



# ATTACHMENT 6

# CITY OF MERCED

**MERCED**

April 6, 2026

Cullen J. Davis, Principal Manager  
UPholdings California, LLC/UP Mercy Village L.P  
7370 N. Lincoln Avenue Ste A,  
Lincolnwood, IL 60712

Re: Conditional Commitment Reservation - Mercy Village Apartments  
HUD HOME-ARP funds for affordable rental housing construction of up to \$1,961,248 (updated)

Dear Mr. Davis, or To Whom It May Concern,

This letter updates the City of Merced's previously stated interest in setting aside a portion of its U.S. Department of Housing and Urban Development (HUD) Home Investment Partnership Program - American Rescue Plan (HOME-ARP) funding towards the future Mercy Village Apartments project, to be located at 3015 Park Avenue, Merced.

After receiving a small amount of additional HOME-ARP funding from HUD as a result of an administrative error that was discovered through HUD quality control efforts in Spring 2025, as well as performing minor adjustments to the City's own HOME-ARP Allocation Plan regarding the use of its total funding, the City is amending its previous reservation from \$1,690,461.30 to the new reservation amount of no more than \$1,961,248.

The City of Merced was allocated HOME-ARP funding by HUD in April of 2021. The City received HUD approval of its HOME-ARP Allocation Plan on April 11, 2023, which outlined the City's public outreach and needs assessment process in determining that these special funds should be directed towards the development of affordable rental housing for all of the "qualifying populations" that HOME-ARP funding intends to support (those who are: homeless; at risk of homelessness; fleeing/attempting to flee domestic violence, dating violence, sexual assault, or stalking; and those with the greatest risk of housing instability).

On February 20, 2024, the City Council approved a conditional commitment reservation of its available HOME-ARP funding to the Park Avenue project under the following updated contingencies:

- That the Developer demonstrate the capacity to meet all the requirements and use restrictions or allowances of HUD HOME-ARP funds for rental housing, tenant selection, operations, and all other relevant regulations, especially those unique to HOME-ARP funding and that are contained and/or referenced in CPD Notice 21-10 "Requirements for the Use of Funds in the HOME-American Rescue Plan Program" and be able to assist all QP groups, as described in the City's HOME-ARP Allocation Plan.

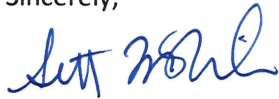
- The ability of the Developer to secure all other necessary subsidy layering, tax credit, and other financing that will enable successful completion of full financial closing, as well as construction, full tenant occupancy, and future stable operational capacity of the project in the necessary future.

On January 6, 2022, the Housing Authority of the County of Merced (HACM) expressed their intent to set aside a total of 65 PBVs to the project, to be made available to people currently experiencing or at-risk of homelessness and who will meet the criteria for units to be funded by the No Place Like Home (NPLH) Program. On September 26, 2025, HACM updated and reduced this intent to a total of 56 PBVs, after the total number of units of the project was also reduced.

In reserving these funds for the project, it is imperative to note that a National Environmental Policy Act (NEPA) Environmental Assessment (EA) has been completed and certified under the requirements of 24 CFR Part 58, with the City of Merced as Responsible Entity, for the use of HUD Public Housing Authority-issued Project Based Voucher (PBV) assistance. This EA received HUD Authority to Use Grant Funds on October 13, 2022. Also, under Section 58.35(b)(7) of Part 58, the City's consideration of the use of HOME-ARP funding, as well as noting and updating the original ERR regarding the reduction of the number of PBVs, has been added to the existing permanent EA/Environmental Review Record (ERR) as Supplemental Assistance under a separate completed "Categorical Exclusions Not Subject To" (CENST) review.

If there are any questions, please contact Scott McBride, City Manager, at email: [McBrideS@cityofmerced.gov](mailto:McBrideS@cityofmerced.gov).

Sincerely,



D. Scott McBride  
City Manager  
City of Merced