the amounts that households at these income levels could afford to pay for rent as well as the purchase prices they could afford to buy a home.

Households with a single wage earner working in any one of the occupations listed in the table—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 (see Table 5-26 below). A police officer in Merced County could afford a home costing an estimated \$257,110. A secondary school teacher could afford a home costing around \$218,062. Households with two wage earners would have an easier time finding a home in their price range in the county. A household comprised of a postal carrier and preschool teacher in Merced County could afford to pay approximately \$258,692 for a home. With the recent decline in for sale home prices throughout the state and especially in Merced County, more and more homes are becoming more affordable to lower wage earners.

Of particular interest are those households with limited incomes, such as minimum wage workers, individuals on Supplemental Security Income (SSI), or Social Security recipients. The FMR for a one-bedroom unit is \$609 and for a studio unit \$534. An individual working at minimum wage could afford to pay only \$416 monthly for housing expenses, and an SSI recipient \$261. None of these individuals could afford the rent for a one-bedroom unit or even a studio unit at fair market rent.

TABLE 5-24
Affordable Rents and Purchase Prices
for Selected Households and Occupations
Merced County
2008

Occupations and Households	Average Annual Income	Affordable Monthly Gross Rent	Affordable House Price
General Occupations			
Lawyers	\$104,916	\$2,623	\$365,677
Management Occupations	\$87,750	\$2,194	\$305,846
Computer Programmers	\$67,804	\$1,695	\$236,326
Machinists	\$39,325	\$983	\$137,064
Construction Laborers	\$35,165	\$879	\$122,565
Office Clerks, General	\$23,573	\$589	\$82,162
Nursing Aides, Orderlies, and Attendants	\$23,701	\$593	\$82,608
Retail Salespersons	\$24,027	\$601	\$83,744
Janitors and Cleaners	\$25,187	\$630	\$87,787
Farming, Fishing, and Forestry Occupations	\$19,714	\$493	\$68,712
Cooks, Restaurant	\$19,951	\$499	\$69,538
Cashiers	\$20,959	\$524	\$73,051
Child Care Workers	\$21,600	\$540	\$75,285
Waiters and Waitresses	\$19,981	\$500	\$69,642
Cooks, Fast Food	\$17,553	\$439	\$61,180
Farmworkers and Laborers	\$17,794	\$445	\$62,020
<i>Average All Occupations</i>	<i>\$37,071</i>	<i>\$927</i>	<i>\$129,208</i>
Schools			
Preschool Teachers	\$30,395	\$760	\$105,939
Kindergarten Teachers	\$57,242	\$1,431	\$199,513
Elementary School Teachers	\$60,267	\$1,507	\$210,056
Middle School Teachers	\$59,713	\$1,493	\$208,125
Secondary School Teachers	\$62,564	\$1,564	\$218,062
Public Employees			
Police and Sheriff's Patrol Officers	\$68,029	\$1,701	\$237,110
Librarians	\$59,180	\$1,480	\$206,267
Postal Carrier	\$43,826	\$1,096	\$152,752
Examples of Two Wage Earners			
Postal Carrier and Preschool Teacher	\$74,221	\$1,856	\$258,692
Retail Sales and Nursing Aide	\$47,728	\$1,193	\$166,352
Cashier and Janitor	\$46,146	\$1,154	\$160,838
Minimum Wage Earners (\$8.00 per hour)			
Single Wage Earner	\$16,640	\$416	\$57,997
Two Wage Earners	\$33,280	\$832	\$115,995

**TABLE 5-24
Affordable Rents and Purchase Prices
for Selected Households and Occupations**

**Merced County
2008**

Occupations and Households	Average Annual Income	Affordable Monthly Gross Rent	Affordable House Price
SSI (Aged or Disabled) (2008)			
One person household with SSI only	\$10,440	\$261	\$36,388
Couple with SSI only	\$18,300	\$458	\$63,783
HUD-Defined Income Groups for Merced County (3-Person Household)			
Extremely Low-Income (below 30%)	\$14,550	\$364	\$50,713
Very Low-Income (below 50%)	\$24,200	\$605	\$84,347
Low-Income (below 80%)	\$38,750	\$969	\$135,060
Median-Income (below 100%)	\$48,400	\$1,210	\$168,695
Moderate-Income (below 120%)	\$58,100	\$1,453	\$202,503

Source: Labor Market Info, Employment Development Department, 2008 1st Quarter; HUD Income Limits; Social Security Online www.socialsecurity.gov.

Housing Values

Table 5-25 shows median home values and rents for Merced County and California in 2000. As shown in the table, the median value of mobile/modular homes in Merced County in 2000 (\$35,000) is slightly lower than California (\$37,800). The median value of owner-occupied single-family homes in Merced County (\$111,110) was much lower than California (\$211,500). Accordingly, the median asking price of \$97,400 for vacant for-sale units was significantly lower in Merced County compared to \$151,900 for California.

The median contract rent in Merced County in 2000 (\$434) was much lower than California (\$677). The median gross rent in Merced County in 2000 (\$394) was also much lower than California (\$747). The split between gross rent (which includes all utility payments) and contract rent (the amount paid to the property manager) can differ among areas not just because of different utility prices, but also because contract rents may or may not include utilities, while gross rents always do. For most housing analysis, comparing gross rents rather than contract rents is a better choice since gross rents are a more comprehensive measure of renter costs and using it ensures the same housing cost components are included for all renters.

TABLE 5-25 Median Home Values Merced County and California 2000		
	Merced County	California
Owner Units		
Median Value for Mobile Homes ^{1,2}	\$35,000	\$37,800
Median Value ^{1,3}	\$111,100	\$211,500
Median Price Asked ⁴	97,400	\$151,900
Rental Units		
Median Contract Rent ⁵	\$434	\$677
Median Gross Rent ⁶	\$394	\$747
Median Rent Asked ⁷	\$518	\$621

¹Value is the respondent's estimate of how much the property (house and lot) would sell for if it were for sale.

²For all owner-occupied mobile homes.

³For only "specified owner-occupied housing units" - one-family houses on less than 10 acres without a business or medical office on the property. These data exclude mobile homes, houses with a business or medical office, houses on 10 or more acres, and housing units in multi-unit structures. vacant-for-sale housing units.

⁴For "specified vacant-for-sale-only housing units"

⁵For "specified renter-occupied housing units paying cash rent." Contract rent is the monthly rent agreed to or contracted for, regardless of any furnishings, utilities, fees, meals of services that may be included.

⁶For "specified renter-occupied housing units paying cash rent." Gross rent is the contract rent plus estimated cost of utilities and fuels if these are also paid by or for the renter. Data exclude rental units with no cash rent and one-family houses on 10 or more acres.

⁷For "specified vacant-for-rent housing units".

Source: U.S. Census, 2000.

Table 5-26 shows the average sale price for homes sold in unincorporated Merced County from January 2007 through mid-June 2008. During this period the median sale price for homes in unincorporated Merced County was \$214,000. Sale prices varied greatly among the different communities in the county. The median sale price for homes in Santa Nella was \$335,000 during this period, while the median sale price for homes in South Dos Palos was \$87,500.

TABLE 5-26 Average and Median Sales Price of Homes Merced County January 2007 – June 2008		
Location	Average Sale Price	Median Sale Price
Unincorporated Merced County	\$225,789	\$214,000
Ballico	\$161,833	\$165,500
Delhi	\$249,004	\$223,000
Hilmar	\$291,243	\$279,750
Planada	\$180,156	\$180,000
Santa Nella	\$313,912	\$335,000
Snelling	\$254,643	\$180,000
South Dos Palos	\$87,500	\$87,500
Stevinson	\$284,667	\$260,000
Winton	\$209,144	\$214,000
Incorporated Merced County	\$269,627	\$258,625
Atwater	\$277,444	\$245,000
Dos Palos	\$233,904	\$220,000
Gustine	\$274,711	\$290,000
Livingston	\$275,243	\$280,000
Los Banos	\$299,675	\$272,250
Merced	\$256,782	\$245,000

Source: DataQuick, January 2007 through June 2008.

Table 5-27 shows the average and median sale prices based on number of bedrooms for homes in Merced County from January 2007 through June 2008. The median sale price for a 3-bedroom home was \$219,000 while a 4-bedroom home sold for \$275,000.

TABLE 5-27 Average and Median Sales Price by Number of Bedrooms Merced County January 2007 – June 2008		
Number of Bedrooms	Average Sale Price	Median Sale Price
1 Bedroom	\$164,056	\$138,500
2 Bedrooms	\$166,637	\$155,000
3 Bedrooms	\$236,478	\$219,000
4 Bedrooms	\$299,170	\$275,000
5 Bedrooms	\$350,196	\$335,000
6 or More Bedrooms	\$382,673	\$365,500

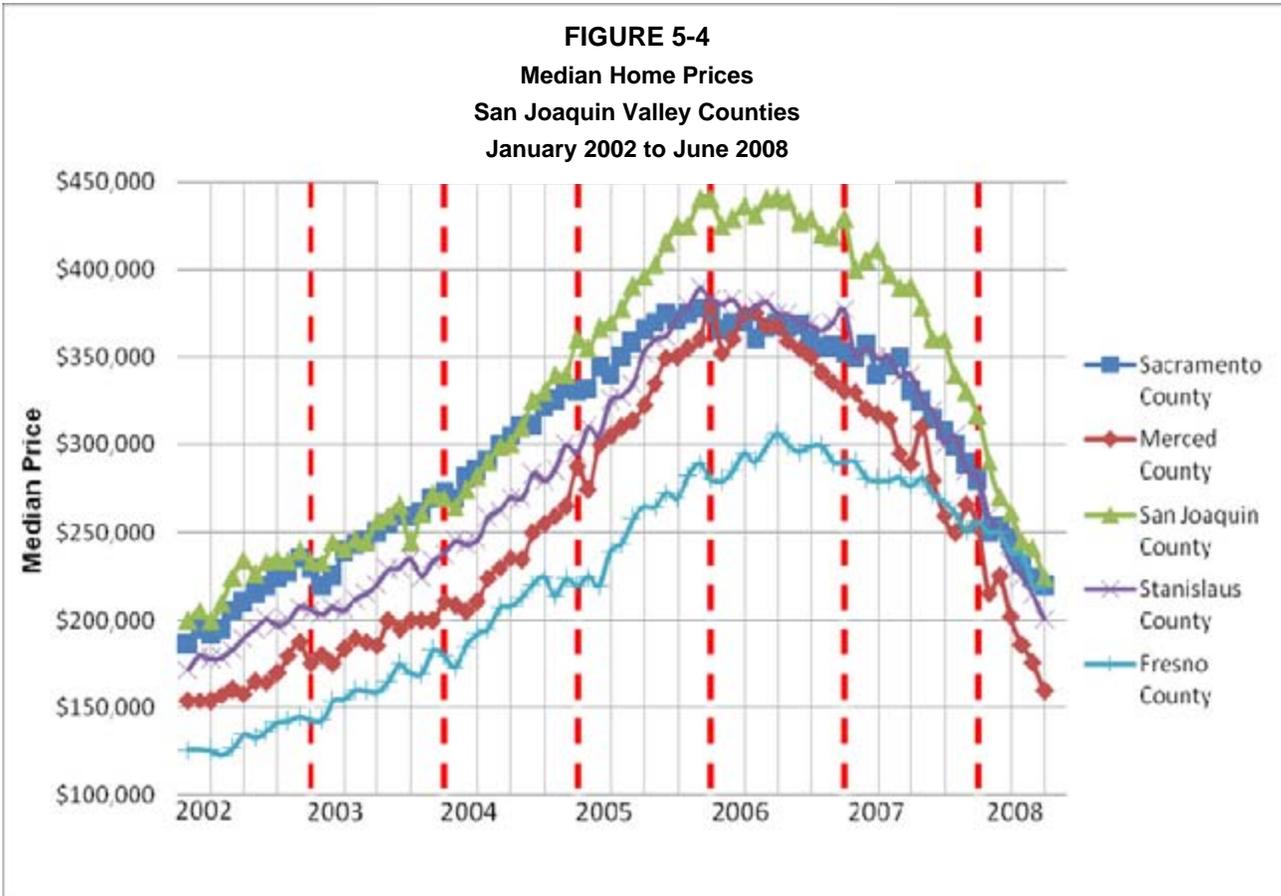
Source: DataQuick, January 2007 through June 2008.

Table 5-28 shows median and average sale price for all homes sold in Merced County, including both the unincorporated and incorporated areas of the county, from 2002 through June 2008. As shown below, housing prices underwent a dramatic increase in 2004 and 2005 fueled by the availability of easy credit and sub-prime loans. Prices started a steep decline in mid-2006 and have continued to decline to 2002 and 2003 levels (see Figure 5-4).

TABLE 5-28 Residential Sales Price Trends Merced County 2002-2008		
Year	Median	Average
2002	\$162,500	\$165,063
2003	\$192,375	\$192,438
2004	\$235,500	\$239,010
2005	\$328,500	\$329,542
2006	\$356,656	\$355,734
2007	\$292,000	\$290,354
2008 ¹	\$194,000	\$194,083
2002-2008 Average	--	\$256,797

¹January 1, 2008 to June 30, 2008.

Source: California Association of Realtors, 2008.



Source: California Association of Realtors, *Historic Housing Data*, June 2008.

Foreclosure Crisis

Following a decade of exponential growth in the housing market, housing growth began to crash nationwide in the Fall 2006 after one of the biggest financial crises of the past half century. Declining home values and sharp interest rate resets have combined to drive foreclosures to record levels, and the losses to homeowners, communities, and investors have thrown the economy into one of the worst recessions in decades.

Merced County has been devastated by the foreclosure crisis. Merced County is one of the hardest hit counties in both California and the United States. Merced County’s foreclosure rate is nearly double that of California’s rate and close to triple the nation’s rate. Between June 2007 and May 2009, there were approximately 24,000 foreclosure filings in the county. According to First American CoreLogic, roughly one in six county homeowners was more than 90 days late on their mortgage payment and headed for foreclosure. Housing prices have fallen so dramatically that the housing market collapsed back to price levels comparable to those in the 1990s. Fueled by an oversupply of new homes, high unemployment, and the national recession, Merced County’s median housing price had dropped to \$105,000 in May 2009, down from approximately \$380,000 in 2005. These foreclosures have led to several problems in the county including neighborhood blight, abandoned homes, increased crime activity, declining property values, loss in property tax revenue for the County, overcrowding, and numerous economic impacts.

In the wake of the national mortgage crisis, preventing or mitigating foreclosures and facilitating recovery from the damage they cause have become tremendous challenges for local governments. The root causes of

the foreclosure crisis, including lending and regulatory practices, lie at a much broader scale than a particular city or county. Local government, community groups, and the local private sector are limited in what they can do to address foreclosures such as regulate lending or change foreclosure processes. In addition, the Federal government has made stimulus money available through the Neighborhood Stabilization Program (NSP), including \$3.1 million for Merced County.

Average Monthly Rents

Table 5-29 shows the average monthly rents for apartments and homes in Merced County based on internet rental listings in October 2008. Average monthly rents for studio, 1-, 2-, and 4-bedroom units are roughly equal to or slightly lower than the HUD FMR figures shown in Table 5-22. At these rent levels an average 1-bedroom rental (\$528 monthly rent) would likely be affordable (depending on utility costs) to a 2-person low-income household (can afford \$808 monthly rent and utilities). An average 2-bedroom rental (\$792 monthly rent) is possibly affordable for a 3-person low-income household depending on the utility costs (can afford \$969 monthly rent and utilities). An average 4-bedroom unit (\$1,013 would also be affordable to a low-income family of five (can afford \$1,249 monthly rent and utilities).

TABLE 5-29 Average Monthly Rents Merced County 2008	
Unit Type	Rent
Studio Apartment	\$470
1-Bedroom, 1 Bath Apartment	\$528
2-Bedroom, 1 Bath Apartment	\$792
3-Bedroom, 2 Bath Single-Family Home	\$1,000
4-Bedroom, 2 Bath Single-Family Home	\$1,013

Source: Craigslist.com, October 2008.

Special Housing Needs

Within the general population there are several groups of people who have special housing needs. These needs can make it difficult for members of these groups to locate suitable housing. The following subsections discuss these special housing needs of six groups identified in State housing element law (Government Code, Section 65583(a)(7): “elderly, persons with disabilities, large families, farmworkers, families with female heads of households, and families and persons in need of emergency shelter.” Where possible, estimates of the population or number of households in Merced County belonging to each group are shown.

Homeless Persons

Since the 1980s there has been a national increase in the number of homeless persons found not only in shelters but also in police station lobbies, hospital emergency rooms, campsites, parked cars, all-night movie theaters, bus stations, airport terminals, hallways, alleys, abandoned buildings, caves, along river banks, and under bridges. Many uncounted homeless may also be living house-to-house until they are forced onto the street.

Most families become homeless because they are unable to afford housing in a particular community. Nationwide, about half of those experiencing homelessness over the course of a year are single adults. Most enter and exit the system fairly quickly. The remainder essentially live in the homeless assistance system, or in a combination of shelters, hospitals, the streets, jails, and prisons. There are also single homeless people who are not adults, including runaway and “throwaway” youth (children whose parents will not allow them to live at home).

Not all homeless people are the same, but many fall under several categories: the mentally ill, alcohol and drug users, vagrants, elderly, runaways and abandoned youths, single women with children who are often fleeing domestic violence, individuals and families who have recently lost jobs and are unable to make ends meet, as well as the working poor, those with jobs but whose income is too small to afford housing. Although each category has different specific needs, the most urgent need is for emergency shelter and case management (i.e., help with accessing needed services). Emergency shelters have minimal supportive services for homeless persons, and is limited to occupancy of six months or less by a homeless person. No individual or household may be denied emergency shelter because of inability to pay.

Measuring the number of homeless individuals is a difficult task, in part because in most cases, homelessness is a temporary, not permanent, condition. Therefore, a more appropriate measure of the magnitude of homelessness is the number of people who experience homelessness over time, not the exact number of homeless people at any given time. However, the most recent information available for the county is a “point-in-time” count of sheltered and unsheltered homeless persons by Merced Continuum of Care, conducted January 2009. The January 2009 survey found 372 homeless individuals in all of Merced County, including 148 sheltered individuals and 224 unsheltered individuals. The survey covered the entire county, including unincorporated areas; however, the volunteers conducting the survey did not encounter any homeless individuals outside of the cities of Merced, Livingston, and Los Banos. While there may be homeless individuals residing in the unincorporated county, the majority of homeless people reside in the cities where services are available. It would be reasonable to assume that the proportion of homeless individuals in the unincorporated county is roughly half the proportion in the cities given the location of services. The survey found that an estimated 0.2 percent (372 out of 168,262) of the population in the cities of Merced County was homeless. Assuming that 0.1 percent of the unincorporated county population is homeless, the estimated number of homeless individuals in the unincorporated county is 98.

The Merced County Human Services Agency provides assistance to CalWorks eligible homeless families, including both temporary and permanent assistance. Temporary homeless assistance includes shelter for up to 16 continuous days. During this time families must search for permanent housing. Once families have found permanent housing, the Human Services Agency provides assistance with the security deposit and other necessary upfront payments through CalWorks grants.

Table 5-30 summarizes the demand, inventory, and unmet need for the range of shelter types in Merced County. Merced County has a significant unmet need for transitional and permanent supportive housing.

For many, transitional housing, long-term rental assistance, and/or greater availability of low-income rental units are also needed. Transitional housing is usually in buildings configured as rental housing developments, but operated with State programs that require the unit to be cycled to other eligible program recipients after some pre-determined amount of time. Supportive housing has no limit on length of stay and is linked to onsite or offsite services that assist the resident in retaining the housing, improving his or her health status, and maximizing his or her ability to live and, when possible, work in the community.

Transitional housing programs provide extended shelter and supportive services for homeless individuals and/or families with the goal of helping them live independently and transition into permanent housing. Some programs require that the individual/family be transitioning from a short-term emergency shelter. The length of stay varies considerably by program but is generally longer than two weeks and can last up to 60 days or more. In many cases transitional housing programs will provide services for up to two years or more. The supportive services may be provided directly by the organization managing the housing or by other public or private agencies in a coordinated effort with the housing provider. Transitional housing/shelter is generally provided in apartment style facilities with a higher degree of privacy than short-term homeless shelters, may be provided at no cost to the resident, and may be configured for specialized groups within the homeless population such as people with substance abuse problems, homeless mentally ill people, homeless domestic violence victims, veterans, or homeless people with AIDS/HIV.

Generally, people have to have a disability of some kind to qualify for permanent supportive housing. Permanent supportive housing is designed to allow those with disabilities or other impediments to live as independently as possible, and typically offers supportive services similar to those provided in transitional housing, such as GED classes, therapy sessions, and job counseling. Permanent supportive housing is considered a more effective method for addressing homelessness than the combination of emergency and transitional housing. An inadequate supply of permanent housing for formerly homeless residents is a major challenge in Merced County. There is one permanent supportive housing facility that offers room for four individuals in the city of Merced and none in the unincorporated county.

Table 5-30 shows the current inventory and unmet need for services for homeless persons in Merced County. All facilities discussed in Tables 5-30 and 5-31 are within the Merced city limits. Merced County has a total of 282 beds for individuals and families. Emergency shelter beds account for just over half (144) of all facilities available to homeless persons. The largest emergency shelter facility is the Merced County Action Agency's D Street Shelter which targets single men and women and has capacity for 60 persons. Transitional housing comprises the remaining facilities (138 beds). The largest transitional housing facility is Community Social Model Advocates' Tranquility Village which has capacity for 57 persons (21 family beds and 36 individuals beds). As Table 5-30 shows, Merced County has a significant unmet need for homeless facilities. Merced County needs facilities that could accommodate an additional 2,140 persons.

TABLE 5-30 Inventory and Estimated Need of Services for Homeless Persons Merced County 2008		
	Current Inventory	Unmet Need/Gap
Individuals		
Emergency Shelter Beds	75	42
Transitional Housing	105	999
Permanent Supportive Housing	4	999
<i>Subtotal</i>	<i>184</i>	<i>2,040</i>
Families		
Emergency Shelters	69	0
Transitional Housing	29	38
Permanent Supportive Housing	0	62
<i>Subtotal</i>	<i>98</i>	<i>100</i>
Total Individuals and Families	282	2,140

Source: MCAG Continuum of Care Report, 2008.

TABLE 5-31
Emergency and Transitional Housing for Homeless Persons

Merced County
 December 2008

Provider Name	Facility Name	Target Population	Year-Round Beds				Other Beds		Location
			Family Units	Family Beds	Individual Beds	Total	Seasonal	Overflow/Voucher	
Emergency Shelter									
A Women's Place	Domestic Violence Shelter	SMF+HC, DV	9	32	0	32	0	0	City of Merced
Merced Community Action Agency	Havenwood	SFHC	1	21	0	21	0	0	City of Merced
	Canal Creek	SFHC	1	16	0	16	0	0	City of Merced
	D Street Shelter	SMF	0	0	60	60	0	0	City of Merced
Merced County Rescue Mission ¹	Men's Shelter	SM	0	0	15	15	0	0	City of Merced
Sierra Presbyterian	Sierra Presbyterian Church	SMF	0	0	0	0	0	50	City of Merced
Bethal Community Church	Motel Vouchers	--	0	0	0	0	0	Varies ²	City of Merced
Catholic Charities	Motel Vouchers	--	0	0	0	0	0	Varies ²	--
Merced County Human Services Agency	Motel Vouchers	--	0	0	0	0	0	Varies ²	--
Emergency Shelter Subtotal			11	69	75	144	0	50²	--
Transitional Housing									
Merced Community Action Agency	New Hope House	SMF+HC	1	8	16	24	0	0	City of Merced
Merced County Rescue Mission	Rescue Mission	SM	0	0	15	15	0	0	City of Merced
Merced County Rescue Mission	Haven of Hope	SM	0	0	7	7	0	0	City of Merced
Community Social Model Advocates	Tranquility Village	SMF+HC	2	21	36	57	0	0	City of Merced
	Hobie House	SMF	0	0	25	25	0	0	City of Merced
Merced County Mental Health	Parsons House	SF	0	0	6	6	0	0	City of Merced
Transitional Shelter Subtotal			3	29	105	134	0	0	--
TOTAL BEDS FOR HOMELESS PERSONS			14	98	180	278	0	0	--

¹Merced County Rescue Mission is currently (October 2008) in the approval process for a much larger 100-bed facility. This facility is expected to be built during the Housing Element planning period.

²Motel voucher provided when funds are available.

Notes: SM: single males, SF: single females, SMF: single males and females, CO: couples only, no children, SMHC: single males and households with children, SFHC: single females and households with children, HC: households with children, YM: youth males. DV: domestic violence.

Source: Merced County Continuum of Care, 2008.

Farmworkers

Farmworkers and day laborers are an essential component of California's agriculture industry. Farmers and farmworkers are the cornerstone of the larger food sector which includes: the industries that provide farmers with fertilizer and equipment; farms to produce crops and livestock; and the industries that process, transport, and distribute food to consumers. Farmworker households are often comprised of extended family members or single male workers and, as a result, many farmworker households tend to have difficulties securing safe, decent, and affordable housing. Far too often farmworkers are forced to occupy substandard homes or live in overcrowded situations. Additionally, farmworker households tend to have high rates of poverty, live disproportionately in housing which is in the poorest condition, have very high rates of overcrowding, have low homeownership rates, and are predominately members of minority groups.

Migrant farmworkers as a group consists of individuals who travel not only across county lines but also from one major geographic region of California to another to find work. Travel for work prevents them from returning to their primary residence every evening. Many migrant farmworkers are single males, most of whom are married and migrate alone to support their families who live at home base. However, there are many migrant families who have more than one employed member.

When workloads increase during harvest periods, the labor force is supplemented by seasonal labor, often supplied by a labor contractor. Non-migrant seasonal farmworkers consist of individuals who work only during a harvest season, and who are able to return to their primary residence every evening. This group, which includes cannery workers, is fairly significant, comprising more than half of all farmworkers in the state.

Permanent farmworkers comprise the smallest group of individuals employed in agriculture. Permanent farmworkers are employed year-round, usually by one employer in the agricultural industry. This group generally lives in rural areas in permanent housing provided by the grower.

The Migrant Health Program of the U.S. Department of Health and Human Services released the Migrant and Seasonal Farmworker Enumeration Profiles Study in 2000, estimating the number of migrant and seasonal farmworkers and their non-farmworker household members in California. The study was based on secondary source information, including existing database information and interviews. According to the report, there are an estimated 19,727 migrant and seasonal farmworkers in unincorporated Merced County in 2000. Approximately 7,683 (39 percent) were migrant farmworkers and 12,044 (641 percent) were seasonal workers. The report defined a seasonal farmworker as an individual whose principal employment (51 percent of time) is in agriculture on a seasonal basis, and has been employed within the last 24 months. A migrant farmworker meets the same definition but establishes a temporary abode for the purposes of such employment.

The 2002 U.S. Census of Agriculture is another source of information on farmworkers. As shown in Table 5-32, the Census reports that there were 12,044 farmworkers in Merced County that worked fewer than 150 days in 2002, and 348 of these workers were migrant farmworkers.

TABLE 5-32 Farmworkers Merced County 2002	
Type of Farm Labor	Number of Workers
Hired Farm Labor (Farms)	1,495
Hired Farm Labor (Workers)	19,727
Workers by Days Worked - 150 Days or More	7,683
Workers by Days Worked - Less than 150 Days	12,044
Migrant Farm Labor on Farms with Hired Labor	348
Migrant Farm Labor on Farms Reporting Only Contract Labor	62

Source: U.S. Census of Agriculture, 2002.

Farmworkers have special housing problems due to seasonal income fluctuations, very low incomes, and substandard housing conditions. Housing that is targeted to very low-income households serves seasonal farmworkers. Seasonal workers are more likely to have their families with them, although some migrant workers bring their families if they feel they can locate suitable housing.

Housing for migrant farmworkers requires affordability and flexibility. For seasonal farmworkers, housing needs to be affordable at extremely low incomes and provide large units to accommodate larger families. Therefore, the type of housing needed for seasonal farmworkers does not differ from the type of housing needed by other very low-income households.

While housing for farmworkers is most convenient when located on or adjacent to farms, housing affordable at very low-income levels tends to be more feasible in cities. Housing in cities, with services located nearby, may also be more suitable for seasonal farmworkers whose families live with them. Since many of these types of workers receive housing on private farms, separately from governmental programs, it is difficult to assess supply and demand.

Agriculture is the leading industry in Merced County accounting for 16 percent (11,300 jobs) of the employment (See Table 5-6). The county ranks fifth in the state in the value of agricultural production with nearly 80 percent of the land area in agricultural use. Despite the number of agricultural jobs in Merced County, the unemployment rate has traditionally been much higher in the county (and in the San Joaquin Valley) than the state average. Merced County experienced an unemployment rate of 9.8 percent for 2005, according to EDD. The agriculture industry entails seasonal employment resulting in an increased demand for affordable housing that drives up housing costs. Added to this is the lower than average income for the majority of people involved in agriculture and the substandard housing in which many are forced to live.

According to EDD, in 2008 the average farmworker earned \$17,794 per year (See Table 5-6). One-half of all individual farmworkers earned less than \$7,500 per year and one-half of all farmworker families earned less than \$10,000 per year. Overall, 61 percent of all farmworkers and 50 percent of those with three to five family members had below poverty incomes.

With regard to housing, 21 percent of all farmworkers received free housing from their employers, 7 percent rented from their employers, 47 percent rented from someone else, and 18 percent owned their own home. The remaining 7 percent had various other arrangements.

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 are reserved only for farmworkers and their families. The centers include:

- Atwater/Livingston – 62 units;
- Merced – 50 units;
- Los Banos – 48 units; and
- Planada – 100 units (Housing Authority - 73 units, Self-Help Enterprises - 37 units)

In addition, there are two year-round farmworker housing complexes located in Planada and South Dos Palos that have moderate-sized waiting lists for families in need of year-round housing. According to the Housing Authority, an average of 100 individuals per year are turned away due to the limited number of units available. The Housing Authority is planning to demolish and relocate the existing farm labor facilities in Planada into a combined year-round and seasonal center.

Persons with Disabilities

Persons with disabilities typically have special housing needs because of their physical and/or developmental capabilities, fixed or limited incomes, and higher health costs associated with their disabilities. A disability is defined broadly by the Census Bureau as a physical, mental, or emotional condition that lasts over a long period of time and makes it difficult to live independently. While there is limited data available on the housing needs of persons with disabilities in Merced County, data on the number of persons with disabilities and the types of these disabilities is useful in inferring housing needs. The 2000 Census defines six disabilities: sensory, physical, mental, self-care, go-outside-home, and employment disability.

Living arrangements for disabled persons depend on the severity of the disability. Many persons live independently with other family members. To maintain independent living, disabled persons may need special housing design features, income support, and in-home supportive services for persons with medical conditions. Special design and other considerations for persons with disabilities include single-level units, availability of services, group living opportunities, and proximity to transit. While regulations adopted by the State require all ground floor units of new apartment complexes with five or more units to be accessible to persons with disabilities, single-family units have no accessibility requirements.

Table 5-33 shows information from the 2000 Census on the disability status and types of disabilities by age group for persons five years and older in Merced County and California. As shown in the table, 20 percent of the total population in unincorporated Merced County five years and older had one or more disabilities in 2000, compared to 19.2 percent in California.

Severely mentally-ill persons are especially in need of assistance. Mentally-disabled individuals are those with psychiatric disabilities that impair their ability to function in the community to varying degrees. The National Institute for Mental Health (2001) estimates that 2.5 percent of the adult (age 18+) population suffers

from mental illness. If accurate, Merced County would have approximately 6,400 residents that have some form of mental disability that requires special housing accommodations, medical treatment, and/or supportive services.

Many mentally-disabled persons can live and work independently within a conventional living environment. However, more severely-disabled individuals require a group living environment in which partial or constant supervision is provided by trained personnel. The most severely affected individuals may require an institutional environment in which medical attention and therapy are provided within the living environment.

In terms of the three age groups shown in Table 5-33, 5.5 percent of unincorporated Merced County's population 5 to 15 years of age, 21.7 percent of the population 16 to 64 years of age, and 42.5 percent of seniors (65 years and older) had one or more disabilities in 2000. These percentages are slightly larger than those of California. While Merced County had a smaller senior population (65 years and older) percentage than California in 2000 (9.5 percent compared to 10.6 percent; see Table 5-3), the senior population in Merced County was more likely to have one or more disabilities than the senior population in California as a whole.

Table 5-33 also provides information on the exact nature of these disabilities. The total disabilities number shown for all age groups in unincorporated Merced County (71,596) exceeds the number of persons with disabilities (14,354) because a person can have more than one disability. Among school age children, the most frequent disability was mental. For persons aged 16 to 64 years, the most frequent disabilities were employment and /or physical disabilities. Finally, for seniors, physical and go-outside-home disabilities were the most frequent.

TABLE 5-33
Disability Status and Types of Disabilities by Age Group,
Persons Five Years and Older
Merced County and California
2000

	Unincorporated		Incorporated		California	
	Number	Percent	Number	Percent	Number	Percent
5-15 Years						
Total Persons	17,064	100.0%	29,443	100.0%	5,813,105	100.0%
Total Persons With a Disability	930	5.5%	1,473	5.0%	277,503	4.8%
Total Disabilities Tallied	1,267	100.0%	2,042	100.0%	373,407	100.0%
Sensory Disability	258	20.4%	318	15.6%	51,855	13.9%
Physical Disability	196	15.5%	375	18.4%	54,991	14.7%
Mental Disability	665	52.5%	1,011	49.5%	205,676	55.1%
Self-Care Disability	148	11.7%	338	16.6%	60,885	16.3%
Go-Outside-Home Disability ¹	--	--	--	--	--	--
Employment Disability ¹	--	--	--	--	--	--
16-64 Years						
Total Persons	46,906	100.0%	78,354	100.0%	21,570,148	100.0%
Total Persons With a Disability	10,182	21.7%	18,713	23.9%	4,180,265	19.4%

TABLE 5-33
Disability Status and Types of Disabilities by Age Group,
Persons Five Years and Older
Merced County and California
2000

	Unincorporated		Incorporated		California	
	Number	Percent	Number	Percent	Number	Percent
Total Disabilities Tallied	18,430	100.0%	33,462	100.0%	7,241,881	100.0%
Sensory Disability	1,184	6.4%	2,201	6.6%	430,965	6.0%
Physical Disability	3,139	17.0%	6,135	18.3%	1,183,313	16.3%
Mental Disability	1,904	10.3%	3,713	11.1%	777,304	10.7%
Self-Care Disability	923	5.0%	1,844	5.5%	361,699	5.0%
Go-Outside-Home Disability ¹	4,645	25.2%	8,237	24.6%	1,718,472	23.7%
Employment Disability ¹	6,635	36.0%	11,332	33.9%	2,770,128	38.3%
65 years and over						
Total Persons	7,626	100.0%	11,685	100.0%	3,469,810	100.0%
Total Persons With a Disability	3,242	42.5%	5,436	46.5%	1,465,593	42.2%
Total Disabilities Tallied	6,393	100.0%	10,662	100.0%	2,977,123	100.0%
Sensory Disability	1,070	16.7%	1,817	17.0%	501,450	16.8%
Physical Disability	2,142	33.5%	3,604	33.8%	985,115	33.1%
Mental Disability	956	15.0%	1,464	13.7%	423,518	14.2%
Self-Care Disability	672	10.5%	1,224	11.5%	345,113	11.6%
Go-Outside-Home Disability ¹	1,553	24.3%	2,553	23.9%	721,927	24.2%
Employment Disability ¹	--	--	--	--	--	--
Total 5+ years						
Total Persons	71,596	100.0%	119,482	100.0%	30,853,063	100.0%
Total Persons With a Disability	14,354	20.0%	25,622	21.4%	5,923,361	19.2%
Total Disabilities Tallied	26,090	100.0%	46,166	100.0%	10,592,411	100.0%
Sensory Disability	2,512	9.6%	4,336	9.4%	984,270	9.3%
Physical Disability	5,477	21.0%	10,114	21.9%	2,223,419	21.0%
Mental Disability	3,525	13.5%	6,188	13.4%	1,406,498	13.3%
Self-Care Disability	1,743	6.7%	3,406	7.4%	767,697	7.2%
Go-Outside-Home Disability ¹	6,198	23.8%	10,790	23.4%	2,440,399	23.0%
Employment Disability ¹	6,635	25.4%	11,332	24.5%	2,770,128	26.2%

¹Due to a design problem with the interview form of the 2000 Census, the go-outside-home disability and employment disability population estimates are not accurate. The two estimates are likely to over estimate the actual number of persons with such disabilities. The go-outside-home disability does not apply to persons under five years old and the employment disability applies only to persons between the ages of 16 and 64.

Source: U.S. Census 2000 Summary File 3 (SF 3).

Supplemental Security Income (SSI) is a needs-based program that pays monthly benefits to persons who are 65 or older, blind, or have a disability. Seniors who have never worked or have insufficient work credits to qualify for Social Security (OASDI) often receive SSI benefits. SSI is the only source of income for a number of low-income seniors. With the maximum monthly benefit of \$870 as of 2008, SSI recipients are likely to have difficulty finding housing that fits within their budgets since they can afford to pay only \$261 for rent, as shown earlier in Table 5-24.

Table 5-34 shows Supplemental Security Income (SSI) recipients by category in Merced County and California in 2006. In 2006 a total of 10,677 persons in Merced County received Supplemental Security Income (SSI) from the Federal government because they were aged, blind, or disabled, representing 4.4 percent of the total Merced County population. California as a whole had a much lower percentage of the total population that received SSI benefits at 3.3 percent. Out of all SSI recipients, a lower percentage of seniors received SSI in Merced County than in California as a whole (34.6 percent compared to 43.3 percent). However, children and persons 18 to 64 receiving SSI benefits were a much higher percentage of the state (11.9 percent compared to 8.1 percent and 53.5 percent compared to 48.5 percent respectively). In addition, these numbers do not represent the thousands of others who also have special needs due to their height, weight, or mental or temporary disability from injury or illness, and whose conditions impede their ability to afford housing and to perform daily tasks within typical houses and apartments.

	Merced County		California	
	Number	Percent	Number	Percent
Total Population	245,186	--	37,195,240	--
Total SSI Recipients	10,677	4.4%	1,224,901	3.3%
Category				
Aged	2,246	21.0%	359,975	29.4%
Blind and Disabled	8,431	79.0%	864,926	70.6%
Age				
Under 18	1,270	11.9%	99,566	8.1%
18-64	5,715	53.5%	594,587	48.5%
65 or Older	3,692	34.6%	530,748	43.3%
SSI Recipients also Receiving Social Security ¹	2,263	21.2%	477,163	39.0%

¹OASDI (Old Age, Survivors, or Disability Insurance).

Sources: SSA, SSI Recipients by State and County, 2006; DOF, Table E-5 City / County Population and Housing Estimates, 2006, with 2000 DRU Benchmark.

Persons with disabilities in Merced County have different housing needs depending on the nature and severity of the disability. Physically disabled persons generally require modifications to their housing units such as wheelchair ramps, elevators or lifts, wide doorways, accessible cabinetry, and modified fixtures and appliances. If a disability prevents a person from operating a vehicle, then proximity to services and access to public transportation are particularly important. If a disability prevents an individual from working or limits income, then the cost of housing and the costs of modifications are likely to be even more challenging. Those with severe physical or mental disabilities may also require supportive housing, nursing facilities, or care facilities. In addition, many disabled people rely solely on Social Security Income, which is insufficient for market rate housing.

A growing number of architects and developers are integrating universal design principles into their buildings to increase the accessibility of the built environment. The intent of universal design is to simplify design and construction by making products, communications, and the built environment usable by as many people as possible without the need for adaptation or specialized design. Applying these principles, in addition to the regulations specified in the Americans with Disabilities Act (ADA), to new construction in Merced County, will increase the opportunities in housing and employment for everyone. Furthermore, studies have shown the access features integrated into the design of new facilities in the early conceptual stages increase costs less than 1/2 of 1 percent in most developments.

The following are the seven principles of universal design as outlined by the Center for Universal Design, which is a national information, technical assistance, and research center at North Carolina State University that evaluates, develops, and promotes accessible and universal design in housing:

- *Equitable Use* - The design is useful and marketable to people with diverse abilities.
- *Flexibility in Use* - The design accommodates a wide range of individual preferences and abilities.
- *Simple and Intuitive* - Use of the design is easy to understand, regardless of the user's experience, knowledge, language skills, or current concentration level.
- *Perceptible Information* - The design communicates necessary information effectively to the user, regardless of ambient conditions or the user's sensory abilities.
- *Tolerance for Error* - The design minimizes hazards and the adverse consequences of accidental or unintended action.
- *Low Physical Effort* - The design can be used efficiently and comfortably with minimum fatigue.
- *Size and Space for Approach and Use* - Appropriate size and space is provided for approach, reach, manipulation, and use regardless of user's body size, posture, or mobility.

Senior Households

Seniors often face unique housing problems. The elderly are often “over-housed,” living alone or as couples, in three- or four-bedroom houses that are too large for them to maintain adequately. While many may own their homes outright, fixed retirement incomes may not always be adequate to cover rising utility rates and insurance. Also, many elderly homeowners do not have sufficient savings to finance the necessary repair costs. This is a situation commonly described as “house-rich and cash-poor.”

Some seniors have the physical and financial ability to continue driving well into their retirement; however, those who cannot or chose not to drive must rely on alternative forms of transportation. This includes not only bus routes and ride sharing programs, but also safe, walkable neighborhoods. In order to accommodate transit access in senior housing, it must be located near transit corridors and in neighborhoods that cater to pedestrians by providing well-lit, wide, shaded sidewalks, clearly marked crosswalks, and longer walk signals at intersections. Currently (2008), 81 percent (20,115 units) of the housing stock in unincorporated areas of Merced County is made up of single-family detached homes, leaving only 19 percent (10,354 units) of the housing stock for those who choose to or have to live in other forms of housing.

Table 5-35 shows information on the number of seniors, the number of senior households, and senior households by tenure in unincorporated and incorporated Merced County and California in 2000. As discussed earlier (and shown in Table 5-3), Merced County's population is slightly younger than California as a whole. Senior persons (the 65 and over age group) represented 9.7 percent of the population in unincorporated Merced County in 2000 compared to 10.6 percent in California. Because of smaller household sizes, senior households as a percentage of all households is larger than the percentage of seniors in the population. Senior households represented 21.4 percent of all households in the unincorporated county, compared to 18.9 percent in California. Senior households also have a high homeownership rate. In the unincorporated county 82.8 percent of senior households owned their homes in 2000, compared to 64.9 percent of all households.

TABLE 5-35
Senior Population and Households
Merced County and California
2000

	Unincorporated Merced County		Incorporated Merced County		California	
	Number	Percent	Number	Percent	Number	Percent
Population						
Total Population	77,927	--	132,627	--	33,871,648	--
Number of Persons 65 years and over	7,664	9.8%	12,160	9.1%	3,595,658	10.6%
Households						
Total Households	22,915	100.0%	40,900	100.0%	11,512,020	100.0%
Owner	14,879	64.9%	22,604	55.3%	6,555,387	56.9%
Renter	8,036	35.1%	18,296	44.7%	4,956,633	43.1%
Senior-Headed Households	4,899	100.0%	7,575	18.5%	2,173,596	100.0%
Owner	4,058	82.8%	5,545	73.2%	1,653,855	76.1%
Renter	841	17.2%	2,030	26.8%	566,238	26.1%
Seniors as a Percentage of All Households	--	21.3%	--	18.52%	--	18.9%
Percentage of Owner Households Headed by a Senior	--	17.7%	--	13.5%	--	25.2%
Percentage of Renter Households Headed by a Senior	--	3.6%	--	4.9%	--	11.4%

Source: U.S. Census, 2000.

Table 5-36 shows the housing cost burdens by age and tenure for unincorporated and incorporated Merced County and California in 2000. As shown in the table, 26.7 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. The percentage of senior owner households with at least a moderate housing cost burden in the incorporated county was slightly smaller than in the unincorporated areas, and the percentage of senior renter households with a moderate housing cost burden was slightly higher in the incorporated cities.

The proportion of senior owner households with a moderate cost burden was slightly lower than non-senior households in both areas of the county; however, the proportion of senior renter households was considerably higher than non-senior renter households. Overall, the proportion of senior households with a cost burden greater than 30 percent in the unincorporated county was slightly smaller than the proportion of non-seniors. Overall, there is a smaller proportion of seniors in Merced County with a moderate housing cost burden compared to California as a whole.

TABLE 5-36
Housing Cost Burden by Age and Tenure
Merced County and California
2000

	Unincorporated Merced County			Incorporated Merced County			California		
	Total	Cost Burden Greater than 30%		Total	Cost Burden Greater than 30%		Total	Cost Burden Greater than 30%	
Owner									
Householder 15-64	8,087	2,489	30.8%	15,734	4,975	31.6%	4,219,084	1,283,139	30.4%
Householder 65+	2,474	661	26.7%	4,936	1,159	23.5%	1,308,534	329,639	25.2%
Total	10,561	3,150	29.8%	20,670	6,134	29.7%	5,527,618	1,612,778	29.2%
Renter									
Householder 15-64	6,046	1,869	30.9%	16,270	6,812	41.9%	4,359,345	1,765,557	40.5%
Householder 65+	655	290	44.3%	2,030	936	46.1%	562,236	314,138	55.9%
Total	6,701	2,159	32.2%	18,300	7,748	42.3%	4,921,581	2,079,695	42.3%
All Households									
Householder 15-64	14,133	4,358	30.8%	32,004	11,787	36.8%	8,578,429	3,048,696	35.5%
Householder 65+	3,129	951	30.4%	6,966	2,095	30.1%	1,870,770	643,777	34.4%
Total	17,262	5,309	30.8%	38,970	13,882	35.6%	10,449,199	3,692,473	35.3%

Source: U.S. Census, 2000.

The Merced County Housing Authority manages three senior housing complexes with 67 senior housing units. The facilities are located in the cities of Atwater (14 units), Dos Palos (25 units), and Merced (28 units) and are subsidized Section 8 housing. The only other senior complex is a 100-unit development located in the City of Merced that was built in 1995 with the cooperation of a non-profit agency and is managed by a private developer. It is also a Section 8 subsidized housing project. There are no housing complexes strictly for the elderly population in the unincorporated area of the county that offer affordable rates. There are a number of “assisted living” facilities in the county which offer a variety of services for seniors, but can be very costly.

The Merced County Human Services Agency (HAS) provides services to assist seniors and adults with disabilities. Through the Area Agency on Aging (AAA) programs, HAS provides seniors with transportation, health insurance counseling, home-delivered meals, legal assistance, family caregiver support, and job placement assistance. HAS also provides services to seniors who are victims of abuse, neglect, and exploitation.

Large Families/Households

The U.S. Department of Housing and Urban Development (HUD) defines a large family as one with five or more members. Large families may have specific needs that differ from other families due to income and housing stock constraints. The most critical housing need of large families is access to larger housing units with more bedrooms than a standard three-bedroom dwelling. To save for other basic necessities, such as food, clothing, and medical care, it is common for lower-income large households to live in smaller units, which frequently results in overcrowding. Because of high housing costs, extended families are sometimes forced to live together under one roof.

Table 5-37 shows the number and share of large households in unincorporated and incorporated Merced County and California in 2000. Census data availability makes it necessary to analyze data for all households, including non-family households, for this document. As shown in the table, 2,811 households, or 12.3 percent of the total households in unincorporated Merced County, had five or more members. This proportion is much higher for renters (16.7 percent) than for owners (9.9 percent). The number of large owner households (1,470) was roughly the same as the number of large renter households (1,341).

The share of large households out of total households in unincorporated Merced County (12.3 percent) was slightly higher than the proportion of large households in the incorporated areas (11.2 percent), and much lower than the proportion in California as a whole (15.9 percent of total households). As discussed previously and shown in Table 5-18, 38.8 percent of the renter-occupied units in unincorporated Merced County in 2000 had three or more bedrooms. However, the figure is much larger than the 18.4 percent figure for California. The 2000 Census data suggests that there is a lesser need for large units in Merced County than statewide to accommodate large households.

TABLE 5-37 Large Households Merced County and California 2000						
	Unincorporated Merced County		Incorporated Merced County		California	
	Number	Percent	Number	Percent	Number	Percent
Owner-Occupied						
Less than 5 Persons	13,409	90.1%	20,445	90.4%	5,525,336	84.4%
5+ Persons	1,470	9.9%	2,159	9.6%	1,020,901	15.6%
Total	14,879	100.0%	22,604	100.0%	6,546,237	100.0%
Renter-Occupied						
Less than 5 Persons	6,695	83.3%	15,855	86.7%	4,142,875	83.6%
5+ Persons	1,341	16.7%	2,441	13.3%	813,758	16.4%
Total	8,036	100.0%	18,296	100.0%	4,956,633	100.0%
All Households						
Less than 5 Persons	20,104	87.7%	36,300	88.8%	9,668,211	84.1%
5+ Persons	2,811	12.3%	4,600	11.2%	1,834,659	15.9%
Total	22,915	100.0%	40,900	100.0%	11,502,870	100.0%

Source: U.S. Census, 2000.

As shown in Table 5-20 earlier in this report, out of all “large related households” (a household of five or more persons which includes at least two related persons) classified as lower-income in unincorporated Merced County in 2000, 58.6 percent of the owner households and 41.2 percent of renter households had a housing cost burden greater than 30 percent (defined by HUD as a “moderate cost burden”). This compares to 55.3 percent of all lower-income owner and 45.9 of all lower-income renter households in Merced County. When considering all (not just lower-income) large related households in Merced County (as shown in Table 5-20), only 31.2 percent of owner households and 28.1 percent of the renter households had a moderate cost burden. This indicates that, lower-income large related owner households in the unincorporated county have an excessive housing cost burden problem, while large renter households do not.

Female-Headed Households

According to the U.S. Census Bureau, a single-headed household contains a household head and at least one dependent, which could include a child, an elderly parent, or non-related child. Female-headed households have special housing needs because they are most likely either single-parents or single-elderly adults living on low- or poverty-level incomes. Single-parent households with children often require special consideration and assistance as a result of their greater need for affordable housing, accessible day care, health care, and a variety of other supportive services. Single-parent households also tend to receive unequal treatment in the rental housing market. Because of their relatively lower household incomes, single-parent households are more likely to experience difficulties in finding affordable, decent, and safe housing.

Battered women with children comprise a sub-group of female-headed households that are especially in need. According to the California Department of Housing and Community Development and the National Low Income Housing Coalition’s Women and Housing Task Force, the female-headed household group is

probably the group with the most extensive housing needs and is disproportionately affected by the current housing situation. This housing need is exacerbated by a lack of adequate and affordable child care, which would enable the mother to pursue ways of increasing her earning capacity. With rising child care costs, few women in this group are able to work and care for their children at the same time.

Table 5-38 below shows the number of female-headed households in unincorporated and incorporated Merced County and California in 2000. As shown in the table, there were 4,117 female-headed households in the unincorporated area of the county, representing 18.0 percent of all households. This percentage is less than in the incorporated areas of the county (29.6 percent) and California (28.8 percent). About half (2,065 of 4,117, or 50.2 percent) of the female-headed households in Merced County were one-person households. It is likely that many of these householders are 65 years and older. A small percentage (4.7 percent) of the households in unincorporated Merced County was single female-headed households with children under 18 years of age. Single mothers made up a smaller percentage of the total population in the unincorporated county than in the incorporated county (11.2 percent) and statewide (8.6 percent).

Type of Household	Unincorporated Merced County		Incorporated Merced County		California	
	Number	Percent	Number	Percent	Number	Percent
Total Households	22,915	100.0%	40,900	100.0%	11,502,870	100.0%
Total Female Householders	4,117	18.0%	12,105	29.6%	3,313,163	28.8%
Single Female Householder, Living Alone	2,065	9.0%	6,590	16.1%	1,496,243	13.0%
Single Female-Headed Households with Related Children < 18	1,074	4.7%	4,601	11.2%	987,380	8.6%

Source: U.S. Census, 2000.

Due to generally lower incomes, single female-headed households often have more difficulties finding adequate affordable housing than do families with two adults. Also, female-headed households with small children may need to pay for childcare, which further reduces disposable income. This special needs group will benefit generally from expanded affordable housing opportunities. More specifically, the need for dependent care also makes it important that housing for female-headed families be located near childcare facilities, schools, youth services, and medical facilities.

Extremely Low-Income Households

Extremely low-income households are defined as those households with incomes under 30 percent of the County's median income. Extremely low-income households typically consist of minimum wage workers, seniors on fixed incomes, the disabled, and farmworkers. This income group is likely to live in overcrowded and substandard housing conditions. This group of households has specific housing needs that require greater government subsidies and assistance, housing with supportive services, single room occupancy (SRO) and or shared housing, and/or rental subsidies or vouchers. In recent years, rising rents, higher income and credit standards imposed by landlords, and insufficient government assistance has exacerbated the problem. Without adequate assistance this group has a high risk of homelessness.

In Merced County a household of three persons with an income of \$14,550 in 2008 would qualify as an extremely low-income household. Table 5-39 shows the number of extremely low-income households and their housing cost burden in Merced County and California in 2000. As shown in the table, both the unincorporated and incorporated areas of Merced County had lower percentages of extremely low-income households (7.3 and 9.4 percent, respectively) than the state (12 percent). Following the statewide trend, both the unincorporated and incorporated areas had larger proportions of extremely low-income renter households (20.9 and 23.6 percent, respectively) and smaller proportions of extremely low-income owner households (3.8 and 3.1 percent, respectively). In the unincorporated county 70 percent of extremely low-income households had a moderate housing cost burden and about 54 percent had a severe housing cost burden. This was lower than the cost burdens of extremely low-income households in both the incorporated cities and the state as a whole. The incorporated cities of Merced County had the highest proportion of extremely low-income households with cost burdens in 2000; 80 percent of extremely low-income households had a moderate housing cost burden and nearly 65 percent had a severe housing cost burden. In the state 75 percent had a moderate cost burden and 62 percent had a severe housing cost burden in 2000.

Based on Merced County’s 2006-2013 Regional Housing Needs Allocation, there is a projected need for 824 extremely low-income units (which assumes 50 percent of the very low-income allocation) within the unincorporated county.

TABLE 5-39
Housing Cost Burden of Extremely Low-Income Households
Merced County and California
2000

	Unincorporated Merced County			Incorporated Merced County			California		
	Owners	Renters	Total	Owners	Renters	Total	Owners	Renters	Total
Number of Extremely Low-Income Households	1,110	1,622	2,732	1,213	4,073	5,286	384,014	1,000,250	1,384,264
Percent of Total Households	3.8%	20.9%	7.3%	3.1%	23.6%	9.4%	5.9%	20.2%	12.0%
Number w/ Cost Burden > 30%	723	1,188	1,911	905	3,322	4,228	273,802	767,192	1,040,967
Percent w/ Cost Burden > 30%	65.2%	73.3%	70.0%	74.6%	81.6%	80.0%	71.3%	76.7%	75.2%
Number w/ Cost Burden > 50%	583	886	1,469	711	2,713	3,424	222,728	637,159	859,628
Percent w/ Cost Burden > 50%	52.5%	54.6%	53.8%	58.6%	66.6%	64.8%	58.0%	63.7%	62.1%

Source: HUD SOCDs, Comprehensive Housing Affordability Strategy (CHAS) Database, 2000.

5.2 Future Needs Assessment

The Department of Housing and Community Development (HCD) is required to allocate each region’s share of the statewide housing need to Councils of Governments (COG) based on Department of Finance (DOF) population projections and regional population forecasts used in preparing regional transportation plans. The COG develops a Regional Housing Need Plan (RHNP) allocating the region’s share of the statewide need to cities and counties within the region. The RHNP promotes the following objectives: increase the housing supply and mix of housing types, tenure, and affordability in all cities and counties within the region in an equitable manner; promote infill development and socioeconomic equity; protect environmental and agricultural resources; and encourage efficient development patterns; and promote an improved intraregional balance between jobs and housing. Housing element law recognizes the most critical decisions regarding housing development occur at the local level within the context of the periodically updated general plan.

2008 Regional Housing Needs Allocation

This section evaluates projected future housing needs in the unincorporated areas of Merced County based upon the Regional Housing Needs Allocation (RHNA) prepared by the Merced County Association of Governments (MCAG). State law requires Councils of Governments to prepare allocation plans for all cities and counties within their jurisdiction. The intent of a housing allocation plan is to ensure adequate housing opportunities for all income groups. The State Department of Housing and Community Development provides guidelines for preparation of the plans, and ultimately certifies the plans as adequate. MCAG adopted its final Regional Housing Needs Allocation Plan on August 21, 2008.

The core of the RHNA is a series of tables that indicate for each jurisdiction the distribution of housing needs for each of five income groups. The allocations are intended to be used by jurisdictions when updating their housing elements as the basis for assuring that adequate sites with appropriate zoning are available to accommodate at least the number of units allocated. Table 5-40 below shows the current and projected housing needs for the planning period from January 1, 2007, to June 30, 2014, for the unincorporated areas of Merced County.

TABLE 5-40 Regional Housing Needs Allocation by Income Unincorporated Merced County January 1, 2007, to June 30, 2014					
	Very Low ¹	Low	Moderate	Above Moderate	TOTAL
RHNA	1,648	1,241	1,430	3,045	7,364
Percent of Total	22.4%	16.9%	19.4%	41.3%	100.0%

¹ There is a projected need for 824 extremely low-income units based on the assumption that 50 percent of the very low-income household need is extremely low-income.

Source: Merced County Association of Governments (MCAG), Merced County Regional Housing Needs Allocation Plan—covering the period January 1, 2007, through June 30, 2014, adopted August 21, 2008.

As shown in Table 5-40, MCAG allocated 7,364 new housing units to unincorporated Merced County for the 2007 to 2014 planning period. 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.

2002 Regional Housing Needs Allocation

In 2007 the State passed AB 1233 to promote and facilitate the timely implementation of local housing elements. Jurisdictions with housing elements that planned on accommodating their RHNA through a rezone program, but failed to rezone parcels for higher-density residential uses during the five-year time frame, are now required to accommodate remaining RHNA in the 2007-2014 housing element period. The bill states:

- (a) *For housing elements due pursuant to Section 65588 on or after January 1, 2006, if a city or county in the prior planning period failed to identify or make available adequate sites to accommodate that portion of the regional housing need allocated pursuant to Section 65584, then the city or county shall, within the first year of the planning period of the new housing element, zone or rezone adequate sites to accommodate the unaccommodated portion of the regional housing need allocation from the prior planning period.*
- (b) *The requirements under subdivision (a) shall be in addition to any zoning or rezoning required to accommodate the jurisdiction's share of the regional housing need pursuant to Section 65584 for the new planning period.*

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. Program HE-1.5 states:

Provide 260 acres of multiple-family housing zoning by rezoning vacant or under-utilized commercial and industrial and low-density residential land in updates of Community Specific Plans for Delhi and Planada. Said rezoning will allow for a range of 8-33 units per acre depending on the zone.

Since adoption of the 2003 Housing Element, the County has updated three community plans for Hilmar, Delhi, and Planada. Although Merced County updated the Delhi and Planada Community Plans, the County did not rezone the full 260 acres for higher-density residential uses. The Delhi Community Plan designated 32 vacant acres for high-density residential uses, while the Planada Community Plan did not designate any sites for high-density residential uses. According to AB 1233, local governments must identify sites in the current housing element planning period to meet the unaccommodated need from the previous period. The unaccommodated need was calculated by first identifying those sites and units that were accommodated by income group in the previous housing element. The accommodated units were then subtracted from the 2002 RHNA. Building permit data from 2002 to 2007 was then analyzed to identify all units constructed with an affordable component. A total of 133 units were constructed from 2002-2007, including a 27-unit farmworker housing complex, a 28-unit affordable apartment complex, and 78 mobile/modular homes for farmworkers. Merced County made enough sites available during the previous housing element to satisfy its RHNA for the moderate- and above-moderate-income groups. Therefore, the remaining need from the 2002 RHNA is 866 units for the extremely low and very low-income groups and 689 units for the low-income group.

Comparison of Housing Unit Production with Projected Housing Needs

Since the Housing Element planning period runs from January 1, 2007, to June 30, 2014, the County’s RHNA can be reduced by the number of new units built or approved since January 1, 2007. County staff compiled an inventory of all residential units that have been constructed, are under construction, or have been issued a building permit between January 2007 and December 2008.

Units Constructed or Approved

Table 5-41 provides a breakdown of the dwelling units built, under construction, or approved from January 1, 2007, through December 15, 2008. As shown below, 154 single-family dwelling units have been constructed, are under construction, or have received building permits, all of which are assumed to accommodate above moderate-income households. In addition, there have been 26 second units/secondary dwelling units, 30 mobile homes, and 55 farmworker housing units approved or constructed in the unincorporated county. For the purposes of this analysis, second units/secondary dwelling units are assumed to be affordable to moderate-income households, while mobile/modular homes and farmworker housing are assumed to be affordable to lower-income households.

TABLE 5-41 Housing Units Constructed or Approved Unincorporated Merced County January 1, 2007, to December 15, 2008	
Housing Unit by Estimated Income Level	Constructed or Approved by Building Permit
Above Moderate Income	
Single-Family Residence	154
<i>Subtotal</i>	<i>154</i>
Moderate Income	
Second Units/Secondary Dwelling Units	26
<i>Subtotal</i>	<i>26</i>
Lower Income (Below 80 Percent MFI)	
Mobile Homes ¹	30
Farmworker Housing ²	55
<i>Subtotal</i>	<i>85</i>
TOTAL	265

¹The mobile home category includes all mobile homes constructed either for use as primary or secondary dwelling units. Mobile homes also include those constructed on temporary and permanent foundations.

²Farmworker housing consists of a variety of housing types including mobile homes and sometimes conventional homes. Merced County approved 30 mobile homes in 2007 and 25 in 2008.

Source: Merced County Community Development Department, December 2008.

Remaining Need

Since the County did not fully implement Program HE-1.5 in the 2003 Merced County Housing Element to meet its 2002 RHNA, the remaining 2002 RHNA was brought forward and added to the 2008 RHNA. Therefore, the remaining need from the prior planning period is 866 very low- and 689 low-income housing units. After subtracting approved/built units between 2002-2007, the County’s unmet 2002 need is 1,422 low-income units. Combining the 2002 unmet need and 2008 RHNA, the County’s remaining need is 4,226 lower-income and 1,404 moderate-income units.

TABLE 5-42 Remaining Need Based on Approved and Constructed Units Unincorporated Merced County January 1, 2007, to December 15, 2008		
	Extremely Low, Very-Low and Low	Moderate
Remaining 2002 Need¹	1,555	0²
Approved/Built Units (2002-2007)	133 ³	N/A
<i>2002 Unmet Need</i>	<i>1,422</i>	<i>0</i>
RHNA 2008	2,889	1,430
Approved/Built Units (2007-2008) ⁴	85	26
<i>Remaining 2008 Need</i>	<i>2,804</i>	<i>1,404</i>
Total Remaining Need	4,226	1,404

¹Remaining need for 2002 represents all units not accommodated through the rezoning of the Delhi and Planada Community Plans.

²Merced County satisfied its moderate-income allocation during the prior Housing Element planning period.

³Includes a 27-unit migrant farmworker housing, and 28-unit Self-Help Enterprise complex, and 78 mobile homes as second units for farmworkers.

⁴See Table 5-41.

Source: Merced County Community Development Department, 2008, Merced County Housing Element, 2003, Merced County Association of Governments RHNA Allocation, 2008.

5.3 Resource Inventory

Section 5.3 assesses the availability of land and services to meet the needs documented in Section 5.2. This section discusses Merced County's available residentially-zoned land, calculates the buildout potential of this land, and reviews the adequacy of services to support future housing development. The residential holding capacity includes a summary of existing urban communities; new, large-scale communities; and projections for second units, mobile/modular homes, and farmworker housing units based on past trends.

Available Sites Inventory

An adequate supply of residentially-zoned land available for development is one of the most critical resources necessary to meet future housing demand. Without adequate vacant or underutilized land, Merced County cannot demonstrate how it will accommodate its Regional Housing Need Allocation. The amount of land required to accommodate future housing needs depends on its physical characteristics, zoning, availability of public facilities and services, and environmental conditions.

The State law governing the preparation of housing elements emphasizes the importance of an adequate land supply by requiring that each housing element contain "an inventory of land suitable for residential development, including vacant sites and sites having potential for redevelopment, and an analysis of the relationship of zoning and public facilities and services to these sites" (Government Code Section 65583(a)(3)).

The available sites inventory is required "to identify sites that can be developed for housing within the planning period and that are sufficient to provide for the jurisdiction's share of the regional housing need for all income levels" (Government Code Section 65583.2(a)). The phrase "land suitable for residential development" in Government Code Section 65583(a)(3) includes all of the following:

- Vacant sites zoned for residential use;
- Vacant sites zoned for nonresidential use that allows residential development;
- Residentially zoned sites that are capable of being developed at a higher density; and
- Sites zoned for nonresidential use that can be rezoned for residential use.

In order to calculate the number of units that will accommodate its share of the regional housing need for lower-income households, a jurisdiction is required to do either of the following (Government Code Section 65583.2(c)(3)):

- Provide an analysis demonstrating how the adopted densities accommodate this need. The analysis shall include, but is not limited to, factors such as market demand, financial feasibility, or information based on development project experience within a zone or zones that provide housing for lower-income households.
- Use the "default density standards" that are "deemed appropriate" in State law to accommodate housing for lower-income households given the type of the jurisdiction. Merced County is classified as a "suburban jurisdiction" and the density standard is defined as "sites allowing at least 20 units per acre." HCD is required to accept sites that meet this density standard as appropriate for accommodating Merced County's share of the regional housing need for lower-income households.

Inventory of Sites in Existing Communities

Methodology and Assumptions

In accordance with the requirements of Government Code Section 65583.2 described above, the County conducted an assessment of vacant land suitable for affordable housing within unincorporated Merced County. The following criteria were used to map vacant residential sites that allow higher-density residential development:

- **Location.** The assessment included all parcels within existing unincorporated Merced County. New communities are assessed separately.
- **Vacancy.** Vacant parcels were initially selected based on the County Assessor's use codes in the parcel database. Vacancy status was verified through aerial photographs. The effective date of the vacancy status for each site is November 1, 2008.
- **General Plan Land Use Designations.** This available sites inventory summarizes all available sites with potential for residential development, but only includes a parcel-specific inventory for sites that have potential to provide housing at higher densities. Only parcels with the following land use designations were retained in the inventory:
 - Medium-Density Residential (MD): 8-15 units per acre; and
 - High-Density Residential (HD): 15-33 units per acre.
- **Zoning Districts.** The inventory includes only parcels that have the land use designations listed above and the following zoning designations:
 - Two-Family Residential (R-2): two residential units per lot;
 - Multiple-Family Residential (R-3): up to 15 units per gross acre; and
 - Multiple-Family Residential (R-4): up to 33 units per gross acre.

(Note: There are several parcels in Merced County that have either the appropriate General Plan land use designation or zoning for medium- and higher-density residential, but the designation and zoning are inconsistent. These parcels with inconsistent zoning and land use designations are not included in the inventory.)

- **Relation of density to income categories.** Table 5-43 shows the assumptions used to determine the inventoried income level based on density allowed by the zoning and General Plan land use designations for each site in the unincorporated county.

TABLE 5-43
Relation of Density to Inventoried Income Levels
Merced County
2009

General Plan	Zoning	Density Range	Inventoried Income Level
HD	R-4	15-33 units/acre	Lower income
HD/MD	R-3	8-15 units/acre	Lower income
MD	R-2	2 units/lot	Moderate income

Source: Mintier Harnish, 2009.

While the “default density standard” for Merced County is 20 units per acre based on the classification of the county as a “suburban jurisdiction,” the county’s existing unincorporated communities are more rural in character. Developments at densities above 15 units per acre, while allowed, are rare in Merced County. In fact, the existing subsidized housing developments in the county are all located in R-3 zones and range in density from about 6-13 units per gross acre. Given recent development trends in Merced County, both the R-4 and R-3 zones are appropriate for lower-income housing.

Additionally, Merced County has one of the most affordable housing markets in California. Based on 2008 sales data and rental listings, moderate- and low-income households could afford both market-rate ownership and rental housing units. In 2008 the median home sales price in Merced County was \$214,000, which is considered affordable to a three-person, moderate-income household. In May 2009 the median housing price dropped even further to \$105,000. The average rent for a two-bedroom apartment was \$792 per month, which is considered affordable to a 3-person, low-income household. In the current housing market achieving higher densities is not as critical to project affordability as it had previously been since land costs are significantly lower; therefore, the R-3 zone is appropriate for lower-income housing.

The R-2 zone allows duplexes or two attached or detached single-family homes per lot. It is realistic to assume that the housing developed in the R-2 zone could be affordable to moderate-income households.

- **Size.** All parcels that meet the above-mentioned criteria, regardless of size, are included in the inventory; however, parcel size determined the income level at which the parcel was inventoried. All parcels in the inventory, regardless of zoning, that are smaller than one acre are inventoried as available for moderate-income housing development based on the unit type that would be expected on these parcels. For example, a 0.3-acre parcel zoned R-3 would have a maximum capacity for a fourplex (i.e., four units). This type of housing development might be more appropriate for moderate-income households. However, a one-acre parcel zoned R-3 would have capacity for a 15-unit apartment complex, which would have more potential to accommodate lower-income households.
- **Realistic Capacity.** The sites inventory assumes that 80 percent of maximum allowed density is a realistic development capacity on vacant sites in existing communities. The maximum allowed density on sites zoned R-4 is 33 units per acre and the expected density based on an assumed 80 percent of maximum buildout is 26 units per acre. The maximum allowed density on sites zoned R-3

is 15 units per acre and the expected density is 12 units per acre. The R-2 zone allows up to two units per lot. The sites inventory assumes that the sites zoned R-2 will buildout with two units.

While there have not historically been very many multi-family developments in the unincorporated county, many of those that have recently been approved have been at the maximum allowed densities. The realistic capacity assumption of 80 percent of maximum density is supported by multi-family developments approved within the past five years, including a five-unit apartment complex approved in an R3 zone in Hilmar at 15 units per acre (i.e., 100 percent of maximum allowed density) and a seven-unit multi-family development in an R3 zone in Winton approved at the maximum allowed density.

Additionally, the County is moving in the direction of increased residential densities. As part of the San Joaquin Valley Regional Blueprint, Merced County Association of Governments has selected a preferred alternative that focuses on compact development at higher densities. The County, which is presently in the process of updating its General Plan, is evaluating 20-year growth alternatives that will include higher average densities.

- **Environmental Constraints.** All parcels (or portions of parcels) that met the criteria above were reviewed by County staff to confirm vacancy status, ownership, adequacy of public utilities and services, possible environmental constraints such as flood zones and steep slopes, and other possible constraints to development feasibility. The site inventory accounts for all known environmental constraints on these sites, as noted and accounted for in the inventory tables. The only potential environmental constraints are on sites in the communities of Planada and Franklin/Beachwood. These sites are within the 100-year floodplain and require a one- to two-foot elevation of structures. This is noted in the sites inventory table. While this is a potential constraint for small infill parcels, it does not constrain development on large lots. The County allows for the moving of dirt around the site and/or the trucking in of dirt to raise the foundation of development. A 1- to 2-foot increase in the elevation of the foundation is not problematic on larger sites.

Table 5-A-2 (in Appendix 5-A-2) shows the inventory of vacant residentially-zoned sites within Merced County's existing unincorporated communities. The effective inventory date is November 1, 2008, and the status of the parcel as of that date is used for inventory purposes. The table is organized by community and for each site the table shows the Assessor's Parcel Number(s)(APN), General Plan land use designation, zoning district, parcel size (in acres), minimum and maximum allowable density based on the land use designation and zoning, and expected density (i.e., 80 percent of maximum density unless otherwise noted). The table also shows the minimum and maximum number of units allowed based on the density range, as well as the number of units inventoried based on the expected density, the inventoried income level of the units (i.e., lower- or moderate-income), infrastructure access, environmental constraints, and additional notes.

Summary of Capacity in Existing Unincorporated Communities

Merced County contains several unincorporated urban communities (excluding new communities) that have parcels zoned for medium- and high-density residential development (see Table 5-44). The communities of Delhi, Franklin/Beachwood, Hilmar, Le Grand, Planada, Santa Nella, and Winton all contain vacant land that is zoned for medium- and high-density residential development. The Housing Element assumes that the majority of these parcels will build out at 80 percent of the maximum allowed density. While there hasn't been significant multi-family development in Merced County upon which to base this assumption, the County is moving in the direction of encouraging higher densities. As part of the San Joaquin Valley Regional Blueprint process, the County recently (2009) selected a preferred alternative that focuses on compact

development at higher densities. The County also selected an alternative as part of the General Plan update that includes higher average densities.

Assuming a buildout potential of 80 percent of the maximum density, there is an inventoried capacity of 166 moderate-income units and 1,991 lower-income units. Table 5-A-2 (in Appendix A) shows a more detailed inventory of the vacant sites within the Merced County unincorporated communities.

TABLE 5-44 Inventoried Capacity for Lower- and Moderate-Income Units on Vacant Sites in Existing Unincorporated Communities Merced County 2008						
Community	Moderate-Income Potential		Lower-Income Potential		Total Units	
	Acres	Inventoried Units	Acres	Inventoried Units	Acres	Inventoried Units
Delhi	1.2	9	5.1	61	6.3	70
Franklin/Beachwood	4.2	48	1.5	18	5.7	66
Hilmar	1.6	7	0	0	1.6	7
Le Grand	1.1	6	1.7	20	2.8	26
Planada	7.8	89	7	84	14.8	173
Santa Nella	0	0	101.3	1,509	101.3	1,509
Winton	0.5	6	11.0	132	11.5	138
TOTAL	16.4	166	127.6	1,825	144.0	1,991

Source: Mintier Harnish, 2009.

Notes: Inventoried unit capacity is based on 80 percent of maximum density, unless otherwise noted in Table 5-A-2.

Inventory of Sites in New Communities

New communities approved since the adoption of the 2003 Housing Element provide unique opportunities for the creation of affordable housing since these areas represent the majority of Merced County's new residential development capacity, as well as providing nearly all of the unincorporated county's medium-density and high-density mixed-use sites. Due to the significant infrastructure limitation (e.g., sewer and water service availability) throughout the county, new large-scale communities offer the best opportunity to meet the county's regional housing need. Merced County has several new community plans, including the Villages of Laguna San Luis, Fox Hills, UC Merced Campus, and University Community. Assumptions of capacity to meet the RHNA vary by community since each new community plan proposes different housing types and has a different timeline for development.

Villages of Laguna San Luis

In September 2008 the Merced County Board of Supervisors approved the Villages of Laguna San Luis (the Villages) Community Plan in western Merced County. The Community Plan provides for a variety of residential designations consistent with the 1990 General Plan including: Very-Low-Density Residential, Low-Density Residential, Medium-Density Residential, and High-Density Residential. The Community Plan also includes three new non-residential and mixed-use designations (i.e., Retirement Center, Village Center

Retail, and Village Center Office) that allow medium- and high-density residential units. Table 5-45 shows the total acreage and estimated residential unit and population buildout for each residential designation. The Community Plan assumes a conservative buildout capacity (by using the midpoint of the density range for each designation and assuming no residential development within the mixed-use designations) and estimates the full buildout at 15,895 dwelling units.

There are five land use designations (Medium-Density Residential (MDR), High-Density Residential (HDR), Retirement Center (RC), Village Center Commercial (VCC), and Village Center Office (VCO)) that allow medium- and high-density housing and, therefore, provide opportunities for the development of housing for moderate-, low-, very low-, and extremely low-income households. According to the Community Plan, MDR designated areas could consist of a variety of multiple-family units including attached units (2, 3, 4-plexes), rowhouses, condominiums, and apartments up to 15 dwelling units per acre. HDR designated areas could consist of multiple story apartment and condominium complexes up to 33 dwelling units per acre. In the Village Centers, projects which provide multiple-family apartments or condominiums in conjunction with retail and office developments would be permitted through the use of Planned Development (PD) zoning. These could be stand-alone complexes or units provided above retail or office space; however, the Community Plan does not include residential units in the mixed-use designations for the buildout assumptions.

Since the Villages of Laguna San Luis is a new community, it is assumed that housing prices will be slightly higher than in existing communities. Therefore, the inventory of sites assumes that Very Low-Density Residential and Low-Density Residential sites are available for above moderate-income units, Medium-Density Residential sites are available for moderate-income units, and High-Density Residential and Mixed-Use sites are available for lower-income units.

As shown in Figure 5-A-8, the zoning is already in place for the Villages of Laguna San Luis; however, since the Community Plan is a 25-year plan, it is assumed, for the purposes of this analysis, that only 30 percent of the total estimated buildout capacity (4,316 units) could be counted against the county's regional housing needs allocation (RHNA). This 30 percent excludes the area designated Urban Reserve since those areas will not be available until the other areas of the Community Plan are nearly built out. Table 5-45 shows the total estimated dwelling units as well as the units inventoried in this Housing Element to meet the county's RHNA. Figure 5-A-8 and Table 5-A-3 (in Appendix A) show a more detailed inventory of the vacant sites in the Villages.

The Villages of Laguna San Luis Community Plan contains a housing plan that defines the approach for providing housing opportunities for a wide variety of income groups. The Housing Plan was developed to be consistent with and help implement the goals, objectives, and policies of the 2003 Merced County Housing Element. Two of the plan's major goals are to accommodate the county's regional housing need and provide a healthy mix of incomes and housing types to avoid concentrations of lower-income housing and create a more balanced and sustainable community that reduces commuter trips. To help ensure a range of housing opportunities throughout the development of the Villages over the next 25 years, adequate small size single-family homes and multiple-family owner and rental units are encouraged to be provided in each major phase of development.

TABLE 5-45
Villages of Laguna San Luis Community Plan Holding Capacity
Villages of Laguna San Luis
2008

Designation	Acres	Typical Density (Units per Acre)	Total Dwelling Unit Potential	Inventoried Dwelling Units (30 Percent of Total)	Inventoried Income Level
Residential					
Very Low-Density Residential	297	1.8	547	164	Above moderate income
Low-Density Residential	1,606	4.7	7,546	2,264	Above moderate income
Medium-Density Residential	645	8.0	5,158	1,547	Moderate income
High-Density Residential	63	18.0	1,135	341	Lower income
<i>Subtotal</i>	<i>2,611</i>	<i>--</i>	<i>14,386</i>	<i>4,316</i>	
Mixed Use¹					
Village Center Commercial	30	-	-	-	-
Village Center Office	24	-	-	-	-
<i>Subtotal</i>	<i>54</i>	<i>--</i>	<i>-</i>	<i>-</i>	<i>-</i>
Urban Reserve					
Very Low-Density Residential	130	1.8	240	-	-
Low-Density Residential	270	4.7	1,269	-	-
<i>Subtotal</i>	<i>400</i>	<i>--</i>	<i>1,509</i>	<i>-</i>	<i>-</i>
Total	3,065	--	15,895	4,316	

¹Assumes that these areas do not include a residential component even though residential uses are allowed.

Source: Villages of Laguna San Luis Community Plan, 2008.

Fox Hills

In 2006 the Merced County Board of Supervisors approved the creation of a new Special Urban Development Plan (SUDP) for the Fox Hills Golf Course Community in western Merced County. At full buildout the 1,250-acre community may have up to 3,460 dwelling units. Part of Fox Hills was designed as an “active adult” community, so a minimum of 2,500 dwelling units would be deed-restricted active adult residences. Of this total, 402 dwelling units have already been approved or are under construction; the remaining 2,098 dwelling units are envisioned in areas designated as Active Adult Residential (AAR) in the Land Use Plan. The Community Plan also provides for “conventional” family housing under the following land use designations: Low-Density Residential, Medium-Density Residential, and Commercial Mixed-Use. Fox Hills has the capacity for 458 dwelling units under the Medium-Density Residential and Commercial Mixed-Use Designations. While these densities are generally appropriate for lower-income housing units in other areas of the county, given that Fox Hills is a new community, the type of development that is planned for these medium-density areas would more likely provide opportunities for moderate-income households. Table 5-46 summarizes development potential by General Plan Land Use Designation and Figure 5-A-9 and Table 5-A-3 (in Appendix A) show a more detailed inventory of the vacant sites in Fox Hills

**TABLE 5-46
Fox Hills Community Plan Area**

**Fox Hills
2006**

General Plan Land Use Designation	Compatible Zoning	Acres	Maximum Residential Density	Inventoried Dwelling Unit Potential	Inventoried Income Level
Low-Density Residential	R-1, R-1-5000, R-1-4500	685	4 du/gross acre	2,365 Active Adult	Above moderate income
				637 Conventional	Above moderate income
Medium-Density Residential	R-1-1600, R-3	27	15 du/gross acre	135 Active Adult	Moderate income
				263 Conventional	Moderate income
Commercial Mixed-Use	CMU	9	15 du/gross acre	60 Conventional ¹	Moderate income
TOTAL		721	--	3,460	

¹ Assumes 45 percent of CMU area will build out as residential and 55 percent as commercial.

Source: Draft Fox Hills Community Specific Plan Update, February 2006.

UC Merced Campus

UC Merced adopted the Long Range Development Plan (LRDP) in 2002 and amended it in 2008. One of the LRDP’s goals is to ensure the existence of high-quality, on-campus housing for undergraduates, graduate students, faculty, and students with families. UC Merced’s long-term goal is to house 50 percent of the student population on campus. Approximately 195 acres of the campus would be developed with student housing, located mainly in the northwestern and northeastern parts of the campus. Three neighborhoods would provide undergraduate housing immediately adjacent to the academic area. Student housing would be composed of residence halls, apartments, or other housing structures, along with associated facilities such as dining commons, recreational space, study and meeting rooms, and high-speed data lines. Each neighborhood will consist of approximately 2,500 students and a variety of commercial services. The assigned acreage would be adequate to provide about 12,500 student beds in a mix of housing types, which include high-, medium-, and low-density apartments and residence halls. Additional housing would be provided along two main streets in the academic core offering a distinctive on-campus urban living environment to upper division undergraduates, international and/or graduate students, or other specific student populations. Undergraduate and some graduate student housing will be located in neighborhoods arrayed around and immediately adjacent to the Academic Core.

The LRDP plans for a range of housing densities, which would be refined over the development life of the campus to best fit the student population needs. A range of undergraduate housing types are anticipated, including dormitories, suites, apartments and, potentially, group housing such as fraternities and sororities. A range of housing formats for faculty and graduate students is expected including apartments, stacked flats, townhouses, duplexes, and attached or detached homes. All of these housing types have high residential densities varying from 27 du/acre for townhomes and stacked flats to 80 du/acre for dormitories.

To adequately inventory residential capacity on the UC Merced campus for purposes of this analysis, bed counts were converted into dwelling unit equivalent counts by assuming that 2.5 beds equals one dwelling unit. The LRDP states that 315 beds (126 dwelling unit equivalents) will be constructed by 2010 as part of Student Housing Phase 3, while an additional 350 beds (140 dwelling unit equivalents) will be constructed by

2013 under Housing Phase 4. Therefore, UC Merced plans to provide 266 dwelling unit equivalents within the time frame of this Housing Element.

University Community Plan

In 2004 Merced County adopted the University Community Plan, which established a new SUDP to the area just south of the UC Merced campus and to the east of the city of Merced. Over the next 40 years, the Community Plan will accommodate population and employment growth from the UC Merced campus. The University Community will occupy approximately 2,133 acres and consist of a town center and four residential villages with a variety of housing types. The villages will have a combined buildout capacity for 11,616 residential units (6,968 single-family and 4,648 multi-family dwelling units). Each residential village will develop at different densities depending on market demands. Each of the four villages is expected to have between 430 to 1,146 multi-family residential units. Under the multi-family and mixed-use designations, there is a capacity for 4,648 dwelling units (assuming a typical density of 24 du/ac) that could be affordable to moderate-, low-, and very low-income households. Since the University Community Plan is a 40-year plan, it is assumed, for the purposes of this analysis, that the capacity of Villages 1 and 2 and the Town Center (5,793 units, including 2,939 above moderate-income units and 2,854 lower-income units) will be available within the time frame of this Housing Element (see Table 5-47). The Town Center and Villages 1 and 2 make up the Northern University Community area and are closest to the UC Merced Campus.

Unlike the other community plan areas, the University Community Plan does not yet have zoning in place. The University Community plan area will develop through a series of specific plans that will more specifically guide development in the area. The area is currently (February 2010) designated “Multiple Use Urban Development”, signifying that it will accommodate a diversity of uses. However, this designation does not convey entitlements for development of urban uses for any property within the community. Urban land uses and their precise layout will be entitled through the subsequent preparation and adoption of Specific Plans for Community sub-areas. Since the County has not yet adopted specific plans for this area and the zoning is not yet in place, the County cannot count the residential units planned in the University Community plan against the RHNA. However, the project has continued to progress, despite the economic downturn, and it is likely that development will begin within the time frame of the Housing Element.

TABLE 5-47
University Community Plan Holding Capacity
(Not Included in the Inventory)
University Community
2008

Residential Designation	Estimated Income Level (Based on Density)		Town Center	Residential	Residential	Residential	Residential	Total
				Village 1	Village 2	Village 3	Village 4	
Single-Family Residential	Above moderate income	Acres	0	170	238	296	264	968
		Units	0	1,225	1,714	2,134	1,895	6,968
Multi-Family Residential ¹	Lower income	Acres	27	18	44	48	27	164
		Units	648	430	1,050	1,146	648	3,922
Mixed Use-Office/ Retail and Housing ¹	Lower income	Acres	20	0	0	0	0	20
		Units	726	0	0	0	0	726
Total	-	Acres	47	188	282	344	291	1152
		Units	1,374	1,655	2,764	3,280	2,543	11,616

¹ Assumes a typical density of 24 du/ac.

Source: University Community Plan, 2004.

Development of adequate housing to support the needs of the population growth induced by the presence of UC Merced is intrinsic to the success of the University Community. However, there are several major challenges for the development of housing in the University Community, including the need to fund “up front” infrastructure and public services and the ability to maintain affordability as the Community matures. First, the “up front” infrastructure and public services could escalate Community costs somewhat higher than those found for housing in the City of Merced and surrounding region, placing the Community at a comparative disadvantage in the marketplace. Potentially, some subsidy or holding cost will be necessary to offset these differences. Second, the Community might experience affordability challenges in the long-term due to inflated land cost. It is the experience in other UC communities that housing prices can inflate dramatically, typically above those in the greater region. Frequently, this is due to the scarcity of land and product available (demand outstrips supply), as well as the desirability of a university environment as a place to live for non-individuals not related to the university. Most UC communities are characterized by high-priced units that are extremely overcrowded (ultimately contributing to their physical deterioration) and extreme travel commutes by students, faculty, and staff who cannot afford or find housing locally. However, if the areas in and around the University community were to develop inflated housing prices, it would not likely occur until the community was near full buildout, which is far beyond the time frame of this Housing Element.

The University Community Plan contains a set of housing goals, policies, and implementation measures that are consistent with and build upon the 2003 Merced County Housing Element. The policies promote a mix of housing units to adjust to market and affordability needs and encourage a mix of affordable single-family detached and attached residences, multi-family rental and ownership units, co-housing, cooperatives, and live/work units. Housing goals, objectives, and policies are organized according to a number of fundamental values about the University Community’s housing sufficiency, diversity, ability to meet the special needs of the population, short- and long-term affordability, quality, and environmental sustainability.

Summary of Capacity in New Communities

There are four new approved communities in Merced County that can provide housing opportunities to meet the needs of residents during the Housing Element planning period. Table 5-48 summarizes the inventoried capacity in each community by income category. Not including the potential capacity in the University Community Plan area, new communities in Merced County have capacity to accommodate 8,042 units within the time frame of the Housing Element. This includes capacity for 2,005 moderate-income and 607 lower-income units.

Community	Above Moderate- Income Units	Moderate- Income Units	Lower- Income Units	Total Units
Villages of Laguna San Luis	2,428	1,547	341	4,316
Fox Hills	3,002	458	-	3,460
UC Merced Campus	-	-	266	266
Total	5,430	2,005	607	8,042

Source: Mintier Harnish, 2009.

Second Units, Mobile/Modular Homes, Secondary Dwelling Units, and Farmworker Housing

Table 5-49 summarizes the number of second units, mobile homes, and farmworker housing units constructed between 2003 and 2007 based on additional dwelling occupancy monitoring permits (ADOMPS). It also shows the estimated number of units expected to be built during the remaining Housing Element planning period based on past development trends. Historically, second units (aka granny units), mobile/modular homes, secondary dwelling units, and farmworker housing have been a source of affordable housing in the county. Merced County has a special permit monitoring program for second units in agricultural zones that allows farmers to provide housing for either family members (likely to work on the farm) or for farmworkers. Since occupancy of these second units in agricultural zones is limited to family members or agricultural workers, the monitoring program tracks occupancy of the units. To qualify for an additional dwelling monitoring permit, a property owner must provide a letter of justification to explain the property owner's need for the additional unit and how it augments the agricultural operation of the property. The majority of these second units, whether mobile/modular homes or conventional homes, serve as farmworker housing. For example, the ADOMP data shows that the County permitted nine "conventional home" units as part of a farm labor camp in Ballico. Units that specifically serve the farmworker population are shown separately in Table 5-49.

A 2007 report for the California Institute for Rural Studies claimed that an estimated 43 percent of farmworkers and 30 percent of farmworker families in California earn less than \$10,000 per year, while nearly one-fifth of farmworkers and one-fourth of farmworker families live below the poverty line. This information indicates that most farmworkers fall within the extremely low-income category of wage earners. The second units in agricultural zones are serving, and will continue to serve, the needs of this lower-income population. They are an important source of affordable housing in Merced County. From 2003 to 2007 Merced County permitted 152 farmworker housing units, an average of 30 units each year.

As shown in Table 5-49, the County permitted an average of 96 mobile homes each year from 2003 to 2007. Mobile homes serve the need of lower-income households. According to a survey by the U.S. Census Bureau on the sales prices of manufactured homes by region, the average sales price of a new manufactured home in the Western United States was \$43,000 for a single-wide home. According to the information on affordability by income level on Table 5-22, a three-person low-income household can afford a maximum purchase price of \$143,626 and a three-person very low-income household can afford \$89,697, which includes financing costs, taxes, mortgage insurance, and homeowners insurance. Assuming a new manufactured home costs \$43,000, land costs an average of \$20,000 per acre (see Development Costs section), and impact fees cost approximately \$20,000 per unit, the total cost of a manufacture home is an estimated \$83,000 excluding transportation costs and additional site improvement costs. While transportation and site improvements will add to this cost, the analysis shows that manufactured homes are affordable to low-income households, and may be affordable to very low-income households, depending on varying costs. (Note: In the ADOMP data a double-wide is considered a conventional single-family home unless it is specifically available for farmworker housing.)

Table 5-49 shows that the County permitted an average of 29 second units each year from 2003 to 2007. For purposes of the analysis, second units are defined as all other second units in the ADOMP data (i.e., not farmworker housing or mobile homes). These units are mostly located in agricultural zones and are usually occupied by family members. Based on the size restrictions for these units and the occupancy, these units are assumed to meet the needs of moderate-income households.

Projections were calculated by multiplying the average number of building permits built over a five-year period (2003 to 2007) by the remaining time in the Housing Element period (January 2008 to June 2014). Table 5-49 shows the number of building permits issued for second units, mobile/modular homes, and farmworker housing from 2003 to 2007. Based on these trends 189 second units, 625 mobile/modular homes, and 195 farmworker units are projected between 2008 and 2014. Of the 1,008 total units projected, 189 units would be expected to be affordable for moderate-income households and 820 units for very low- and low-income households.

TABLE 5-49
Number of Second Units, Mobile Homes, and Farmworker Housing Units
Constructed and Projected
Unincorporated Merced County
2003-2007

Unit Type	2003	2004	2005	2006	2007	2003-2007 Average	Projected Units ¹ 2008-2014	Assumed Income Group
Second Units	25	34	32	31	21	29	189	Moderate
Mobile Homes	134	144	145	38	17	96	625	Lower
Farmworker Housing	23	42	28	29	30	30	195	Lower
Total	182	220	205	98	68	155	1,008	--

¹Projected units were calculated by multiplying the average unit count by the remaining Housing Element period (6.5 years).
 Source: Merced County Development Department, December 2008; Mintier Harnish, December 2008.

Inventory of Sites for Above Moderate-Income Households

Agricultural Residential, Very Low- and Low-Density Residential designations have historically accommodated above moderate-income households. There are 5,778 acres of available land designated under these three residential land use designations. Assuming that the land develops at the expected densities (80 percent of the maximum allowed density), there is a potential for 19,885 units that could accommodate above moderate-income households.

Residential Holding Capacity Compared to RHNA

The capacity for affordable housing for extremely low-, very low-, low- and moderate-income persons in Merced County is provided by a variety of sources. As shown in Table 5-50, Merced County's residential holding capacity exceeds its RHNA by more than 22,000 units. There is surplus capacity for moderate- and above moderate-income units; however, the County has a remaining need of 974 lower-income units. This remaining need will be met through the rezoning of vacant land within the University Community Plan area (see Program 1-7 in Policy Document).

TABLE 5-50
Residential Holding Capacity Compared to RHNA
 Unincorporated Merced County
 January 1, 2007, to June 30, 2014

	Lower (Extremely Low, Very Low, and Low)	Moderate	Above Moderate	Total Units
Residential Holding Capacity				
Residential Holding Capacity in Existing Communities (see Table 5-A-1 and 5-44)	1,825	166	-	1,991
Residential Holding Capacity in New Communities (see Table 5-A-2 and 5-48)	607	2,005	5,430	8,042
Projected Mobile Home, Second Units, Farmworker Housing Units (see Table 5-49)	820	189	-	1,009
Inventory of Sites for Above Moderate-Income Households	-	-	19,885	19,885
Total Capacity	3,252	2,360	25,315	30,927
RHNA				
Total 2002 Unmet Need ¹	1,422	0	0	1,442
Total 2008 Remaining Need ¹	2,804	1,404	3,045	7,253
Total Remaining Need²	4,226	1,404	3,045	8,675
Total Deficit (-)/Surplus (+)				
Total Surplus	-974	+956	+22,270	+22,252

¹See Table 5-40.

²See Table 5-42.

Source: Merced County and Mintier Harnish, 2009.

Adequacy of Public Facilities, Services, and Infrastructure

A major constraint to the development of new housing units is the lack of sewer and water service. The provision of sewer and water service in a rural area such as Merced County is a very different proposition than in an urban area. It usually involves a completely new system, or major expansion of an existing system, instead of an extension of the water mains or sewer lines as in a city. The expense of providing a new system is prohibitive unless there is sufficient population density to support it.

This section addresses the adequacy of water and wastewater facilities to accommodate planned residential growth through the end of the Housing Element planning period (June 30, 2014). The section is organized by community and discusses water and sewer availability in each of the existing and new communities included in the residential sites inventory. Merced County has 15 independent water and/or sewer districts, each of which is governed by its own Board of Directors. Of the 15 districts, eight provide both water and wastewater services, two provide wastewater services only, four provide water services only, and one exists only to pay back a general obligation bond and provides no services.

Future development in Merced County is contingent upon the construction of additional facilities. Most districts plan to pay for new facilities through development fees, connection fees, and/or service agreements under which developers are required to construct and dedicate wells, lift stations, and other needed facilities. The Housing Element sites inventory assumes a buildout capacity of 80 percent of maximum buildout potential. This assumption is partially based on the limitations imposed on future growth by a lack of water and sewer availability. While all of the existing water and sewer districts have limited additional capacity, they all will have adequate capacity to serve the units inventoried in the Housing Element. The majority of sites inventoried in this Housing Element will be in new communities. These communities all have plans to provide adequate infrastructure. The following discussion includes descriptions of the infrastructure capacity in both existing and new communities.

Existing Communities

Delhi

The Delhi County Water District (DCWD) serves the community of Delhi with water and sewer services. In 2003, the DCWD provided water service connections to 2,197 residential equivalent housing units. The District has a total capacity of 5,150 GPM, of which 3,500 is committed to existing development. The District has a total remaining capacity of 1,650 GPM. Additional capacity will be provided by requiring developers to pay for needed improvements through Assessment District Fees or by agreement and payment of up-front connection fees. In 2003, the DCWD provided wastewater service to 2,048 connections. The current wastewater treatment plant has a capacity of 0.8 mgd.

Significant growth has occurred in Delhi in recent years and is expected to continue into the future. According to the Updated Delhi Community Plan, adopted in July 2006, growth projections for the Delhi area range from 3 percent to 7.5 percent annually through 2020, depending on the source used. New and upgraded facilities will be needed to serve this future growth; however, the Housing Element residential sites inventory only assumes development capacity for 70 units (9 moderate-income units in the R-2 and R-3 zones and 61 lower-income units in the R-3 zone). Delhi has sufficient water and sewer capacity to serve these 70 units.

Franklin-Beechwood

Franklin-Beechwood receives water through a private source, the Meadowbrook Water Company, which owns and operates four groundwater wells. Based on conversations with the Meadowbrook Water Company, there is sufficient water capacity to serve the sites included in the Housing Element sites inventory.

The Franklin County Water District (FCWD) provides wastewater services to the community of Franklin-Beechwood. FCWD provides sewer service to 651 connections, including residential units and three mobile home parks. Its total system capacity is 600,000 gallons per day (gpd), and it has an average wastewater flow of .371 mgd. The District's facilities include a wastewater treatment plant and two lift stations. It is preparing to install an additional regional lift station to serve the western portion of the District. District staff stated that these facilities are adequate to serve current demand.

There are approximately 250 acres of prospective residential development (currently farmland) waiting to be annexed to the District, including 100 acres outside the District's Sphere of Influence. These areas will not be able to develop until the FCWD wastewater capacity increases; however, the Housing Element only inventoried sites within the existing SUDP. The sites inventory includes capacity for 66 units in Franklin-Beechwood (48 moderate-income units in the R-2 zones and 18 lower-income units in the R-3 zone). FCWD has adequate capacity to provide wastewater service to these 66 units.

Hilmar

The Hilmar County Water District (HCWD) serves the community of Hilmar with water, sewer, and stormwater disposal services. HCWD provides water to approximately 1,500 connections and all of its water comes from ground wells. HCWD currently operates three active wells and has a total capacity of 2.3 million gallons per day (mgd). Water usage has summertime peaks of up to 2 mgd but generally averages 1.7 mgd. The District reports that existing facilities are adequate to meet current demand; however, the system would need to be expanded if significant new development were to occur in Hilmar.

The District provides wastewater service to approximately 1,490 connections. HCWD sewer facilities include five lift stations and a wastewater treatment plant that began operation in 2003. The wastewater treatment system has a permit for the discharge of up to 0.55 mgd; the District experiences average daily wastewater flow of 0.45 mgd. The District reports that existing facilities are adequate to meet current demand; however, there is limited capacity for new development.

The Housing Element residential sites inventory assumes development capacity for seven moderate-income units in the R-2 zone in Hilmar. Hilmar has sufficient water and sewer capacity to serve these seven units.

Le Grand

The Le Grand Community Services District (LGCSD) serves the community of Le Grand with water and wastewater services. LGCSD provides water service to 485 connections. All water comes from groundwater wells. The District has a maximum production capacity of 1.8 mgd and an average usage of 0.3 mgd, indicating that the current facilities are adequate to meet current demand and sufficient to provide water to the sites included in the inventory.

LGCWD provides wastewater service to approximately 485 connections. It maintains one lift station and a treatment plant with a permitted capacity of 350,000 gpd. The 12-month average wastewater flow for 2004-2005 was 154,000 gpd. The District states that existing facilities are adequate to meet current demand. Currently a total of 513 residential lots in various stages of planning are located within the District or seeking

eventual annexation to the District. Of these, 194 have approved tentative maps; the District has conditional service agreements with the remaining 319. Under some of these service agreements, developers will be required to build wells and related wellhead treatment facilities in lieu of paying development fees. The District has sufficient wastewater capacity to serve the proposed subdivisions, though it anticipates that additional planning may become necessary in the near future.

The Housing Element residential sites inventory assumes development capacity for 26 units in Le Grand (6 moderate-income units in the R-2 zone and 20 lower-income units in the R-3 zone). Le Grand has sufficient water and sewer capacity to serve these 26 units.

Planada

The Planada Community Services District (PCSD) serves the community of Planada with water and sewer services. The District currently provides potable water supplies to approximately 1,386 connections, with commitments to serve an additional 146 residential units. Current well capacity is estimated to be 4.32 mgd (3,000 gpm) with estimated peak hour demand accounting for approximately 92 percent of well capacity.

The District provides service to approximately 1,411 connections with commitments to serve an additional 79 (net new) connections. The maximum capacity of the existing wastewater treatment plant permitted by the Regional Water Quality Control Board is 0.53 mgd. The total average month daily inflow was estimated to be 0.518 gpd in 2008 by the District engineers. The additional 79 service commitments made by the District would raise this figure to the permitted maximum plant capacity. The District is presently preparing a revised Environmental Impact Report (EIR) for a proposed water treatment plant expansion that will be operational by September 2012. The new plant will provide sufficient capacity to meet immediate development needs as well as long-term demand associated with buildout of the 2003 Community Plan.

The Housing Element residential sites inventory assumes development capacity for 173 units in Planada (89 moderate-income units in the R-2 and R-3 zones and 84 lower-income units in the R-3 zone). Planada will have sufficient water and sewer capacity to serve these 173 units once the facility expansion is completed in 2012. Recent communications from the District engineers indicate that additional well capacity will be required to serve any increase in potable water demand beyond existing commitments.

The District has a history of reserving infrastructure capacity for lower-income housing. A low-income housing project in Planada proposed by Self-Help Enterprises involves 68 single-family homes on 15.6 acres. The developer, Self-Help, has paid sewer connection fees upfront so they have capacity in the updated sewer plant (currently in the EIR stage) and the District also has reserved their water capacity available in the District's current system.

Santa Nella

The Santa Nella County Water District (SNCWD) currently provides commercial and residential water and wastewater service in the Santa Nella area. A majority of the Community Plan area is also within the boundaries of the San Luis Water District (SLWD) and some of the area is within the New Del Puerto Water District. SLWD and SNCWD recognize that the overlap in the boundaries and service areas of the two districts is unnecessary and creates administrative difficulties and additional expenses that will be exacerbated as the Plan area urbanizes. Therefore, SLWD and SNCWD have agreed to carry out a reorganization of the two public districts so that all land within the Plan area will be within the boundaries of SNCWD and no land within the Plan area will be within SLWD. A reorganization proposal is also expected to be submitted to

Merced County LAFCO to detach from Del Puerto the approximately 43 acres within the Specific Plan area and to annex that land to SNCWD.

SNCWD will require specific new infrastructure to serve the development anticipated in the Santa Nella Community Plan. The District's water production and distribution facilities include the San Luis Canal Water Treatment Plant (WTP). This plant is designed to accommodate 1.2 mgd maximum flow rate, with a peak capacity of 1.8 mgd. The District is currently planning the water infrastructure that will be necessary to serve the Santa Nella Community Plan. Based on the Pre-Design Study completed in June 2005, this infrastructure will include water distribution improvements with preliminary cost estimates of \$9 million. A new surface water treatment plant is also planned, for which preliminary estimates of construction costs range from \$15.5 million for a membrane plant to \$21.1 million for a conventional plant. The funding for the facilities to serve the expected development and growth in Santa Nella is planned to come from the sale of bonds under the Mello-Roos Community Facilities Act. Completion of a reorganization to place all Specific Plan lands within its service area is required before such infrastructure can be implemented and development permitted to connect with District facilities.

SNCWD's wastewater collection and treatment facilities have a total capacity of 400,000 gallons per day and treat approximately 300,000 gallons per day on average. The District is designing the additional infrastructure that will be required for development planned in the Santa Nella Specific Plan. Preliminary cost estimates for improvements are \$11.6 million. A new wastewater treatment plant will also be necessary. Initial designs have been planned based on anticipated flows of 2.5 mgd average day flow and 6.25 mgd peak flow. Preliminary cost estimates place construction costs at \$26.86 million. The funding for the capital facilities to serve the expected development and growth in Santa Nella are planned to come from the sale of bonds under the Mello-Roos Community Facilities Act.

The Santa Nella Specific Plan accommodates significant growth, with 6,483 housing units, 18,940 residents, and 5.6 million square feet of nonresidential uses at plan buildout. This represents a major increase from the 1999 Santa Nella population, estimated at 800 residents living in 350 dwelling units. The Housing Element sites inventory only assumes development capacity for 1,509 lower-income units in the R-4 and R-3 zones. Expansion of SNCWD's capacity for water and sewer, as planned by the District, is necessary to accommodate these 1,509 units, and is anticipated over the Housing Element planning period.

Winton

The Winton Water and Sanitary District (WWSA) provides water and sewer services to the community of Winton. WWSA serves 2,982 water connections and has a production capacity of 6.05 mgd. Daily average flow is 1.56 mgd. Facilities are considered adequate to meet current needs and demand within the Housing Element planning period; however, future growth will require additional infrastructure.

The District provides wastewater collection services to 2,969 connections. WWSA has a wastewater capacity of 1 mgd reserved in the Atwater Treatment Plant and the District's actual sewer flow was .71 mgd in September 2006. As in the case of water, sewer facilities are adequate to meet current needs and the development anticipated in the Housing Element, but may not be adequate to serve future growth.

The Municipal Services Review anticipates significant housing growth is anticipated in the Winton area, with plans for 261 residential units pending at LAFCO and an additional 87 units likely to come up for approval in the near future. Facilities expansion will be paid for through District reserve funds. Development fees may also be considered to help accommodate future growth.

The Housing Element residential sites inventory assumes development capacity for 138 units in Winton (6 moderate-income units in the R-3 zone and 132 lower-income units in the R-3 zone). Winton has sufficient water and sewer capacity to serve 138 units.

New Communities

UC Merced

The City of Merced, under a pre-annexation agreement, provides water and wastewater service to the UC Merced Campus. The existing infrastructure connections for water and sanitary sewer, constructed to serve the first phase of the campus, have the capacity to accommodate the remainder of campus growth. In order for the City to provide sewer and water service to the future parts of the campus, the new areas of the campus must be annexed to the City or an expansion of the area covered by the current special agreement must be executed for this purpose and approved by Local Agency Formation Commission.

University Community Plan Area

The University Community Plan area is not currently (2009) served by any municipal water or sewer systems. Water supply and wastewater facilities would need to be developed to serve the new community. Water and sewer services would be provided to the community either by the City of Merced annexing the University Community Plan Area or by creating a new County service district. If annexed into the city, the University Community would connect to the City of Merced water supply system. Groundwater would be the source of potable water in the University Community. According to the City of Merced, three groundwater wells would need to be constructed within the University Community, with one well for every one square mile. The Community has established as a priority the development of a self-contained system with a sewer treatment plant on site.

Villages of Laguna San Luis

At buildout the Villages of Laguna San Luis would require 11,146 acre feet per year (afy) in water. To meet the water demands of the Villages of Laguna San Luis project, the DEIR outlines three water sources: 6,517 afy from existing Central Valley Project entitlements with groundwater banking to firm up supply, 3,000 afy from a water transfer from the San Joaquin River Exchange Contractors Water Authority, and 2,500 afy from a reclaimed water exchange.

The Villages of Laguna San Luis is entitled to a proportionate share of water from the San Luis Water District (SLWD) Central Valley Project (CVP) water service contract. The contract provides for the delivery of 125,080 afy to SLWD. The Villages of Laguna San Luis may receive up to 13,034 afy of the total supply. San Luis Water District policy, however, states that a project must demonstrate it has sufficient water supply to satisfy all of the project's water demand during periods in which the district only receives 25 percent of its contract quantity. Based on this policy, the SLWD would only provide 3,258 afy to the Villages of Laguna San Luis, 7,888 afy short of projected demand.

The Villages of Laguna San Luis has been negotiating with the San Joaquin River Exchange Contractors Water Authority to purchase 3,000 afy in water rights. The 3,000 afy would be a firm supply of water, not subject to a decrease in allocation. The Villages of Laguna San Luis also proposes to exchange 5,000 afy in wastewater through the Central Valley Project in exchange for 2,500 afy of water entitlements from agricultural water users.

The Villages Community Plan outlines the plan to provide wastewater infrastructure with each phase of development. The Villages is located within the service boundaries of SLWD. SLWD intends to provide wastewater treatment service to development within the District and will be responsible for the wastewater treatment and collection infrastructure system. SLWD will be responsible for constructing the regional sewer system leading to the proposed wastewater plant and individual project applicants would be responsible for construction collection sewers to serve their projects. While some phases of development will include interim wastewater infrastructure, all development will eventually connect to community-wide wastewater infrastructure services and facilities.

**TABLE 5-51
Summary of Water Service Providers
Unincorporated Merced County
2007**

Service District	Area Served	Population Served	Number of Connections	Production Capacity	Usage (annual or daily)	Remaining Capacity
Ballico Community Services District ¹	143 acres ¹	176 ¹	50 dwellings*	N/D	N/D	N/D
Delhi County Water District ⁴	N/D	N/D	2,197 (2)	7.4 mgd	N/D	N/D
Hilmar County Water District	1,000 acres	5,000	1,500	2.3 mgd	1.7 mgd; peaks at 2.3 mgd during the summer	26%
Le Grand Community Services District ²	384 acres	1,760	485	1.8 mgd	0.30 mgd (yearly avg.)	83%
Midway Community Services District ⁴	684 acres ¹	N/D	186 customers ¹	N/D	N/D	N/D
North Dos Palos Water District ³	143 acres	100	41*	N/D	N/D	N/D
Planada Community Services District	924 acres – Planada and a small number of locations outside the district	5,500	1,227	4.32 mgd	1.1 mgd; 400 million gallons per year	75%
Santa Nella County Water District	2,446 acres	1,200	497	1.8 mgd	N/D	N/D
South Dos Palos County Water District ⁴	285 acres	N/D	220	N/D	N/D	N/D
Volta Community Services District ⁴	12 square blocks	100	30	N/D	N/D	N/D
Winton Water and Sanitary District	--	8,832	2,982	6.05 mgd	1.56 mgd	74%

¹District's information obtained from Sphere of Influence Reports and Executive Officer Reports issued between 1982 and 1995.

²Residential equivalent units served.

³There is no storage in the water supply system, so the wells must be able to meet peak domestic demand and fire flow simultaneously. As a result, direct comparison of the well capacity with average daily demand is misleading.

⁴Districts information obtained from Sphere of Influence and Executive Officer reports issued between 1992 and 1995.

Source: Merced County Municipal Service Review, 2007.

**TABLE 5-52
Summary of Wastewater Service Providers
Unincorporated Merced County
2007**

Service District	Area Served	Population Served	Operating Budget	Connections	Wastewater Flow	Capacity
Celeste County Water District ¹	N/D	N/D	N/D	N/D	N/D	N/D
Delhi County Water District ²	N/D	N/D	N/D	2,048	.56 mgd	.80 mgd
Franklin County Water District	The district's service area stretches north to Santa Fe Drive, east to El Capitan Canal, west to Franklin with two developments west of Franklin, and South of Ashby Drive.	4,000	\$910,000	651	.371 mgd	.60 mgd
Hilmar County Water District	1,000 acres	5,000	\$910,162	1,490	.45 mgd	.55 mgd
Le Grand Community Services District	384 acres	1,760	\$162,753	485	1.54 mgd	.35 mgd
Midway Community Services District ²	684 acres	N/D	N/D	N/D	N/D	.09 mgd
Planada Community Services District	924 acres	5,500	\$445,985	1,411	.50 mgd	.53 mgd
Santa Nella County Water District	2,446 acres	1,200	\$638,000	497	.30 mgd	.40 mgd
Snelling Community Services District	480 acres	200	\$69,300	115	.03 mgd	.06 mgd ³
South Dos Palos County Water District ²	285 acres	N/D	N/D	218	.035 mgd	.08 mgd
Winton Water and Sanitary District	Winton area	8,832	\$598,073	2,969	.71 mgd	1.0 mgd

¹Celeste County Water District exists in order to pay off a bond and does not provide wastewater services.

²District's information obtained from Sphere of Influence and Executive Officers Report issued between 1982 and 1995.

³The Snelling Community Services District has established a policy that will not exceed 75% of its maximum capacity (45,000 gpd).

"mgd" = million gallons per day.

"gpd" = gallons per day.

Inventory of Local, State, and Federal Housing and Financing Programs

Merced County generally relies on two sources of funding for its housing programs: the Community Development Block Grant (CDBG) program and Home Investment Partnership Program (HOME) grants. This section describes the local programs funded through CDBG and HOME grants, as well as other State, Federal, and private funding sources. Due to the high cost of housing project development and the competition for funding sources, it is generally necessary to leverage several funding sources to construct an affordable housing project.

Housing Funding Sources

Community Development Block Grant (CDBG) Funds

The purpose of the CDBG Program is to provide adequate housing, a suitable living environment, and expanded economic opportunities, particularly for persons of low- and moderate-income. CDBG funds may be used for a wide range of community development activities serving low-income households, including acquisition/rehabilitation, homebuyer assistance, community facilities, infrastructure in support of new affordable housing, economic development, and neighborhood revitalization. Because it has a population under 200,000, the Merced County unincorporated area does not qualify as an entitlement jurisdiction to receive CDBG funding directly from HUD. Consequently, the County applies for State-administered CDBG program funds on a competitive basis. At least 70 percent of the State's CDBG grant funds must be used for activities benefitting low- and moderate-income persons over a one-, two-, or three-year time period selected by the State. Since 2003 Merced County received \$2 million in CDBG funds.

Home Investment Partnership Act (HOME Program)

The HOME Program is a Federal housing program enacted pursuant to Title 11 of the National Affordable Housing Act (1990). The purposes of the HOME Program are to: 1) expand the supply of decent, affordable housing for low- and very low-income families, with emphasis on rental housing; 2) increase State and local capacity to carry out affordable housing programs; and 3) provide for coordinated assistance to participants in the development of affordable low-income housing. Although Merced County is not eligible to receive HOME funds directly from HUD, the County applies to the State for specific HOME program funds. Since 2003 Merced County received approximately \$2.2 million in HOME funds.

Merced County Housing Programs

Home Rehabilitation Program

Merced County partners with Self-Help Enterprise 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. The program is funded with HOME and CDBG grants. The loans are available to homeowners within designated target areas in the unincorporated county. To qualify, the home must have code deficiencies that need correction and the home must be the principal residence of the owner.

Since 2003 the County has provided 13 loans and 7 grants totaling more than \$1.1 million through the Home Rehabilitation Program. The County funded about 90 percent of the loans and grants with CDBG funds and the remaining 10 percent with HOME funds.

First-Time Homebuyer Program

Merced County also partners with Self-Help Enterprise to provide loans to qualified low-income, first-time homebuyers. The County provides 30-year deferred, zero-interest loans up to \$100,000 (not to exceed 49 percent of the total financing) to residents earning up to 80 percent of the area median income to purchase their first home. The loan is intended to assist with down payment, closing costs, and other escrow fees to reduce the amount of the primary mortgage payment. The home must be in the unincorporated area of Merced County and cannot exceed \$358,383.

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.

Merced County Housing Authority

The Merced County Housing Authority administers several housing programs throughout the cities and unincorporated areas of the county. The Housing Services Department is a team within the Housing Authority that is involved in the direct management and operation of HUD-owned housing including low-income housing, farmworker 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).

HUD Owned Low-Income Housing

The Housing Authority provides 549 units of HUD owned low-income housing. The units, which include 98 single-family homes, are located throughout Merced County in the cities of Merced, Atwater, Livingston, South Dos Palos, and Los Banos. The Housing Authority uses a "Broad Base Rent" selection criteria to draw from the waiting list of prospective applicants. The waiting list for this program opens and closes depending on waiting list volumes.

Migrant-Farm Labor Housing

The Housing Authority manages four migrant housing centers in the county. The newest center (constructed in 2003) provides 50 units in the city of Merced. The other centers are located in Atwater, Livingston, Planada, and Los Banos, totaling 260 units. The Los Banos Center is currently (December 2008) closed for reconstruction. The centers are normally open for occupancy for a six-month period, generally between late April and November, to cover the heart of the growing seasons. Eligibility for the centers is set by the State Office of Migrant Services (OMS) and U.S. Rural Development, and some restrictions involving migratory status and income sources apply.

Valley View Homes

The Housing Authority owns and manages 73 units of housing. There are two elderly housing complexes, one in the city of Dos Palos (25 units) and the other in the city of Atwater (14 units). A third complex, located in the city of Dos Palos, is for family occupancy (34 units). Applications for this program are received continuously, through the Housing Choice Voucher program.

Home Ownership Program

The Housing Authority's Home Ownership Program provides opportunity for down payment set aside and home buying assistance to low-income residents that would qualify under certain criteria. The homes are located in the Merced-Atwater area.

Family Self-Sufficiency Program (FSS)

The Housing Authority currently (December 2008) has approximately 50 Housing Choice Voucher families who are participating in the Family Self-Sufficiency (FSS) Program. Under the program the family earns an escrow account that they receive after they fulfill their FSS contract of becoming economically independent. The Housing Authority employs an FSS Technician who assists families in achieving this goal.

Resident Opportunities for Self-Sufficiency Program (ROSS)

The Housing Authority currently (December 2008) has approximately 130 public housing families who are participating in the ROSS Program. Under the program the resident earns an escrow account that they receive after they fulfill their FSS contract of becoming economically independent. The Housing Authority provides case management and goal setting assistance.

California Housing Rural Program-Rental (CHRP-R)

The Merced County Housing Authority manages and maintains one CHRP-R housing complex in the Planada area. There are 50 units of housing available to low- and very low-income clients. The complex is home to a daycare center serving the greater Planada area. The waiting list is open and continuous.

Merced County Redevelopment Agency

The Merced County Redevelopment Agency, which was created in 2006, has one redevelopment project area – the Castle Aviation and Development Center. The Agency received a \$500,000 loan from the Merced County General Fund to begin operations in 2006. To date the Agency has only collected \$60,000 in revenue from tax increment financing. The 1996 Castle Air Base Reuse Plan serves as the current redevelopment plan. The plan does not include any housing and the Redevelopment Agency does not expect to develop any housing projects within its redevelopment area, but will make funds available in the future for housing projects.

Other Local Organizations**Merced County Community Action Agency**

The Merced County Community Action Agency's (MCCAA) goal is to provide a broad range of community service programs to assist economically disadvantaged individuals and communities in Merced County. MCCAA has several housing programs and services including: utility payment assistance program, weatherization program, homeless shelters, and permanent supportive housing. MCCAA revenue sources include State and Federal grants, as well as local donations.

Habitat for Humanity

Habitat for Humanity is an international non-profit organization devoted to building "simple, decent, and affordable" housing. The Merced County chapter of Habitat for Humanity is fairly active. The Merced chapter is undergoing the planning and design process to construct four housing units in 2008. Families for each home were selected based on their need, ability to repay the loan, and their willingness to put "sweat equity" into their new home.

Other State and Federal Funding Programs

There are several other State and Federal funding programs available that assist first-time homebuyers, build affordable housing, and help special needs groups, such as seniors and large households. For many programs, entities other than the County, including for-profit and non-profit developers, apply for funds or other

program benefits. For example, developers apply directly to USDA for Section 515 loans, to HUD for Section 202 and Section 811 loans, or to the California Tax Credit Allocation Committee (TCAC) for low-income tax credits.

Neighborhood Stabilization Program

As part of the Housing and Economic Recovery Act of 2008, the Federal Government established the Neighborhood Stabilization Program (NSP) to deal with the national foreclosure crisis. The U.S. Department of Housing and Urban Development (HUD) allocated a total \$3.92 billion to all states and particularly to hard-hit areas. California received a total of nearly \$530 million in NSP funds. HUD has already directly distributed most of the funds (about \$385 million) to some of the hardest hit cities and counties in the state. In 2008 Merced County received \$2.18 million in funds. The remaining \$145 million will be distributed by the State on a competitive basis.

HUD's new Neighborhood Stabilization Program (NSP) provides targeted emergency assistance to state and local governments to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight. State and local governments can use the NSP grants to acquire land and property, demolish or rehabilitate abandoned properties, and offer down payment and closing cost assistance to low- and moderate-income homebuyers. Through the NSP, governments can also create "land banks" which are public authorities that can acquire, hold, manage, and develop foreclosure properties. Congress directed that NSP grant funds must be obligated for specific activities within 18 months.

The Housing and Economic Recovery Act of 2008 established the following three specific targeting responsibilities for state and local governments implementing the NSP:

1. *"all of the funds appropriated or otherwise made available under this section shall be used with respect to individuals and families whose income does not exceed 120 percent of area median income;"*
2. *"not less than 25 percent of the funds appropriated or otherwise made available under this section shall be used for the purchase and redevelopment of abandoned or foreclosed homes or residential properties that will be used to house individuals or families whose incomes do not exceed 50 percent of area median income;" and*
3. *Grantees should give priority emphasis in targeting the funds that they receive to "those metropolitan areas, metropolitan cities, urban areas, rural areas, low- and moderate-income areas, and other areas with the greatest need, including those:*
 - A. *with the greatest percentage of home foreclosures;*
 - B. *with the highest percentage of homes financed by a subprime mortgage related loan; and*
 - C. *identified by the State or unit of general local government as likely to face a significant rise in the rate of home foreclosures."*

The Neighborhood Stabilization Program also seeks to protect future homebuyers from foreclosures by requiring that new homebuyers receive housing counseling and obtain a mortgage loan from a lender who agrees to comply with sound lending practices.

Proposition 1C Programs

In November 2006 California voters approved Proposition 1C: Housing and Emergency Shelter Trust Fund Act. The purpose of the legislative bond act is to provide the following: shelters for battered women and their children; clean and safe affordable housing for low-income residents; homeownership assistance for working families, persons with disabilities, and military veterans; and repairs to apartments for families and persons with disabilities. Proposition 1C allows the State to sell \$2.85 billion in general obligation bonds to support a variety of housing programs. Proposition 1C funding programs include the following:

- Affordable Housing Innovation Program: Loan Fund;
- Affordable Housing Innovation Program: Practitioner Fund;
- Affordable Housing Innovation Program: Local Housing Trust Fund Program;
- Affordable Housing Innovation Program: Innovative Homeownership Program;
- Building Equity and Growth in Neighborhoods Program (BEGIN);
- Downtown Rebound Program;
- Infill Infrastructure Grant Program;
- Joe Serna, Jr. Farmworker Housing Grant Program; and
- Multi-Family Housing Program.

As of December 2008 the State awarded \$13.6 million to Merced County serving a total of 228 units. The first round of applications for funding ended June 2008 and guidelines for the second round of funding were published February 2009. New funding sources include grant funds for the gap funding of infrastructure improvements necessary to facilitate new infill housing development for specific residential or mixed-use infill development projects and areas.

A qualifying infill project is a residential or mixed-use residential development project that meets all the criteria as set forth in Sections 303 and 307 of the Guidelines. The minimum program grant for a qualifying infill project is \$500,000 in urban areas and \$250,000 in rural areas. The maximum program grant for a Qualifying Infill Project is \$20 million with a maximum of \$50 million over the life of the program. Due to budget constraints, it is unclear when the State will continue project grant funding.

Section 515 Program

This program of the U.S. Department of Agriculture's (USDA) Rural Development arm provides direct loans to developers building affordable multi-family rental homes in rural areas. Funding for the program has been decreasing since the mid-1990s. Financial and physical preservation of existing units is a major need as increasing numbers of owners are pre-paying mortgages and many properties have significantly deteriorated.

Section 811 Program

The Section 811 program, sponsored by HUD, provides interest-free capital advances and project rental assistance to private, non-profit sponsors to help finance the development of housing for persons with disabilities. Public sponsors are not eligible to apply for Section 811 funds. The capital advance can cover the

construction, rehabilitation, or acquisition of supportive housing. The sponsor does not have to repay the capital advance as long as the project serves the target population for 40 years. Additionally, rental assistance funds are provided for three years to cover the difference between the HUD-approved operating cost for the development and the rent paid by tenants, usually 30 percent of adjusted income. These three-year contracts are renewable based on the availability of funds.

Section 202 Program

The Section 202 program, also sponsored by HUD, is similar to the Section 811 Program; however, the target population for the Section 202 program is the very low-income elderly. The same capital advance and rental assistance is available to private, non-profit sponsors of affordable elderly housing. As with the Section 811 program, public sponsors are not eligible for the Section 202 program.

Low-Income Housing Tax Credits

The Low-Income Housing Tax Credit (LIHTC) program was created in 1986 by the Federal government as a method for funding affordable housing. Depending on the project, the program gives either a 9 percent or 4 percent income tax credit over a 10-year period to the housing developer to help leverage the private costs of construction and rehabilitation of affordable housing units. Since the amount of credit available to the owner often exceeds the amount that the owner can use, private investors frequently participate in the LIHTC project through a syndication process and receive federal tax credits in return for an upfront investment.

Applying for the LIHTC program is a competitive process. Projects are ranked relative to each other based on criteria in the State's Qualified Allocation Plan (QAP). The QAP considers factors such as cost, amenities, and project location when comparing proposed projects. To qualify for the LIHTC program, projects must also meet specific minimum requirements. These requirements are as follows:

- At least 20 percent of the residential units must be affordable to individuals whose income is 50 percent or less of the area median household income; or
- At least 40 percent of the residential units must be affordable to individuals whose income is 60 percent or less of the area median household income; and
- The housing units must remain affordable for a 30-year period.

Private Funding

The 1977 Community Reinvestment Act (CRA) directs the Department of the Treasury, the Federal Reserve System, the Federal Deposit Insurance Corporation (FDIC), and the Federal Home Loan Bank (FHLB) Board to encourage and assist the institutions they regulate to meet the credit needs of their communities. These agencies must assess the records of their member institutions when evaluating applications for a charter or other regulated transactions. As a result of the CRA, many major financial institutions have elected to actively participate in funding low- and moderate-income housing developments developed by non-profit corporations.

The FHLB provides direct project financing through its member institutions as part of its Affordable Housing Program. The Savings Associations Mortgage Company (SAMCO), which is an organization of savings institutions, also provides financing for affordable housing developments. The California Community Reinvestment Corporation (CCRC) was formed to pool the resources of the state's banks to assist in financing affordable housing. Finally, the Federal National Mortgage Association (Fannie Mae) provides permanent

financing for affordable housing development by purchasing or securitizing the lender-originated first mortgages on mutually agreeable terms.

Assisted Housing Projects

This section of the Housing Element identifies publicly-assisted rental housing in the unincorporated part of Merced County and evaluates the potential of such housing to convert to market rate units during the current planning period (January 1, 2007, through June 30, 2014) and the subsequent five years (July 1, 2014, through June 30, 2019). Four complexes provide a total of 147 assisted rental housing units in the unincorporated part of Merced County. Merced County currently (December 2008) does not have any units or affordable housing projects at risk of converting to market rate within this Housing Element time frame.

TABLE 5-53 Assisted Rental Housing Projects Unincorporated Merced County 2008						
Property	Location	Units with Subsidy	Bedrooms	Target Population	Subsidy	Loan Expiration
Almond Garden Apartments	Delhi	26	1,2	Very Low-, Low-Income	USDA Section 515	2043 for family housing, 2044 for senior housing
Magnolia Garden Apartments	Delhi	24	2	Very Low-, Low-Income	USDA Section 515	2033
Le Grand Apartments	Le Grand	34	1,2,3,4	Very Low-, Low-Income	USDA Section 515	N/D
Bear Creek Apartments	Planada	63	2,3,4	Very Low-, Low-Income	USDA Section 515	2039

Source: USDA Multi-Family Housing Rentals, 2009.

Energy Conservation Opportunities

State Housing Element Law requires an analysis of the opportunities for energy conservation in residential development. Energy efficiency has direct application to affordable housing because the more money spent on energy, the less available for rent or mortgage payments. High energy costs have particularly detrimental effects on low-income households that do not have enough income or cash reserves to absorb cost increases and must choose between basic needs such as shelter, food, and energy. In addition, energy price increases since 2001 combined with rolling electricity blackouts have led to a renewed interest in energy conservation. This section describes opportunities for conserving energy in existing homes as well as in new residential construction. It discusses the factors affecting energy use, conservation programs currently available in Merced County, and examples of effective programs used by other jurisdictions.

All new buildings in California must meet the standards contained in Title 24, Part 6, of the California Code of Regulations (Building Energy Efficiency Standards for Residential and Nonresidential Buildings). These regulations respond to California’s energy crisis and need to reduce energy bills, increase energy delivery system reliability, and contribute to an improved economic condition for the state. They were established in

1978 and most recently updated in 2005 (effective date of October 1, 2005). Local governments through the building permit process enforce energy efficiency requirements. All new construction must comply with the standards in effect on the date a building permit application is made.

Merced County enforces the provisions of Title 24 of the California Administrative Code, which provides for energy conservation in new residences. The standards found in Title 24 create energy savings of approximately 50 percent over residential construction practices used prior to the standards. Merced County does not have any additional energy conservation standards in place.

The primary energy conservation program for older homes in Merced County is the free weatherization program sponsored by Merced County Community Action Agency, an independent private non-profit organization. The program provides a free weatherization service and energy-efficient home improvements to low-income and elderly people. Services include installing door weather-stripping, low-flow showerheads, aerators, caulking, attic insulation, replacing broken glass, minor home repairs, installing new refrigerators, microwaves, electric and gas water heaters, and compact fluorescent light bulbs (CFLs).

5.4 Potential Housing Constraints

State housing law requires the County to review both governmental and non-governmental constraints to the maintenance and production of housing for all income levels. Since local governmental actions can restrict the development and increase the cost of housing, State law requires the Housing Element to “address and, where appropriate and legally possible, remove governmental constraints to the maintenance, improvement, and development of housing” (Government Code Section 65583(c)(3)).

Potential Governmental Constraints

Federal, State, and local government policies and regulations can positively or negatively impact the availability and affordability of housing. Local governments have little or no influence upon the national economy or the Federal monetary policies that influence it. Yet these two factors have some of the most significant impacts on the overall cost of housing. The local housing market, however, can be encouraged and assisted locally. Part of the housing element’s purpose is to require local governments to evaluate their past performance in this regard. By reviewing local conditions and regulations that may impact the housing market, the local government can prepare for future growth through actions that protect the public’s health and safety without unduly adding to the cost of housing production. The analysis in this section does not include Federal or State policies or regulations that cannot be impacted by local government actions.

This section reviews Merced County’s primary policies and regulations that affect residential development and housing affordability through land use controls, development processing procedures and fees, impact fees, on- and off-site improvement requirements, and building and housing codes and enforcement. This section discusses these standards and assesses whether any serve as a constraint to affordable housing development.

As part of the governmental constraints analysis, the Housing Element must also analyze potential and actual constraints upon the development, maintenance, and improvement of housing for persons with disabilities.

General Plan and Zoning

Land use controls guide local growth and development. The Merced County General Plan, Community Plans, and Zoning Ordinance establish the amount and distribution of land allocated for different uses, including housing. The following discussion focuses on their general intent and their impact on housing production.

General Plan Land Use Designations

Merced County’s General Plan was adopted in 1990. The Land Use Element sets forth the County’s policies for guiding local land use development. As summarized in Table 5-54, the Land Use Element establishes six residential land use designations and two agricultural and two commercial land use designations that permit residential uses. [In 2007 Merced County began an update of its General Plan. Upon adoption, which is scheduled for late 2010, the General Plan’s land use designations are expected to remain largely unchanged.]

TABLE 5-54 Land Use Designations Permitting Residential Use Merced County			
General Plan Designation	Compatible Zoning Ordinance Classification	Residential Uses Allowed	Dwelling Units Per Acre
AG (agricultural)	A-1, A-1-40, A-2	Detached single-family dwelling units, or group quarters for farm laborers.	No specific limit
Foothill Pasture	A-2	Detached single-family dwelling units, or group quarters for farm laborers.	No specific limit
RRC (rural residential center)	A-R, A-1	Urban or suburban residential development	1/Acre
AR (agricultural residential)	A-R, A-1, A-1-40, A-2	Detached single-family dwelling	1/Acre
VLD (very low-density residential)	A-R, R-1, PD, A-1	Detached single-family dwelling	0-3.5/Acre
LD (low-density residential)	R-1, R-1-5000, PD, A-1	Detached single-family dwelling	3.5-8/Acre
MD (medium-density residential)	R-2, R-3, PD, A-1	Multiple-family dwelling units in the form of duplexes, triplexes, fourplexes, townhouses	8-15/Acre
HD (high-density residential)	R-4, PD, A-1	Multiple-family dwelling units in the form of duplexes, triplexes, fourplexes, townhouses	15-33/Acre
NC (neighborhood commercial)	C-P, C-1, PD, A-1	Detached single-family dwelling	N/A ¹
GC (general commercial)	C-2, C-3, PD, A-1	Detached single-family dwelling	N/A ¹

¹Allowed residential densities are defined by the zoning code.
 Source: Merced County General Plan, 1990.

Other Local Plans

Merced County has adopted seven community plans, some of which include affordable housing policies intended to supplement those found in the General Plan. All of the policies related to housing production support the need for affordable housing and do not result in additional constraints to housing production beyond those associated with the General Plan.

Zoning Districts

The following discussion reviews the types and densities of housing permitted and relevant development standards in the Merced County Zoning Ordinance.

Residential Districts and Permitting

The Merced County Zoning Ordinance has seven residential districts: Agricultural Residential (AR), Single-Family Residential (R-1), Single-Family Residential (R-1-5000), Two-Family Residential (R-2), Multiple-Family Residential (R-3), Multiple-Family Residential (R-4), and Single-Family Mobile Home Residential

(M-H). There are also eight non-residential zoning districts that allow residential uses. Table 5-55 shows minimum lot area and residential densities allowed in each zoning district that allows residential uses. Merced County's zoning districts provide a range of housing densities that allow a variety of housing types, including detached single-family homes, duplexes, and multi-family developments up to 33 units per acre.

Table 5-56 summarizes the allowed residential uses and applicable permit requirements for the zoning districts. If the housing type is allowable in a zone, the use is subject to one of the following land use permit requirements:

Administrative Permit (A). Administrative Permit approval is a discretionary action required for certain land uses that are generally consistent with the purposes of the zone, but could create minor problems for adjoining properties if they are not designed with sensitivity to surrounding land uses. The purpose of an Administrative Permit is to allow the Planning Department staff and the Zoning Administrator to evaluate a proposed use to assess the potential for problems to occur, to work with the project applicant to resolve problems, or to disapprove the project if identified problems cannot be corrected.

Conditional Use Permit (C). Conditional Use Permit approval is required for certain land uses that may be appropriate in a zone, depending on the design of the project and site characteristics. Such a project can either raise major land use policy issues or could create serious problems for adjoining properties and the surrounding area if such uses are not appropriately located and designed. The purpose of a conditional use permit is to allow the Merced County Planning Commission an opportunity to evaluate a proposed use to determine if problems may occur, to provide the public an opportunity to review the proposed project and express their concerns in a public hearing, to work with the project applicant to resolve problems, or to disapprove the project if identified problems cannot be corrected.

Permitted Use (P). Uses of land that are allowed by right in a planning zone are called "permitted uses." In many zones a plot plan for these permitted uses must be reviewed and approved by the County planning department in consultation with County fire, roads, and environmental health departments. These plot plans are necessary to demonstrate compliance with all applicable County laws and regulations prior to the issuance of a building permit, or the initiation of an activity where no building permit is needed.

**TABLE 5-55
Density Standards for Residential Uses**

**Merced County
2008**

Zoning District	Minimum Residential Lot Area	Maximum Residential Density (units/acre)
General Agriculture (A-1)	20 acres	1 unit/lot
General Agriculture (A-1-40)	40 acres	1 unit/lot
Exclusive Agriculture (A-2)	160 acres	1 unit/lot
Agricultural Residential (AR)	1 net acre	1 unit per net acre and/or 3 units per gross acre
Single-Family Residential (R-1)	6,000 square feet 6,400 square feet-corner lots	1 unit/lot
Single-Family Residential (R-1-5000)	5,000 square feet 6,000 square feet-corner lots	1 unit/lot
Two Family Residential (R-2)	6,000 square feet 6,400 square feet-corner lots	two residential dwellings per lot
Multiple-Family Residential (R-3)	6,000 square feet 6,400 square feet-corner lots	15 units/gross acre
Multiple-Family Residential (R-4)	6,000 square feet 6,400 square feet-corner lots	33 units/gross acre
Single-Family Mobile Home Residential (M-H)	4,000 square feet 4,500 square feet-corner lots	1 unit/lot
Commercial Zones (C-P, C-1, C-2, C-3, H-I-C)	One Single-Family Dwelling Per Parcel	
Planned Development	Consistent with Community Plans	

Source: Merced County Zoning Ordinance, 2008.

**TABLE 5-56
Housing Types Permitted by Zone
Merced County
2008**

Housing Types Permitted	A-1 A-1-40 A-2	AR	R-1 R-1-5000	R-2	R-3	R-4	M-H	C-P, C-1, C-2, C-3, H-I-C
Employee Housing	P ¹	P ²	P ²	P ²	--	--	--	--
Farm Labor Housing	P ¹ , C ³	--	--	--	--	--	--	--
Home Occupations	P	P	P	P	P	P	P	--
Mobile Home Parks	--	--	C	C	C	C	--	--
Mobile Homes	--	A ⁴	A ⁴	P ⁴	P ⁴	P ⁴	--	--
Multi-Family Dwellings, < 21	--	--	--	--	P ⁵ , A ⁶	P ⁵ , A ⁶	--	--
Multi-Family Dwellings, 21+	--	--	--	--	C	C	--	--
Residential Care Homes, 6 or Less	--	P	P	P	P	P	--	--
Residential Care Homes, 7 +	--	A	A	A	A	A	--	--
Granny Unit/Secondary Dwellings	A	A ^{7,4}	A ⁴	P ⁴	P ⁴	P ⁴	--	--
Senior Housing Developments	--	--	PA	PA	PA	PA	--	--
Single-Family Dwellings	P ⁸ , A ⁹ , C ¹⁰	P ⁴	P ⁴	P ⁴	P ⁴	P ⁴	P ¹¹	A

P = Permitted Use, A = Administrative Use Permit, C= Conditional Use Permit

¹One to 12 employees.

²Not to exceed 6 residents.

³Thirteen or more employees.

⁴Conventional or manufactured dwellings on permanent foundations. One dwelling permitted by right in the R-1 zone, two dwellings permitted in the R-2 zone and, the number of permitted dwellings in the R-3 and R-4 zones is based on the density standard of the general plan or applicable community specific plan.

⁵Not to exceed four dwelling units and two stories.

⁶Five to 20 dwelling units.

⁷Environmental health approval required for septic system.

⁸One single-family dwelling, may be a conventional or manufactured dwelling or mobile home.

⁹Two to four single-family dwellings.

¹⁰Five or more single-family dwellings.

¹¹Mobile/manufactured home with or without a permanent foundation.

Source: Merced County Zoning Code, 2008.

The setback requirements and height restrictions for residential uses in residential zones, as specified in the Merced County Zoning Ordinance, are shown below in Table 5-57. The setbacks, maximum coverage, and height requirements are similar to other rural counties throughout the state, if not less restrictive, and are not considered a constraint to the development of affordable housing. These standards allow for a variety of housing types and do not limit developments from achieving maximum allowed densities.

TABLE 5-57
Setback Lot Coverage and Height Requirements in Residential Zones
Merced County
2008

Zone Designation	Maximum Height	Front Setback	Side Setback (Interior Side)	Side Setback (Facing Street)	Rear Setback	Lot Coverage
A-1/A-1-40/A-2		25 ft.	15 ft.	15 ft.	25 ft.	N/A
AR (1 unit per net acre)	Greater of 40 ft. or 3 stories	50 ft.	15 ft.	50 ft.	25 ft.	40%
AR (3units/gross acre)	Greater of 30 ft. or 2 stories	30 ft.	10 ft.	30 ft.	20 ft.	60%
R-1	Greater of 30 ft. or 2 stories	15 ft.	5 ft.	20 ft.	15 ft.	60%
R-1-5000	Greater of 30 ft. or 2 stories	15 ft.	5 ft.	15 ft.	15 ft. ¹	60%
R-2	Greater of 35 ft. or 3 stories	20 ft.	5 ft./12 ft. ²	20 ft.	15 ft.	70%
R-3	Greater of 45 ft. or 3 stories	20 ft.	5 ft./12 ft. ²	20 ft.	15 ft.	70%
R-4	Greater of 60 ft. or 4 stories	20 ft.	5 ft./12 ft. ²	20 ft.	15 ft.	70%
M-H	Greater of 15 ft. or 1 stories	10 ft.	3 ft.	10 ft.	5 ft.	80%
C-P, C-1	35 ft.	15 ft.	5 ft.	20 ft.	15 ft.	60%
C-2, C-3, H-I-C ³	Greater of 75 ft. or 6 stories	15 ft.	5 ft.	20 ft.	15 ft.	60%

¹The rear yard may be ten (10) feet in a side yard width is fifteen (15) feet with outdoor access (back door, patio, etc.) oriented to that side yard.

²If two-story and adjacent to a single-family residential zone, twelve (12) foot side yard setbacks are required.

³Single-family homes are allowed in all commercial zones by right and have the same setback requirements as the R-1 zone.

Source: Merced County Zoning Ordinance, 2008; Merced County Housing Element, 2003.

Zoning for a Variety of Housing Types

State housing element law (Government Code Section 65583(c)(1) and 65583.2(c)) requires that local governments analyze the availability of sites that will “facilitate and encourage the development of a variety of types of housing for all income levels, including multifamily rental housing, factory-built housing, mobile/modular homes, housing for agricultural employees, supportive housing, single-room occupancy units, emergency shelters, and transitional housing.”

This section discusses the relevant regulations that govern the development of the types of housing listed above and also discusses sites suitable for redevelopment for residential use (as required by Government Code Section 65583(a)(3)).

Manufactured Housing

Manufactured housing can serve as an alternative form of affordable housing in low-density areas where the development of higher-density multi-family residential units is not allowed. Merced County's Zoning Ordinance states that the M-H zone provide for residential living designed exclusively for mobile/manufactured home dwelling units on individual lots within a SUDP where public water and sewer are available and with a full range of urban services.

Manufactured Homes on Lots

Sections 65852.3 and 65852.4 of the California Government Code specify that a jurisdiction shall allow the installation of manufactured homes on a foundation on all "lots zoned for conventional single-family residential dwellings." Except for architectural requirements, the jurisdiction is only allowed to "subject the manufactured home and the lot on which it is placed to the same development standards to which a conventional single-family residential dwelling on the same lot would be subject." The architectural requirements are limited to roof overhang, roofing material, and siding material.

The only two exceptions that local jurisdictions are allowed to make to the manufactured home siting provisions are if: 1) there is more than 10 years difference between the date of manufacture of the manufactured home and the date of the application for the issuance of an installation permit; or 2) if the site is listed on the National Register of Historic Places and regulated by a legislative body pursuant to Government Code Section 37361.

California SB 1960 (1981) prohibits local jurisdictions from excluding manufactured homes from all lots zoned for single-family dwellings; in other words, limiting the location of these homes to mobile home parks is forbidden. However, SB 1960 does allow the local jurisdiction to designate certain single-family lots for manufactured homes based on compatibility for this type of use. As of December 2008 Merced County's zoning ordinance does not address where manufactured homes may be placed in zones other than the M-H zone. To be consistent with SB 1960, Merced County's zoning ordinance needs to be updated to allow for manufactured homes in all zones. However, Section 18.47.170 of Merced County's Zoning Ordinance implies that manufactured homes are an allowed use in all residential zones. The Zoning Ordinance states that "In residential (R) zones, manufactured homes shall be on permanent foundations."

Mobile Home Parks

Section 65852.7 of the California Government Code specifies that mobile home parks shall be allowed on "all land planned and zoned for residential land use." However, local jurisdictions are allowed to require use permits for mobile home parks.

The Merced County Zoning Ordinance allows mobile home parks in single-family residential and multi-family residential zones, with a Conditional Use Permit (CUP). The Zoning Ordinance allows a maximum of ten spaces per acre. Mobile home parks must be consistent with local community specific plans or the General Plan if no community specific plan exists.

Housing for Employees

Caretaker and employee housing (including farmworker housing) is permanent or temporary housing that is secondary or accessory to the primary use of the property. Such dwellings are used for housing a caretaker employed on the site of a nonresidential use where a caretaker is needed for security purposes, or to provide twenty-four hour care or monitoring, or where work is located at remote locations.

The Zoning Ordinance states that caretaker housing shall be allowed only where the principal commercial, industrial, institutional, or agricultural use of the site requires twenty-four (24) hour security, maintenance, or operation. Caretaker housing is allowed in Industrial (I), Light Manufacturing (M-1), and General Manufacturing (M-2) zones. No more than one caretaker unit is allowed for any principal use, except that the Planning Director may allow additional units upon a finding that the additional units are necessary to secure the premise.

The Zoning Ordinance states that employee housing shall be allowed where a commercial, industrial, or agricultural related business is located where adequate housing for employees is not available or in any other situation where the Planning Director or Planning Commission determines that on-site employee housing substantially reduces the number of vehicle trips. Up to six units of employee housing are allowed in the Agricultural Residential (A-R), Single-family Residential (R-1, R-1 5000), and Two-Family Residential (R-2), Light Manufacturing (M-1), and General Manufacturing (M-2) zones. Employee housing in agricultural zones may include up to 12 units not including family members.

The provisions of Section 17020 (*et seq.*) of the California Health and Safety Code relating to employee housing and labor camps supersede any ordinance or regulations enacted by local governments. Such housing is allowed in all jurisdictions in California pursuant to the regulations set forth in Section 17020. Section 17021.5(b) states, for example:

“Any employee housing providing accommodations for six or fewer employees shall be deemed a single-family structure with a residential land use designation for the purposes of this section. For the purpose of all local ordinances, employee housing shall not be included within the definition of a boarding house, rooming house, hotel, dormitory, or other similar term that implies that the employee housing is a business run for profit or differs in any other way from a family dwelling. No conditional use permit, zoning variance, or other zoning clearance shall be required of employee housing that serves six or fewer employees that is not required of a family dwelling of the same type in the same zone.”

Section 17021.6, concerning farmworker housing, states that:

“No conditional use permit, zoning variance, or other zoning clearance shall be required of employee housing that serves 12 or fewer employees and is not required of any other agricultural activity in the same zone.”

Housing for Agricultural Employees (Permanent and Seasonal)

Farmworker labor housing that does not exceed 12 units is an allowed use with a minor user permit in all agricultural zones, while housing of greater than 13 units is allowed with a conditional use permit. There are 1,211,186 acres, or approximately 96 percent of the total area, in the county in the General Agriculture (A-1) and Exclusive Agriculture (A-2) zones. These zones are sufficient to accommodate the

housing needs for farmworkers. In August 2008 Merced County conducted a study that showed 192 residential units or Additional Dwelling Occupancy Monitoring Permits (ADOMP) were issued in the county since January 2002.

Emergency Shelters, Transitional Housing, Supportive Housing, and Other Group Living

SB 2, passed in 2007 and in effect as of January 1, 2008, amended State housing law (California Government Code Sections 65582, 65583, and 65589.5) regarding shelter for homeless persons. This legislation requires local jurisdictions to strengthen provisions for addressing the housing needs of homeless persons, including the identification of a zone or zones where emergency shelters are allowed as a permitted use without a conditional use permit.

While SB2 added specific new requirements for local governments to meet in terms of planning for emergency shelter facilities, Government Code Section 65583(a)(5) also states that “transitional housing and supportive housing shall be considered a residential use of property, and shall be subject only to those restrictions that apply to other residential dwellings of the same type in the same zone.”

Emergency Shelters

With regard to homeless shelters/community centers, a CUP is also required and subject to review similar to that of multi-family residential projects. Planning Commission review and approval is required and project issues include size of facility, location, hours of operation, and other development standards, including environmental analysis.

The provisions go on to discuss that emergency shelters “may only be subject to those development and management standards that apply to residential or commercial development within the same zone” along with a list of exceptions that may be made. Local governments that already have one or more emergency shelters within their jurisdiction or “pursuant to a multijurisdictional agreement” that accommodates that jurisdiction’s need for emergency shelter are only required to identify a zone or zones where new emergency shelters are allowed with a conditional use permit.

As of June 2009 the Merced County Zoning Ordinance contains no provisions for the placement of emergency shelters. To bring the Zoning Ordinance into compliance with State law, it needs to be updated to explicitly allow emergency shelters in at least one zoning district.

The County has included Program 4-9 in the Policy Document, which identifies the C-2 and M-1 zones as potential zones where emergency shelters might be allowed “by right” (i.e., as a permitted use). The following is a discussion of the suitability and capacity for these zones to potentially accommodate emergency shelters.

General Commercial Zone (C-2)

The purpose of the general commercial (C-2) zone is to provide areas for a wide variety of retail stores, entertainment establishments, offices and service businesses that serve unincorporated urban communities or regional markets. C-2 districts are mainly located in the central business districts or along major transportation routes, such as arterial and major collector roads. The C-2 zone allows for a variety of uses that would be compatible with emergency shelters, including retail stores, offices, and commercial service uses.

The following development standards apply to all development within the C-2 zone:

- Minimum parcel size (square feet): None
- Minimum lot width (feet): 50
- Minimum front yard setback (feet): 6
- Minimum interior side yard setback (feet): 0
- Minimum street side yard setback (feet): 10
- Minimum rear yard setback (feet): 0
- Maximum building height (feet): 75
- Maximum building coverage (percent): 80

There are 168 vacant parcels larger than 0.1 acres in the C-2 zone. Of these vacant parcels, 38 are one acre or larger. Vacant parcels one acre or larger total nearly 145 acres in the C-2 zone. Of these one-acre or larger vacant parcels, 22 are between one and two acres, 11 are between two and five acres, three are between five and 15 acres, and two are larger than 20 acres.

Light Manufacturing Zone (M-1)

While the M-1 (Light Manufacturing) zone is intended to accommodate industrial uses, the zone allows a variety of uses that would be compatible with an emergency shelter including, caretaker and employee housing, child care facilities, offices, and restaurants. According to Section 18.26.010 of the Code, unlike the General Manufacturing (M-2) zone, uses within the M-1 zone are intended to, “have low nuisance characteristics, such as noise, heat, glare, odor, and vibration and are compatible with each other and surrounding uses.”

The following development standards apply to all development within the M-1 zone:

- Minimum parcel size (square feet): 10,000
- Minimum lot width (feet): 100
- Minimum front yard setback (feet): 15
- Minimum interior side yard setback (feet): 0
- Minimum street side yard setback (feet): 10
- Minimum rear yard setback (feet): 0
- Maximum building height (feet): 75
- Maximum building coverage (percent): 80

There are 94 vacant parcels larger than 0.1 acres in the M-1 zone totaling 519 acres. Of these vacant parcels, 50 are one acre or larger. Vacant parcels larger than one acre total nearly 507 acres in the M-1

zone. Of these one-acre or larger vacant parcels, 18 are between one and two acres, 18 are between two and five acres, eight are between five and 15 acres, and six are larger than 20 acres.

The County has one year from adoption of the Housing Element to amend the Zoning Ordinance to allow emergency shelters by right in at least one of the above-mentioned zones.

Transitional Housing

Transitional housing is designed to assist homeless individuals and families in moving beyond emergency shelter to permanent housing. California Health and Safety Code Section 50675.2(h) defines “transitional housing” and “transitional housing development” as:

“Buildings configured as rental housing developments, but operated under program requirements that call for the termination of assistance and recirculation of the assisted unit to another eligible program recipient at some predetermined future point in time, which shall be no less than six months.”

The Merced County Zoning Ordinance needs to be updated to explicitly state that transitional housing is a residential use subject only to those restrictions that apply to other residential uses of the same type in the same zone.

Supportive Housing

California Health and Safety Code Section 53260(c) defines “supportive housing” as “housing with no limit on length of stay, that is occupied by the target population, and that is linked to on-site or off-site services that assist the tenant to retain the housing, improve his or her health status, maximize their ability to live and, when possible, to work in the community. This housing may include apartments, single-room occupancy residences, or single-family homes.” Section 5116 (“Zoning Preemption”) of the California Welfare and Institutions Code (Zoning of Homes or Facilities for Mentally Disordered, Handicapped Persons, or Dependent and Neglected Children) states: “Pursuant to the policy stated in Section 5115, a State-authorized, certified, or licensed family care home, foster home, or group home serving six or fewer mentally disordered or otherwise handicapped persons or dependent and neglected children, shall be considered a residential use of property for the purposes of zoning if such homes provide care on a 24-hour-a-day basis. Such homes shall be a permitted use in all residential zones, including, but not limited to, residential zones for single-family dwelling.”

Based on this State zoning preemption, supportive housing facilities that involve group living are a permitted use in all residential zones. The Merced County Zoning Ordinance does not address supportive housing requirements and needs to be updated to explicitly state that supportive housing is a residential use subject only to those restrictions that apply to other residential uses of the same type in the same zone.

The Merced County Community Action Agency operates four permanent supportive housing units. To qualify, applicants must be a single male or female, chronically homeless, and have a mental illness. The facility is located in the city of Merced.

Second Units

A second unit is an additional self-contained living unit, either attached to, or detached from, the primary residential unit on a single lot. It has cooking, eating, sleeping, and full sanitation facilities. Second units can be an important source of affordable housing since they can be constructed relatively cheaply and

have no associated land costs. Second units can also provide supplemental income to the homeowner, allowing the elderly to remain in their homes or moderate-income families to afford houses.

To encourage the establishment of second units on existing developed lots, State law requires cities and counties to either adopt an ordinance based on standards set out in the law authorizing creation of second units in residentially-zoned areas, or where no ordinance has been adopted, to allow second units on lots zoned for single-family or multi-family use that contain an existing single-family unit subject to ministerial approval (“by right”) if they meet standards set out by law. Local governments are precluded from totally prohibiting second dwelling units in residentially-zoned areas unless they make specific findings (Government Code, Section 65852.2).

The Merced County Zoning Ordinance is consistent with State law as it relates to second units. The Merced County Zoning Ordinance allows for second residential units with approval of an administrative permit, subject to the following standards:

- Total land coverage of all structures does not exceed sixty (60) percent of the lot;
- Maximum height of one story;
- Attached or detached construction to principal dwelling unit;
- Compliance with zoning regulations of building height, setbacks, distance between buildings, and parking requirements;
- Public water and public sewer service for both primary and secondary units in R-1 and R-1-5000 zones;
- Absence of granny unit on-site; and
- The abutting property owners have been notified in writing of the proposed second unit. (Ord. 1586 (part), 1977).

The Ordinance also refers to “granny units,” which are second units for occupancy by persons 62 years and older. While second units and granny units are allowed in all residential zones, granny units are also allowed in agricultural zones. This allows households in agricultural zones to build an additional unit for an elderly family member. The Ordinance contains standards for granny units that are slightly different from the standards for all other second units. The Merced County Zoning Ordinance allows for granny units in all residential and agricultural zones with approval of an administrative permit, subject to the following standards:

- May be attached or detached to the principal dwelling on the parcel;
- Shall be occupied by one or two adult persons who are sixty-two (62) years of age or older;
- The floor area should not exceed one thousand two-hundred (1,200) square feet for a detached unit or thirty (30) percent of the floor area of the existing dwelling unit for an attached unit;
- Shall have the same type of construction typical of dwelling units permitted in the zone;

- All zoning requirements shall be met relating to building height, building coverages, setbacks, and distance between buildings;
- At least one additional off-street parking space for the granny unit shall be provided on site;
- There shall not be more than two dwellings on the parcel, including the granny unit;
- Public water and sewer services are required in the R-1 and R-1-5000 zones;
- The property owner shall waive the right to apply for any zone variance, excluding minor deviations, relating to the establishment of a granny unit;
- The abutting property owners have been notified in writing of the proposed granny unit;
- The granny unit shall be subject to a yearly occupancy monitoring permit with the regulations administered by the Planning Department; and
- The property owner shall sign an affidavit provided by the Planning Department attesting to the qualifications of the occupant which shall be recorded prior to the issuance of the building permit.

Single-Room Occupancy Units

Single-room occupancy (SRO) hotels provide a form of affordable housing suited to single or married couples without children, typically for those individuals in transitional housing or temporarily homeless. The Merced County Zoning Ordinance does not define SRO hotels and does not explicitly address SROs or other types of residential hotels. Interpretation of individual development proposals are made by the Planning Director or at staff level, which make a determination of the appropriate classification of each development. Typically, a development application consisting of an SRO hotel would be considered a multi-family development, permitted with site approval in medium- and high-density residential zones, as well as five of the commercial zones in the county. The Merced County Code defines “multi-family dwelling” as:

“a building or portion thereof used for occupancy by three or more families living independently of each other and containing three or more dwelling units. The term is not to include row or townhouses.”

It is unlikely that unincorporated communities in Merced County would be appropriate locations for this type of housing because residents typically require convenient access to public transportation and services. These issues are discussed in detail later in the Constraints section of this chapter. SROs are allowed in all of the zoning districts where multi-family housing is allowed.

Building Codes and Enforcement

Building codes and their enforcement influence the style, quality, size, and costs of residential development. Such codes can increase the cost of housing and impact the feasibility of rehabilitating older properties that must be upgraded to current code standards. In this manner, buildings codes and their enforcement act as a constraint on the supply of housing and its affordability.

Merced County has adopted the 2006 International Building Code as adopted in the 2007 California Building Code (CBC). The County has not made any local amendments to the code. The CBC determines the minimum residential construction requirements throughout California. The County has also adopted

the State's Uniform Housing Code and the Uniform Code for the Abatement of Dangerous Buildings. The Uniform Housing Code regulates the condition of habitable structures with regard to health and safety standards and provides for the conservation and rehabilitation of housing in accordance with the CBC. The Uniform Code for the Abatement of Dangerous Buildings covers the repair, vacation, or demolition of dangerous buildings.

As with most jurisdictions, the County responds to code enforcement problems largely on a complaint basis. The usual process is to conduct a field investigation after a complaint has been submitted. If the complaint is found to be valid, the immediacy and severity of the problem is assessed. The County's philosophy is to effectively mitigate serious health or safety problems, while allowing the property owner a reasonable amount of time and flexibility to comply. The more pressing the problem, the more urgent the County action. The County usually achieves compliance with the Uniform Codes through a combination of letters, phone calls, and/or site visits. In cases where the problems are severe and appeals to voluntary solutions to them are unsuccessful, the County will take more aggressive action. In rare cases, the units may be declared hazards and posted as such and/or legal compliance may be forced through action taken by the District Attorney or County Counsel's office.

The County building codes are consistent with the codes used in other jurisdictions throughout California, and do not negatively impact the construction of affordable housing. The County attempts to find a balance between ensuring that housing is safe and avoiding the potential loss of affordable housing units through unnecessarily strict enforcement practices. Based on discussions with the County, there is no indication that code enforcement practices have unduly penalized older dwellings or have inhibited rehabilitation.

Design Review

Design review requirements can sometimes increase the cost of housing, particularly those that require additional costly features be provided in a multi-family housing development. Merced County does not have design review in most areas of the county. Design review is a new concept that has been added to the two most recent community plan updates of Delhi and Hilmar. Delhi and Hilmar development guidelines and standards are not intended to be rigid in their application, rather they encourage diverse architectural opportunities while maintaining an overall design character and quality. Exceptions to these guidelines are based on demonstrable benefits to the community or where not otherwise possible to adhere to these guidelines and standards. Design review is not a significant impediment to the development of affordable housing in Merced County.

Processing and Permit Procedures

Delays in processing the various permits and applications that are necessary for residential development can add to housing costs. In Merced County the processing time of a residential subdivision takes an average of six months from the time the application is considered complete until Planning Commission action on the map. If an environmental impact report is necessary, the processing time is considerably longer. Exceptions to these timelines can occur due to incomplete application submittals, failure to respond to requests for additional information, and failure to design projects to County standards. The County processes subdivision applications in the shortest time possible given the current workload, staffing, zoning and General Plan requirements, public notice, and schedules for the Planning Commission and Board of Supervisors, when necessary.

Multi-family residential projects in the R-2 zone that do not exceed four dwelling units are permitted by right and do not require a public hearing. A Plot Plan review is necessary to determine compliance with County Code, General Plan, and zoning regulations. Those projects that propose 5-20 dwelling units in the R-3 and R-4 zone require an Administrative Permit (AP) to ensure they are compatible with the neighborhood and surrounding residences. The AP processing is completed at one of three levels: 1) Planning Department staff approval; 2) Planning Director decision without a public hearing; 3) Planning Director (Hearing Officer) decision at a public hearing. The level of review is determined by the project proposal, location, potential for controversy, and potential environmental impacts. Those projects that propose 21 or more dwelling units require a Conditional Use Permit (CUP) and are reviewed by the Planning Commission. A CUP is considered more likely to have greater impacts on the surrounding residences and the neighborhood than those uses permitted by right or by AP. Processing time for a CUP takes an average of 3-4 months.

Section 18.50.020 of the Zoning Code describes the following findings of approval, which the planning director or planning commission must make before permits for projects can be approved:

- a. There is no substantial evidence that the project will have a significant effect on the environment with the implementation of the proposed mitigation measures and/or conditions of approval;
- b. The proposed project is consistent with the Merced County general plan and this code;
- c. The proposed project is compatible with adjacent uses, properties, and neighborhoods; and
- d. The proposed project will not be a nuisance or detrimental to the public health, safety and general welfare.

The County has never denied a CUP for a multi-family projects and the CUP process has never lead to denial of a project.

While the CUP requirement can be seen as an impediment to development, it is necessary in Merced County given the current planning framework. The County requires CUPs for larger multi-family projects in order to comply with the California Environmental Quality Act (CEQA). In most of the unincorporated communities, the County has not yet completed an EIR for the Community Plans and multi-family projects are not exempt from CEQA. The CUP process is used to ensure that adequate environmental review is conducted for these larger development projects. The County is currently in the process of preparing EIRs for all new Community Plan updates, which will help streamline the process.

The County is always looking to improve the permitting process to increase efficiency and better serve the development community. During the 1990s a number of improvements were instituted to better ensure that projects are processed more efficiently. The pre-application review meeting between County departments and the applicant became a standard requirement in which to discuss all issues pertinent to a project before full processing begins. Reduced or "fast track" processing of projects that are geared towards low-income housing is also a standard. Processing and permit procedures do not constitute a development constraint in Merced County.

Development Fees and Exactions

The County waives 50 percent of the development fees (over which it has direct control) for residential projects that contain 10 percent of units affordable at the very low-income level, or 20 percent of units affordable at the low-income level. Service and mitigation fees, such as water, sewer, and school impacts, will be considered for waivers if an alternative source of funding is identified to pay these fees. However, service and mitigation fees, also known as capital improvement fees, are the largest component of residential development fees.

The County collects fees to help cover the costs of permit processing, environmental review, building inspections, and capital improvements. The land use application fees are assessed to recover the administrative cost of processing applications, including public hearings. No added fees are charged for reasonable accommodation requests with regard to ADA requirements. The County collects capital improvement fees (impact fees) in accordance with California Government Code Sections 66000-66025 for the provision of services such as water, sewers, and storm drains. These fees are generally assessed based on the number of units in a residential development. When raising fees, the County complies with applicable provisions of the government code.

There are 16 school districts in Merced County that collect school impact fees. Typical school impact fees range from \$2.63 per square foot in the Winton School District to \$4.56 per square foot in the Turlock School District. The water and sewer districts collect fees ranging from \$5,500 in Franklin Beachwood to \$11,079 in Hilmar.

Table 5-58 below shows the major application-related fees according to the 2009 fee schedule for Merced County.

Typical Residential Development Fees

Table 5-59 summarizes the fees that would apply to a typical single-family and multi-family residential unit in Merced County. Fees for new development vary widely throughout the county. Santa Nella typically charges much higher fees than the rest of the unincorporated areas due to its need to raise funds for new capital projects such as a new wastewater facility. Generalizing across communities, planning and development fees for a typical, 1,500 square foot single-family home total \$20,333. Fees for a typical 1,000 square foot multi-family unit total \$16,748. Three of the largest fees (sewer, water, and school facilities) are set by other agencies and are outside the County's control. These three fees add up to an estimated \$11,459 for a single-family unit (56 percent of the total fees collected) and \$9,974 for a multi-family units (60 percent of the total fees collected).

TABLE 5-58
Major Fees Associated with New Housing Development
Merced County
September 2008

Type of Fee	Total Amount
MINISTERIAL	
Other Licenses and Permits	
Building Permit (Plot Plan Review)	\$125
Plot Plan Review	
Level 1: Counter	\$87
Level 2: Staff Review	\$400
Level 3: Director	\$615
DISCRETIONARY	
Zoning Permits	
Conditional Use Permit	\$2,564
General Plan Amendment	\$1,377
Zone Text Amendment	\$2,468
Zone Change	\$1,631
Zone Variance	\$1,227
Planning Commission Appeals to the Board	\$640
Appeal from Staff/Director to Planning Commission	\$672
Administrative Permits	
Administrative Permit (HO/PC)	\$2,564
Administrative Permit (Director)	\$1,082
Administrative Permit (Over the Counter)	\$203
Administrative Permit (Residential)	\$203
Planning/Engineering Services	
Major Subdivision	\$2,242 + \$84/lot
Minor Subdivision	\$1,509
Property Line Adjustment (in SUDP, RRC, or with mapped lots, or when pre 04/01/65 deed provided)	\$455
Property Line Adjustment (all others)	\$1,141
Voluntary Notice of Merger	\$282
Other Services	
Environmental Review (Mitigated Negative Declaration)	Fee based on actual department costs with an initial deposit of \$2,000
Environmental Impact Report	Fee based on actual department costs with an initial deposit of \$10,000
Development Impact Fees	
Fire Facilities Impact Fee	\$650.00 for single unit, \$586.00 multiple units on same parcel A water tender in lieu fee of \$3,000 will be collected on residential units.
Sheriff Impact fees - Law enforcement impact fees	\$619 per unit for residential
Sewer	Varies among each Community Service District
Regional Transportation Impact Fee	Single-family is \$3,115; multi-family is \$1,892
Flood Zone Fee (if project is in a flood zone)	\$200
Park Fee	\$380 (3 acres/1,000 persons)

Source: Merced County Department of Public Works, 2008.

TABLE 5-59
Typical Residential Development and Planning Fees
Merced County
2008

Type of Fee	Single-Family Fees (Per Unit) ¹	Multi-Family Fees (Per Unit) ²
Development Impact Fees		
Sewer Hook-up Fee	\$3,259	\$3,259
School Fee	\$4,455	\$2,970
Building Permit Fee	\$1,493	--
Road Fee	\$473	\$473
Fire Fee	\$586	\$586
Law Enforcement	\$619	\$619
Community Facility Fee	\$498	\$498
Bridge & Major Thoroughfare	\$4,576	\$4,164
Park & Recreation Fee	\$380	\$380
Water - base connection	\$3,745	\$3,745
Planning Fees		
Major Subdivision	\$124	-
Building Permit Review	\$125	\$2.50
Conditional Use Permit ³	-	\$51
Total Average Cost	\$20,333	\$16,748

¹ Assumes a 50-lot, single-family subdivision. Fees vary by community.

² Assumes a 50-unit multi-family development with an average unit size of 1,000 square feet.

³ CUP cost is \$2,564 for project, or \$51 per unit.

Source: Merced County, 2008.

Although development and planning fees can represent about 15 percent of the cost of producing a single-family unit and about 20 percent of the production cost of a multi-family unit, they are not considered a significant constraint to housing production in Merced County. Fees in Merced County are lower than many other jurisdictions in the state.

Parking

Since off-street parking often requires large amounts of land, parking requirements are one of the development standards that can most negatively impact the development of affordable housing. Off-street parking requirements increase the cost of development, limiting the funds available for providing housing. Parking standards in most jurisdictions have been arbitrarily established and do not necessarily represent the needs of the people living in the housing units. This is especially true for senior and affordable housing developments where occupants are less likely to require more than one parking space.

Merced County's off-street automobile parking standards for residential uses as required by Chapter 18.40 of the County Code are as follows:

- 1.5 space per one-bedroom unit;
- two spaces per two-, three-, and four-bedroom units;

- three spaces per unit with five or more bedrooms; and
- one guest space for every five (multi-family) units.

SB 1818 imposes statewide parking standards that a jurisdiction must grant upon request from a developer of an affordable housing project that qualifies for a density bonus. When local parking requirements are higher, the statewide parking standards supersede the local requirements. The developer may request these parking standards even if they do not request the density bonus. The new parking standards are summarized in Table 5-60 below. These numbers are the total number of parking spaces including guest parking and handicapped parking.

TABLE 5-60 Statewide Parking Standards for Affordable Housing California 2007	
Number of Bedrooms	Number of On-Site Parking Spaces
0 to 1 bedroom	1
2 to 3 bedrooms	2
4 or more bedrooms	2 ½

Source: Goldfarb & Lipman, LLC., SB 1818 Q & A, 2007.

Additionally, the County Code requires one bicycle space and one-half motorcycle space for every six required parking spaces for more than two dwelling units. The Merced County Code requires parking spaces to be a minimum of 9 feet in width and 19 feet in depth. However, compact car spaces (8 feet wide by 15 feet long) may be allowed for up to 20 percent of the parking spaces provided.

Merced County grants parking reductions on a case-by-case basis. The Code states that the planning director may reduce the number of spaces based on all of the following circumstances:

- Uses proposed within a building or addition having a physical hardship in supplying the parking spaces normally required;
- No additional off-street parking can reasonably be provided on-site;
- Sufficient parking is provided within three hundred (300) feet of the project site; and
- The facility is at least partially pedestrian-oriented.

Since most unincorporated county residents depend on automobile transportation, these parking standards are necessary to ensure adequate parking. Merced County’s parking standards are similar to those in other jurisdictions, and therefore do not represent a development constraint above-and-beyond that of other counties. Additionally, land costs are not as high in Merced County as they are in other parts of the state, so the cost of land dedicated to parking is not as much of a concern in the county as it is elsewhere in California. The County offers reduced parking standards as an incentive for affordable housing developers.

On and Off-Site Improvements

Title 16 of the Merced County Code provides the requirements for site improvements and infrastructure for new residential developments. The County on- and off-site improvement requirements are common

among unincorporated areas of the Central Valley and are not a significant constraint to the production of housing. These standards allow for a variety of methods for water and sewer services, allowing site-specific considerations to dictate the appropriate infrastructure needs of the development.

The County categorizes projects by three different improvement levels, each level requiring different improvement requirements. Major subdivisions and minor subdivisions that involve new roads into the County-maintained road system are categorized as Improvement Level 1. All building permits within a Specific Urban Development Plan (SUDP) or Rural Residential Center (RRC) are categorized as Improvement Level 2. All other building permits are categorized as Improvement Level 3. There are exceptions to all of the categories. Information on exceptions is provided in Section 16.08.040 of the County Code of Ordinances.

Improvement Level 1 Requirements

Projects categorized as Improvement Level 1 are required to provide the following site improvements:

- Dedicate right-of-way or easements necessary to contain the improvements to be constructed;
- Construct roadways with an asphalt concrete structural section, shoulders, and roadside drainage ditches. Roadways within an SUDP shall be constructed with curbs, gutters, and sidewalks (some exceptions apply);
- Install street lighting by forming, annexing to, or including into a lighting maintenance zone of benefit;
- Provide storm water drainage facilities by forming, annexing to, or including into a drainage maintenance zone of benefit; and
- Install underground utilities.

Improvement Level 2 Requirements

Projects categorized as Improvement Level 2 are required to provide the following site improvements:

- Dedicate right-of-way or easements necessary to contain the improvements to be constructed;
- Widen the abutting half of all existing roadways; and
- Relocate or replace existing overhead utilities located along existing peripheral roadways that may either interfere with proposed improvements, obstruct traffic visibility requirements, or are within the clear zone with underground facilities at the developer's option.

Improvement Level 3 Requirements

Projects categorized as Improvement Level 3 are required to provide the following site improvements:

- Create new driveway approaches or improve existing driveway approaches.

Roadway Improvements

Specific standards for on- and off-site improvements such as street widths, sidewalks, and curbs are contained in the Merced County Public Works Improvement Standards and Specifications.

Right-of-Way. Given the variability of communities within the county, the County modified the Improvement Standards and Specifications in 2008 to eliminate specific width requirements. Instead, the required minimum right-of-way width for roadways is that which is sufficient to contain all of the required roadway improvements. The community plans contain more specific requirements for each community. For example, the Circulation section of the Delhi Community Plan contains specific guidelines for arterial, collector, and local streets that include right-of-way, travel lane, parking lane, curb, and sidewalk requirements. Requirements vary by community, but are comparable to requirements in other jurisdictions.

Open Space and Park Requirements

Open space and park requirements can decrease the affordability of housing by decreasing the amount of land available on a proposed site for constructing units. The County requires new development to provide a minimum of 3 acres of improved parkland for every 1,000 new residents of the area covered by the development. Applicants may meet the requirement through the dedication of land and/or payment of fees, in accordance with State law (Quimby Act) to ensure funding for the acquisition and development of public recreation facilities. To fund the acquisition and maintenance of County parks and open space, the County charges a park fee to all development projects. The park fee varies per unincorporated community from \$64 in South Dos Palos to \$2,292 in Santa Nella.

The requirements for open space and park facilities are similar to those of many other communities across California, and as such do not represent an undue constraint on the development of affordable housing. Merced County does provide some flexibility in standards for affordable housing projects.

Density Bonus

A density bonus is the allocation of development rights that allows a parcel to accommodate additional square footage or additional residential units beyond the maximum for which the parcel is zoned. On January 1, 2005, SB 1818 (Chapter 928, Statutes of 2004) revised California's density bonus law (Government Code 65915) by reducing the number of affordable units that a developer must provide in order to receive a density bonus. The legislation also increased the maximum density bonus to 35 percent. The minimum affordability requirements are as follows:

- The project is eligible for a 20 percent density bonus if at least 5 percent of the units are affordable to very low-income households, or 10 percent of the units are affordable to low-income households; and
- The project is eligible to receive a 5 percent density bonus if 10 percent of purchase units are affordable to moderate-income households.

The law also established a sliding scale which determines the additional density that a project can receive. Within the ranges the density bonus increases as the percentage of affordable units increases. The low-income density bonus increases by 1.5 percent for each 1 percent increase in low-income units above 10 percent, up to the maximum of 35 percent. The very low-income density bonus increases by 2.5 percent for each 1 percent increase in very low-income units above 5 percent, up to the maximum 35 percent; and the moderate-income (i.e., condo/PUD) density bonus increases by 1 percent for each 1 percent increase in moderate-income units above 10 percent, up to a maximum of 35 percent.

A developer can receive the maximum density bonus of 35 percent when the project provides either 11 percent very low-income units, 20 percent low-income units, or 40 percent moderate-income units. In 2005, SB 435 was passed. This legislation served to clarify California's density bonus law by explaining that a project can only receive one density bonus.

Prior to SB 1818 and SB 435 jurisdictions were required to grant one incentive, such as financial assistance or development standard reductions, to developers of affordable housing. The new laws require that cities and counties grant more incentives depending on the percentage of affordable units developed. Incentives include reductions in zoning standards, reductions in development standards, reductions in design requirements, and other reductions in costs for developers. Projects that satisfy the minimum affordable criteria for a density bonus are entitled to one incentive from the local government. Depending on the amount of affordable housing provided, the number of incentives can increase to a maximum of three incentives from the local government. If a project provides affordable units, but uses less than 50 percent of the permitted density bonus, the local government is required to provide an additional incentive.

Additionally, the new laws provide density bonuses to projects that donate land for residential use. The donated land must satisfy all of the following requirements:

- The land must have general plan and zoning designations which allow the construction of very low-income affordable units as a minimum of 10 percent of the units in the residential development;
- The land must be a minimum of 1 acre in size or large enough to allow development of at least 40 units; and
- The land must be served by public facilities and infrastructure.

Merced County Code Section 18.36 describes the density bonus procedures in the county. The code is not consistent with the most recent changes to State law. The County currently (December 2008) provides a density bonus to housing projects that provide one of the following:

- 20 percent of the total dwelling units are reserved for low-income households (50 percent to 80 percent of the county annual median income); or
- 10 percent of the total dwelling units are reserved for very low-income households (less than 50 percent of the county annual median income); or
- 50 percent of the total dwelling units are reserved for senior citizens (one person per unit must be at least 62 years of age).

Projects seeking density bonus must be five or more units and density bonuses are permitted in geographic areas of the housing development other than the areas where the units for the lower-income households are located. The project developer must agree to continued affordability of all lower-income density bonus units for at least thirty years.

Merced County's Zoning Ordinance is not consistent with the most recent (2005) changes to State law regarding density bonuses. The minimum affordability requirements need to be updated to be consistent

with State law. Additionally, while the County provides other incentives such as mixed-use zoning and exceptions to height limits, number of parking spaces, population density, and building intensity standards, the code needs to be updated to explicitly state that the County will provide up to three incentives as required by State law.

State of California, Article 34

Article 34 of the State Constitution requires voter approval for specified “low rent” housing projects that involve certain types of public agency participation. Generally, a project is subject to Article 34 if more than 49 percent of its units will be rented to low-income persons. If a project is subject to Article 34, it will require an approval from the local electorate. This can constrain the production of affordable housing, since the process to seek ballot approval for affordable housing projects can be costly and time consuming, with no guarantee of success.

The provisions of Article 34 allow local jurisdictions to seek voter approval for “general authority” to develop low-income housing without identifying specific projects or sites. If the electorate approves general parameters for certain types of affordable housing development, the local jurisdiction will be able to move more quickly in response to housing opportunities that fall within those parameters.

Since Merced County has not built low-income housing (it has only provided financial assistance to affordable housing projects), it has not needed Article 34 authorization. Most affordable housing projects are built by private developers who seek financial assistance from the State and Federal governments. Article 34 has not served as a constraint to the development of affordable housing.

Development, Maintenance, and Improvement of Housing for Persons with Disabilities

In accordance with SB 520 (Chapter 671, Statutes of 2001), the County has analyzed the potential and actual governmental constraints on the development of housing for persons with disabilities (see Responses to SB 520 Analysis Questions in Appendix 5-A-3). Merced County has adopted the 2007 California Building Code, including Title 24 regulations of the code concerning accessibility for persons with disabilities. The County has not adopted any additional universal design elements in its building code beyond Title 24 requirements.

Merced County does provide reasonable accommodations for persons with disabilities. Any accommodations are negotiated during the tentative map process. The County does not have an ordinance that enhances any requirements beyond that of State law.

Potential Non-Governmental Constraints

The availability and cost of housing is strongly influenced by market forces over which local governments have little or no control. Nonetheless, State law requires that the Housing Element contain a general assessment of these constraints, which can serve as the basis for actions to offset their effects. The primary non-governmental constraints to the development of new housing in Merced County can be broken into the following categories: availability of financing, development costs, and community sentiment.

Availability of Financing

Financing has historically been available for credit-worthy projects, with interest rates determined largely by the monetary policy of the Federal Reserve Board. Beginning in the 1990s rising housing values and a growing housing industry boosted investor and homebuyer portfolios and contributed to a sense of security that encouraged continued investment in the housing market. Alternative mortgage products increased the number of homebuyers, especially investors who purchased single-family homes as non-primary residences. Virtually every business or profession related to homes sales, construction, mortgages, and titles had increased business opportunities during this period.

The use of alternative or “creative” mortgage products such as graduated payment mortgages, variable and adjustable rate mortgages, interest-only loans, “stated income” loans with no income verification, and zero down payment loans allowed consumers to purchase high-priced housing without the qualifications required by traditional loans, such as sufficient income level. These mortgage products increased homeownership rates—a goal of affordable housing advocates. Even during periods of higher interest rates, homeownership and home sales increased. Government programs for increasing homeownership rely on fixed interest rate mortgages below market rate for principal or down-payment assistance loans.

Starting in 2006 Merced home prices began to level off and then decline for both new and existing homes (see Figure 5-4). The subprime mortgage crisis precipitated when borrowers who purchased homes found that they owned more on their homes than their homes are worth. The mortgage market collapse also impacted borrowers with “jumbo” loans, relatively large loans that are not Federally backed. A jumbo mortgage is a loan amount above conventional conforming loan limits set by Fannie Mae (FNMA) and Freddie Mac (FHLMC), Federally-chartered financial institutions that purchase the bulk of residential mortgages in the U.S. Resets of interest rates and mortgage payments in the subprime mortgage market have resulted in huge waves of foreclosures.

Each month the number of subprime mortgages in default increases. Merced County is one of the counties hardest hit by this problem. Between January 2007 and June 2008 there were more than 5,913 housing foreclosures in Merced County. Housing prices have fallen so dramatically that the housing market has basically collapsed back to 2003 levels. However, tightening of loan underwriting practices has not permitted low-income homebuyers to take advantage of lower house prices. As a direct result of the credit collapse, stricter mortgage industry standards also require larger down-payments when purchasing a home. Foreclosures are just starting to impact the local economy, neighborhood character, and affordability, and will likely continue as more loans default and the credit crisis worsens.

Due to the current financial condition of the national and international banking system, it is not possible to forecast what will happen to interest rates during the upcoming Housing Element planning period. If interest rates rise, not only will it make new construction more costly (since construction period loans are short term and bear a higher interest rate than amortized mortgages), but it will also lower the sales price that buyers can afford to pay.

The Federal National Mortgage Association (Fannie Mae) estimates that up to 50 percent of all borrowers with a subprime loan could have qualified for a lower-cost prime loan. As of October 2008 the California Attorney General settled with Bank of America and their subsidiary, Countrywide Loans, to refinance 400,000 subprime loans.

Development Costs

Land Costs

Costs associated with the acquisition of land include both the market price of raw land and the cost of holding the property throughout the development process. Land acquisition costs can account for over half of the final sales price of new homes in very small developments and in areas where land is scarce.

Raw land costs vary substantially across the county based on a number of factors. The main determinants of land value are location, proximity to public services, zoning, and parcel size. Land in a desirable area that is zoned for residential uses will likely be more valuable than a remote piece of land that is zoned for agricultural uses. Based on property sale listings in October 2008, the average listing price per acre for raw land in Merced County was roughly \$25,000. The average listing price for an entitled lot was roughly \$20,000.

Construction Costs

Construction costs vary widely depending on the type, size, and amenities of the development. According to a Merced-based engineering firm, the average construction costs in Merced County in 2008 were approximately \$100 per square foot.

The competition for labor and materials during the housing boom of the past five years caused an increase in labor and material costs; however, this competition is now diminishing with the recent decline in the housing market, causing labor costs to drop and material prices to stabilize.

High construction costs coupled with high land costs make it difficult for private sector developers to provide housing for lower-income residents. Subsidies, incentives, and other types of financial assistance are available to private sector developers to bridge the gap between actual costs of development and the sale price of affordable housing.

Labor Costs and Prevailing Wage

Labor costs also factor heavily into the total cost of housing production. The cost of labor for a particular construction trade does not usually vary significantly throughout a metropolitan area and is typically beyond the control of local government. The competition for labor and materials during the housing boom of the past five years caused an increase in labor and material costs, but this competition is now diminishing with the recent decline in the housing market, causing labor costs to drop and material prices to stabilize. Labor costs are generally lower in the Central Valley, including Merced County, for similar trades than in other urban markets in California.

When private development projects receive government subsidies they are classified as “public works” projects. Any public work project must pay workers the “prevailing wage”—the minimum wage rates payable to construction workers who are employed on public works projects in California. The hourly work rates are published quarterly by the California Department of Industrial Relations (DIR). For projects that receive assistance from local or state governments, the State requires the payment of prevailing wages which can have a significant effect on overall development costs. In general, prevailing wage requirements have caused labor costs to increase anywhere from 5 to 30 percent in urban areas and up to 40 percent in rural areas.

In January 2002 Senate Bill 975 became law in California, amending Section 1720 of the Labor Code to require that construction workers for projects using State or Federal funds be paid the prevailing wage of labor for their services. This law significantly expanded the definition of public works projects and the application of the State's prevailing wage requirements to such projects. The bill also expands the definition of public funds and captures significantly more projects beyond traditional public works projects that involve public/private partnerships. SB 975 requires payment of prevailing wages for most private projects built under an agreement with a public agency providing assistance to the project. The breadth of the legislation substantially limits the ability of public agencies and private entities to structure transactions to avoid prevailing wages for private construction work, thus increasing the cost of construction significantly.

Senate Bill 972 further amended Labor Code Section 1720 to provide some relief by exempting from prevailing wage requirements the construction or rehabilitation of some privately-owned residential projects. Specifically, SB 972 exempts the following: a self-help housing project in which no less than 500 hours of the construction work is performed by the homebuyers; the new construction, rehabilitation, or expansion of a temporary or transitional housing facility for the homeless; assistance for the rehabilitation of a single-family home; and an affordable housing project funded by below-market interest rate loans that allocates at least 40 percent of its units for at least 20 years to households earning no more than 80 percent of the area median income. These exemptions have provided some relief from the constraint posed by SB 975, but the prevailing wage laws still represent a significant impediment to affordable housing production.

5.5 Evaluation

The following section reviews and evaluates the County's progress in implementing the 2003 Housing Element. It reviews the results and effectiveness of policies and programs for the previous Housing Element planning period. Table 5-61 provides an evaluation of the 2003 Merced County Housing Element implementation programs. The evaluation documents the County's achievements under the 2003 Housing Element with respect to the actions and objectives contained in the Element, describes the relative success of the County's efforts to implement the housing programs, and contains recommendations for program changes to address current and projected needs and State requirements between 2009 and 2014.

Despite significant staff and funding limitations, Merced County was able to implement several of the program actions contained in the 2003 Housing Element. The County's achievements for programs that depended largely on State and Federal grants sometimes fell short of the County's objectives and were rarely sufficient to meet the estimated need. The following is a summary of some of the County's major housing achievements during the last Housing Element time frame:

- 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 farmworker 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 plan does not include any housing and the Redevelopment Agency does not expect to develop any housing projects within its redevelopment area, but will make funds available in the future for housing projects.
- The Housing Authority manages and operates HUD-owned housing including low-income housing, farmworker 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.
- The County has been successful in obtaining \$2 million in CDGB funds and \$2 million in HOME funds since 2003.

**TABLE 5-61
Evaluation of 2003 Merced County Housing Element Implementation Measures (Programs)**

Implementation Measure		Responsibility	Evaluation	Continue/ Modify/ Delete
1A-1	The County shall utilize available State, Federal, and non-profit programs that develop or provide financial assistance and incentive for development of affordable housing. Those programs include the HOME program and CDBG grants which are both applied for annually.	County Planning Department, Board of Supervisors	The County has been successful in obtaining \$2 million in CDGB funds and \$2 million in HOME funds since 2003.	Continue
1A-2	Provide density bonuses of 25% for guaranteed very low and low-income housing projects in single and multiple family zones.	County Planning Department	This program continues to be available. However, the program will need to be amended to reflect the provisions of SB 1818 (2005) and SB 435 (2005).	Continue/ Modify
1A-3	Provide “Fast Track” processing for very low, low, and moderate-income housing project applications.	County Planning and Public Works Departments	This program is still available.	Continue
1A-4	Waive or reduce some or all processing and impact fees for affordable multi-family developments.	County Departments, Board of Supervisors	This program has not been implemented.	Continue

**TABLE 5-61
 Evaluation of 2003 Merced County Housing Element Implementation Measures (Programs)**

	Implementation Measure	Responsibility	Evaluation	Continue/ Modify/ Delete
1A-5	Provide 260 acres of multiple-family housing zoning by rezoning vacant or under-utilized commercial and industrial and low-density residential land in updates of Community Specific Plans for Delhi and Planada. Said rezoning will allow for a range of 8-33 units per acre depending on the zone.	MACs, County Planning Department, Planning Commission, Board of Supervisors	Merced County updated the Delhi and Planada Community Plans, but did not rezone the full 260 acres for higher-density residential uses. The Delhi Community Plan designated 32 acres for high-density residential uses, while the Planada Community Plan did not designate any sites for high-density residential uses.	Modify with GP Update
1A-6	Work with Municipal Advisory Councils to provide for each community's share of housing needs for all income groups in Community Plan updates.	MACs, County Planning Department, Planning Commission, Board of Supervisors	Ongoing effort of the County; part of Community Plan Update program	Continue
1A-7	Apply for Planning/Technical Assistance grants through the State Department of Housing and Community Development to be used for water and sewer infrastructure studies to determine needed capacity upgrades.	County Planning Department	Accomplished for Planada; used County funds for studies in Delhi and Hilmar	Continue
1A-8	Consider applying for CDBG grants for infrastructure improvements and capacity upgrades to urban service districts that provide sewer and water service.	County Planning Department	The County did not apply for any CDBG grants for infrastructure. All funds went to rehab or first-time homebuyer assistance.	Modify or delete

TABLE 5-61 Evaluation of 2003 Merced County Housing Element Implementation Measures (Programs)				
Implementation Measure		Responsibility	Evaluation	Continue/ Modify/ Delete
1A-9	Accelerate the permitting process through a one-stop permit center combining the Planning, Building, and Environmental Health Departments.	County of Merced/Board of Supervisors	Not completed, but Preliminary Application Review meetings assist in coordination among departments	Continue
1B-1	Through the Board of Supervisors, this policy shall be implemented through analysis of the criteria listed under Policy 2, Objective 1.A. of the Land Use Chapter. Prior to approving a development boundary expansion into agricultural land, the Board must determine, based on evidence in the record, that the benefits of the proposed conversion of agricultural or open space land outweigh the impacts of the conversion.	County Planning Department	Implemented on project-by-project basis	Continue
2A-1	Apply for Community Development Block Grant funding for housing rehabilitation in Merced County unincorporated communities.	County Planning Department	The County has been successful in obtaining \$2 million in CDGB funds since 2003. The County has provided 13 loans and 7 grants for housing rehabilitation 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.	Continue

**TABLE 5-61
Evaluation of 2003 Merced County Housing Element Implementation Measures (Programs)**

	Implementation Measure	Responsibility	Evaluation	Continue/ Modify/ Delete
2A-2	Utilize “set-aside” funds from CDBG grants for code enforcement to aid in property clean-up and substandard housing enforcement, and community/neighborhood preservation.	County Planning, Environmental Health, Building Departments	The County received \$40,000 for code enforcement in the 2007 Home Grant.	Continue
2A-3	Provide housing rehabilitation grants in target-unincorporated communities.	County Planning Department	Annual program for CDBG and HOME funds	Continue
2A-4	Continue to enforce the State Housing Code by either the repair or demolition of substandard housing units that are health and safety hazards.	County Environmental Health Division	Ongoing program	Continue
3A-1	The County shall continue to zone and designate adequate sites during the Community Plan updates to meet the various housing needs of each community.	County Planning Department, Board of Supervisors	Accomplished for Hilmar, Delhi, Fox Hills, and Villages of Laguna San Luis. Planada’s Community Plan has been updated, but rezoning hasn’t been completed. The County has retained a consultant and the rezoning is expected to take a year to complete.	Continue
4A-1	Promote the rehabilitation and conservation of housing units through programs of public and private agencies that promote energy efficiency and preventative maintenance of older low-income households such as the “Weatherization Program” of the Community Action Agency and energy savings ideas from PG&E.	County Planning Department, Board of Supervisors	Ongoing cooperative effort	Continue

TABLE 5-61 Evaluation of 2003 Merced County Housing Element Implementation Measures (Programs)				
Implementation Measure		Responsibility	Evaluation	Continue/ Modify/ Delete
4A-2	Strengthen Code Enforcement by continuing to enforce appropriate zoning and building codes, to promote the continued use of aging housing units, increasing vehicle abatement of inoperable vehicles and assist citizens with housing problems.	County Planning Department – Code Compliance; County Public Works, Building Division; and County Health Department, Environmental Health Division	Ongoing; enforcement typically based on complaint received	Continue
4B-1	Display brochures illustrating the use of solar and other renewable energy resources in housing maintenance and repair.	County Public Works, Building Division	Accomplished	Continue
4B-2	Existing General Plan Policies encourage the use of solar and other renewable energy resources for residential and other building applications. As a Subdivision Code recommendation, new subdivision lots should be oriented to allow for both passive and active solar design to minimize energy losses.	County Planning Department	Ongoing during review of tentative maps	Continue

**TABLE 5-61
 Evaluation of 2003 Merced County Housing Element Implementation Measures (Programs)**

Implementation Measure		Responsibility	Evaluation	Continue/ Modify/ Delete
5A-1	Provide continuing allocation of available grant funds such as the Federal Home Investment Partnerships HOME program to assist eligible lower-income households.	County Planning Department	Since 2003 the County has provided 13 loans and 7 grants totaling more than \$1.1 million through the Home Rehabilitation Program. The County funded about 90 percent of the loans and grants with CDBG funds and the remaining 10 percent with HOME funds.	Continue
5A-2	Provide assistance to the County Housing Authority for the continuation of Section 8 (Housing Choice Voucher Program) rental housing program.	County Planning Department, Housing Authority	Ongoing cooperative effort	Continue
5A-3	Expedite plan checks and building inspections to meet construction deadlines associated with the award of Federal tax credits.	County Public Works, Building Division	Ongoing cooperative effort	Continue
5B-1	Work collaboratively with the project owners and non-profit housing developers who may be interested in acquiring an ownership share in the project. In lieu of acquisition, ensure that impacted tenants are notified at least one a year prior to the conversion date and are provided with resources for assistance.	County Planning Department in conjunction with Housing Authority	No conversions have been processed.	Continue

TABLE 5-61 Evaluation of 2003 Merced County Housing Element Implementation Measures (Programs)				
Implementation Measure		Responsibility	Evaluation	Continue/ Modify/ Delete
5C-1	Coordinate meetings in appropriate communities between relevant participants (Building Industry Association, Mortgage Lenders, Association of Realtors, Housing Authority, etc.) to educate public on options that exist for potential homebuyers.	County Planning Department in conjunction with above listed agencies	Multiple efforts are underway due to the foreclosure crisis by a variety of agencies and banks.	Continue/ Modify
6A-1	The County shall promote homeownership opportunities by continuing allocation of available grant funds such as HOME Investment Partnership Program funds to assist eligible lower-income households.	County Planning Department	Since 2003 the County has provided 13 loans and 7 grants totaling more than \$1.1 million through the Home Rehabilitation Program. The County funded about 90 percent of the loans and grants with CDBG funds and the remaining 10 percent with HOME funds.	Continue
6A-2	The County shall continue allocation of available CDBG funds to provide outreach in the unincorporated communities.	County Planning Department	Annual program for CDBG and HOME funds.	Continue
6A-3	The County shall provide outreach to landlords about the benefits of improving rental units and prioritizing, and tenants who qualify for Section 8 vouchers and other available rental programs.	County Planning Department, Housing Authority	Ongoing effort of Housing Authority.	Continue
7A-1	The County shall continue to provide service to homeless persons through the Community Action Agency.	Community Action Agency	Various efforts continue, including a new shelter on County owned property.	Continue

**TABLE 5-61
Evaluation of 2003 Merced County Housing Element Implementation Measures (Programs)**

	Implementation Measure	Responsibility	Evaluation	Continue/ Modify/ Delete
7A-2	Work with the County Housing Authority in acquiring grants for senior citizen projects in the unincorporated communities where they are needed.	County Planning Department	Ongoing as funds are available	Continue
7A-3	The County shall continue to ensure new multi-family housing includes units that are accessible and adaptable for use by disabled persons in accordance with Chapter 11 of the California Building Code.	County Public Works, Building Division	Ongoing	Continue
7A-4	Permit “by right” farm labor camp housing for up to 12 employees through the ministerial “plot plan” review process.	County Planning Department	Ongoing	Continue
7A-5	Allow a 50 percent density bonus for senior housing and explore revisions to the parking standards for senior housing to allow a reduced standard from that of typical single and multi-family housing.	County Planning Department, Board of Supervisors	No projects proposed or implemented	Continue/ Modify
7A-6	Display brochures and pamphlets from the Fair Employment & Housing Practices Commission in County offices that explain the requirement of employers to provide adequate housing for employees.	County Departments	Ongoing	Continue
7A-7	Provide information on fair housing laws by displaying information sheets in public areas.	County Planning Department, County Housing Authority	Ongoing	Continue

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PART III. APPENDICES

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Appendices

Appendix 5-A-1: References

Appendix 5-A-2: Inventory of Vacant Sites

Appendix 5-A-3: Responses to SB 520 Analysis Questions

Appendix 5-A-4: Community/Stakeholder Workshop Participants

Appendix 5-A-5: Glossary

Appendix 5-A-6: Findings

Appendix 5-A-1: References

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Persons Consulted

Bill Nicholson, Merced County Planning and Community Development

Lori Flanders, Merced County Association of Governments

Martha Mile, Planada Community Service District

Connie Farris, Meadowbrook Water Company

Appendix 5-A-2: Inventory of Vacant Sites

Table 5-A-1 Inventory of Vacant Sites in Existing Communities Merced County 2009														
APN	General Plan Land Use Designation	Zoning	Acres	Minimum Allowed Density	Maximum Allowed Residential Density	Expected Density	Minimum Units	Maximum Units	Inventoried Units (80% max density and 1u/lot for R-2)	Inventoried Income Level	Environmental Constraints			Notes
											Williamson Act	Flooding	Slope	
Delhi														
009-110-022	Medium-Density Residential	R-3	1.5	8	15	12	12	23	18	Lower	N	N	N	
009-152-020	Medium-Density Residential	R-3	1.9	8	15	12	15	29	23	Lower	N	N	N	
009-192-011	Medium-Density Residential	R-3	1.7	8	15	12	14	26	20	Lower	N	N	N	
010-162-006	Medium-Density Residential	R-3	0.5	8	15	12	4	8	6	Moderate	N	N	N	small lot
010-102-005	Medium-Density Residential	R-2	0.3	1 u/lot	2 u/lot	2 u/lot	1	2	1	Moderate	N	N	N	small lot - capacity for a duplex
010-102-034	Medium-Density Residential	R-2	0.2	1 u/lot	2 u/lot	2 u/lot	1	2	1	Moderate	N	N	N	
011-053-019	Medium-Density Residential	R-2	0.2	1 u/lot	2 u/lot	2 u/lot	1	2	1	Moderate	N	N	N	small lot - capacity for a duplex
<i>Subtotal</i>			6.3				48	90	70					
Franklin/Beachwood														
057-390-021	Medium-Density Residential	R-2	4.2	1 u/lot	2 u/lot	2 u/lot	30	60	48	Moderate	N	Y	N	could be subdivided into 30 lots (minimum parcel size 6,000 sq. ft.) - inventory assumes 80% capacity
057-390-061, 057-390-062	Medium-Density Residential	R-3	1.5	8	15	12	12	22	18	Lower	N	Y	N	2 adjacent parcels
<i>Subtotal</i>			5.7				42	82	66					
Hilmar														
017-140-022	Medium-Density Residential	R-2	0.5	1 u/lot	2 u/lot	2 u/lot	1	2	1	Moderate	N	N	N	small lot - capacity for a duplex
017-140-077	Medium-Density Residential	R-2	0.2	1 u/lot	2 u/lot	2 u/lot	1	2	1	Moderate	N	N	N	small lot - capacity for a duplex
017-140-078	Medium-Density Residential	R-2	0.2	1 u/lot	2 u/lot	2 u/lot	1	2	1	Moderate	N	N	N	small lot - capacity for a duplex
017-140-079	Medium-Density Residential	R-2	0.2	1 u/lot	2 u/lot	2 u/lot	1	2	1	Moderate	N	N	N	small lot - capacity for a duplex
017-140-083	Medium-Density Residential	R-2	0.2	1 u/lot	2 u/lot	2 u/lot	1	2	1	Moderate	N	N	N	small lot - capacity for a duplex
017-140-084	Medium-Density Residential	R-2	0.2	1 u/lot	2 u/lot	2 u/lot	1	2	1	Moderate	N	N	N	small lot - capacity for a duplex
017-140-085	Medium-Density Residential	R-2	0.2	1 u/lot	2 u/lot	2 u/lot	1	2	1	Moderate	N	N	N	small lot - capacity for a duplex
<i>Subtotal</i>			1.6				7	14	7					
Le Grand														

**Table 5-A-1
Inventory of Vacant Sites in Existing Communities
Merced County
2009**

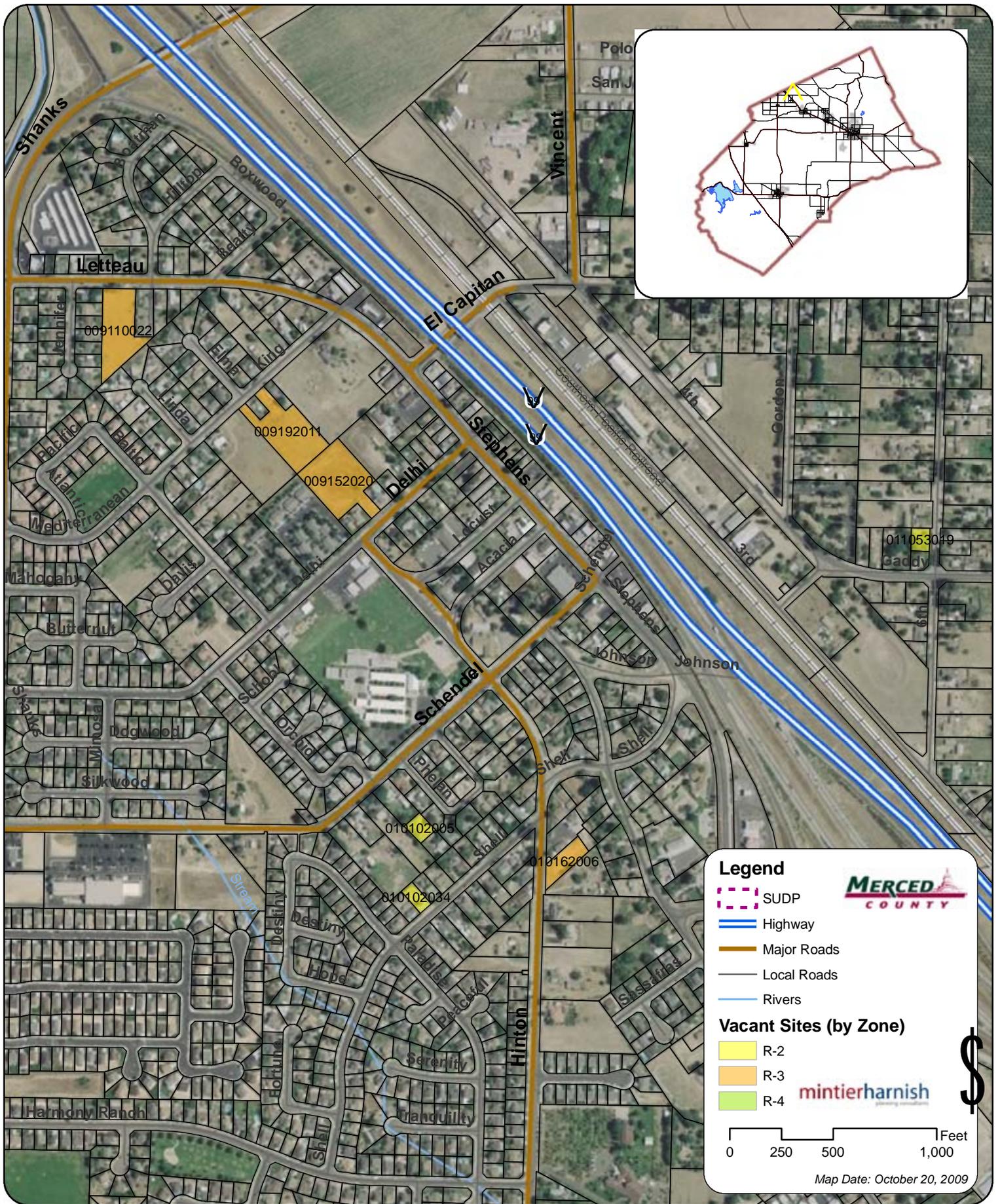
APN	General Plan Land Use Designation	Zoning	Acres	Minimum Allowed Density	Maximum Allowed Residential Density	Expected Density	Minimum Units	Maximum Units	Inventoried Units (80% max density and 1u/lot for R-2)	Inventoried Income Level	Environmental Constraints			Notes
											Williamson Act	Flooding	Slope	
318-133-008	Medium-Density Residential	R-2	0.2	1 u/lot	2 u/lot	2 u/lot	1	2	1	Moderate	N	N	N	small lot - capacity for a duplex
318-135-005	Medium-Density Residential	R-2	0.2	1 u/lot	2 u/lot	2 u/lot	1	2	1	Moderate	N	N	N	small lot - capacity for a duplex
318-137-001	Medium-Density Residential	R-2	0.3	1 u/lot	2 u/lot	2 u/lot	1	2	1	Moderate	N	N	N	small lot - capacity for a duplex
318-137-008	Medium-Density Residential	R-2	0.2	1 u/lot	2 u/lot	2 u/lot	1	2	1	Moderate	N	N	N	small lot - capacity for a duplex
318-138-001	Medium-Density Residential	R-2	0.1	1 u/lot	2 u/lot	2 u/lot	1	2	1	Moderate	N	N	N	small lot - capacity for a duplex
318-138-002	Medium-Density Residential	R-2	0.2	1 u/lot	2 u/lot	2 u/lot	1	2	1	Moderate	N	N	N	small lot - capacity for a duplex
318-120-020	Medium-Density Residential	R-3	1.7	8	15	12	14	26	20	Lower	N	N	N	
<i>Subtotal</i>			2.8				20	38	26					
Planada														
037-020-004	Medium-Density Residential	R-2	7.0	1 u/lot	2 u/lot	2 u/lot	50	100	80	Moderate	N	Y	N	could be subdivided into 50 lots (minimum parcel size 6,000 sq. ft.) - inventory assumes 80% capacity
037-250-001	Medium-Density Residential	R-3	5.4	8	15	12	43	81	65	Lower	N	Y	N	
037-250-015	Medium-Density Residential	R-3	1.6	8	15	12	13	24	19	Lower	N	Y	N	
037-052-001, 037-052-002	Medium-Density Residential	R-3	0.8	8	15	12	6	12	9	Moderate	N	Y	N	small lot
<i>Subtotal</i>			14.8				112	217	173					
Santa Nella														
070-100-011	High-Density Residential	R-4	20.4	15	33	20	306	673	539	Lower	N	N	N	
070-100-011	High-Density Residential	R-3	4.4	8	15	12	35	66	53	Lower	N	N	N	
070-100-011	Medium-Density Residential	R-3	24.9	8	15	12	199	374	299	Lower	N	N	N	
078-130-090	Medium-Density Residential	R-3	15.5	8	15	12	124	233	186	Lower	N	N	N	
373-020-005	Medium-Density Residential	R-3	36.1	8	15	12	289	542	433	Lower	N	N	N	
<i>Subtotal</i>			101.3				953	1,887	1,509					
Winton														
146-193-027	Medium-Density Residential	R-3	0.5	8	15	12	4	8	6	Moderate				
147-070-017	Medium-Density Residential	R-3	11.0	8	15	12	88	165	132	Lower	N	N	N	Parcel has a single-family home in southeast corner of lot; majority of the lot is vacant.

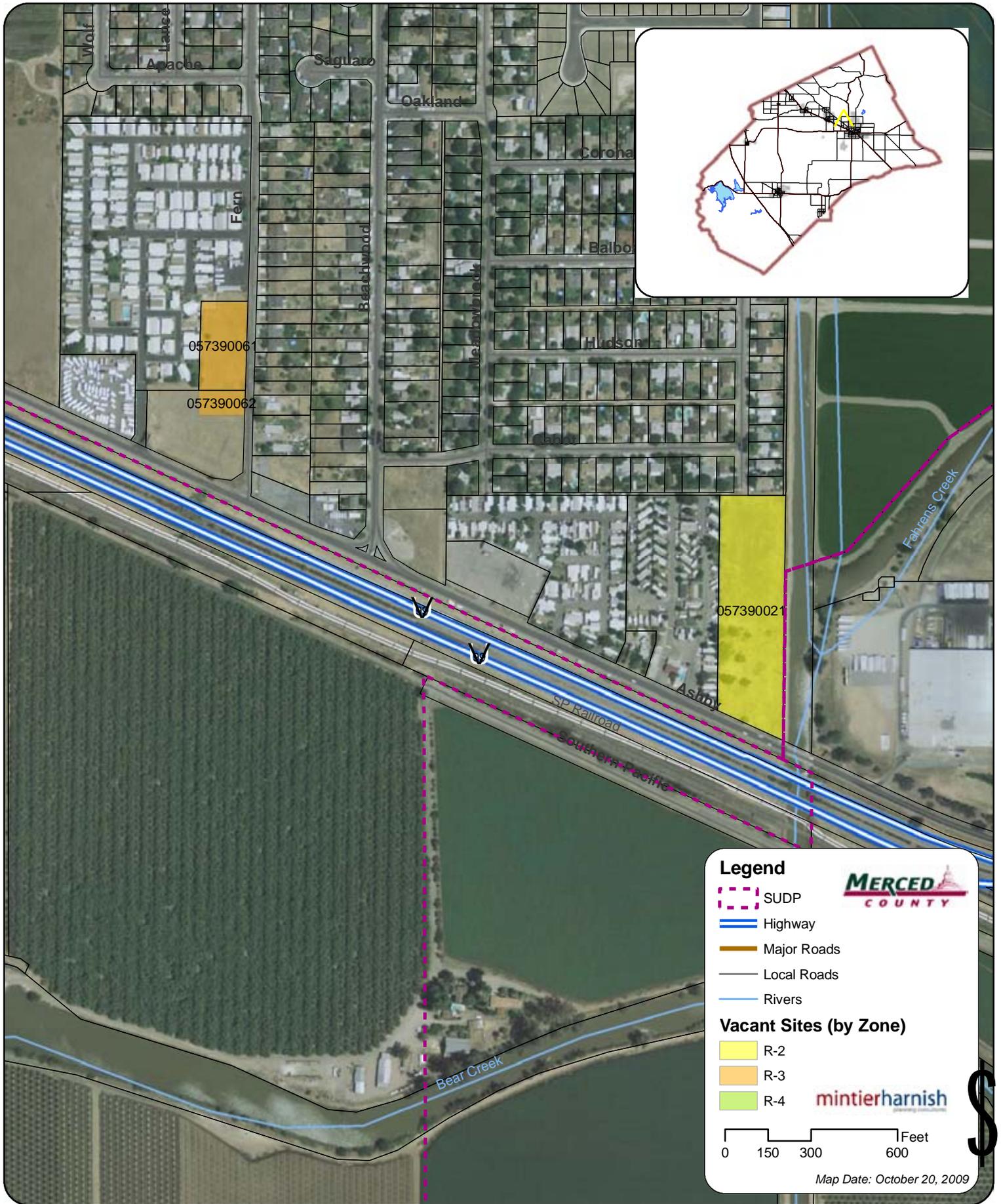
**Table 5-A-1
Inventory of Vacant Sites in Existing Communities
Merced County
2009**

APN	General Plan Land Use Designation	Zoning	Acres	Minimum Allowed Density	Maximum Allowed Residential Density	Expected Density	Minimum Units	Maximum Units	Inventoried Units (80% max density and 1u/lot for R-2)	Inventoried Income Level	Environmental Constraints			Notes
											Williamson Act	Flooding	Slope	
<i>Subtotal</i>			11.5				92	173	138					
Total			144.0	--	--	--	1,274	2,500	1,991					
Total Lower-Income			127.6	--	--	--	1,164	2,281	1,825					
Total Moderate-Income			16.4	--	--	--	110	219	166					

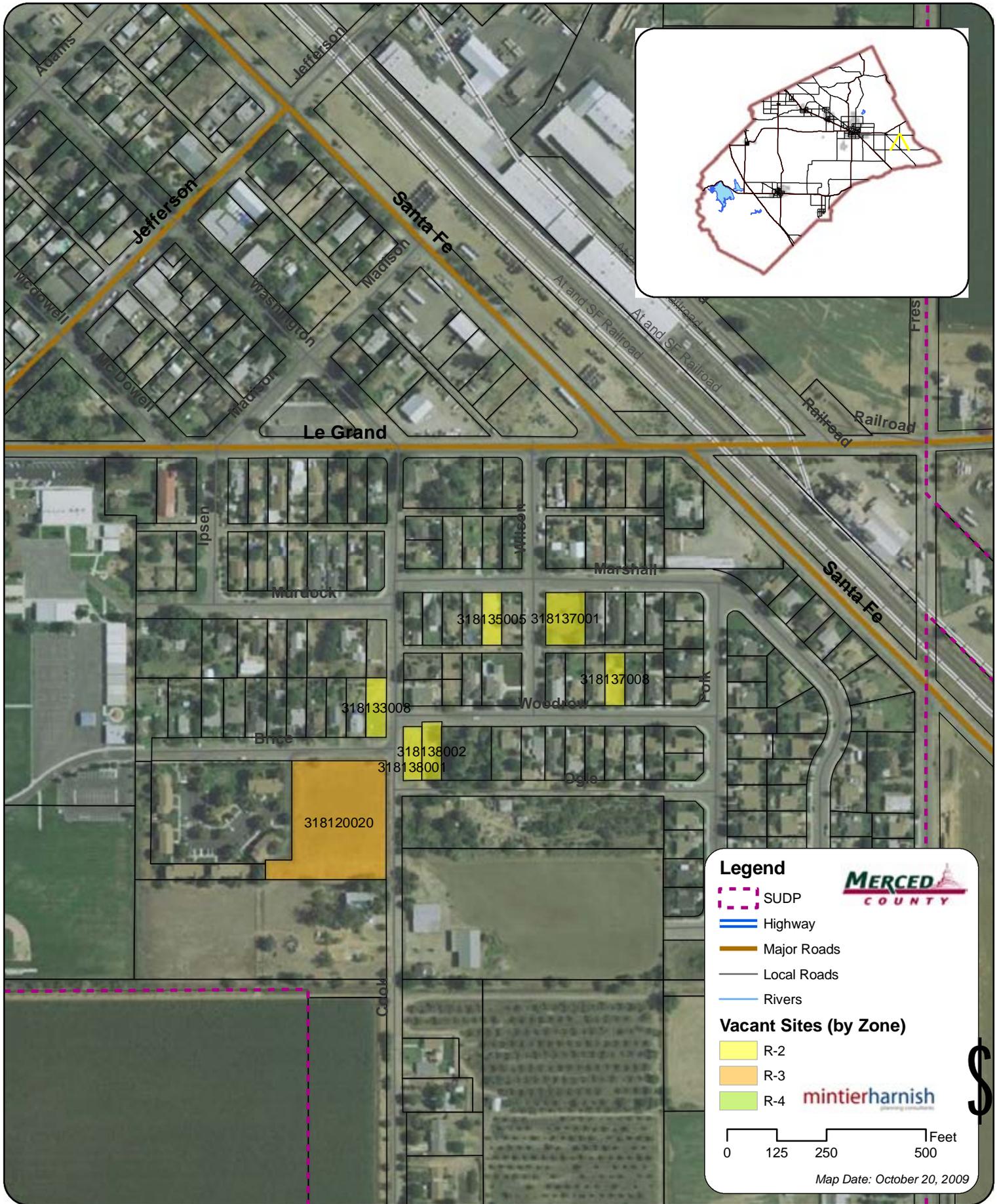
Table 5-A-1 Inventory of Vacant Sites in New Communities* Merced County 2009							
Site ID	General Plan Land Use Designation	Zoning	Estimated Acres	Allowable Density Range (Units/Acre)	Expected Density	Total Units	Expected Income Level
Fox Hills							
CMU 1	Commercial Mixed Use	CMU	9	0-15 u/a	15 du/ga	60	Moderate Income
MDR 1	Medium Density Residential	R-3	10	0-15 u/a	15 du/ga	153	Moderate Income
MDR 2	Medium Density Residential	R-3	7	0-15 u/a	15 du/ga	92	Moderate Income
MDR 3	Medium Density Residential	R-3	10	0-15 u/a	15 du/ga	153	Moderate Income
LDR 1	Low Density Residential	R-1-5000	206	0-4 u/a	4 du/ga	901	Above Moderate Income
LDR 2	Low Density Residential	R-1-5000	76	0-4 u/a	4 du/ga	333	Above Moderate Income
LDR 3	Low Density Residential	R-1-5000	99	0-4 u/a	4 du/ga	434	Above Moderate Income
LDR 4	Low Density Residential	R-1-5000	44	0-4 u/a	4 du/ga	195	Above Moderate Income
LDR 5	Low Density Residential	R-1-5000	260	0-4 u/a	4 du/ga	1,140	Above Moderate Income
<i>Subtotal</i>			721			3,460	
The Villages at Laguna San Luis							
HDR 1	High Density Residential	R-4	17	15-33 u/a	18 u/a	306	Lower Income
HDR 2	High Density Residential	R-4	14	15-33 u/a	18 u/a	245	Lower Income
HDR 3	High Density Residential	R-4	22	15-33 u/a	18 u/a	402	Lower Income
HDR 4	High Density Residential	R-4	10	15-33 u/a	18 u/a	182	Lower Income
MDR 1	Medium Density Residential	R-3	69	8-15 u/a	8 u/a	552	Moderate Income
MDR 2	Medium Density Residential	R-3	71	8-15 u/a	8 u/a	564	Moderate Income
MDR 3	Medium Density Residential	R-3	174	8-15 u/a	8 u/a	1,389	Moderate Income
MDR 4	Medium Density Residential	R-3	189	8-15 u/a	8 u/a	1,516	Moderate Income
MDR 5	Medium Density Residential	R-3	7	8-15 u/a	8 u/a	58	Moderate Income
MDR 6	Medium Density Residential	R-3	125	8-15 u/a	8 u/a	1,000	Moderate Income
MDR 7	Medium Density Residential	R-3	10	8-15 u/a	8 u/a	81	Moderate Income
LDR 1	Low Density Residential	R-1-5000	259	3.5-8 u/a	4.7 u/a	1,217	Above Moderate Income
LDR 2	Low Density Residential	R-1-5000	74	3.5-8 u/a	4.7 u/a	350	Above Moderate Income
LDR 3	Low Density Residential	R-1-5000	281	3.5-8 u/a	4.7 u/a	1,322	Above Moderate Income
LDR 4	Low Density Residential	R-1-5000	796	3.5-8 u/a	4.7 u/a	3,741	Above Moderate Income
LDR 5	Low Density Residential	R-1-5000	196	3.5-8 u/a	4.7 u/a	919	Above Moderate Income
VLD 1	Very Low Density Residential	A-R	297	0-3.5 u/a	1.8 u/a	547	Above Moderate Income
<i>Subtotal</i>			2,611			14,389	
UC Merced Campus							
Site 1	Phase 3 Student Housing	-	-	-	-	126	Lower Income
Site 2	Phase 4 Student Housing	-	-	-	-	140	Lower Income
<i>Subtotal</i>						266	

*Note: Not all of these sites are counted against the RHNA. See Tables 5-46, 5-47, and 5-49 for the number of units in new communities that are counted against the RHNA.



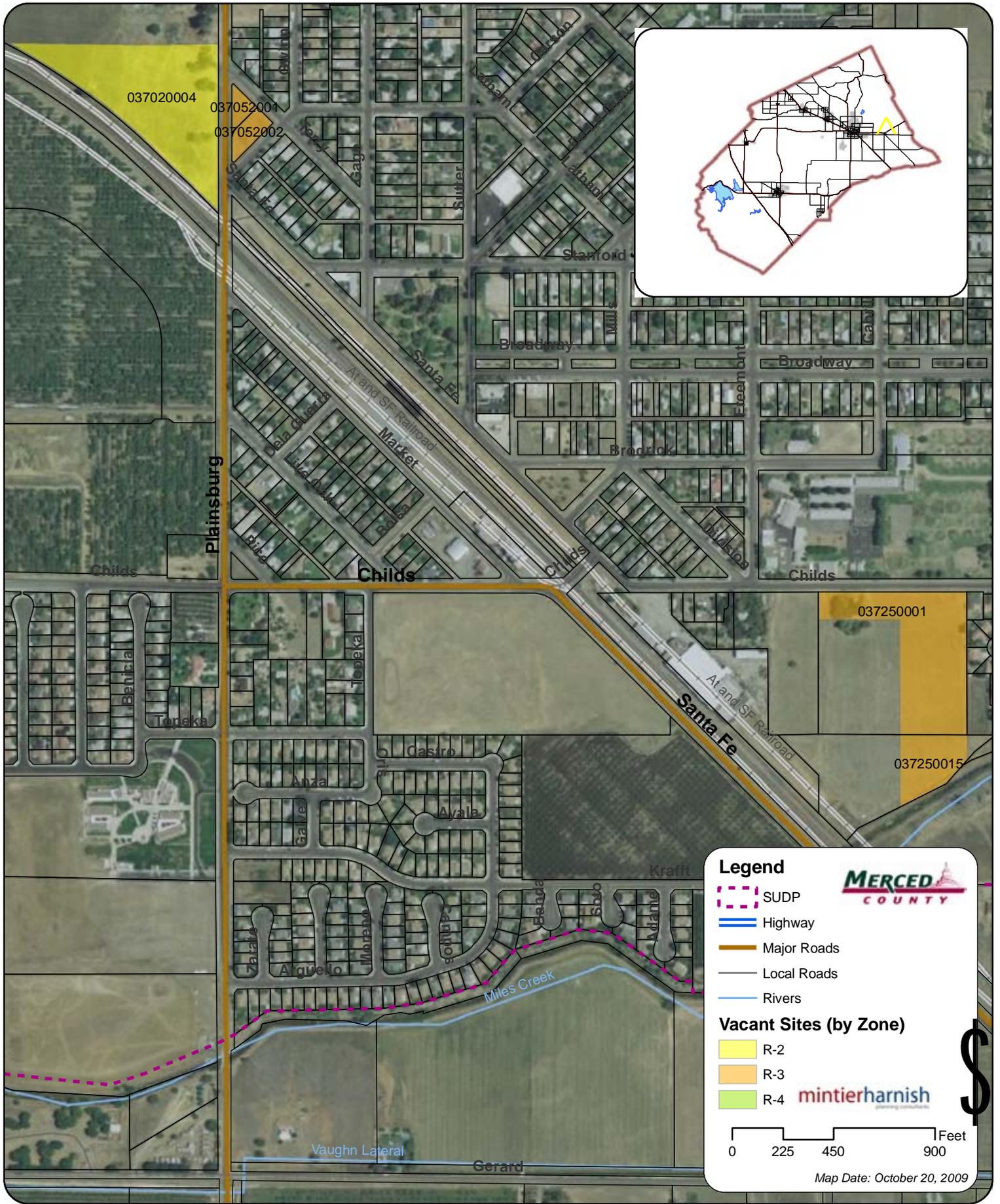






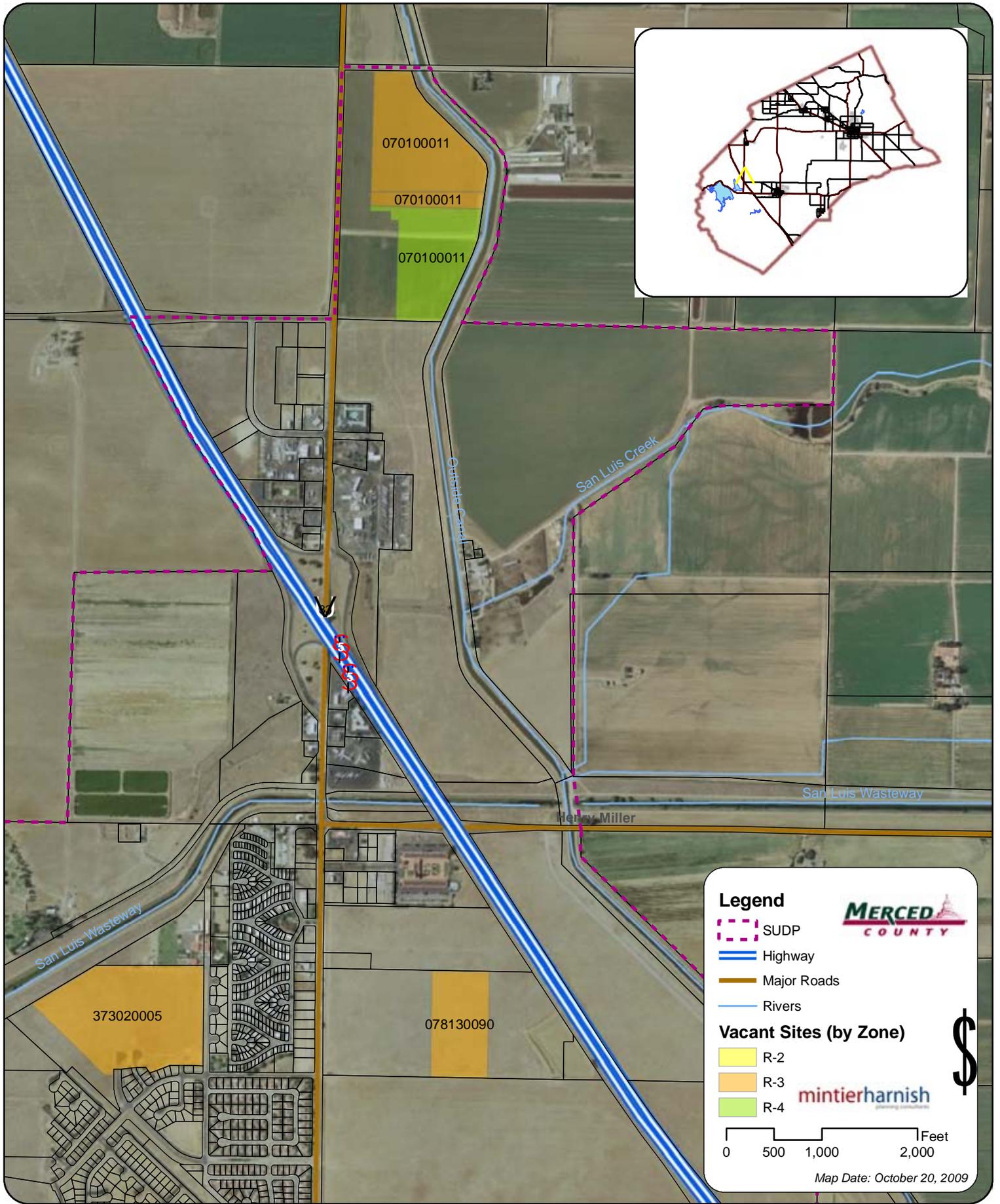
Merced County
General Plan Housing Element

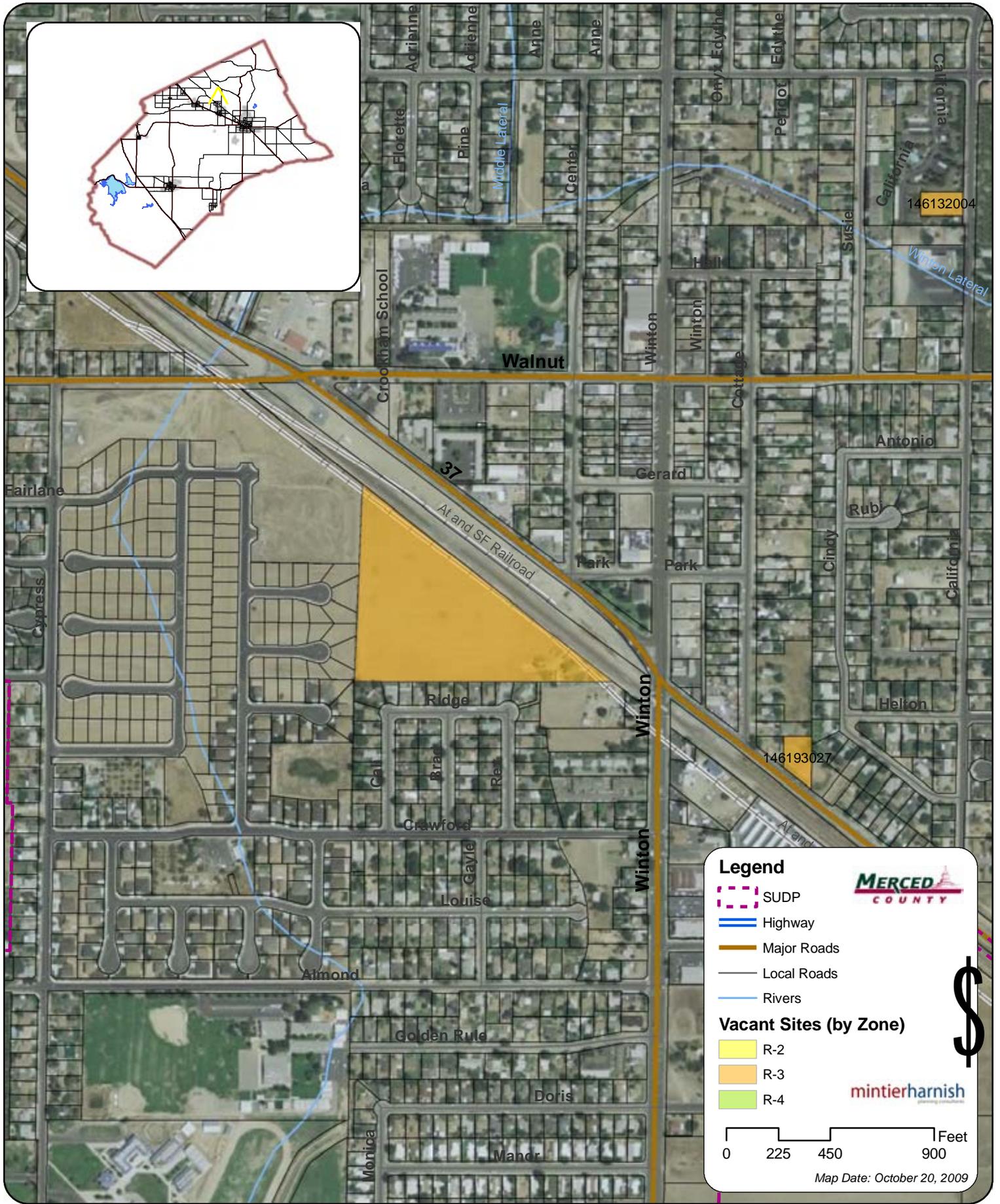
Figure 5-A-4
Le Grand
Vacant Land

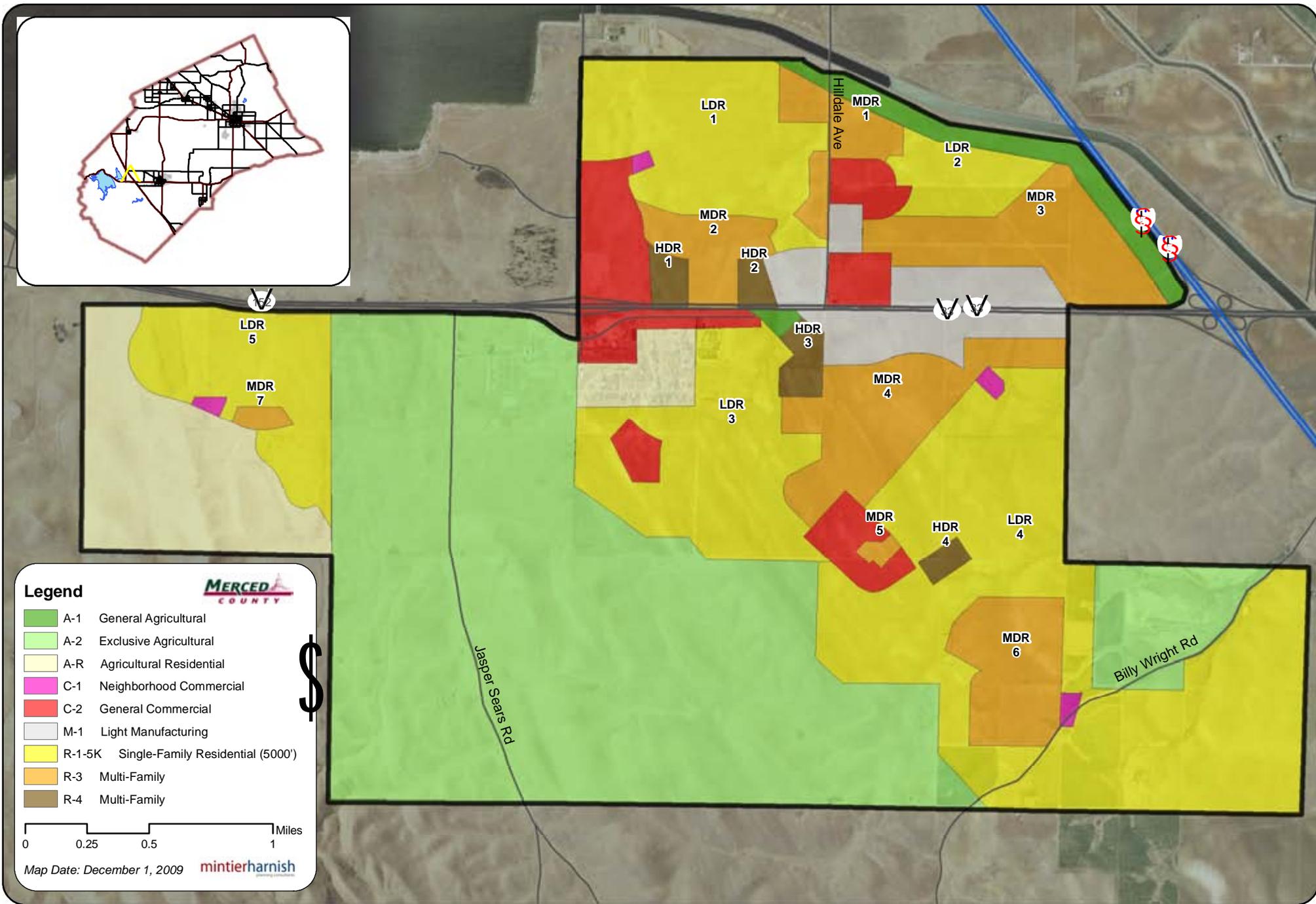


Merced County
General Plan Housing Element

Figure 5-A-5
Planada
Vacant Land

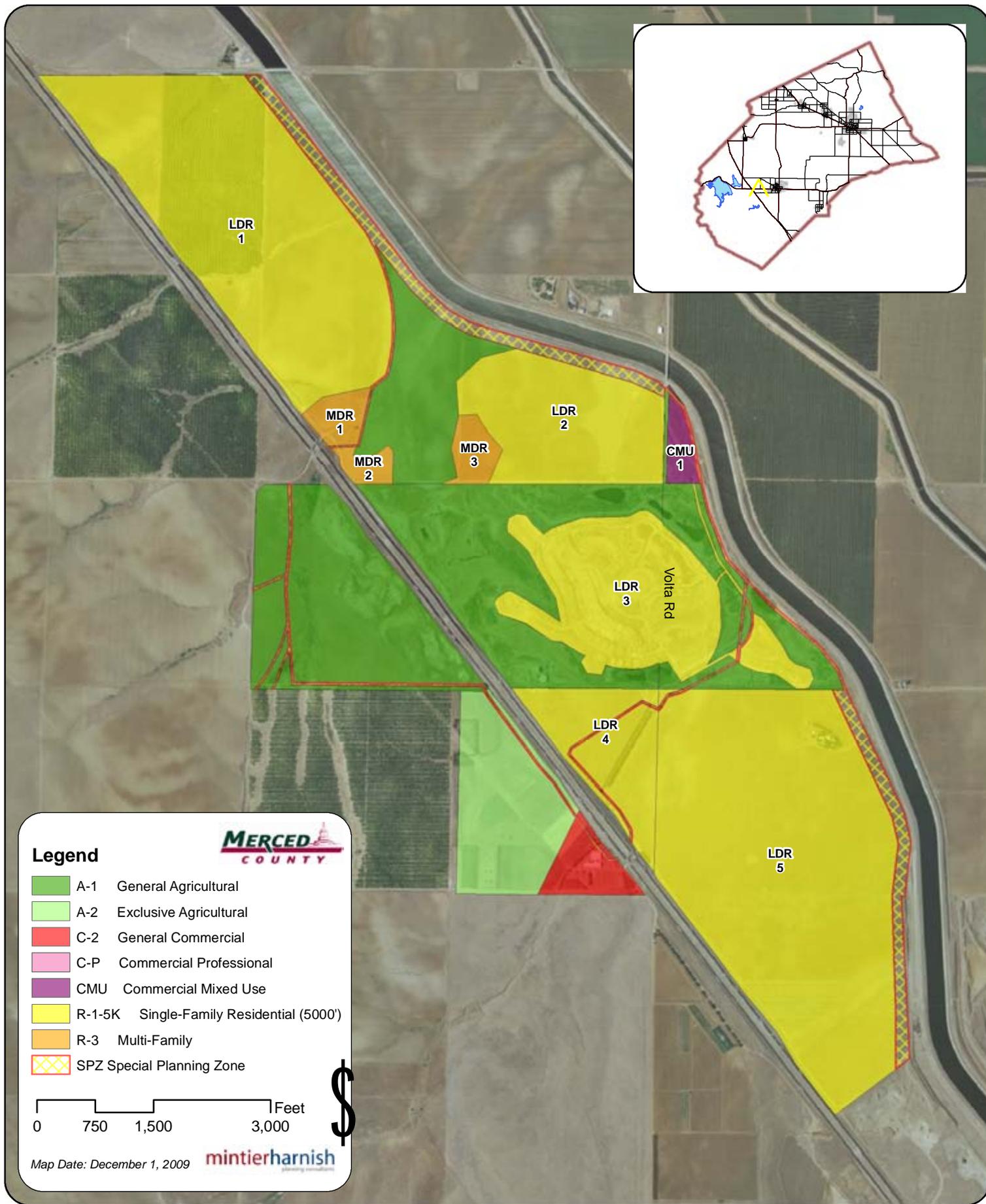






Merced County General Plan Housing Element

**Figure 5-A-8
The Villages of Laguna San Luis
Zoning**



Merced County
General Plan Housing Element

Figure 5-A-9
Fox Hills
Zoning Map

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Appendix 5-A-3: Responses to SB 520 Analysis Questions

In accordance with SB 520 (Chapter 671, Statutes of 2001), Merced County has analyzed the potential and actual governmental constraints on the development of housing for persons with disabilities and demonstrated the County's effort to remove such constraints.

The following shows the County's responses to the "SB 520 Analysis Tool" prepared by HCD.

SB 520 Analysis Tool

Over-arching and General

- Does the locality have any processes for individuals with disabilities to make requests for reasonable accommodation with respect to zoning, permit processing, or building laws?

Merced County does not have a formal reasonable accommodation process. Accommodations are made on a case by case basis.

- Describe the process for requesting a reasonable accommodation.

The County does not have any formal process and is handled on a case by case basis..

- Has the locality made any efforts to remove constraints on housing for persons with disabilities, such as accommodating procedures for the approval of group homes, ADA retrofit efforts, an evaluation of the zoning code for ADA compliance or other measures that provide flexibility?

The County may require a house to be made accessible as part of CDBG loan.

- Does the locality make information available about requesting a reasonable accommodation with respect to zoning, permit processing, or building laws?

The County has followed State laws, including State building codes that accommodate persons with disabilities. In some cases, the County has used CDBG funds to rehabilitate home to make them ADA compliant.

Zoning and Land Use

- Has the locality reviewed all of its zoning laws, policies, and practices for compliance with fair housing law?

The County has reviewed its zoning laws, policies and practices either during Housing Element updates, zoning code revisions, or the General Plan Update process.

- Are residential parking standards for persons with disabilities different from other parking standards? Does the locality have a policy or program for the reduction of parking requirements for special needs housing if a project proponent can demonstrate a reduced need for parking?

The Planning Department, through the Planning Director, has the authority to reduce the number of parking spaces required.

- Does the locality restrict the siting of group homes? How does this affect the development and cost of housing?

The County does not restrict the siting of groups homes.

- What zones allow group homes other than those residential zones covered by State law. Are group homes over six persons also allowed?

All residential zones allow group homes, an administrative permit is required for homes over 6 residents in a managed group home.

- Does the locality have occupancy standards in the zoning code that apply specifically to unrelated adults and not to families? Do the occupancy standards comply with Fair Housing Laws?

Merced County does not have occupancy standards that apply to unrelated adults

- Does the land-use element regulate the siting of special need housing in relationship to one another? Specifically, is there a minimum distance required between two (or more) special needs housing?

Merced County does not have any regulations concerning the siting of special needs housing.

Permits and Processing

- How does the locality process a request to retrofit homes for accessibility (i.e., ramp request)?

The County does not have any restrictions on retrofitting of homes for accessibility. The County does requires a standard building permit for any construction that would normally require a permit.

- Does the locality allow group homes with fewer than six persons by right in single-family zones? What permits, if any, are required?

Merced County does allow group homes by right with fewer than six persons.

- Does the locality have a set of particular conditions or use restrictions for group homes with greater than 6 persons? What are they? How do they effect the development of housing for persons with disabilities?

Merced County has not adopted a set of conditions or restrictions.

- What kind of community input does the locality allow for the approval of group homes? Is it different than from other types of residential development?

The County does not have a special process, the process is the same as for any other residential facility including an apartment project.

- Does the locality have particular conditions for group homes that will be providing services on-site? How may these conditions affect the development or conversion of residences to meet the needs of persons with disabilities?

The County has no regulations or restrictions on services provided at group homes.

Building Codes

- Has the locality adopted the Uniform Building Code? What year? Has the locality made amendments that might diminish the ability to accommodate persons with disabilities?

The County adopted the International Building Code in 2008, with no amendments that diminish any rights.

- Has the locality adopted any universal design elements in the building code?
- *The County does not have any universal design elements in the building code.*
- Does the locality provide reasonable accommodation for persons with disabilities in the enforcement of building codes and the issuance of building permits?

The County does not have a formal process, accommodations are handled on a case by case basis.

Appendix 5-A-4: Community/Stakeholder Workshop Participants

Workshop #1 (July 21, 2008)

Michael Belluomini, Merced Union High School District
Brenda Callahan-Johnson, Merced Community Action Agency
Denis Fletcher, Self Help Enterprise
Anna Fuentes, Merced County Association of Governments
Jim Gerdes, Hilmar Water District
Christie Hendricks, Merced County Office of Education
Richard Jantz, Delhi MAC
Paul Labrecque, Golden Valley Health Center/LA Connection
Dorothy Kielty, Merced County Association of Realtors
George McCrady, NAACP
Darryl Rutherford, CCRH/San Joaquin Valley Housing Trust
Bill Sanford, Habitat for Humanity
Jim Tolladay, Habitat for Humanity
Nou Vang, Merced Lao Family
Tataiana Vizcaino-Stewart, Healthy House

Workshop #2 (July 29, 2009)

Michael Belluomini, Merced Union High School District
Dorothy Kielty, Merced County Association of Realtors
George McCrady, NAACP
James Bethune, NAACP
Bill Sanford, Habitat for Humanity
Henry Xiong, Merced Lao Family
Irma Lira, Merced EDD
Mary Migliazzo, Merced County Planning Department

Appendix 5-A-5: Glossary

Acre: a unit of land measure equal to 43,650 square feet.

Acreage: Net: The portion of a site exclusive of existing or planned public or private road rights-of-way.

Affordability Covenant: A property title agreement which places resale or rental restrictions on a housing unit.

Affordable Housing: Under State and federal statutes, housing which costs no more than 30 percent of gross household income. Housing costs include rent or mortgage payments, utilities, taxes, insurance, homeowner association fees, and other related costs.

Annexation: The incorporation of land area into the jurisdiction of an existing city with a resulting change in the boundaries of that city.

Assisted Housing: Housing that has been subsidized by federal, state, or local housing programs.

Assisted Housing Developments: Multifamily rental housing that receives governmental assistance under federal programs listed in subdivision (a) of §65863.10, state and local multifamily revenue bond programs, local redevelopment programs, the federal Community Development Block Grant Program, or local in-lieu fees. The term also includes multi-family rental units that were developed pursuant to a local inclusionary housing program or used to a quality for a density bonus pursuant to §65915.

At-Risk Housing: Multi-family rental housing that is at risk of losing its status as housing affordable for low and moderate income tenants due to the expiration of federal, state or local agreements.

Below-Market-Rate (BMR): Any housing unit specifically priced to be sold or rented to low- or moderate-income households for an amount less than the fair-market value of the unit. Both the State of California and the U.S. Department of Housing and Urban Development set standards for determining which households qualify as "low income" or "moderate income." The financing of housing at less than prevailing interest rates.

California Department of Housing and Community Development (HCD): The State Department responsible for administering State-sponsored housing programs and for reviewing housing elements to determine compliance with State housing law.

California Environmental Quality Act (CEQA): A State law requiring State and local agencies to regulate activities with consideration for environmental protection. If a proposed activity has the potential for a significant adverse environmental impact, an environmental impact report (EIR) must be prepared and certified as to its adequacy before taking action on the proposed project.

California Housing Finance Agency (CHFA): A State agency, established by the Housing and Home Finance Act of 1975, which is authorized to sell revenue bonds and generate funds for the development, rehabilitation, and conservation of low- and moderate-income housing.

Census: The official United States decennial enumeration of the population conducted by the federal government.

Community Development Block Grant (CDBG): A grant program administered by the U.S. Department of Housing and Urban Development (HUD) on a formula basis for entitlement communities, and by the State Department of Housing and Community Development (HCD) for non-entitled jurisdictions. This grant allots money to cities and counties for housing rehabilitation and community development, including public facilities and economic development.

Compatible: Capable of existing together without conflict or ill effects.

Condominium: A building or group of buildings in which units are owned individually, but the structure, common areas and facilities are owned by all owners on a proportional, undivided basis.

Consistent: Free from variation or contradiction. Programs in the General Plan are to be consistent, not contradictory or preferential. State law requires consistency between a general plan and implementation measures such as the zoning ordinance.

Contract Rent: The monthly rent agreed to, or contracted for regardless of any furnishings, utilities, or services that may be included.

Dedication, In lieu of: Cash payments that may be required of an owner or developer as a substitute for a dedication of land, usually calculated in dollars per lot, and referred to as in lieu fees or in lieu contributions.

Density: The number of dwelling units per unit of land. Density usually is expressed “per acre,” e.g., a development with 100 units located on 20 acres has density of 5.0 units per acre.

Density, Residential: The number of permanent residential dwelling units per acre of land. Densities specified in the General Plan may be expressed in units per gross acre or per net developable acre.

Density Bonus: The allocation of development rights that allows a parcel to accommodate additional square footage or additional residential units beyond the maximum for which the parcel is zoned. Under Government Code Section 65915, a housing development that provides 20 percent of its units for lower income households, or ten percent of its units for very low-income households, or 50 percent of its units for seniors, is entitled to a density bonus and other concessions.

Developable Land: Land that is suitable as a location for structures and that can be developed free of hazards to, and without disruption of, or significant impact on, natural resource areas.

Development Impact Fees: A fee or charge imposed on developers to pay for a jurisdiction’s costs of providing services to new development.

Development Right: The right granted to a land owner or other authorized party to improve a property. Such right is usually expressed in terms of a use and intensity allowed under existing zoning regulation. For example, a development right may specify the maximum number of residential dwelling units permitted per acre of land.

Dwelling, Multi-family: A building containing two or more dwelling units for the use of individual households; an apartment or condominium building is an example of this dwelling unit type.

Dwelling, Single-family Attached: A one-family dwelling attached to one or more other one-family dwellings by a common vertical wall. Row houses and town homes are examples of this dwelling unit type.

Dwelling, Single-family Detached: A dwelling, not attached to any other dwelling, which is designed for and occupied by not more than one family and surrounded by open space or yards.

Dwelling Unit: A room or group of rooms (including sleeping, eating, cooking, and sanitation facilities, but not more than one kitchen), that constitutes an independent housekeeping unit, occupied or intended for occupancy by one household on a long-term basis.

Elderly Household: As defined by HUD, elderly households are one- or two- member (family or non-family) households in which the head or spouse is age 62 or older.

Element: A division or chapter of the General Plan.

Emergency Shelter: An emergency shelter is a facility that provides shelter to homeless families and/or homeless individuals on a limited short-term basis.

Emergency Shelter Grants (ESG): A grant program administered by the U.S. Department of Housing and Urban Development (HUD) provided on a formula basis to large entitlement jurisdictions.

Encourage: To stimulate or foster a particular condition through direct or indirect action by the private sector or government agencies.

Enhance: To improve existing conditions by increasing the quantity or quality of beneficial uses or features.

Environmental Impact Report (EIR): A report that assesses all the environmental characteristics of an area and determines what effects or impacts will result if the area is altered or disturbed by a proposed action.

Fair Market Rent: The rent, including utility allowances, determined by the United States Department of Housing and Urban Development for purposes of administering the Section 8 Existing Housing Program.

Family: (1) Two or more persons related by birth, marriage, or adoption [U.S. Bureau of the Census]. (2) An individual or a group of persons living together who constitute a bona fide single-family housekeeping unit in a dwelling unit, not including a fraternity, sorority, club, or other group of persons occupying a hotel, lodging house or institution of any kind [California].

Feasible: Capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, social, and technological factors.

First-Time Home Buyer: Defined by HUD as an individual or family who has not owned a home during the three-year period preceding the HUD-assisted purchase of a home. Jurisdictions may adopt local definitions for first-time home buyer programs which differ from non-federally funded programs.

General Plan: The General Plan is a legal document, adopted by the legislative body of a City or County, setting forth policies regarding long-term development. California law requires the preparation of seven elements or chapters in the General Plan: Land Use, Housing, Circulation, Conservation, Open Space, Noise, and Safety. Additional elements are permitted, such as Economic Development, Urban Design and similar local concerns.

Goal: The ultimate purpose of an effort stated in a way that is general in nature and immeasurable.

Green Building: Any building that is sited, designed, constructed, operated, and maintained for the health and well-being of the occupants, while minimizing impact on the environment.

Gross Rent: Contract rent plus the estimated average monthly cost of utilities (water, electricity, gas) and fuels (oil, kerosene, wood, etc.) To the extent that these are paid for by the renter (or paid for by a relative, welfare agency, or friend) in addition to the rent.

Group Quarters: A facility which houses groups of unrelated persons not living in households (U.S. Census definition). Examples of group quarters include institutions, dormitories, shelters, military quarters, assisted living facilities and other quarters, including single-room occupancy (SRO) housing, where 10 or more unrelated individuals are housed.

HOME Program: The HOME Investment Partnership Act, Title II of the National Affordable Housing Act of 1990. HOME is a Federal program administered by HUD which provides formula grants to States and localities to fund activities that build, buy, and/or rehabilitate affordable housing for rent or home ownership or provide direct rental assistance to low-income people.

Homeless: Unsheltered homeless are families and individuals whose primary nighttime residence is a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings (e.g., the street, sidewalks, cars, vacant and abandoned buildings). Sheltered homeless are families and persons whose primary nighttime residence is a supervised publicly or privately operated shelter (e.g., emergency, transitional, battered women, and homeless youth shelters; and commercial hotels used to house the homeless).

Household: All those persons—related or unrelated—who occupy a single housing unit.

Household Income: The total income of all the persons living in a household. A household is usually described as very low income, low income, moderate income, and upper income based upon household size, and income, relative to the regional median income.

Households, Number of: The count of all year-round housing units occupied by one or more persons. The concept of household is important because the formation of new households generates the demand for housing. Each new household formed creates the need for one additional housing unit or requires that one existing housing unit be shared by two households. Thus, household formation can continue to take place even without an increase in population, thereby increasing the demand for housing.

Housing and Community Development, Department of (HCD): The State agency that has principal responsibility for assessing, planning for, and assisting communities to meet the needs of low- and moderate-income households.

Housing and Urban Development, U.S. Department of (HUD): A cabinet-level department of the federal government that administers housing and community development programs.

Housing Authority, Local (LHA): Local housing agency established in State law, subject to local activation and operation. Originally intended to manage certain federal subsidies, but vested with broad powers to develop and manage other forms of affordable housing.

Housing Problems: Defined by HUD as a household which: (1) occupies a unit with physical defects (lacks complete kitchen or bathroom); (2) meets the definition of overcrowded; or (3) spends more than 30 percent of income on housing cost.

Housing Subsidy: Housing subsidies refer to government assistance aimed at reducing housing sales or rent prices to more affordable levels. Two general types of housing subsidy exist. Where a housing subsidy is linked to a particular house or apartment, housing subsidy is “project” or “unit” based. In Section 8 rental assistance programs the subsidy is linked to the family and assistance provided to any number of families accepted by willing private landlords. This type of subsidy is said to be “tenant based.”

Housing Unit: The place of permanent or customary abode of a person or family. A housing unit may be a single-family dwelling, a multi-family dwelling, a condominium, a modular home, a mobile home, a cooperative, or any other residential unit considered real property under State law. A housing unit has, at least, cooking facilities, a bathroom, and a place to sleep. It also is a dwelling that cannot be moved without substantial damage or unreasonable cost.

Impact Fee: A fee, also called a development fee, levied on the developer of a project by a city, county, or other public agency as compensation for otherwise-unmitigated impacts the project will produce.

Implementation Program: An action, procedures, program, or technique that carries out general plan policy. Implementation programs also specify primary responsibility for carrying out the action and a time frame for its accomplishment.

Income Category: Four categories are used to classify a household according to income based on the median income for the county. Under state housing statutes, these categories are defined as follows: Extremely-Low (0-30 percent of County Median), Very Low (31-50 percent of County median); Low (50-80 percent of County median); Moderate (80-120 percent of County median); and Above Moderate (over 120 percent of County median).

Infill Development: Development of vacant land (usually individual lots or left-over properties) within areas that are already largely developed.

Jobs/Housing Balance; Jobs/Housing Ratio: The availability of affordable housing for employees. The jobs/housing ratio divides the number of jobs in an area by the number of employed residents. A ratio of 1.0 indicates a balance. A ratio greater than 1.0 indicates a net in-commute; less than 1.0 indicates a net out-commute.

Large Household: A household with 5 or more members.

Lease: A contractual agreement by which an owner of real property (the lessor) gives the right of possession to another (a lessee) for a specified period of time (term) and for a specified consideration (rent).

Low-Income Housing Tax Credits: Tax reductions provided by the federal and State governments for investors in housing for low-income households.

Manufactured Housing: Housing that is constructed of manufactured components, assembled partly at the site rather than totally at the site. Also referred to as modular housing.

Market-Rate Housing: Housing which is available on the open market without any subsidy. The price for housing is determined by the market forces of supply and demand and varies by location.

Mean: The average of a range of numbers.

Median: The mid-point in a range of numbers.

Median Income: The annual income for each household size within a region which is defined annually by HUD. Half of the households in the region have incomes above the median and half have incomes below the median.

Mitigate, v.: To ameliorate, alleviate, or avoid to the extent reasonably feasible.

Mixed-Use: Properties on which various uses, such as office, commercial, institutional, and residential, are combined in a single building or on a single site in an integrated development project with significant functional interrelationships and a coherent physical design. A "single site" may include contiguous properties.

Mobile Home: A structure, transportable in one or more sections, built on a permanent chassis and designed for use as a single-family dwelling unit and which (1) has a minimum of 400 square feet of living space; (2) has a minimum width in excess of 102 inches; (3) is connected to all available permanent utilities; and (4) is tied down (a) to a permanent foundation on a lot either owned or leased by the homeowner or (b) is set on piers, with wheels removed and skirted, in a mobile home park.

Mortgage Revenue Bond (MRB): A state, county or city program providing financing for the development of housing through the sale of tax-exempt bonds.

Multi-Family Dwelling Unit: A building or portion thereof designed for or occupied by two or more families living independently of each other, including duplexes, triplexes, quadplexes, apartments, and condominiums.

Overcrowding: Households or occupied housing units with 1.01 or more persons per room.

Parcel: A lot in single ownership or under single control, usually considered a unit for purposes of development.

Physical Defects: A housing unit lacking complete kitchen or bathroom facilities (U.S. Census definition). Jurisdictions may expand the Census definition in defining units with physical defects.

Poverty Level: As used by the U.S. Census, families and unrelated individuals are classified as being above or below the poverty level based on a poverty index that provides a range of income cutoffs or "poverty thresholds" varying by size of family, number of children, and age of householder. The income cutoffs are updated each year to reflect the change in the Consumer Price Index.

Project-Based Rental Assistance: Rental assistance provided for a project, not for a specific tenant. A tenant receiving project-based rental assistance gives up the right to that assistance upon moving from the project.

Public Housing: A project-based low-rent housing program operated by independent local public housing authorities. A low-income family applies to the local public housing authority in the area in which they want to live.

Quantified Objective: The housing element must include quantified objectives which specify the maximum number of housing units that can be constructed, rehabilitated, and conserved by income level within a five-year time frame, based on the needs, resources, and constraints identified in the housing element (§65583 (b)). The number of units that can be conserved should include a subtotal for the number of existing assisted units subject to conversion to non-low-income households. Whenever possible, objectives should be set for each particular housing program, establishing a numerical target for the effective period of the program. Ideally, the sum of the quantified objectives will be equal to the identified housing needs. However, identified needs may exceed available resources and limitations imposed by other requirements of state planning law. Where this is the case, the quantified objectives need not equal the identified housing needs, but should establish the maximum number of units that can be constructed, rehabilitated, and conserved (including existing subsidized units subject to conversion which can be preserved for lower-income use), given the constraints.

Redevelop: To demolish existing buildings; or to increase the overall floor area existing on a property; or both; irrespective of whether a change occurs in land use.

Redevelopment Agency: California Community Redevelopment Law provides authority to establish a Redevelopment Agency with the scope and financing mechanisms necessary to remedy blight and provide stimulus to eliminate deteriorated conditions. The law provides for the planning, development, redesign, clearance, reconstruction, or rehabilitation, or any combination of these, and the provision of public and private improvements as may be appropriate or necessary in the interest of the general welfare by the Agency. Redevelopment law requires an Agency to set aside 20 percent of all tax increment dollars generated from each redevelopment project area for increasing and improving the community's supply of affordable housing.

Regional Housing Needs Plan (RHNP): The Regional Housing Needs Plan (RHNP) is based on State of California projections of population growth and housing unit demand and assigns a share of the region's future housing need to each jurisdiction within the MCAG (Merced County Association of Governments). These housing need numbers serve as the basis for the update of the Housing Element in each California city and county.

Regional Housing Needs Share: A quantification by a COG or by HCD of existing and projected housing need, by household income group, for all localities within a region.

Rehabilitation: The repair, preservation, and/or improvement of substandard housing.

Residential, Multiple Family: Usually three or more dwelling units on a single site, which may be in the same or separate buildings.

Residential, Single-family: A single dwelling unit on a building site.

Rezoning: An amendment to the map and/or text of a zoning ordinance to effect a change in the nature, density, or intensity of uses allowed in a zoning district and/or on a designated parcel or land area.

Second Unit: A self-contained living unit, either attached to or detached from, and in addition to, the primary residential unit on a single lot.

Section 8 Rental Assistance Program: A federal (HUD) rent-subsidy program that is one of the main sources of federal housing assistance for low-income households. The program operates by providing "housing assistance payments" to owners, developers, and public housing agencies to make up the difference between the "Fair Market Rent" of a unit (set by HUD) and the household's contribution toward the rent, which is calculated at 30 percent of the household's adjusted gross monthly income (GMI). Section 8 includes programs for new construction, existing housing, and substantial or moderate housing rehabilitation.

Seniors: Persons age 65 and older.

Service Needs: The particular services required by special populations, typically including needs such as transportation, personal care, housekeeping, counseling, meals, case management, personal emergency response, and other services preventing premature institutionalization and assisting individuals to continue living independently.

Shall: That which is obligatory or necessary.

Should: Signifies a directive to be honored if at all feasible.

Site: A parcel of land used or intended for one use or a group of uses and having frontage on a public or an approved private street. A lot.

Small Household: Pursuant to HUD definition, a small household consists of two to four non-elderly persons.

Special Needs Groups: Those segments of the population which have a more difficult time finding decent affordable housing due to special circumstances. Under California Housing Element statutes, these special needs groups consist of the elderly, handicapped, large families, female-headed households, farmworkers and the homeless. A jurisdiction may also choose to consider additional special needs groups in the Housing Element, such as students, military households, other groups present in their community.

Subdivision: The division of a tract of land into defined lots, either improved or unimproved, which can be separately conveyed by sale or lease, and which can be altered or developed.

Subdivision Map Act: Section 66410 et seq. of the California Government Code, this act vests in local legislative bodies the regulation and control of the design and improvement of subdivisions, including the requirement for tentative and final maps.

Subsidize: To assist by payment of a sum of money or by the granting of terms or favors that reduce the need for monetary expenditures. Housing subsidies may take the forms of mortgage interest deductions or tax credits from federal and/or state income taxes, sale or lease at less than market value of land to be used for the construction of housing, payments to supplement a minimum affordable rent, and the like.

Substandard Housing: Residential dwellings that, because of their physical condition, do not provide safe and sanitary housing.

Substandard, Suitable for Rehabilitation: Substandard units which are structurally sound and where the cost of rehabilitation is economically warranted.

Substandard, Needs Replacement: Substandard units which are structurally unsound and for which the cost of rehabilitation is considered infeasible, such as instances where the majority of a unit has been damaged by fire.

Supportive Housing: Housing with a supporting environment, such as group homes or Single Room Occupancy (SRO) housing and other housing that includes a supportive service component such as those defined below.

Supportive Services: Services provided to residents of supportive housing for the purpose of facilitating the independence of residents. Some examples are case management, medical or psychological counseling and supervision, child care, transportation, and job training.

Tenant-Based Rental Assistance: A form of rental assistance in which the assisted tenant may move from a dwelling unit with a right to continued assistance. The assistance is provided for the tenant, not for the project.

Transient Occupancy Buildings: Buildings that have an occupancy of 30 days or fewer, such as boarding houses, hospices, hostels, and emergency shelters.

Transitional Housing: Transitional housing is temporary (often six months to two years) housing for a homeless individual or family who is transitioning to permanent housing. Transitional housing often includes a supportive services component (e.g. job skills training, rehabilitation counseling, etc.) to allow individuals to gain necessary life skills in support of independent living.

Universal Design: The creation of products and environments meant to be usable by all people, to the greatest extent possible, without the need for adaptation or specialization.

U.S. Department of Housing and Urban Development (HUD): The cabinet level department of the federal government responsible for housing, housing assistance, and urban development at the national level. Housing programs administered through HUD include Community Development Block Grant (CDBG), HOME and Section 8, among others.

Vacant: Lands or buildings that are not actively used for any purpose.

Zoning: The division of a city or county by legislative regulations into areas, or zones, which specify allowable uses for real property and size restrictions for buildings within these areas; a program that implements policies of the General Plan.

Appendix 5-A-6: Major Findings

Existing 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 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. Only 122 units or 3.5 percent of all new units built in the unincorporated county were multi-family units. Mobile/modular homes however, accounted for 14.2 percent of all new units, which is much 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 fueled by the availability of easy credit and sub-prime loans. Prices started a steep decline in mid-2006 and have continued to decline to 2002 and 2003 levels.
- 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.
- The Merced County Zoning Ordinance does not address supportive housing requirements and needs to be updated to explicitly state that supportive housing is a residential use subject only to those restrictions that apply to other residential uses of the same type in the same zone. The minimum affordability requirements also need to be updated to be consistent with State law.
- Households with a single wage earner working in any one of the occupations listed in the table—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.
- 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 farmworkers and their families.

Future Needs Assessment

- MCAG allocated 7,364 new housing units to unincorporated Merced County for the 2007 to 2014 planning period. 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 did not rezone the full 260 acres for higher-density residential uses.

Resource Inventory

- In September 2009 the Merced County Board of Supervisors approved the creation of a new Specific Urban Development Plan for the Villages of Laguna San Luis Community (Villages) in western Merced County. At full buildout the 6,200 acre Villages will have a maximum of 15,895 residential units.
- According to the 2008 UC Merced Long Range Development Plan UC Merced has a vital interest in ensuring the existence of high-quality, on-campus, housing for undergraduates, graduate students and international students. UC Merced's long term goal is to house 50 percent of the student population on campus.
- In 2004 Merced County adopted the University Community Plan. The Community Plan established a new SUDP to the area just the south of the UC Merced campus and to the east of the city of Merced. The Community Plan created capacity for over 10,000 residential units in a variety of residential uses.
- Water availability is the greatest limiting factor of development in Merced County. Merced County generally does not have adequate water available to accommodate planned residential growth during the timeframe of this Housing Element (to June 30, 2013). A Conditional Use Permit is required and subject to review for emergency shelters, similar to that of multi-family residential projects. Planning Commission review and approval is required and project issues include size of facility, location, hours of operation, and other development standards, including environmental analysis.
- The Merced County Zoning Ordinance contains no provisions for the placement of emergency shelters. The Zoning Ordinance needs to be updated to explicitly discuss emergency shelters.

- The Merced County Zoning Ordinance needs to be updated to explicitly state that transitional housing is a residential use subject only to those restrictions that apply to other residential uses of the same type in the same zone.

Potential Housing Constraints

Governmental Constraints

- The County's growth management practices are similar to other San Joaquin valley counties and do not negatively impact the development of affordable housing.
- Processing and permit procedures do not constitute a development constraint in Merced County.
- Merced County Code Section 18.36 describes the density bonus procedures in the county. The code is not consistent with the most recent changes to State law. The County currently (December 2008) provides a density bonus to housing projects that provide one of the following:
 - 20 percent of the total dwelling units are reserved for low income households (50 percent to 80 percent of the county annual median income); or
 - 10 percent of the total dwelling units are reserved for very low income households (less than 50 percent of the county annual median income); or
 - 50 percent of the total dwelling units are reserved for senior citizens (one person per unit must be at least 62 years of age).
 - Projects seeking density bonus must be five or more units and density bonus are permitted in geographic areas of the housing development other than the areas where the units for the lower income households are located. The project developer must agree to continued affordability of all lower income density bonus units for at least thirty years.
- Merced County's Zoning Ordinance is not consistent with the most recent (2005) changes to State law regarding density bonuses. The minimum affordability requirements need to be updated to be consistent with State law. Additionally, while the County provides other incentives such as mixed use zoning and exceptions to height limits, number of parking spaces, population density and building intensity standards, the code needs to be updated to explicitly state that the County will provide up to three incentives as required by State law.

Non-Governmental Constraints

- Due to the current financial condition of the national and international banking system, it is not possible to forecast what will happen to interest rates during the upcoming Housing Element planning period. If interest rates rise, not only will it make new construction more costly (since construction period loans are short term and bear a higher interest rate than amortized mortgages), but it will also lower the sales price that buyers can afford to pay.

Evaluation

- 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 farmworker 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 plan does not include any housing and the Redevelopment Agency does not expect to develop any housing projects within its redevelopment area, but will make funds available in the future for housing projects.
- The Housing Authority manages and operates HUD-owned housing including low income housing, farmworker 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.
- The County has been successful in obtaining \$2 million in CDGB funds and \$2 million in HOME funds since 2003.