

2026  
HUD  
ANNUAL  
ACTION  
PLAN

- **MERCED CITY COUNCIL**
- **FINAL PUBLIC HEARING – JUNE 1, 2026**
- **(CONTINUED FROM MAY 18, 2026)**



# RECAP:

<b>1<sup>st</sup> Public Hearing March 16, 2026</b>	<b>2<sup>nd</sup> Public Hearing May 18, 2026</b>
<ul style="list-style-type: none"><li>✓ Presented Needs Assessment Results</li><li>✓ Presented preliminary CDBG and Home budget &amp; project funding</li><li>✓ Presented preliminary draft AAP</li><li>✓ Held the 1<sup>st</sup> Public Hearing &amp; received public comment</li><li>✓ Received Council direction:<ul style="list-style-type: none"><li>○ Public services proposals</li><li>○ Joe Herb Park additional funding</li><li>○ Pursue Fire Station 56 funding</li></ul></li></ul>	<ul style="list-style-type: none"><li>✓ Opened Public Hearing and accepted comment</li><li>✓ 2 Public Comments received</li><li>✓ Continued Hearing to June 1<sup>st</sup></li></ul>

## COUNCIL ACTIONS REQUESTED:

- ✓ Re-Open the Public Hearing continued from May 18, 2026
- ✓ Receive all public comment & close Public Hearing
- ✓ Provide direction regarding Public Services funding options
- ✓ Provide other direction, if any
- ✓ Adopt Resolution 2026-31 approving the Final Draft 2026 Annual Action Plan (as per direction)

## FINAL PUBLIC HEARING & APPROVAL

# 2026 BUDGET – CDBG PUBLIC SERVICES - **OPTION I**

Organization/Agency	Description	HUD Project Type	Requested	Recommended Award *
<b>MAXIMUM AVAILABLE FOR PUBLIC SERVICES = \$194,863.92</b>				
<b>CALCULATION = CDBG ALLOCATION \$1,045,361 + UNALLOCATED PRIOR YEAR PROGRAM INCOME \$253,731.84 x 15%</b>				
<b>* RECOMMENDED PROJECT AMOUNTS ARE CALCULATED AT 83.5% OF REQUESTED</b>				
<b>** \$7.84 BALANCE TO SIERRA SAVING GRACE      *** HOUSING ADC CALCULATED AT 8.7% OF PS CAP</b>				
<b>Harvest Time</b>	Food distribution to LMI/homeless	05W Food Bank/Distribution	\$75,750	\$ 63,251.25
<b>Project Sentinel, Inc</b>	Tenant/landlord counseling service for city residents	05K/Tenant Landlord Counseling	\$ 52,307.40	\$ 43,676.67
<b>Sierra Saving Grace</b>	Short term emergency rental/mortgage/utility assistance + deposits	05Q/Subsistence Payments	\$ 40,000	** \$ 33,407.84
<b>Boys and Girls Club of Merced County</b>	Teen workforce readiness program	05H/Employment Training	\$ 45,000	\$ 37,575.00
<b>Youth for Christ Central Valley</b>	Youth 11-19 years-life skills training, mentoring, career development	05D/Youth Services	\$24,000	0
<b>Housing Division</b>	Direct per-hour Activity Delivery Costs of implementing all above PS activities	Estimated average based on direct hours	Shown: 8.7% of Cap →	*** \$16,953.16
<b>Total public service funding (proposed/recommended):</b>			\$ 237,057.40	\$ 194,863.92
<b>PUBLIC SERVICES 15% CAP:</b>			\$ (194,863.92)	\$ 194,863.92
<b>Over/Under public service cap:</b>			<b>\$ 42,193.48</b>	0

# 2026 BUDGET – CDBG PUBLIC SERVICES - OPTION 2

Organization/Agency	Description	HUD Project Type	Requested	Recommended Award *
<b>MAXIMUM AVAILABLE FOR PUBLIC SERVICES = \$194,863.92</b>				
<b>CALCULATION = CDBG ALLOCATION \$1,045,361 + UNALLOCATED PRIOR YEAR PROGRAM INCOME \$253,731.84 x 15%</b>				
<b>* RECOMMENDED PROJECT AMOUNTS ARE CALCULATED AT 83.5% OF REQUESTED</b>				
<b>** \$7.84 BALANCE TO SIERRA SAVING GRACE                      *** HOUSING ADC CALCULATED AT 8.7% OF PS CAP</b>				
<b>Harvest Time</b>	Food distribution to LMI/homeless	05W Food Bank/Distribution	\$75,750	\$ 56,812.50
<b>Project Sentinel, Inc</b>	Tenant/landlord counseling service for city residents	05K/Tenant Landlord Counseling	\$ 52,307.40	\$ 39,230.55
<b>Sierra Saving Grace</b>	Short term emergency rental/mortgage/utility assistance + deposits	05Q/Subsistence Payments	\$ 40,000	** \$ 30,117.71
<b>Boys and Girls Club of Merced County</b>	Teen workforce readiness program	05H/Employment Training	\$ 45,000	\$ 33,750.00
<b>Youth for Christ Central Valley</b>	Youth 11-19 years-life skills training, mentoring, career development	05D/Youth Services	\$24,000	\$ 18,000.00
<b>Housing Division</b>	Direct per-hour Activity Delivery Costs of implementing all above PS activities	Estimated average based on direct hours	Shown: 8.7% of Cap ->	*** \$16,953.16
<b>Total public service funding (proposed/recommended):</b>			\$ 237,057.40	\$ 194,863.92
<b>PUBLIC SERVICES 15% CAP:</b>			\$ (194,863.92)	\$ 194,863.92
<b>Over/Under public service cap:</b>			<b>\$ 42,193.48</b>	----

# 2026 BUDGET – CDBG PUBLIC SERVICES COMPARISONS

Organization/Agency	Description	\$ Change if Option 2 chosen
Harvest Time	Food distribution to LMI/homeless	-\$ 6,438.75
Project Sentinel, Inc	Tenant/landlord counseling service for city residents	-\$ 4,446.12
Sierra Saving Grace	Short term emergency rental/mortgage/utility assistance + deposits	-\$ 3,290.13
Boys and Girls Club of Merced County	Teen workforce readiness program	-\$ 3,825.00
Youth for Christ Central Valley	Youth 11-19 years-life skills training, mentoring, career development	+ \$ 18,000.00
Housing Division	ADC (administration of public services)	(no change)
<b>Net change:</b>		<b>\$0</b>

# CDBG– OTHER PROJECTS

<b>Housing &amp; Infrastructure Projects</b>			
<b>Sierra Saving Grace</b>	Acquisition with Rehabilitation	I 4G-Rehabilitation: Acquisition	\$ 500,000
<b>Housing Division</b>	Activity Delivery Costs (estimated 5%)	ADC: Same	\$ 25,000
<b>City of Merced/Parks and Community Services</b>	Parks Improvement Activities – Joe Herb Park supplemental funding for park lighting	03F-Parks/Rec Facilities	\$ 352,035.00
<b>Housing Division</b>	Activity Delivery Costs (estimated 3%)	ADC: Same	\$ 17,601.46
<b>Total Housing &amp; Infrastructure ADC &amp; Project Costs – CDBG:</b>			<b>\$ 894,636.46</b>
<b>Economic Development</b>			
<b>UC Merced Monarch Small Business Center</b>	Small Business Technical Assistance	I 8B-Econ Development: Technical Assist	\$ 38,000
<b>Housing Division</b>	Activity Delivery Costs (estimated 5%)	ADC: Same	\$ 1,900
<b>Total Economic Development Project Costs – CDBG:</b>			<b>\$ 39,900</b>

# CDBG – JOE HERB PARK

---

- Allocated \$834,981 CDBG with PY 2025 AAP (includes ADC for housing staff hours)
- Use PY 2026 to supplement project - park lighting
- Interdepartmental MOU in progress - pending final scope of work & estimated costs
- Council approval needed of PY2026 additional funding to include in MOU

# HOME– OTHER PROJECTS

<b>Organization/ Agency</b>	<b>Description</b>	<b>Project Type</b>	<b>Project Costs</b>	<b>Activity Delivery</b>	<b>Project TOTAL</b>
<b>Housing Activities</b>	Maximum Available for Housing Activities = \$800,355.66				
<b>Merced Community Action Agency</b>	Homeowner Rehabilitation- Weatherization	Homeowner Rehabilitation	\$ 200,000	\$ 10,000 (5% of project cost)	\$ 210,000
<b>To Be Determined</b>	TBD project: new rental housing construction, rehab existing rental units, or acquire property for rental housing	Affordable housing	\$ 461,388	\$ 13,840.74 (3% of project cost)	\$ 475,228.74
<b>CHDO Organization To Be Determined</b>	CHDO-15% mandatory set- aside	Affordable Housing	\$ 67,854.77	\$ 2,035.64 (3% of project cost)	\$ 69,890.41
<b>Total Housing ADC &amp; Project Costs – HOME:</b>			<b>\$ 729,242.77</b>	<b>\$ 25,876.38</b>	<b>\$ 755,119.15</b>

# CDBG & HOME ADMINISTRATION

<b>Administrative Activities - CDBG</b> Estimated maximum available for CDBG administrative activities = \$230,672 Calculation = CDBG Allocation \$1,045,361 + Estimated 2026 Program Income \$108,000 x 20% Allowance				
	<u>Description</u>	<u>Project Type</u>	<u>Requested</u>	<u>Budget</u>
<b>Housing Division</b>	Direct Administration costs	Admin	(remaining)	\$ 160,672
<b>Housing Division</b>	Indirect Administration costs	Admin	N/A	\$ 20,000
<b>Merced County HSA</b>	Continuum of Care	Admin	\$ 50,000	\$ 50,000
<b>Total Admin Projects - CDBG:</b>				<b>\$230,672</b>

<b>Administrative Activities - HOME</b> Maximum available for HOME administrative activities = \$ 45,236.51 Calculation = HOME Allocation \$452,365.10 x 10% Allowance				
	<u>Description</u>	<u>Project Type</u>	<u>Requested/Available</u>	<u>Budget</u>
<b>Project Sentinel, Inc</b>	Fair Housing Services for city residents	Admin Fair Housing	\$ 37,885.90	\$ 37,885.90
<b>Housing Division</b>	Direct Administration costs	Admin	\$7,350.61	\$ 7,350.61
<b>Total Admin Projects - HOME:</b>				<b>\$ 45,236.51</b>

# STATION 56

## BACKGROUND:

- COUNCIL HAS APPROVED A SIXTH FIRE STATION TO MAINTAIN EMERGENCY RESPONSE TIMES
- STATION 56 HAS FUNDING SHORTFALL OF \$4,619,878
- CDBG ELIGIBLE ACTIVITY OF CONSTRUCTING A PUBLIC FACILITY UNDER CDBG REGULATIONS 24 CFR 570.703(I)
- SECTION 108 – SUBJECT TO REG'S OF 24 CFR PART M (CDBG REGS; 570.700 - 570.712)
- CITIZEN INPUT PROCESS MUST COME FIRST – 30 DAY COMMENT PERIOD
- CITY OF MERCED ELIGIBLE TO LEVERAGE UP TO FIVE TIMES ITS CURRENT CDBG ALLOCATION: PY2025-26 \$5,447,065 (OR \$5,226,805 IN PY2026)
- TO FUND THE GAP: SUBJECT TO NEPA PART 58 – ENVIRONMENTAL ASSESSMENT
- NEPA & APPLICATION PROCESS CAN COINCIDE – MUST RECEIVE CLEARANCE BEFORE APPROVAL GRANTED

# TONIGHT'S ACTIONS & NEXT STEPS

---

## Public Hearing:

- Tonight:  
Re-Open and Hold Final Public Hearing:
- Receive Public Comment
- Close Public Hearing



## Council:

- Provide Any Council Comments
- Direction regarding Public Service Funding Options
- Approve Annual Plan



## Finalization of AAP

- Staff to make final AAP updates to :
- Executive Summary
  - Expected Resources
  - Goals & Objectives
  - Affordable Housing
- Submit completed Final Plan to HUD
- June 3 target



**QUESTIONS?**

---