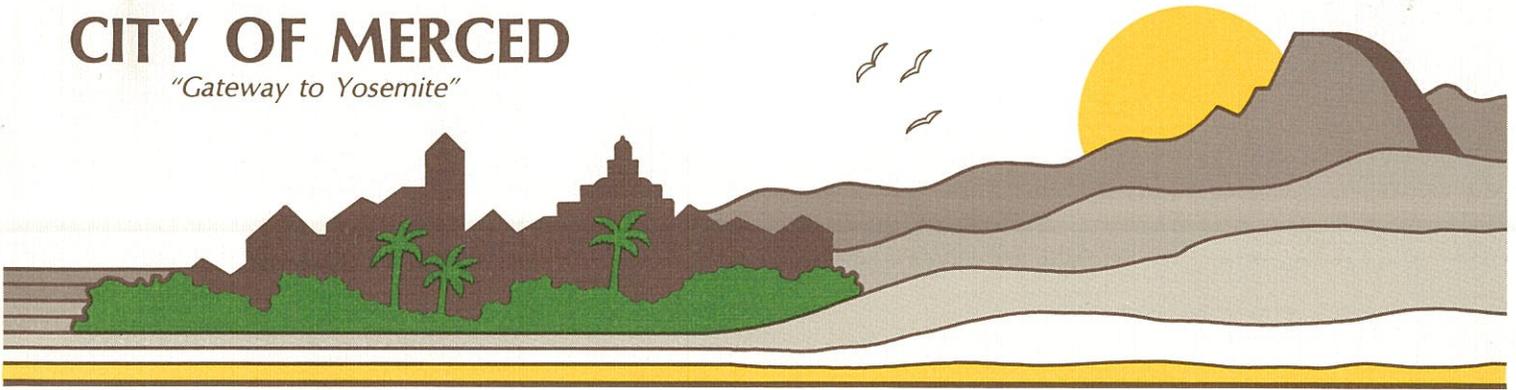


CITY OF MERCED

"Gateway to Yosemite"



September 9, 2005

California Department of Housing and Community Development
P.O. Box 952050
Sacramento, CA 94252-2050

RECEIVED
SEP 12 2005
DIV. OF HOUSING
POLICY DEVELOPMENT HCD

Dear Sirs/Madams,

RE: Annual General Plan Report--2004-2005

In compliance with Section 65400 of the California Government Code, the City of Merced's General Plan Implementation Annual Report is enclosed with this letter. A separate copy of this report is being transmitted to the State Department of Housing and Community Development. The Annual Report was presented to the City of Merced Planning Commission at their August 3, 2005 meeting and the Merced City Council at their September 6, 2005 meeting.

If you have any questions, please feel free to give me a call at (209) 385-6858.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kim Espinosa".

Kim Espinosa
Planning Manager

cc: Jack Lesch, Director of Development Services
Governor's Office of Planning and Research

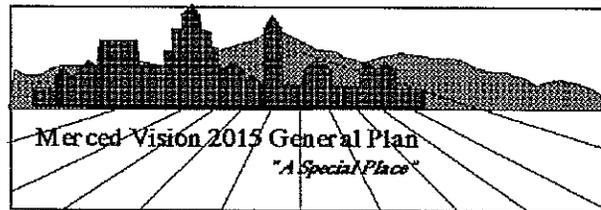
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CITY OF MERCED

"Gateway to Yosemite"



CITY OF MERCED GENERAL PLAN ANNUAL REPORT (July 1, 2004 to June 30, 2005)



INTRODUCTION

Government Code Section 65400(b) requires that the planning agency of local governments shall provide an annual report to the legislative body on the status of the General Plan and progress in its implementation, including progress in meeting the community's share of regional housing needs pursuant to Section 65584. Additionally, the annual report should include information concerning local efforts to remove governmental constraints to the maintenance, improvement, and development of housing pursuant to Section 65583(c)(3). The report must be provided to the California Office of Planning Research and the Department of Housing and Community Development at the end of the fiscal year.

This annual report has been prepared to summarize the status of the *Merced Vision 2015 General Plan* and steps that have been taken to implement General Plan policies and implementing actions (Section I). This report also includes a summary of General Plan and Specific Plan Amendments that were approved from July 1, 2004 to June 30, 2005 as well as a discussion about the City's General Plan Update, which began in June 2005. Information on regional housing needs and governmental constraints are summarized in Sections II and III (pages 12 and 16).

This report was presented to the Merced City Planning Commission at its regularly scheduled meeting of August 3, 2005 and to the Merced City Council at its regularly scheduled meeting of September 6, 2005.

I. STATUS OF GENERAL PLAN AND IMPLEMENTATION PROGRESS

A) General Plan Update

Background

In the FY 2004-05 Budget, the City Council identified as one of its top priorities a General Plan Update to address growth issues, such as the UC Merced Campus, University Community, Yosemite Lakes Estates, etc. In addition, meetings between representatives of the City Council and the Board of Supervisors regarding the City/County Tax Sharing Agreement have outlined a proposed expansion of the City's Specific Urban Development Plan (SUDP) boundary and Sphere of Influence.

Selection of General Plan Consultant

In January 2005, City staff sent out Requests for Proposals (RFP) to 16 planning and environmental firms to submit proposals to prepare the General Plan Update and EIR. The City received three proposals and interviewed all three candidates. On May 16, 2005, the City Council approved a contract with URS Corporation to prepare the General Plan Update and EIR for a total cost of \$344,254, with \$82,620 being reimbursed by the developers of the Castle Farms project.

The General Plan Update will include an expanded SUDP/modified Sphere of Influence, a new land use diagram, a public participation program, updates to all the General Plan chapters (except Housing), an environmental impact report (EIR), and other tasks. The City identified an expanded SUDP boundary and a modified Sphere of Influence (see Figure on next page) with six sub-areas—the UC Merced Campus, the University Community, Rural Residential Centers/Yosemite Lakes, South Merced/South of Mission, Franklin-Beachwood, and Castle Farms—along with one future sub-area—Campus Parkway. Beginning in June 2005, the General Plan Update process was expected to take 18 months or until the end of 2006.

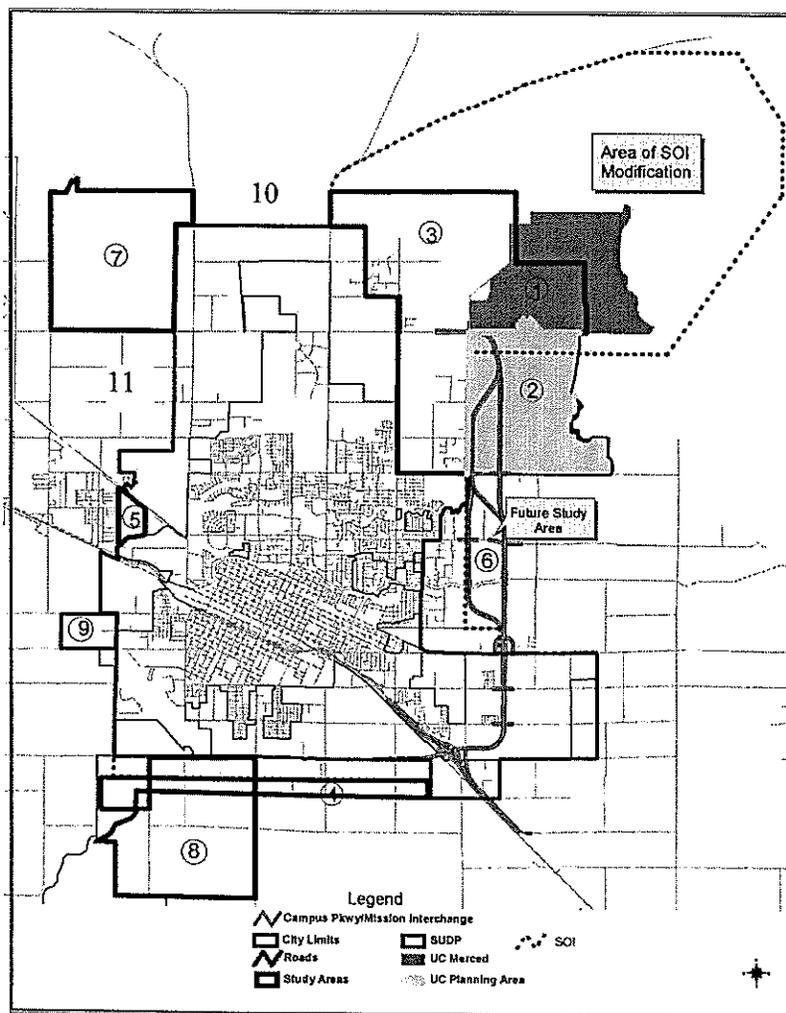
Changes Since Selection of General Plan Consultant

After the consultant contract was approved, City staff began receiving inquiries from property owners outside the General Plan Study Area Boundary. Given the large amount of land and its location in areas never before considered for urbanization, City staff asked for direction from the Planning Commission and City Council regarding how these inquiries should be handled.

On July 5 & 12, 2005, joint study sessions were held by the Planning Commission and City Council to discuss these issues. The general consensus was to ask the General Plan consultant to modify the scope of work to include a long-range "growth study" for an expanded General Plan Study Area (boundaries not yet

determined). This growth study would look at a larger geographic area and a longer time frame (30 to 40 years) vs. the usual 20-year time frame of a general plan. Part of the study would be to determine the appropriate SUDP and Sphere of Influence boundaries and to determine whether particular areas would be suitable for future development and when development should occur in those areas (phasing of development). As of the writing of this report, the consultants were still working on these modifications to the scope of work. These modifications will likely be presented to the Planning Commission and City Council in August/September 2005 for final approval.

The figure below illustrates the General Plan Study Area as currently defined (including sub-areas 1, 2, 3, 4, 5, and 7) and possible additions to the Study Area boundary (sub-areas 6, 8, 9, 10, and 11). Other areas (not illustrated below) will also likely be considered for inclusion in the Study Area per Council direction.



B) General Plan Elements and Implementation Progress

Each of the seven mandatory general plan elements were prepared and/or updated in full compliance with the General Plan Guidelines established by the Office of Planning and Research, which were in effect at the time of the most recent update. This section contains a summary of actions taken to implement each of the General Plan elements. The table below indicates the date that each of the required elements were last updated along with the same information for the four optional elements included in the *Merced Vision 2015 General Plan*:

General Plan Element	Last Update*
<i>Mandatory Elements:</i>	
Land Use	1997
Circulation	1997
Open Space	1997
Conservation	1997
Housing	2004
Noise	1993
Safety	1995
<i>Optional Elements:</i>	
Urban Expansion	1997
Public Facilities & Services	1997
Urban Design	1997
Sustainable Development	1997

**Note: All the above Elements, except Housing, are due to be updated in the City's General Plan Update process outlined above.*

Land Use Element: The Land Use Element was comprehensively updated and adopted in April 1997 as part of the *Merced Vision 2015 General Plan*. Since that time, 51 amendments to the Land Use Diagram involving a total of approximately 800 acres (out of the over 20,000 acres within the SUDP) have been approved (see the section beginning on page 10 for details). From 1997-2005, 13 annexations were completed adding over 3,350 acres of residential, commercial, and industrial land to the City's inventory. Staff is currently working on ten additional annexation requests totaling 1,550 acres in North, South, and Southeast Merced. New commercial development continues to thrive in Merced with the addition of over 600,000 square feet of new commercial facilities (including Merced Marketplace, the Plaza at El Portal, Home Depot, and others) since 1997. In January 2004, the City adopted the South Merced Strategic Plan, which includes a conceptual land use plan for South Merced and over 100 strategies for improvements in the area. The Strategic Plan will serve as a guide for the

preparation of a South Merced Specific Plan in FY 2005-06 (a grant was recently received from Caltrans to fund this work). City staff applies on a continuing basis land use policies regarding the promotion of a variety of housing types, the appropriate locations of new commercial and industrial land uses, and the protection of residential neighborhoods through code enforcement, interface overlay, and other tools.

Special Note regarding UC Merced: In 2001, the location of the University of California, Merced campus (opening in September 2005) was moved to the northeast corner of Bellevue and Lake Road, inside the City's Sphere of Influence and within a mile of the City's SUDP. (However, the University Community would be south of the Campus and this area is outside the City's Sphere.) In late 2001, UC and Merced County released the *UC Merced Long Range Development Plan* and Draft EIR (adopted by the UC Board of Regents in 2002) and the *Merced County University Community Plan* and Draft EIR (adopted by the Board of Supervisors in December 2004 after extensive revisions). The location of the Campus and Community has raised numerous issues which will require amendments to the City's General Plan. These issues include possible annexation of the Campus and University Community; the provision of services to the University; the preservation of prime agricultural land immediately adjacent to the Campus and Community; circulation to and from the area; the future land uses within the rural residential centers between the City Specific Urban Development Plan boundary (SUDP) and the campus; housing impacts; and many others. These issues will be addressed through the City's General Plan Update process which began in June 2005 (see page 2). The City will work closely with the University of California, Merced County, the landowners and adjoining property owners, the agricultural community, and other interested parties regarding these issues.

Circulation Element: The Transportation and Circulation Element was comprehensively updated and adopted in April 1997 as part of the *Merced Vision 2015 General Plan*. Since that time, four relatively minor amendments to the Circulation Element have been approved, involving the elimination of the future Mistwood railroad crossing, the addition of a frontage road near the future Mission interchange, and two curb cuts approved closer to intersections than policy allowed. City staff continues to work with MCAG, the County, and Caltrans staff on Regional Transportation Plan projects, such as the Campus Parkway Alignment Study (the Draft EIR was released for public review by the County in April 2005), the Highway 99/Mission Interchange Project, the replacement of the Bradley Overhead on Highway 140, the Atwater-Merced Expressway (formerly known as

the Castle Highway), Highway 59 (16th to Olive) improvements, and the Regional Transportation Impact Fee (adopted by the City Council in May 2005 and beginning implementation in August 2005). The City's Public Facilities Impact Fee program (adopted in 1998 and amended in 2003) will help fund needed transportation improvements throughout the Merced Area. Since 1997, various neighborhood traffic issues related to traffic calming and the impacts of large commercial projects were addressed in the Donna Drive/El Portal and Devonwood Drive areas and a study of a possible citywide traffic calming program will begin in FY 2005-06. City staff also continues to implement policies relating to circulation/access and bicycle/pedestrian facilities to all new development projects.

Open Space/Conservation Elements: The Open Space and Conservation Elements were combined into one element, which was comprehensively updated and adopted in April 1997 as part of the *Merced Vision 2015 General Plan*. Since 1997, Carpenter Park at Parsons & Silverado and Davenport Park at Dunn & White Dove have been built and dedicated and numerous park sites have been designated in new growth areas. In 2003, the Merced County Association of Governments (MCAG) prepared a regional commuter bicycle plan for the City and Merced County. In 2003, the City began work with a consultant (MIG of Portland, Oregon) to update the Parks and Open Space Master Plan, last updated in 1984, which was noted as an implementing action in the General Plan. The final plan was adopted in December 2004. The City continues to implement policies regarding the preservation/conservation of the creeks, wildlife habitat, Scenic Corridors, agricultural land adjacent to the SUDP, soil, and water resources as they apply to development projects.

Housing Element: The City's Housing Element (prepared by Quad-Knopf of Visalia) was adopted in December 2003, per the deadline established under state law. During the process, a Housing Task Force, made up of 20 interested citizens, was formed and four meetings were held. After comments were received from the State after the December 2003 adoption, the Housing Element was modified to meet the State's requirements for certification. The modified Housing Element was recommended for approval by the Planning Commission in May 2004 and adopted by the City Council in June 2004 and certified by the State in August 2004. The federal government requires that each jurisdiction also have a "Consolidated Plan" in order to receive Community Development Block Grant (CDBG) funds. Housing Elements and Consolidated Plans have many similar requirements and features, including a five-year time frame. The City of Merced adopted Consolidated Plans in 1995 and 2000 and a new Consolidated Plan was

adopted in May 2005. The City's progress on implementing Housing Element programs and policies is discussed in the "Housing Objectives and Programs" Section beginning on page 15. Since 1997, 4,343 new single-family homes and 654 new multi-family units have been constructed in the City of Merced for a total of 4,997 new units, including over 300 units for low and moderate income residents. Staff has also been working with UC staff and multi-family developers to address the current shortage of available rental housing units and sites for multi-family development as well as the impacts of UC Merced on the housing market.

Noise Element: The Noise Element was adopted in 1993. In 1997, information regarding Castle Air Force Base noise contours was removed due to the closure of the military base in 1995. Noise policies are enforced on an ongoing basis by City staff for individual development projects. One task identified for further review is the generation of updated noise contour maps based on new and expanded traffic projections. This task will be completed as part of the City's General Plan Update. In 1999, the Merced County Airport Land Use Commission adopted a new Airport Land Use Compatibility Plan. This plan identifies some minor changes that will need to be made to the City's Noise, Safety, and Land Use Elements as part of the General Plan Update (see Section I-A).

Safety Element: The Safety Element was adopted in 1995. Since that time, City staff has applied policies regarding disaster preparedness, seismic safety, flooding, fires, airport safety, crime, and hazardous waste to various development projects as they undergo City review. City programs continue to implement the policies that relate to fire prevention (weed abatement, etc.), community policing, building and fire codes, flood prevention, and annual review and "dress rehearsals" of the City's Emergency Plan. As noted above, the Safety Element will also require changes to conform to the Merced County Airport Land Use Compatibility Plan during the General Plan Update process.

Urban Expansion Element: The Urban Expansion Element was comprehensively updated and adopted in April 1997 as part of the *Merced Vision 2015 General Plan*. Since that time, several tasks identified in the element have been implemented/completed. In October 1997, the Local Agency Formation Commission (LAFCO) adopted the City's proposed Sphere of Influence as outlined in the General Plan. Since 1997, 13 annexations have been completed adding over 3,350 acres of residential, commercial, and industrial land to the City's inventory, and staff is currently processing ten annexation requests totaling over 1,550 acres. All of these annexations are analyzed based on the annexation criteria established

in the General Plan. Since 1998, the City of Merced has been a participant in the process of planning and development of the future UC Merced campus and adjacent University Community (see page 5). The City has also been working with the County on implementing the City/County tax-sharing agreement and the development of agricultural preservation strategies. In 2000 and again in 2004, MCAG adopted new population and employment projections for Merced County, which will be incorporated into future planning efforts. In 2003, a minor SUDP expansion (approximately 30 acres) in association with an annexation request for a larger 180-acre residential development in the vicinity of Yosemite Avenue and McKee Road was approved by City Council. In 2004, City staff began to receive various inquiries regarding annexation of areas outside our current SUDP. Expansion of the SUDP and modification to the Sphere of Influence will be considered as part of the General Plan Update process described on page 2.

Public Facilities & Services Element: The Public Facilities and Services Element was comprehensively updated and adopted in April 1997 as part of the *Merced Vision 2015 General Plan*. In 1998, the City adopted its Public Facilities Financing Plan along with the Public Facilities Impact Fee program to help fund the over \$550 million in transportation, public safety, public works, and open space/parks projects needed to implement the *Merced Vision 2015 General Plan* over the next 20 years. An update of the Public Facilities Financing Plan and impact fee program was adopted by the City Council in July 2003 and the new fees went into effect on January 1, 2004. Several master planning efforts for meeting the City's infrastructure needs associated with growth have been completed or are in progress, including the implementation of the Merced Water Supply Plan (with MID), the exploration of alternatives for expanding the capacity of the City's Wastewater Treatment Plant, an update to the North Merced Sewer Master Plan, and the development of a storm drainage master plan. The City continues to work with the local school districts on the location of future schools.

Urban Design Element: The Urban Design Element was comprehensively updated and adopted in April 1997 as part of the *Merced Vision 2015 General Plan*. City staff continues to encourage the use of the Urban Village design principles and guidelines throughout new growth areas and within Specific Plan areas. These principles are reflected in the Bellevue Ranch Master Development Plan (approved in 1995) and the University Community Plan (adopted in 2004). In 2000, the City adopted an ordinance to regulate the appearance and location of new wireless communication facilities and towers throughout the City. In 2005, the City passed a 1-year moratorium (expiring in October 2005 unless extended) on

new billboard construction in order to address changes in the sign code relating to billboards. In 2005, City staff also began work on Small Lot Design Guidelines (scheduled for public hearings in July/August 2005). Aesthetic policies involving the undergrounding of new utilities, minimum landscape standards for new developments, and design review within Planned Developments and the Downtown area are also carried out on an ongoing basis.

Sustainable Development Element: The Sustainable Development Element was a new optional element added in April 1997 as part of the *Merced Vision 2015 General Plan*. City staff applies its policies regarding air quality, cultural resources, and energy conservation on new developments within the City of Merced. Since 1997, more staff time has been devoted to historic preservation issues through expanded environmental review procedures and several high-profile historic preservation issues (i.e. Mainplace, old High School/County Library, Merced Theater, etc.). Several historic buildings have been added to the Local Register since 1997, such as the Mondo Building, the Merced Theater, the Masonic Lodge, and the Veterans Memorial Building. Mitigation measures for air quality impacts are now routinely adopted for many large development projects.

C) Summary of General Plan and Specific Plan Amendments

General Plan Amendments (Approved--July 1, 2004 to June 30, 2005)

Reference No.	APN# and Parcel Size	Location	General Plan Amendment Approved	City Council Approval Date & Resolution #
GPA# 04-08	APN# 35-140-019 (0.38 acres)	Northwest corner of Parsons Ave & Childs Ave	Low Medium Density Residential (LMD) to Thoroughfare Commercial (CT)	July 6, 2004 (Res. #04-86)
GPA# 04-11	APN# 206-040-001; 206-040-013 (42.89 acres)	East side of Highway 59, 1,600 ft north of Yosemite Ave	Business Park (BP) to Low Density Residential (LD)	Oct. 18, 2004 (Res. #04-127)
GPA# 04-05	APN# 259-130-008, -009, -018, -019, -020, -021, and -022 (139 acres)	Northeast corner of Mission Avenue & South Highway 59	Residential Reserve (RES-R) to Low Density Residential (LD), Village Residential (VR), General Commercial (CG), and Neighborhood Commercial (CN)	April 4, 2005 (Res. #05-46)
GPA# 04-04	APN# 59-240-038 & -078; 59-270-006, -007, -008, -011, & -012; & 59-290-019 (55 acres)	West of M Street, North and South of Gerard Avenue	Residential Reserve (RES-R) to Low Density Residential (LD)	April 18, 2005 (Res. #05-53)
GPA# 05-01	APN# 59-581-012 (1 acre)	North of Highway 140, 217 feet East of Massasso	Low Density Residential (LD) to Low Medium Density Residential (LMD)	April 18, 2005 (Res. #05-55)
GPA# 05-03	APN# 006-050-068 (5.72 acres)	South of Yosemite Avenue, 455 feet West of Parsons Avenue	Low Medium Density Residential (LMD) to Professional/ Commercial Office (CO)	April 18, 2005 (Res. #05-56)

Please refer to Appendix A of the *Merced Vision 2015 General Plan* for information on all general plan amendments approved since adoption of the General Plan in April 1997. Prior to the adoption of the *Merced Vision 2015 General Plan*, there were 6 to 12 general plan/specific plan amendments each year from 1990 to 1996. Six (6) such amendments were approved during the 1997-98

fiscal year, 6 in FY 1998-99, 5 in FY 1999-00, 7 in FY 2000-01, 3 in FY 2001-02, 11 in FY 2002-03, and 7 in FY 2003-04. Six (6) amendments have been approved during FY 2004-05 (see preceding table), with several amendments approved in combination with other applications (see below). A total of 51 General Plan Amendments have been approved since the 1997 adoption of the Plan.

Specific Plan Amendments (Approved--July 1, 2004 to June 30, 2005)

One amendment was made to the Fahrens Creek Specific Plan in October 2004. No amendments were made to the other four adopted Specific Plans (Campus North, Fahrens Park, Fahrens Creek, or Northeast Yosemite) during FY 2004-05.

2004 Amendment to the Fahrens Creek Specific Plan: In October 2004, the City Council approved General Plan Amendment #04-11 (see previous page) which changed the designation of a 42-acre portion of the Fahrens Creek Specific Plan from Business Park to Low Density Residential. This amendment was followed by the approval of a tentative subdivision map to allow the construction of 255 single-family homes on the site.

D) Other Development Applications Considered

From July 1, 2004 to June 30, 2005, the Planning Commission and City Council also considered other development applications which did not involve any amendments to the General Plan. During this time frame, the Planning Commission and/or City Council held public hearings and considered 13 tentative subdivision maps (and 3 extension requests), 19 final maps, 18 conditional use permits, 3 annexation requests, 3 Site Utilization Plan revisions/establishments, 4 zone changes which did not require general plan amendments, and 1 zoning ordinance amendment. (These numbers do not include applications considered by the Design Review Commission and numerous staff-level approvals of administrative CUP's, site plan approvals, and minor subdivisions.) All of these projects were found to be consistent with the General Plan and all were approved.

II. PROGRESS IN MEETING SHARE OF REGIONAL HOUSING NEEDS

The following information is provided to comply with the progress reporting requirements of Government Code 65400(b)(1) in regard to meeting the City's share of regional housing needs.

A) Regional Housing Needs (2001-2008)

In 2002, the Merced County Association of Governments (MCAG) established Regional Housing Needs numbers for each jurisdiction within Merced County for the period of January 2001 through July 2008. Those numbers were accepted by the Merced City Council in September 2002 and adopted by the MCAG Governing Board in October 2002. These numbers were incorporated into the City's Housing Element in 2003. The table below reflects the City of Merced's Share of the Regional Housing Needs from 2001 to 2008.

City of Merced's Share of Regional Housing Needs (2001-2008)

	Very Low Income (0-30% MFI*)	Low Income (31-50% MFI)	Moderate Income (51-80% MFI)	Above Moderate (81%> MFI)	Total Need
<i>Number</i>	1,073	793	887	1,913	4,666
<i>Percentage</i>	23.0%	17.0%	19.0%	41.0%	100.0%

* MFI = Median Family Income

B) New Dwelling Units Approved and Housing Program Units Assisted

The following table summarizes the number of new dwelling units approved for occupancy within the City of Merced from January 2001 to June 2005.

City of Merced New Dwelling Units Approved (2001-2005)

Year	Single Family Units	Multi-Family Units
2001	437	0
2002	514	1
2003	1,006	321
2004	727	113
2005 (through June)	781	50
TOTAL	3,465	485

The City does not track information regarding the income levels of homebuyers for standard building permits. However, in the case of the 2003 figures above, we do

know that 204 of the 321 multi-family units are for the Grove Apartments which will be available only to low and very low income renters.

The City does track income information for households that receive CDBG funding through the City's Housing Programs, such as the First-Time Homebuyers Program and rehabilitation/reconstruction projects. The table below shows the number of households and their income levels served by the City's Housing Programs from 2001 to 2005.

Units Assisted by City Housing Program (2001-2005)

Priority Need Category	FY 00-01	FY 01-02	FY 02-03	FY 03-04	FY 04-05	TOTAL (2001-2005)
Renters						
0-30% of MFI	43	0	0	102	0	145
31-50% of MFI	46	0	0	115	4	165
51-80% of MFI	43	0	0	12	2	57
Vacant/Other	0	2	3	8	5	18
Total	132	2	3	237	11	385
Owners						
0-30% (Very Low)	1	3	1	3	6	14
31-50% (Low)	10	5	9	14	11	49
51-80% (Mod.)	33	18	22	20	34	127
Vacant/Other	8	6	0	1	0	15
Total	52	32	32	38	51	205
Non-Homeless Special Needs	0	4 unit (Boarding House)	0	1 (Emergency Shelter)	1 (Emergency Shelter)	6
Total	0	4	0	1	1	6
Total Housing	184	38	35	276	63	596

Source: City of Merced HUD Consolidated Annual Performance and Evaluation Reports, 2000-2005

In summary, from 2001 to 2005, the City of Merced's Housing Programs provided assistance to 205 single-family units and 385 multi-family units. (Requirements of the Housing Programs require that these units serve low to moderate income households.) In FY 00-01, 132 of those multi-family units were part of the Laurel Glen rehabilitation project, which were not new units; but in FY 03-04, 204 new multi-family units for the Grove project were constructed and are restricted for low and very low income renters only. Therefore, we have an estimated 205 new single-family units and 253 new multi-family units built for low to moderate income households for a total of 458 units. If we assume that the distribution of income levels remains the same as in the table above, we can estimate that 124

(27%) of those 458 units were for Very Low Income households, 165 (36%) were for Low Income, and 169 (37%) for Moderate Income.

C) Progress on Meeting Regional Housing Needs

In summary, from 2001 to 2005, the City of Merced added 3,465 new single-family homes and 485 new multi-family units for a total of 3,950 units, but the income levels of these new homebuyers/renters are unavailable. However, staff estimates that 205 of the new single-family units and 253 of the multi-family units serve low-to-moderate income households for a total of 458 units. Therefore, the table below reflects the City's progress in meeting its share of the regional housing needs. The 3,465 total units built represents 74 percent of the total need (4,666), which shows that the City has made substantial progress in meeting these needs in the first 4½ years of the 8-year planning period. In fact, we have met and exceeded the need for above moderate income housing by 1,094 units.

City of Merced's Progress in Meeting Regional Housing Needs (2001-2005)

	Very Low Income (0-30% MFI*)	Low Income (31-50% MFI)	Moderate Income (51-80% MFI)	Above Moderate (81%> MFI)	Total Need
Regional Share	1,073	793	887	1,913	4,666
Units Added (2001-2005)	124	165	169	3,007	3,465
Remaining Units Needed	949	628	718	0 (+1,094)	1,201

[* MFI = Median Family Income] Source: City Estimates

It also should be noted that the City issued planning permits for over 400 multi-family units for low and moderate income renters during 2002-03. These projects have received federal, state, and local funds and tax credits and were completed within the few last years, so a significant number of rental units for low and moderate income residents has become available. It should also be noted that units for very low and low income households often require substantial public subsidies and there are limitations on the funding available. Therefore, Merced should be pleased with the substantial number of low and very low income units that have been made available thus far (11 to 21 percent of the total need within each low/moderate income category).

D) Housing Objectives and Programs

The following summarizes the progress that the City has made towards achieving Housing Element goals, policies, and the development of specific programs affecting housing:

Land Use Amendments/Annexations: In 1997, the City adopted the *Merced Vision 2015 General Plan*, which expanded the City's SUDP by nearly 4,300 acres to 20,540 acres. This area includes over 11,000 acres of residential land to support up to 48,000 residential units. From 1997-2005, 13 annexations were completed adding over 3,350 acres of residential, commercial, and industrial land to the City's inventory. Staff is currently working on ten additional annexation requests totaling 1,550 acres. The Bellevue Ranch Master Plan area can support up to 6,650 residential units and the Weaver Development Area up to 1,500 residences. An updated Housing Element was also adopted in 2003/2004. The General Plan also contains various policies (i.e. the Village Concept) aimed at increasing densities in new and existing residential areas in order to preserve farmland and to make the provision of public services more efficient. City ordinances, such as the density bonus ordinance, residential planned development ordinance, the second-unit ordinance, and random-mixed lot provisions, encourage such increased densities.

Housing Rehabilitation/Reconstruction/First-Time Homebuyers Programs: As shown in the table on page 13, from 2001 to 2005, the City of Merced's Housing Programs provided assistance to 205 single-family units and 385 multi-family units. These programs include rehabilitation, reconstruction, emergency loans, and a First-Time Homebuyers downpayment assistance program. Over \$3.5 million in federal funds through the Community Development Block Grant (CDBG) program and the HOME Investment Partnerships Program were available for these programs in FY 2004-05.

Public Services/Infrastructure Needs: Federal, Redevelopment, and Housing program income funds were also used for programs and public facilities to assist low to moderate income residents and neighborhoods during FY 2004-05. Such programs and facilities include code enforcement, police officer funding for gang suppression/intervention activities, the Police Community Aide, and various park improvements. In addition, a Continuum of Care Plan for homeless services was developed in 2003. Federal funding for homeless programs was applied for in FY 2002-03 (no funding granted) and FY 2003-04 (\$100,000 awarded), and funding is again being requested in FY 2004-05.

III. LOCAL EFFORTS TO REMOVE GOVERNMENTAL CONSTRAINTS TO THE MAINTENANCE, IMPROVEMENT, & DEVELOPMENT OF HOUSING

Steps that the City has taken to remove governmental constraints that hinder the development of affordable housing [pursuant to Government Code 65583(c)(3)] include the following:

- 1) Continued implementation of the City's General Plan, as discussed previously in this report.
- 2) Compliance with the affordable housing provisions of the Community Redevelopment Law.
- 3) Allocation of CDBG funds for housing services and public facilities/services in lower income neighborhoods to encourage rehabilitation and revitalization.
- 4) Continued implementation of a program to offset the cost of the City's Public Facilities Impact Fees for low-income and first-time homebuyers.
- 5) The adoption of reduced street standards for local and collector streets and smaller-lot planned developments have helped reduce development costs for developers.
- 6) Implementation of a one-stop permit center, fast-tracking of master plan permits, and the over-the-counter building permit process has reduced building permit processing times for most residential construction.
- 7) Streamlining measures have been implemented to allow staff approvals of some permits that previously had to go to the Planning Commission and the concurrent processing of development permits has reduced the number of public hearings required of many residential projects.

cc: Merced City Council
City of Merced Planning Commission
Governor's Office of Planning and Research
State Department of Housing and Community Development
James G. Marshall, City Manager

[ref: KE\GP\Implem\AnnualRpt\2004-05\04-05AnnRpt.doc]