

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

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March 17, 2026

Scott McBride, City Manager
City of Merced
678 West 18th Street
Merced, CA 95340

Dear Scott McBride:

RE: City of Merced's 6th Cycle (2024-2032) Revised Draft Housing Element

Thank you for submitting the City of Merced's (City) revised draft housing element update that was received for review on January 16, 2026, along with revisions received on March 13, 2026 and minor modifications on March 16, 2026. The revisions were made available to the public for seven days prior to review. Pursuant to Government Code section 65585, the California Department of Housing and Community Development (HCD) is reporting the results of its review. In addition, HCD considered comments from Leadership Counsel for Justice and pursuant to Government Code section 65585, subdivision (c).

The revised draft element, including revisions and minor modifications, meets the statutory requirements that were described in HCD's December 8, 2025 review. However, the housing element cannot be found in substantial compliance until the City has completed the necessary rezones (see below) to accommodate the Regional Housing Needs Allocation (RHNA). The housing element will substantially comply with State Housing Element Law (Gov. Code, § 65580 et seq) when all necessary rezoning and the element are adopted, submitted to, and approved by HCD, in accordance with Government Code section 65585.

A jurisdiction that did not adopt a compliant housing element within 120 days from the statutory deadline (January 31, 2024) must rezone sites within one year of the statutory deadline and meet requirements pursuant to Government Code sections 65583, subdivision (c)(1)(A) and 65583.2, subdivisions (c), (h) and (i), as applicable. As this year has passed, the housing element cannot be found in substantial compliance until rezoning has been completed to meet all statutory requirements. HCD understands the City has completed changes to the zoning and land use maps as part of Programs 2 (Adequate Sites for RHNA and Monitoring for No Net Loss) and 3 (By-Right Approval) but the rezoning will be supplemented with additional modifications to meet all statutory requirements. HCD encourages the City to submit draft documents to assist the adoption process and ensure compliance with statutory requirements.

As a reminder, the City's 6th cycle housing element was due January 31, 2024. As of today, the City has not completed the housing element process for the 6th cycle. The City's 5th cycle housing element no longer satisfies statutory requirements. HCD encourages the City to expeditiously complete the rezone, adopt the housing element, and submit to HCD to regain housing element compliance.

Public participation in the development, adoption and implementation of the housing element is essential to effective housing planning. Throughout the housing element process, the City must continue to engage the community, including organizations that represent lower-income and special needs households, by making information regularly available while considering and incorporating comments where appropriate. The City should continue sharing information consistently through a variety of outreach methods and ensure that public input is meaningfully considered and incorporated where appropriate. Commenters on this review, particularly Leadership Counsel for Justice and Accountability, provided meaningful suggestions. HCD encourages the City to continue working with this organization and other members of the public, including commenters on this housing element review throughout the remainder of the planning period.

Several federal, state, and regional funding programs consider housing element compliance as an eligibility or ranking criteria. For example, the CalTrans Senate Bill (SB) 1 Sustainable Communities grant, the Affordable Housing and Sustainable Communities programs, and HCD's Permanent Local Housing Allocation consider housing element compliance and/or annual reporting requirements pursuant to Government Code section 65400. With a compliant housing element, the City will meet housing element requirements for these and other funding sources.

For your information, some general plan element updates are triggered by housing element adoption. HCD reminds the City to consider timing provisions and welcomes the opportunity to provide assistance. For information, please see the Technical Advisories issued by the Governor's Office of Land Use and Climate Innovation at: <https://www.lci.ca.gov/planning/general-plan/guidelines.html>.

HCD appreciates the hard work and dedication of the housing element update team throughout the multi-jurisdictional housing element process. We are committed to assisting the City in addressing all statutory requirements of State Housing Element Law and welcome the opportunity to provide technical assistance during the adoption and rezone process, including reviewing draft rezoning documents. If you have any questions or need additional technical assistance, please contact Andrea Grant, of our staff, at andrea.grant@hcd.ca.gov.

Sincerely,



Paul McDougall
Senior Program Manager