

FINAL DRAFT - For City Council Approval

2nd Public Hearing - June 1, 2026

CITY OF
MERCED

2026 Annual Action Plan



*For Period July 1, 2026,
through June 30, 2027*



CITY OF MERCED HOUSING DIVISION
DEVELOPMENT SERVICES DEPARTMENT
MERCED, CALIFORNIA

Table of Contents

For Period July 1, 2026,.....	0
through June 30, 2027	0
Executive Summary.....	2
AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)	2
PR-05 Lead & Responsible Agencies – 91.200(b).....	20
AP-10 Consultation – 91.100, 91.200(b), 91.215(l).....	22
AP-12 Participation – 91.105, 91.200(c)	49
Expected Resources	61
AP-15 Expected Resources – 91.220(c)(1,2)	61
Annual Goals and Objectives	67
AP-20 Annual Goals and Objectives.....	67
Projects	75
AP-35 Projects – 91.220(d)	75
AP-38 Project Summary	78
AP-50 Geographic Distribution – 91.220(f).....	88
Affordable Housing	90
AP-55 Affordable Housing – 91.220(g)	90
AP-60 Public Housing – 91.220(h).....	93
AP-65 Homeless and Other Special Needs Activities – 91.220(i).....	96
AP-75 Barriers to affordable housing – 91.220(j)	102
AP-85 Other Actions – 91.220(k)	105
Program Specific Requirements.....	108
AP-90 Program Specific Requirements – 91.220(l)(1,2,4)	108

Executive Summary

AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

1. Introduction

Located in the heart of the San Joaquin Valley and with a newly estimated population of 98,039, the City of Merced is one of California's fastest growing cities, based on 2025 estimates by the California Department of Finance. The long-awaited annexation of the Merced Campus of the University of California drove Merced's growth rate to 5.3%, the fastest of cities with a population of over 30,000. U.C. Merced drives innovation and growth, attracts new businesses, and contributes to the area's expanding economic landscape. With its strategic location, Merced plays a vital role in California's Central Valley.

As an entitlement jurisdiction under the U.S. Department of Housing and Urban Development (HUD), the City of Merced (City) receives Community Development Block Grant (CDBG) funds and HOME Investment Partnership Program (HOME) funds from HUD in formulas calculated in proportion to its population size, concentration of poverty, condition of housing, and other socioeconomic and demographic data. Each of the allocation formulas are applied against U.S. Congressional appropriation authorizations on a yearly basis by HUD, then announced nationwide to metropolitan cities and local governments.

This 2026 Annual Action Plan covers the period spanning July 1, 2026, through June 30, 2027, a timeframe also referred to as the 2026 Program Year, or PY 2026. It carries out the second year of the 2025-2029 Consolidated Plan (Con Plan), which is a five-year planning document that identifies needs within households and communities with low to moderate incomes and outlines how the City will address those needs using HUD funds. It guides investments and helps achieve HUD's mission of providing decent housing, suitable living environments, and expanded economic opportunities for populations and communities with low to moderate incomes.

The 2026 AAP identifies activities to be carried out with the following federal resources and amounts:

- Community Development Block Grants (CDBG) – CDBG is a flexible funding source that can be used for both housing and non-housing activities, including neighborhood revitalization, workforce and economic development, community and nonprofit facilities, and infrastructure and public services in communities that serve residents with low to moderate incomes. For each year of the Con Plan period, the City generally anticipates receiving a CDBG allocation of approximately \$1 million.
- HOME Investment Partnerships (HOME) – HOME is used for building, acquiring, and rehabilitating affordable housing for rent and homeownership. It may also be used for direct rental assistance to residents with low incomes. For each year of the Con Plan period, the City generally anticipates receiving a HOME allocation of approximately \$450,000.

- The initial preliminary draft of the 2026 AAP was published for public comment on March 23, 2026, with a conservatively estimated CDBG allocation of \$900,000 and \$350,000 estimated for HOME. Including anticipated and received program income, projected carryover, and CDBG and HOME entitlement formula allocations, the City had a combined estimated 2026 AAP budget of \$2,096,770 at the time the Public Draft was posted for comment.
- On April 3, 2026, HUD subsequently announced that the City would receive \$1,045,361 in CDBG funding and \$452,365.10 in HOME funds. Including estimated PY2026 program income and prior-year carryover, the 2026 AAP totals \$2,160,428.04.
- After the announcement of funding allocations by HUD, all related calculations within the preliminary plan were adjusted according to the PY 2026 Allocation Contingency Plan described further below, including available resources, project funding, and related Goals and Objectives dollar amounts.

2026 Entitlement Allocation Announcement Timeline and Effect on City Approvals

With the approval by the U.S. Congress and the February 3, 2026, signing into law of the FY2026 Consolidated Appropriations Act (Public Law 119-75), the City’s annual CDBG and HOME allocations were initially estimated to be announced in early April 2026. This is during the City’s normal timeline to have the initial public draft documents and preliminary text of the AAP posted for public comment. The Preliminary Public Draft was posted with estimated figures.

The following outlines the steps the City took to inform the public about the expected approval and submission timeline:

- Notices were published on March 5, 2026, in the Merced County Times weekly newspaper and on March 6, 2026, in the Merced Sun-Star daily newspaper, which notified the public that the draft plan would be posted for a 30-day comment period beginning March 23, 2026, and the First Public Hearing would be held on March 16, 2026.
- Noticed Public Review and Comment Period of March 23 – April 22, 2026: the review and comment period remained as it was noticed to the Public, in order to inform residents of the estimated five-year and 2026 preliminary project funding, one-year goals and objectives, and to accept comment on the plan. The posted draft plan clearly stated that the initial funding levels were based on estimates.
- The City included “contingency provisions” in the posted draft that explain how we intended to adjust the initial estimated figures to actual ones, once they were released by HUD (see below). By including these provisions, the City avoided the need to conduct an additional public comment period with the updated actual amounts.
- The City informed the public that HUD’s Program Year 2026 CDBG and HOME allocations were expected to be announced in early April 2026, based on the typical time HUD takes to calculate and announce the yearly figures.

- Based on the expected announcement date, the City informed the public that the anticipated date of the 2nd and final Public Hearing was tentatively scheduled to be held on May 18, 2026.
- This date was confirmed with the publishing of a Public Hearing Notice in three languages in the Merced County Times weekly newspaper on Thursday, March 5, 2026, and in the Merced Sun-Star daily newspaper on March 6, 2026. The notices were also posted on the City website.
- The scheduled May 18, 2026, was opened, comments were accepted, and the public hearing was continued to the June 1, 2026, Council meeting to allow for the last updates to the final draft to be finalized to an approval ready draft.
- The City notified the public of the number of days that HUD allows for the “on time” submission of the Annual Plan following the allocation announcement, which is 60 days. As such, for an “on-time” submission, the City’s target submission date was June 3, 2026. The regulatory “last day” to submit is August 16, 2026.
- Lastly, the City informed residents that HUD’s review and approval of the Annual Plan and access to the allocated funds, in accordance with 24 CFR 91.500(b), would occur 45 days following submittal of the Plan to HUD, unless HUD required edits to the submitted plan.

2026 Formula Allocation Announcement - Contingency Provisions Posted With Public Draft

Based on the date of the Consolidated Appropriations Act (2026), the City of Merced expected that HUD’s announcement of 2026 CDBG and HOME allocations would occur in approximately early April 2026. Therefore, the Preliminary Draft presented for the 30-day Public Review and Comment Period was prepared with estimated figures as noted below.

This section also describes the City’s Contingency Plan – or, how the City said it would distribute the actual allocation amount and make changes to estimated project funding when the estimated amounts are less than or more than the actual HUD allocation.

Estimated Allocation - Community Development Block Grant (CDBG):

- Estimated allocation amount to be used: \$900,000
- Comparatively, the 2025 (previous year) CDBG allocation was \$1,089,413.00

Estimated Allocation - Home Investment Partnership Program (HOME):

- Estimated allocation amount to be used: \$350,000
- Comparatively, the 2025 (previous year) HOME allocation was \$447,510.24

Contingency – CDBG

If the actual CDBG allocation is more than estimated:

- After adjusting figures for all administrative funding at the full 20% allowed and all Public Service funding (typically to the full 15% maximum cap allowed), the remaining CDBG increase will be placed towards the “To Be Determined (TBD)” public or park improvement project, as described in Section AP-35 and AP-38 of the preliminary public draft of the 2026 Annual Action Plan and/or separately posted project information documents.
- Some of the additional available funds may also be added to the Sierra Saving Grace Homeless Project’s (SSG) CDBG Acquisition with Rehabilitation project at the City Council’s discretion, which will enable SSG to purchase higher quality units and/or possibly purchase and rehab more units in order to house more formerly homeless families.
- Each of the proposed public services (PS) projects listed in the Draft 2026 Annual Plan will (or may, at the discretion of City Council) be increased by either proportional percentages of the total PS funds available and/or by specific amounts as determined by the City Council prior to final approval of the plan and award of funding.

If the actual CDBG allocation is less than estimated:

- After adjusting figures down for administrative funding at the full 20% allowed and total Public Service funding (likely down to the full 15% maximum cap allowed), the remaining CDBG decrease will be placed towards public or parks infrastructure project(s), as described in Section AP-35 and AP-38 in the Annual Action Plan.
- Sierra Saving Grace’s proposed Acquisition with Rehabilitation project costs (or alternative project) and/or associated Housing Division ADC may also be reduced at the City Council’s discretion.
- Each of the proposed public services projects listed in the draft Annual Plan will be decreased by proportional percentages of the total public service funds available. The City Council may further adjust these amounts prior to final approval of the plan and award of funding.

Contingency – HOME

If the actual HOME allocation is more than estimated:

After adjusting figures for administrative funding up to the allowed 10% and the CHDO set-aside reserves to the minimum 15%, the increase would be:

1. Allocated towards affordable rental housing/rehabilitation projects.

If the actual HOME allocation is less than estimated:

After adjusting figures for administrative funding down to the 10% maximum allowed and decreasing CHDO set-aside reserves to 15%:

1. Decrease the amount of HOME funds allocated to affordable rental housing/rehabilitation projects.

Use of Additional CDBG and HOME Program Income Received Above the Estimated Amounts

Section AP-15 “Expected Resources” of the Draft 2026 Annual Action Plan presents conservatively stated amounts of both CDBG and HOME program income (PI) that are anticipated to be received during the program year. This section of the Executive Summary describes what the City intends to do with these additional PI funds.

This section of the Executive Summary serves to proactively inform the public of how the City may choose to utilize the additional PI. This information is provided proactively because the City’s Citizen Participation Plan (CPP) requires a Substantial Amendment be processed for any new funding that the City did not address in the original Annual Action Plan.

Informing proactively allows the City to move faster on projects, should there be a need to use the additional PI during the year.

Additional 2026 CDBG PI:

If unexpected amounts of 2026 CDBG Program Income (PI) funds are received over and above the initial \$108,000 estimated:

- A portion of the additional PI may be placed towards the allowed cap of 15% for any of the public service projects, if there is additional community need and if the implementing organization can expend the additional funds in a timely way.
- All, a portion, or the remaining additional PI may be placed towards an eligible current (2026) or past year (2025 or prior) Public/Parks Facility or qualifying Public Infrastructure project, if additional funds are needed to complete the project.
- Before using any additional PI, the City will perform a minor amendment to the 2026 Annual Action Plan and will forward the amendment to HUD for their acknowledgement and approval.

Other HUD Funds: Coronavirus Community Development Block Grant (CDBG-CV) Funds

Between April and September 2020, HUD allocated a total of \$1,193,573 of Coronavirus Community Development Block Grant (CDBG-CV) funds to the City of Merced, authorized by the U.S. Congress’s 2020 Coronavirus Aid, Relief, and Economic Security (CARES) Act to prevent, prepare for, and respond to the effects of the COVID-19 Coronavirus pandemic.

The City initially allocated the funds to projects which addressed the highest community needs at that time: short-term rental assistance, food bank assistance, and microenterprise/small business assistance

with a documented Covid-19 related reason. As of December 2024, community needs had shifted back closer to pre-Pandemic levels and a balance of \$470,109.69 remained.

When they were originally issued, CDBG-CV funds could be used to prevent, prepare for, and respond to not just the 2020 COVID-19 pandemic, but for future pandemics, as well. With a final expenditure date of September 4, 2026, the City has shifted the entire remaining balance of CDBG-CV funds to activities that consider ways to prevent and prepare for the next pandemic, specifically to a public infrastructure project. This project involves partially collapsed water and sewer mains that run through a public utility easement in a vacant parcel, through a connecting alleyway, and underneath a total of two streets. The work involves moving the water main further away from the existing sewer main in the existing trench. Moving the two mains further away from each other ensures that water quality will not be affected should the sewer line leak at any time in the future. It is this improvement to ensure protection of the City's future water supply that enables it to be funded by CARES Act CDBG-CV funds.

Other HUD Funds: HOME American Rescue Plan (HOME-ARP) Funds

In March 2021, Congress passed the American Rescue Plan of 2021 (ARP), which built upon the previously enacted 2020 CARES Act and the 2021 Families First Coronavirus Response Act (FFCRA). ARP provided additional relief to address the continued impact of COVID-19 on the economy, public health, state and local governments, individuals, and businesses with funding assistance towards agriculture, nutrition, COVID-19 testing and prevention, homelessness prevention, and small business stabilization.

Congress also allocated a total of \$5 billion of nationwide funding be directed to various activities benefiting those who have been impacted by the effects of COVID-19 the most – those who are homeless, at risk of homelessness, fleeing domestic violence, and others where assistance or services would prevent homelessness or serve those with the greatest risk of housing instability. These one-time funds were allocated to HOME Participating Jurisdictions (PJs) across the nation as HOME-ARP funding, the City of Merced's allocation totaled \$1,991,748.

In February 2026, the City performed a Minor Amendment to the HOME-ARP Allocation Plan (Minor Amendment #4 to the 2021 AAP) to increase the funds by \$2,970, after receiving notice from HUD in September 2025 that the initial allocation amount was calculated incorrectly.

HUD issued implementing notices in April 2021 instructing PJs of the procedures required to include the funding, associated needs assessment, and planned activities into the 2021 Annual Action Plan document. The City of Merced completed the required amendment process, and in April 2023, the City of Merced HOME-ARP Allocation Plan was accepted and approved by HUD. The City intends to use the HOME-ARP funds towards the production of affordable rental housing to benefit individuals and families in all four HOME-ARP qualifying populations (QP's).

In February 2024, HOME-ARP funds were conditionally reserved for the future Mercy Village Apartments affordable housing project. In May 2026, the additional funds issued by HUD in 2025 were added to the

funding that is being made available to the Mercy Village project and a new Conditional Commitment Letter was issued to the developer, totaling \$1,961,248.

2. Summarize the objectives and outcomes identified in the Plan

This could be a restatement of items or a table listed elsewhere in the plan or a reference to another location. It may also contain any essential items from the housing and homeless needs assessment, the housing market analysis or the strategic plan.

The City bases its yearly accomplishment goals and prioritized needs on the 2025-2029 Consolidated Plan's comprehensive needs analysis that was performed, from which a list of five-year goals and needs priorities was produced. To determine those goals and needs on an annual basis – in this case, what goals and needs to address during PY 2026 – City staff distributed separate resident and community stakeholder needs assessment surveys, which asked survey respondents which goals and needs have changed over the last year and which should be the City's focus over the next program year based on the severity of the observed need in the community.

In addition to the surveys, the City hosted two resident input meetings (one virtual, one in-person) and two stakeholder meetings (one virtual, one in-person), held a 31-day public review and comment period and two public hearings, and was present at all three 2026 town hall meetings held in early Spring 2026. Participation was encouraged from all residents and community service organizations, particularly residents with low to moderate incomes, the elderly, and persons with disabilities.

Ultimately, however, the City's priority need objectives and outcomes are limited by the amount of CDBG and HOME funding allocation each year. In preparing the Annual Action Plan and contemplating what types of projects will be funded, the projects and funding amounts are based on assumptions that CDBG funding, entitlement funding distribution formulas, and/or the number of HUD communities eligible to receive entitlement grants will remain constant. If any of these conditions change, projected activities and accomplishments are also subject to change.

Weighing Needs vs. Available Funding

While the Housing Division would like to accomplish all its goals and fully address all its highest community needs, the reality is that the necessary funding and administrative staffing resources needed to run the programs is still not enough. Given the City's relatively small CDBG and HOME allocations in comparison to the infinite amount of needed youth services, capital improvements and infrastructure, LMI assistance, affordable housing units, homeowner assistance, and homelessness prevention, other funding and staffing solutions will need to be applied for, awarded, financed, and managed long-term, which puts a strain on future City resources.

Identifying, funding, making progress on, and ultimately striving to solve or achieve these issues, projects, and goals will take time, some will take longer than others, and others may never be fully resolved.

In the coming year and for the ensuing three years remaining in this cycle, the needs assessment that was accomplished for the 2025-2029 ConPlan will continue to help guide us in addressing, as much as possible, housing market and housing needs, strategies to address homelessness and help those at risk of homelessness, and ways to bolster jobs and economic development.

Target Populations

The needs assessment that has been completed as a part of the 2026 Annual Action Plan process closely mirrors that of the ConPlan and First Year Annual Plan, in identifying the following target populations, ranked in approximate order of placing from surveys:

1. Extremely low income and low-income households (those at risk of becoming homeless)
2. Homeless persons
3. Special needs populations (frail elderly, victims of domestic violence/abuse, or persons with disabilities, alcohol or drug addiction, or HIV/AIDS)
4. Children, youth, and adolescents
5. Veterans

Needs Assessment Survey - Results Summary

The following two lists summarize the results of the Resident Needs Assessment Survey:

Greatest Needs by Needs Assessment Category	
Needs Assessment Category	Top 3 Needs Per Category
<i>Housing</i>	<ol style="list-style-type: none"> 1. Housing opportunities for special needs persons (seniors, disabled, domestic violence victims) 2. Downpayment assistance for First Time Homebuyers 3. Vital health and safety repairs to owner-occupied homes
<i>Neighborhood Improvements/Infrastructure</i>	<ol style="list-style-type: none"> 1. Water/sewer lines and connections, streets, sidewalks, storm drainage system improvements 2. Getting rid of trash, overgrown areas, and hazardous items 3. Parks and recreational facilities
<i>Economic Development</i>	<ol style="list-style-type: none"> 1. Job training for specific skills or areas 2. Helping small or microenterprise low- to moderate-income business owners grow and develop their businesses 3. Street, parking, rail transport, or other upgrades to commercial and industrial-zoned areas
<i>Public Services</i>	<ol style="list-style-type: none"> 1. Services for persons with special needs (seniors, disabled, domestic violence victims) 2. Services for homeless and homelessness prevention 3. Youth programs including counseling, education, and career training

Top 3 Activities Per Needs Category (ranked highest to lowest):

Top 10 Greatest Overall Needs	
Rank	Need
1	Job training, skills development, money management programs
2	Affordable homeownership-related assistance
3	Homeless services, prevention, and housing solutions
4	Affordable quality childcare and/or youth centers and services
5	Services and programs for special needs persons (domestic violence victims, senior, disabled, substance abuse recovers)
6	New affordable rental housing units
7	Sidewalks, street lighting, crosswalks, and other improvements
8	Food assistance programs
9	Security deposit and/or short term rental/utility assistance
10	Preserving and repairing existing rental housing units

Top 10 Greatest Overall Needs (ranked highest to lowest):

Consolidated Plan Guiding Principles and Priority Needs

The below broadly scoped Guiding Principles and focused Priority Needs are derived from similar needs assessment survey responses received in early Spring of 2025, during the preparation of the 2025-29 Consolidated Plan and 2025 Annual Action Plan. The survey results for PY 2026 still closely resemble those from one year ago.

Guiding Principles

- Enhance housing opportunities by increasing the availability of affordable housing options and improving the efficiency and cost-effectiveness of existing housing.
- Promote housing stability for the city’s most vulnerable residents by supporting a range of programs and services that address needs across the housing spectrum, from emergency to permanent housing.
- Improve quality of life throughout communities by improving and expanding access to essential services, community infrastructure, and economic development opportunities.

Priority Needs

The focused Priority Needs for the 2025-2029 Consolidated Plan cycle are:

1. Increase Economic Development and Job Opportunities
2. Expand and Improve Public Infrastructure and Facilities
3. Affordable Housing, Shelter, Homelessness, and Homelessness Prevention
4. Quality of Life Services for LMI Residents
5. Increase and Rehabilitate Owner Housing

2026 Goals and Objectives

This section is still in progress. When final project funding is determined, this section will be updated.

2026 Expected Outcomes

This section is still in progress. When final project funding is determined, this section will be updated.

3. Evaluation of past performance

This is an evaluation of past performance that helped lead the grantee to choose its goals or projects.

As part of the Consolidated Plan process, the City is required to submit a Consolidated Annual Performance Evaluation Report (CAPER) to HUD by September 28 each year, which reports on how funds were spent, demographics and income levels of individuals and households that benefited from the funds and projects, and progress toward meeting annual goals for housing, community development, and other activities. The monitoring of performance measures enables the City to identify operational improvements, resource allocation issues, and policy questions to be addressed in the upcoming year.

The previous 2020-2024 Consolidated Plan, which spanned the five program years between July 1, 2020, and June 30, 2025, and involved amendments to encompass COVID-19 and HOME-ARP funds and projects, included the following six strategic goals established by the City:

- Affordable Rental Housing: To preserve, rehabilitate, and enhance existing neighborhoods, and housing as applicable, with an emphasis on South and Central Merced
- Support Services to Youth, Homeless, and Seniors: Provide support services to the city's residents with an emphasis on the homeless and services to seniors.
- Fair Housing: Ensure that all housing programs are available without discrimination based on race, color, religion, sex, national origin, age, income, disability, status, etc.
- Public Facilities and Infrastructure: To preserve, rehabilitate, and enhance existing public facilities
- Job Creation: To address the city's significantly high unemployment rate with economic development
- Neighborhood Revitalization: Create neighborhood revitalization opportunities within targeted areas of the city.

Overall, the City and its partners have performed proficiently in meeting the strategic goals that were set. Below is a summary of the outcomes achieved during the five years of the previous Consolidated Plan cycle, including the distribution of Coronavirus CDBG funds (CDBG-CV). HUD has recently completed its review and approval of the PY 2024 CAPER; therefore, this list now includes outcome totals for all five years of the 2020-2024 Con Plan period.

- Affordable Rental Housing: Approximately 173 residents served through provision or retention of affordable units.
- Support Services to Youth, Homeless, and Seniors: Approximately 1,221 residents served through homeless prevention and overnight shelter services and approximately 15,495 residents served through public services.
- Fair Housing: Approximately _____ residents served through fair housing services.
- Public Facilities and Infrastructure: Approximately 17,906 residents served through improved facilities.

The City has successfully implemented housing, homelessness, and public facilities activities in the previous Consolidated Plan cycle, positively impacting the lives of thousands of low- to moderate-income residents through collaborative efforts.

Successes

Over the previous Consolidated Plan cycle (2020-2024), the City was consistently successful with CDBG Rehabilitation-Acquisition activities in partnership with local non-profit organizations. These programs purchase, repair, and subsequently convert one to four units of market rate housing, typically detached

single-family homes, to permanent supportive rental units for homeless individuals and families, with the number of units dependent largely on the current housing market and how much “house” the provided funding will buy at the time. These programs provide not only stable housing and vital case management to the client being served, but the surrounding neighborhoods also benefit with the aesthetic improvement to the neighborhood and the long-term managed upkeep of the homes thereafter, as more often than not, the properties purchased have had prior or long-standing code enforcement issues. The last of these projects was funded in PY2024-25 with SSG, and two units were acquired and rehabilitated, housing a majority of formerly homeless families.

In May 2024, the 156-unit HOME-assisted Devonwood Apartments project, now marketed under the name “River Canyon Apartments” and located at 1535 Devonwood Drive in Merced, successfully closed on its construction and investment funding escrow. The project broke ground approximately two weeks after closing and received its final full certificate of occupancy in Spring 2026. Initial leasing of the new units up to full occupancy will continue through approximately July 2026. The project contains 100% affordable units and will help ease the strain of the affordable rental housing unit shortage.

Successes can also be celebrated with the ongoing progress that continues to be made with multiple affordable and permanent supportive housing projects.

Active Affordable Housing Projects (fully funded only)			
Project Name & Address	Funding Awarded	# of Units	Completion Status
Twelve-Thirteen 1215 V Street, Merced	CA HCD Homekey \$24,024,054; SLFRF-ARPA \$1,690,462; CVOF \$100,000	95	Completed/Fully Occupied
Veterans Village 73 S. R Street, Merced	CA HCD Homekey \$4,420,000; City/County CoC \$150,000; CVCF \$150,000; City of Merced \$200,000	20	Completed/Fully Occupied
Willow Haven Apartments 125 E 13 th Street, Merced	CA HCD Homekey \$11,150,000	50	Under construction Estimated completion by Winter 2026
Bella Vista Apartments 1808 Parsons Ave, Merced	HUD PIH PBV \$2,675,880; SLFRF-ARPA \$3,500,000; CA HCD MHP \$19,062,940; CA HCD FHWG, SERNA \$6,059,305; City Water/Sewer Loan \$1,218,119; RAZA Development Fund \$1,000,000; 4% Tax Credit Equity \$29,255,745; Capital Contributions \$32,628,752; B of A Tax Ex. Perm Loan \$2,538,000	108	Under construction; Completion by approx. Winter/Spring 2026-'27
Mercy Village Apartments 3015 Park Ave, Merced	HUD HOME-ARP \$1,191,628; HUD PIH PBV \$14,258,400; Homekey+ \$28,257,013; CA HCD 2019 & 2020 PLHA \$1,324,969; NPLH \$10,626,309	66	Preparing for Financial Closing June 2026 Estimated completion by Winter 2027

Current Active Affordable Housing Projects (fully funded only)

Shortcomings

Due to the lasting effects of the January 2023 countywide flooding diverting the attention of this subrecipient to flood recovery efforts, the restarted Homeowner Occupied Rehabilitation (OOR) program under our partnership with Habitat for Humanity of Merced/Stanislaus Counties (HHMSC) has

gotten a slower than expected start. However, one potential homeowner has passed the initial application screening process and is ready to move forward with needed repairs to their home.

In February of 2026 The City Council approved the 2022 HHMSC project to be extended as a five-year owner-occupied rehabilitation program to run through June 2027, with \$300,000 of CDBG funding appropriated from 2022 and 2023 PY. The City looks forward to strengthening its partnership with HHMSC by collaborating on a robust outreach and marketing effort to increase awareness of the program. The results of this project will be reported in a future CAPER.

What We Learned

As the dynamic of Merced continues to change and transform from a smaller, rural metropolitan area to the more progressive, socially-active dynamic of a UC college town, as well as a major rail transportation hub in the next decade that will likely change our demographic makeup, we continue to grow, seek new, and expand upon current relationships with advocacy groups and community organizations. Doing so will help us continue to improve services to and more effectively connect with low-income and disadvantaged populations that exist within our community and to plan for our future housing needs. Even as we maintain more appropriate staffing levels in relation to workload, the ability of staff to regularly connect directly with low-income residents, attend neighborhood and Continuum of Care meetings, and attend staff trainings to deepen our staff's technical knowledge continues to be a challenge.

Valuable lessons have been learned in recent years during the preparation of the City's Consolidated Plans and each Annual Action Plan regarding the value of our resident advocacy groups in helping us make connections to interested residents. However, it also exposed the need to find new and/or better ways to reach the populations that most need the funding assistance provided through each Annual Plan cycle. We have learned that more residents are willing to respond to an internet survey than attend a meeting; but, there are those residents that prefer paper-based methods, so we will continue to make surveys available by paper-based methods.

As such, this year, we once again heavily utilized the internet and social media in distributing our Community Needs Survey and advertising and holding meetings, via website postings, and a hybrid of in-person and live streaming input meetings. We also used traditional methods to solicit participation, such as direct mail to ensure that the survey went out in the monthly utility bill newsletter, engaged with residents at in-person Town Hall meetings, and collaborated with our local Transit Authority-Merced County Association of Governments to advertise the community input survey on each intercity bus passenger vehicle.

What Will We Change to be More Effective?

The City recognizes that ways to reach residents have changed, especially with new electronic methods used during the pandemic becoming a more efficient and effective standard practice. It aims to better

connect with low- to moderate-income residents, the business community, and service partners throughout the year, noting that in-person outreach may still be essential for those lacking online access. The City will encourage partners to raise awareness about available assistance and will engage more actively in community discussions.

Additionally, staff now has a comprehensive list of mailing addresses for all apartment complexes in Merced, which will be used to gather input from over 1,100 units for planning purposes. Staff also have an awareness of “Every Door Direct Mail”, a service offered through USPS, which will allow for direct outreach to residents within a specific mailing route in the City of Merced. This will allow City Staff to direct outreach to residents within targeted HUD qualified Census Tracts.

4. Summary of Citizen Participation Process and consultation process

Summary from citizen participation section of plan.

The City’s community participation process follows the Citizen Participation Plan (CPP), which provides a structured approach for engaging the community and ensuring timely notifications for public meetings and hearings. The City is currently in the process of updating its CPP, which was last updated in 2020 to add procedures for citizen participation during declared disasters.

As part of its efforts to encourage broad participation, the City hosted two (2) resident community meetings and one stakeholder meeting in January 2026, offering both in-person and virtual attendance options for residents. The meetings were offered in English, Spanish, and Hmong.

The stakeholder meetings included representatives from community partners, service providers, businesses, advocates, and other City departments. To gather additional input, the City distributed both a Community Needs Resident Assessment Survey and a Stakeholder Survey. The community survey was also provided in both Hmong and Spanish.

Feedback received during the public participation and consultation process are summarized in Attachment 1 to this report. Outreach efforts are also detailed further in sections PR-10 (Consultation) and PR-15 (Citizen Participation) of this Consolidated Plan.

5. Summary of public comments

This could be a brief narrative summary or reference an attached document from the Citizen Participation section of the Con Plan.

Community Needs Survey

During the preparation of the Annual Action Plan, an internet-based Housing and Community Needs Survey was made available for survey takers to read and answer. The survey was created using

Microsoft Forms software, which was then translated into Spanish and Hmong languages. “Tiny Url” internet links and QR Reader Codes for the electronic version of the survey was placed on the City’s website and social media pages, in quarter-page multi-language ads placed in the newspaper, mailed directly to utility bill customers to receive with their February utility bills, advertised on the local transit system, advertised at town hall meetings, and posted at numerous community facilities in the City of Merced.

The outreach encouraged residents who wanted to take a paper-based version of the survey to call or email to request a paper version (or pick up in our office). This year, no residents chose to take the survey this way.

As a result of these efforts, a total of 99 respondents participated in the survey. This included 1 survey submitted in Spanish and 1 survey submitted in Hmong. Below is a list of comments received from the surveys.

Summary of Survey Comments

Respondents to the Community Needs Assessment survey had the following concerns and needs:

- High level of homelessness
- Criminal activity
- Environmental safety
- Requesting more police patrol in the area.
- Homeless activity near Bear Creek
- Uncontrolled youth or gangs in South and West Merced
- Drug and alcohol addiction
- Unspoken neighborhood watch mentality in South Merced
- Deteriorating roads and a need for street repairs
- Brighter or new/replacement streetlights, especially in South and West Merced
- Rental units in disrepair with little maintenance
- Drag racing and dangerous drivers
- Urgent need for a grocery store in South Merced
- Food insecurity
- Housing costs have escalated to unsustainable levels

The following ideas and suggestions were also submitted by residents:

- Designate an overnight-only parking area where people experiencing homelessness and living in their cars could sleep safely and legally
- Increase funding for housing options that target persons with disabilities, particularly the deaf and hard of hearing

- Prioritize programs for youth, children, and seniors
- Enhanced affordable housing options
- Upgrade sewer systems, sidewalks, and lighting
- Provide additional housing options for homeless mothers

Resident Input Meetings

The City held two community input meetings in January 2026 (one virtual, one in-person), where attending residents had the opportunity to learn how HUD funding can be used to address the needs of LMI residents and the City as a whole. Housing staff used a PowerPoint slide presentation, and residents were encouraged and welcomed to ask questions about any topic that could be addressed with funding.

Attendees expressed the need for homeless shelters that could temporarily house families with children. It was also expressed that more outreach should be done to engage a larger number of Spanish speakers. Comments also involved the need for fresh produce distribution. The issue of street lighting improvements on East Santa Fe Ave, which may include County areas of land, was raised as well as the need for job creation and job training. A comment also suggested the creation of a tiny home village.

Service Organization Information Meetings

The City held one in-person stakeholder input meeting on January 16, 2026. Housing staff helped stakeholders understand the role that the City has in helping to distribute HUD funding to the community. Staff explained the funding and programs we administer, eligible uses of CDBG and HOME funds, and Consolidated/Strategic Plan, Annual Action Plan, CAPER, and Citizen Participation Plan's purpose and role in the annual cycle. Staff explained CDBG National Objectives and the importance of stakeholder participation in the process.

Attendees commented on a need to provide hygiene products and clothing to people experiencing homelessness, and an increasing need for tenant-landlord mediation.

Community Project Funding Information Meetings

The Housing Division hosted two in-person Notice of Funding Opportunity (NOFO) project funding information workshops (January 20 and February 3, 2026), where attending community organizations received a wealth of detailed information about the funding application process, project selection criteria and requirements, and the financial management and reporting responsibilities of running CDBG- and HOME-funded programs. Organizations had the opportunity to have focused discussions on issues and different topics within the community, as well as how their conceptual programs could fit into an eligible activity category and meet a CDBG National Objective.

Individual technical assistance appointments were available to those organizations who needed help developing their project concepts and to those organizations who were unable to attend the two workshops.

Public Review and Comment Period

The Public Review and Comment Period was held from March 23, 2026, to April 22, 2026, for a total of 31 days.

No comments were received during the review and comment period.

Council Meetings/Public Hearings

Two public hearings were held during the preparation of the 2026 Annual Action Plan. The meetings publicly noticed in two local newspapers on May 5 and May 6, 2026, and were held on Monday, March 16, 2026, and on May 18, 2026.

Due to the need for additional time to complete the final draft and reconcile planned projects to a revised budget, the second public hearing was opened by the City Council on May 18th and continued to the June 1, 2026, City Council meeting.

This section will be updated after the continued Final Public Hearing.

6. Summary of comments or views not accepted and the reasons for not accepting them

There were no comments or views that were not accepted.

7. Summary

The City's Consolidated Plan outlines housing and community development goals for Program Years 2025-2029 and fulfills requirements for CDBG and HOME funding. It emphasizes strong community participation, especially for residents with low to moderate incomes, throughout the planning process.

This, the 2026 Annual Action Plan, outlines the specific accomplishment goals and planned expenditures for housing and community development activities for the second year of the five-year Consolidated Plan, spanning the period of time from July 1, 2026, through June 30, 2027.

Feedback received during the public comment period and at the public hearings which contributed to guiding the development of this plan are summarized in Attachment 1 to this report. Outreach efforts

are also detailed further in sections PR-10 (Consultation) and PR-15 (Citizen Participation) of this Consolidated Plan.

The 2026 Annual Action Plan budgets a total of \$2,160,428.04, from both CDBG and HOME annual allocations (see AP-15 Expected Resources), which includes prior-year carryover funds and estimated program income that is expected to be received during the program year between both resources. This funding is used towards the planned projects listed in Section AP-35 and towards meeting the Annual Goals and Objectives described in Section AP-20.

On the next pages are tables that list the various Local, State, and Federal funding and related projects that are being managed and carried out by the City of Merced as June 2026.

PR-05 Lead & Responsible Agencies – 91.200(b)

1. Agency/entity responsible for preparing/administering the Consolidated Plan

Describe the agency/entity responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Agency Role		Name	Department/Agency
CDBG Administrator	MERCED		Housing Division/Development Services Dept
HOME Administrator	MERCED		Housing Division/Development Services Dept

Table 1 – Responsible Agencies

Narrative (optional)

The City’s Housing Division is the lead agency responsible for the preparation and administration of the Consolidated Plan, corresponding Annual Action Plans (Annual Plan), CAPERs, and the CDBG and HOME programs.

In carrying out its 24 CFR part 58 responsibilities for National Environmental Policy Act (NEPA) environmental reviews of projects that evaluate the potential environmental and human impacts of projects contemplating the use of HUD and special federal funds towards projects within the City of Merced city limit boundaries, the City of Merced is the Responsible Entity, and the City Manager is the Certifying Officer. Currently, the Housing Division Supervisor oversees the review of projects submitted to the City for environmental clearance and certification.

Additionally, in implementing this Annual Action Plan and the goals presented, the City of Merced agrees that its compliance in all respects with all applicable Federal anti-discrimination laws is material to the U.S. Government's payment decisions for purposes of section 3729(b)(4) of Title 31, United States Code. Further, the City of Merced will not knowingly operate any programs or activities that violate any applicable Federal laws, including anti-discrimination laws associated with Title VI of the Civil Rights Act of 1964.

Consolidated Plan Public Contact Information

D. Scott McBride, City Manager (Email: mcbrides@cityofmerced.gov)
Kimberly Nutt, Housing Program Supervisor (Email: nuttk@cityofmerced.gov)

Mailing Information:

City of Merced Housing Division
Development Services Department
678 W. 18th Street
Merced, CA 95340

Office Hours: Monday - Friday, 9:00 a.m. to 5:00 p.m. (closed Noon-1:00 p.m.)

Phone: 209-385-6863
E-mail: Housing@cityofmerced.gov

Webpages:

City of Merced homepage: www.cityofmerced.gov
Housing Division homepage: www.cityofmerced.gov/housing

Social Media:

YouTube: City of Merced (@CityOfMerced)

Facebook: City of Merced, CA USA

Instagram: @cityofmerced

AP-10 Consultation – 91.100, 91.200(b), 91.215(I)

1. Introduction

The City conducted outreach to key organizations to enhance coordination, solicit feedback, and discuss new approaches and efficiencies with public and assisted housing providers; private and governmental health, mental health, and service agencies; and other stakeholders that utilize funding for eligible activities, projects, and programs.

As part of the process, the City created a comprehensive internet-based survey specifically directed toward public, governmental, business, health, and service agencies within the City, County, and the general San Joaquin Valley region, asking general service and targeted funding-related questions, as well as requesting them to rank the community's needs and priorities from their organization or agency's point of view on the topics of public facilities, infrastructure, social and public services, economic development, and housing. The survey also asked each responding organization or agency to identify and explain any areas where our agencies can improve coordination, including with use of funds, homeless strategies, providing a deeper reach to homeless and extremely low-income families, efforts to reduce poverty, determining what and where public facilities and infrastructure is most needed, and creating jobs in our community. The survey reached over 40 agencies, organizations, and inter-agency departments, including our Police and Fire Departments.

The City of Merced specifically contacted agencies representing persons with HIV/AIDS, homeless persons, low-income youth, victims of domestic violence and sexual assault, persons with disabilities, elderly persons, and persons with alcohol and/or substance abuse problems.

During the consultation process, the City provided detailed information about the Annual Action Plan, and the CDBG process, the City's distribution of funds and current projects using the CDBG funds. Consultation participants highlighted the priority needs in general terms and specific to their target population from an organizational point of view.

The goal of the consultation process was to provide detail of the priority needs identified in the Consolidated Plan, how local agencies could best focus their programs and activities to help address those priority needs, and to explore opportunities for coordination to improve availability and access to services.

Provide a concise summary of the jurisdiction's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies (91.215(I))

The City coordinated with many organizations throughout the region to assess strengths and needs. The organizations with which the City consulted are described in detail in the table below.

Beyond the Consolidated Plan and Annual Action Plan development process, the City has long communicated and collaborated with numerous governmental and non-governmental agencies throughout the region to address the needs of its residents with low to moderate incomes. The City's formalized collaborative efforts include:

- Merced County Association of Governments, Merced County's federally recognized metropolitan planning organization (MPO)
- Merced City and County Continuum of Care (CoC)
- County of Merced
- Housing Authority of the County of Merced
- Central Valley Coalition for Affordable Housing

Other key health, behavioral health, and service agencies that the City works closely with are, Merced County Community Action Agency; Merced County Behavioral Health and Recovery Systems; Sierra Saving Grace Homeless Project, and the Merced County Rescue Mission. Each is consulted during the City's ConPlan and Annual Action plan process. Additionally, the City's own Police and Fire Departments are a daily connection to our residents most in need of health, emergency, homeless, drug/alcohol intervention, public safety, crime awareness and prevention, and other vital services every day.

The City serves as the primary provider of community and economic development programs, housing projects, and financial support. The Housing Authority of the County of Merced, the local Public Housing Agency (PHA), oversees the federal Section 8 Voucher program and manages public housing within the city. Public housing modernization efforts, aimed at ensuring long-term physical and social viability, are funded annually through HUD's Capital Fund Program. These initiatives are outlined in the PHA's Public Five-Year and One-Year Action Plans. Residents are actively engaged in shaping the PHA's plans and allocation of Capital Fund resources. A resident advisory board meets monthly to review and provide input on strategies and policies for public and tenant-based housing. Where possible, the City collaborates with the PHA to improve the quality and quantity of housing options within the city boundaries and helps to inform residents about PHA program availability announcements.

The City also serves its responsibilities under 24 CFR part 58 as Responsible Entity in certifying that PHA projects within City limits are compliant with the National Environmental Policy Act (NEPA).

During its community engagement process, the City consulted with various agencies and businesses through stakeholder meetings and surveys to inform its planning and decision-making.

Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness.

The City is an active member of the Merced City and County Continuum of Care (CoC) and contributed to the development of the Regional Plan to Prevent and End Homelessness, which informs the CoC's new 10-Year Plan. This plan outlines strategies to address homelessness among individuals and families experiencing or at risk of experiencing homelessness and chronic homelessness, including veterans and unaccompanied youth.

As a CoC member, the City remains committed to a Housing First approach, prioritizing rapid housing placement with supportive services tailored to maintain stability. Efforts include making funding available to CoC member and other organizations for expanding rapid rehousing programs, offering rental assistance, housing stabilization services, and case management to address barriers to securing housing.

To support the CoC in both data gathering and strategic planning to identify and address the needs of the area's residents experiencing homeless, the City provides a portion of its administrative funding to the Merced County Human Services Agency, who is the Collaborative Applicant for the CoC, to help offset the costs of the annual Point-In-Time Count (PIT). Approximate two-thirds of the County's homeless population lives within the city limit boundary.

Merced City's homelessness planning has historically been guided by three plans - 1) the 10-Year Plan that was drafted and released in 2011 by the Merced City and County Continuum of Care; 2) the Merced County Housing Element; and 3) the City of Merced Housing Element. In 2019, the Merced County Behavioral Health and Recovery Services and Human Services Agency began working to develop a No Place Like Home (NPLH) Community Plan, which later expanded to a regional plan approach. The Regional Homeless Plan incorporates all governmental jurisdictions within the County and their leadership and is anticipated to be adopted by region-wide City and County governments.

During the development of the 2026 Annual Action Plan, representatives from the CoC attended the NOFO non-profit information meetings and Stakeholder input meeting.. This collaboration time is always invaluable in strengthening the coordination between our two entities and the wider community service network.

Describe consultation with the Continuum(s) of Care that serves the jurisdiction's area in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS

The City does not receive ESG funding directly. However, eligible public and private agencies can apply for Federal Emergency Solutions Grant (ESG) funding through the California Department of Housing and Community Development (HCD). The City collaborates closely with the Merced City and County Continuum of Care (CoC) to develop funding policies and procedures in compliance with HCD requirements.

The City maintains active participation in the CoC Board of Directors, which oversees the implementation of HCD requirements. This includes determining the allocation of ESG funds within the region, establishing performance standards to evaluate project and activity outcomes, and defining the funding, policies, and procedures for the administration and operation of the Homeless Management Information System (HMIS), as appropriate.

2. Describe Agencies, groups, organizations and others who participated in the process and describe the jurisdiction’s consultations with housing, social service agencies and other entities

Table 2 – Agencies, groups, organizations who participated

1	Agency/Group/Organization	Housing Authority of the County of Merced
	Agency/Group/Organization Type	Housing PHA Services - Housing Services-Education
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Public Housing Needs Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy Non-Homeless Special Needs HOPWA Strategy Market Analysis Anti-poverty Strategy Sources of affordable housing subsidies and tenant rental assistance

	<p>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</p>	<p>The Housing Authority provides permanent subsidized rental housing for residents and housing projects countywide and assists clients in connecting with partner agencies for any other needs. The Housing Authority services housing within communities in Merced County, but the program allows for participants to transport their vouchers to any U.S. state and the Authority remains responsible for the rental subsidy of those vouchers. HACM provides clients with self-sufficiency classes via the Family Self-Sufficiency (FSS) program, and the program includes escrow funds that clients can use towards self-sufficiency goals. HACM receives annual Project Based Voucher and Housing Choice Voucher funding from HUD's Office of Public Housing, as well as State funds through the California Housing and Community Development (HCD) Office of Migrant Services for farmworker centers. Funding is to provide rental assistance to families at the extremely low to very low HUD-published income levels. The Authority is focused on strengthening a collaborative approach to tackling housing challenges in the region. By focusing on development, partnerships, fair housing, and program improvements, the Authority is working to create sustainable housing opportunities that meet the needs of its residents while fostering long-term community stability. HACM assisted with the development of the Annual Action Plan by providing localized current data relevant to the plan and responded to the online consultation/stakeholder survey.</p>
2	<p>Agency/Group/Organization</p>	<p>Habitat for Humanity Merced/Stanislaus Counties</p>
	<p>Agency/Group/Organization Type</p>	<p>Housing Services - Housing Services-Elderly Persons Services-Persons with Disabilities Service-Fair Housing Regional organization 501(c)(3) Non-profit Organization</p>

	<p>What section of the Plan was addressed by Consultation?</p>	<p>Housing Need Assessment Non-Homeless Special Needs Market Analysis Anti-poverty Strategy Lead-based Paint Strategy</p>
	<p>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</p>	<p>Habitat for Humanity Merced/Stanislaus Counties (HHMSC) serves the Merced and Stanislaus Counties and works in partnership with families to help eliminate poverty housing in the community, advocate for and make accessible fair and affordable housing opportunities, and to preserve and improve existing housing occupied by low-income homeowners. HHMSC continues to be a strong partner with the City of Merced in providing homeowner occupied rehabilitation opportunities, which includes lead paint testing and abatement activities. Habitat did not respond to the consultation survey and was not able to make it to the NOFO or stakeholder meetings. However, just one year ago, Habitat provided essential housing insight to the Five Year Strategic Plan and remains a valuable community partner in furthering affordable homeowner housing solutions.</p>

3	Agency/Group/Organization	Merced County Human Services Agency
	Agency/Group/Organization Type	Housing Services - Housing Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-Persons with HIV/AIDS Services-Victims of Domestic Violence Services-homeless Services-Health Services-Education Services-Employment Service-Fair Housing Services - Victims Services - Narrowing the Digital Divide Health Agency Child Welfare Agency Agency - Managing Flood Prone Areas Agency - Management of Public Land or Water Resources Agency - Emergency Management Other government - County Regional organization Planning organization Major Employer

<p>What section of the Plan was addressed by Consultation?</p>	<p>Housing Need Assessment Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy Non-Homeless Special Needs HOPWA Strategy Market Analysis Anti-poverty Strategy</p>
<p>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</p>	<p>The Human Services Agency (HSA) serves individuals and families in Merced County through a variety of assistance and support programs designed to promote self-sufficiency, safety, and well-being of the residents in our community. HSA provides service programs such as CalFresh, CalWORKs, Medi-Cal, and provides housing support services to County and City residents such as housing, food, and healthcare. Services are offered to families to strengthen parenting, family, and support systems. HSA responded to the online consultation/stakeholder survey and provided insight on community needs.</p>

4	Agency/Group/Organization	Merced City and County COC
	Agency/Group/Organization Type	Services - Housing Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-Persons with HIV/AIDS Services-Victims of Domestic Violence Services-homeless Other government - County Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy Non-Homeless Special Needs HOPWA Strategy Market Analysis Anti-poverty Strategy Continuum of Care coordination

	<p>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</p>	<p>The County of Merced Human Services Agency represented the Continuum of Care (CoC) during the consultation process, as it acts as the Collaborative Applicant for the CoC serving citizens countywide, including children/youth, adolescents, victims of domestic violence, persons with disabilities, and chronically homeless individuals and families. Annually, the CoC manages recurring Emergency Solutions Grant (ESG) and CoC funding from HUD, and additionally, manages several one-time grants that include Homeless Housing Assistance and Prevention (HHAP), California Emergency Solutions and Housing (CESH), and Emergency Solutions Grant - Coronavirus (ESG-CV) grants. Separately, the CoC/Collaborative Applicant administers State Permanent Local Housing Allocation (PLHA) funds on behalf of all jurisdictions in the County. All clients served by its grant programs meet the HUD definition of homeless. The CoC was invited to participate in community outreach meetings, resident and consultation needs surveys, public input meetings, and to provide comments on the draft plan. Currently, the City and the County Human Services Agency participate as partners through the regional planning committee, as well as through the CoC. Representatives of the CoC responded to online stakeholder survey and provided insight on community needs and localized data to multiple sections of the Consolidated Plan. Coordination between the City and the CoC could be improved with more streamlined service delivery and more timely communication. The anticipated outcome continues to be gaining crucial feedback from the CoC regarding community need as well as partnering to provide CoC with funding to complete the Point in Time count, which is a HUD required annual survey.</p>
5	<p>Agency/Group/Organization</p>	<p>Merced County Office of Education</p>

	Agency/Group/Organization Type	Services-Education Services-Employment Services - Narrowing the Digital Divide Other government - County Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	Homeless Needs - Families with children Homelessness Needs - Unaccompanied youth Homelessness Strategy Non-Homeless Special Needs Market Analysis Economic Development Anti-poverty Strategy

	<p>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</p>	<p>MCOE supports school districts across Merced County and offers a wide range of unique programs that serve students inside and outside of the classroom. MCOE-sponsored Early Education Support programs work to ensure quality early experiences for young children and families of all abilities and languages, providing parent education workshops, childcare subsidy programs, and childcare resources to promote school readiness. MCOE operates specialized, alternative education programs and non-traditional schools and support for students with special needs. Of special note, all 20 school districts in Merced County and the Merced County Office of Education joined together to form and participate in the Merced County Special Education Local Plan Area (SELPA). The Merced County SELPA serves approximately 7,300 individuals with exceptional needs, providing special education and related services, and MCOE is the designated Administrative Unit of the Merced County SELPA. The Merced County SELPA provides free appropriate public education, including special education instruction and/or support services, to any eligible student. Appropriate special education services are provided within the geographical area of the Merced County SELPA through a full continuum of program options for children birth to 22 years of age. MCOE sponsors special educational certificate programs, such as basic auto mechanics, to young adults. Merced County Office of Education superintendent responded to the 2026 Stakeholder input needs survey and was also present for the Stakeholder input meeting that occurred on January 16, 2026.</p>
6	<p>Agency/Group/Organization</p>	<p>Sierra Saving Grace Homeless Project</p>

Agency/Group/Organization Type	Housing Services - Housing Services-Elderly Persons Services-Persons with Disabilities Services-Persons with HIV/AIDS Services-Victims of Domestic Violence Services-homeless Services - Victims Services - Narrowing the Digital Divide 501(c)(3) Non-Profit Public Charity Organization
What section of the Plan was addressed by Consultation?	Housing Need Assessment Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Strategy Non-Homeless Special Needs Market Analysis Anti-poverty Strategy Lead-based Paint Strategy Preservation/Rehabilitation - Existing Housing

	<p>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</p>	<p>Sierra Saving Grace Homeless Project (SSG) provides housing (rapid rehousing, emergency rental assistance, permanent supportive, rental housing, acquisition with rehabilitation) and non-housing supportive services to homeless, at-risk, and chronically homeless individuals/families within the community. SSG receives current and past grant funding from a combination of HUD CDBG, HOME, CDBG-CV, and Emergency Solutions Grant (ESG) funds, California Emergency Solutions and Housing (CESH) funds, and other sources as they become available. SSG currently is contracted with the Central California Alliance for Health (CCAH) to serve their members who are homeless or at risk of homelessness with deposit assistance and housing case management and manage Rapid Rehousing funds from ESG and CESH. This organization was invited to participate in NOFO workshops, consultation needs surveys, public input meetings and public hearings, and to provide comments on the draft plan. SSG is a member of the City and County Continuum of Care. SSG works closely with the City's Housing Division on homelessness prevention and the creation and provision of both affordable and permanent supportive housing. SSG responded to the online consultation/stakeholder survey and provided insight on community needs.</p>
7	<p>Agency/Group/Organization</p>	<p>Leadership Counsel for Justice and Accountability</p>
	<p>Agency/Group/Organization Type</p>	<p>Services - Housing Services-Education Service-Fair Housing Services - Victims Services - Narrowing the Digital Divide Regional organization Planning organization Fair Housing/Housing Policy Advocate</p>

	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homelessness Strategy Non-Homeless Special Needs Market Analysis Economic Development Anti-poverty Strategy Citizen Participation and Outreach
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Leadership Counsel for Justice and Accountability (LCJA) works alongside residents and communities in the San Joaquin Valley to advocate for sound policy and to secure equal access to opportunity regardless of wealth, race, income, and place, as well as an advocate for citizen input to public policy. The Leadership Counsel regularly and actively participates in City Council and other meetings with City officials regarding potential housing policy strategies, affordable housing, and tenant rights advocacy. This organization did respond to the stakeholder input and provided important input regarding infrastructure, public facility, public service, and housing needs with an emphasis on South Merced. regularly and actively participate in City Council and other meetings with City officials regarding potential housing policy strategies, affordable housing, and tenant rights advocacy. Areas of improved coordination: Standing community meetings and outreach efforts led by LCJA may be able to provide a more robust resident feedback and survey response.
8	Agency/Group/Organization	Golden Valley Health Centers
	Agency/Group/Organization Type	Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-Health Health Agency Regional organization

	What section of the Plan was addressed by Consultation?	Non-Homeless Special Needs Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Golden Valley Health Center responded to the 2026 Stakeholders input survey and provided useful feedback regarding public facility, social and public service needs, and economic development needs. Areas for improved coordination include resource sharing and continuing open feedback between both the City and our very important community partner.
9	Agency/Group/Organization	MERCED RESCUE MISSION
	Agency/Group/Organization Type	Housing Services - Housing Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-Victims of Domestic Violence Services-homeless Services-Health Services-Education Services-Employment Services - Victims Services - Narrowing the Digital Divide 501(c)(3) Non-Profit Public Charity Organization

	<p>What section of the Plan was addressed by Consultation?</p>	<p>Housing Need Assessment Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy Market Analysis Anti-poverty Strategy Lead-based Paint Strategy Affordable Housing</p>
	<p>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</p>	<p>This organization primarily provides housing (rapid rehousing, permanent supportive, emergency shelter, acquisition with rehabilitation, respite care, and transitional housing) and non-housing supportive services to homeless and chronically homeless individuals and individuals/families at risk of becoming homeless within the community. The Rescue Mission works to fill the gaps in services for people experiencing homelessness. This organization was invited to participate in NOFO workshops, consultation needs survey, public input meetings, and to provide comments on the draft plan. MRM did not respond to the consultation survey. However, just one year ago, MRM provided essential homeless needs and housing insight to the Five Year Strategic Plan and remains a valuable community partner in furthering homeless solutions.</p>
10	<p>Agency/Group/Organization</p>	<p>Merced County Hispanic Chamber of Commerce</p>
	<p>Agency/Group/Organization Type</p>	<p>Services-Education Business and Civic Leaders 501(c)(6) Corporation</p>

	What section of the Plan was addressed by Consultation?	Market Analysis Economic Development Anti-poverty Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	The Merced County Hispanic Chamber of Commerce primarily promotes Hispanic-owned small businesses and to further the economic development of all Merced County businesses. The MCHCC receives funding annually from annual memberships, grants, and fundraiser events. This organization was invited to participate in NOFO workshops, community outreach meetings, resident and consultation needs surveys, public input meetings, and to provide comments on the draft plan. The Hispanic Chamber did not respond to the consultation survey or NOFO; however, just one year ago, provided essential economic development information to the Five Year Strategic Plan, and remains a valuable community business community resource.
11	Agency/Group/Organization	Central Valley Community Foundation
	Agency/Group/Organization Type	Housing Services-Children Services-homeless Regional organization Planning organization Business and Civic Leaders Foundation Private Sector Banking / Financing

	<p>What section of the Plan was addressed by Consultation?</p>	<p>Housing Need Assessment Homeless Needs - Chronically homeless Homelessness Strategy Market Analysis Economic Development Anti-poverty Strategy</p>
	<p>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</p>	<p>The Central Valley Community Foundation (CVCF) manages and administers the Central Valley Opportunity Fund (CVOF), a donor-advised fund focused to Merced County that seeks to utilize collective impact philanthropy, serving as a catalyst to draw in additional public and private investment in pursuing strategic, research-driven projects aimed at equal, lasting, systemic change. The CVOF fund is primarily focused to initiatives in the categories of youth development, economic and workforce development, and housing and homelessness. The CVCF was invited to participate in NOFO workshops, consultation/stakeholder surveys community outreach meetings. One year ago, CVCF provided vital input to the Five Year Strategic Plan.</p>
12	<p>Agency/Group/Organization</p>	<p>Project Sentinel, Inc.</p>
	<p>Agency/Group/Organization Type</p>	<p>Services - Housing Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-Victims of Domestic Violence Services-Education Service-Fair Housing Services - Victims 501(c)(3) Non-Profit Organization</p>

<p>What section of the Plan was addressed by Consultation?</p>	<p>Housing Need Assessment Public Housing Needs Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Strategy Non-Homeless Special Needs Market Analysis Economic Development Anti-poverty Strategy Fair Housing Impediments Analysis</p>
<p>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</p>	<p>Project Sentinel provides vital and necessary fair housing services within the community, focusing on disseminating housing discrimination-related education materials, information, and resources to Merced City residents, as well as providing assistance to residents with discrimination cases that cannot be resolved through provided landlord/tenant counseling services. The City of Merced has worked closely with Project Sentinel for multiple years working to ensure the fair housing rights of residents. Coordination with Project Sentinel has been extremely helpful to residents seeking tenant/landlord counseling and mediation as well we Fair Housing services. Fair Housing, veterans, tenant, landlord, and other educational materials developed by Project Sentinel are provided to residents who attend the Town Hall meetings and are also provided on the City Fair Housing webpage dedicated to providing fair housing information to residents and at City offices. Project Sentinel was invited to participate in NOFO workshops, outreach meetings, consultation needs surveys, public input meetings, and to provide comments on the draft plan.</p>

13	Agency/Group/Organization	Merced County Behavioral Health & Recovery Services
	Agency/Group/Organization Type	Services - Housing Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-Persons with HIV/AIDS Services-Victims of Domestic Violence Services-homeless Services-Health Services - Narrowing the Digital Divide Other government - County
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Strategy Non-Homeless Special Needs Market Analysis Anti-poverty Strategy

	<p>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</p>	<p>Merced County Behavioral Health and Recovery Services (BHRS) provides behavioral health and supportive services to residents of Merced County who are living with serious mental illness or substance use disorders. Services and programs overseen by BHRS include the Adult System of Care (ASOC), Care Court, Children's System of Care, Crisis Stabilization Services, Justice and Community Integration, and the Marie Green Psychiatric inpatient facility. BHRS also provides essential services, including the provision of a limited number of housing vouchers, to formerly homeless individuals that have been recently housed. One year ago, for the Five Year Strategic Plan, BHRS was specifically contacted for consultation to provide more insight as to the mental health and substance use disorder needs of Merced residents and how services and funding could be better coordinated. This year, BHRS did not respond to the consultation survey or attend NOFO meetings; however, they remain a valuable partner and expert community resource for mental health and substance abuse topics and referrals.</p>
14	<p>Agency/Group/Organization</p>	<p>Merced City Police Department/Merced City Fire Department</p>
	<p>Agency/Group/Organization Type</p>	<p>Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-Persons with HIV/AIDS Services-Victims of Domestic Violence Services-homeless Services-Health Services-Education Services - Victims Agency - Emergency Management Other government - Local Grantee Department</p>

<p>What section of the Plan was addressed by Consultation?</p>	<p>Housing Need Assessment Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy Non-Homeless Special Needs Market Analysis Economic Development Anti-poverty Strategy Addressing condition of housing stock through Code Enforcement</p>
<p>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</p>	<p>The City of Merced Fire Department is in constant daily contact with homeless, extremely low-income families with children, persons with disabilities, persons HIV/AIDS, mental health patients, drug treatment and recovery patients, businesses, and all other populations every day, and serve to provide health services (paramedic, mental health, drug/alcohol dependence, seniors/elderly, hospital transportation, homeless care) and crime awareness and prevention services within their scope of community services. The Fire Department was consulted by responding to the stakeholder input needs survey. Very important feedback was provided in the area of public facilities needs. The need for additional fire station facilities has been a topic brought up in the survey, as well as during the first public hearing by City Council, and in City Staff meetings. The anticipated outcomes of consultation are vast including identifying public safety needs, resident access to health services, response planning, housing fire safety standards. However, the acute anticipated outcome is the real potential to use the City's available Section 108 loan funding to close the estimated \$5.4 million financing gap that is needed for a required North Merced fire station facility. A Section 108 loan would essentially borrow against future CDBG allocations for the next approximately 20 years.</p>

Identify any Agency Types not consulted and provide rationale for not consulting

After initially contacting over _____ different agencies to request consultation, the City engaged with over _____ stakeholders in the Consolidated Process through surveys and meetings. These stakeholders included a range of organizations and businesses dedicated to supporting individuals with low to moderate incomes. Invited stakeholders included the Merced City and County Continuum of Care (CoC), the Hispanic Chamber of Commerce, Merced Police and Fire Departments, Merced County Association of Governments, Merced Irrigation District, Merced County Board of Realtors, housing developers, nonprofit and philanthropic organizations, community-based and faith-based groups, resident advisory boards, resident councils, and resident management corporations. The City attempted to engage with certain organizations on multiple occasions to seek their important input; as such, no organization was intentionally excluded from contributing to the development of the Consolidated Plan.

One for-profit organization responded to the Stakeholder Survey and is not listed above: Spades Omni Sovereignty. The organization is in the beginning stages of becoming a non-profit agency and seeks to serve the needs of homeless families and homeless women. They were invited to attend the Stakeholder input meeting and NOFO workshops and had an interest in applying for CDBG funding assistance for a homeless support program (Sovereign Harmony Project) - however, they were not eligible as they are not a non-profit organization and the project was initially not able to meet a clear CDBG National Objective. They also responded to the 2026 stakeholder input survey. Suggested areas for the organization's improved coordination with the City would be offering additional technical assistance to help build the CDBG capacity for the organization to carry out their conceptual project in the future. The organization sought funding to identify and engage with underserved residents by supporting non-judgmental, trauma-informed outreach, and assisting with rising unmet health needs.

Other local/regional/state/federal planning efforts considered when preparing the Plan

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Continuum of Care	County of Merced/ Human Services Agency	Merced County, as the Continuum of CoC Collaborative Applicant, leads homeless counts, surveys, and homelessness planning efforts. The City's Strategic Plan supports these goals by prioritizing nonprofit services, especially those focused on homelessness.

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Multi-jurisdictional Housing Element (6th Cycle)/G	City of Merced/Merced County Association of Governments (MCAG)	The Housing Element is the State-recognized strategy for addressing the City's housing needs. This Consolidated Plan aligns with multiple Housing Element goals, including setting affirmatively furthering fair housing and tenant protection and displacement policies, the creation of affordable housing units, preservation of established neighborhoods, and promoting the installation and improvement of public infrastructure and facilities that serve residents where they live and play. Based on the Regional Housing Needs Allocation (RHNA) set forth by the State of California, the Multijurisdictional Housing Element is the City's chief policy document for the development of affordable and market rate housing. Consistent with this policy document, the City will maintain and enhance the quality of existing residential neighborhoods through the BNP; and, promote and encourage fair housing opportunities for all economic segments of the community.
Climate Action Plan	City of Merced	Promotes affordable housing through energy-efficient, transit-oriented, and infill development, emphasizing renewable energy and green infrastructure to lower costs and improve access to jobs and services.
Five-Year and Annual PHA plans	Housing Authority of the County of Merced	The Administrative Plan sets policies for managing the HCV program, while the Consolidated Plan outlines broader housing and community development priorities, including funding and assistance strategies.
Park and Open Space Plan	City of Merced	The plan seeks to enhance quality of life in Merced by assessing community needs and expanding park and recreation programs. It identifies facility improvements eligible for CDBG funding, focusing on low-income and disadvantaged areas within the city.
Active Transportation/ Safe Routes to School Plan	City of Merced	The plan sets goals for active transportation, including improved ADA access and new sidewalks. CDBG funds may support these projects, especially in low-income neighborhoods.

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
(Annual) Merced City Council Goals and Priorities	City of Merced	Each year, the City Council performs a separate community needs assessment through Town Hall meetings and other outreach methods. These forums oftentimes reveal other high priority community needs that were not discovered during the Con Plan assessment efforts. The City Council uses this public comment to set goals for itself over the coming year and beyond to strategize policy setting, public safety, and parks and infrastructure projects. There are typically many overlapping Council priorities that can also be addressed with HUD funds.

Table 3 – Other local / regional / federal planning efforts

Narrative (optional)

The City participates in regional planning efforts with Merced County and also works with the Merced County Association of Governments (MCAG) to address various ways to meet the State of California's Regional Housing and Needs Assessment Goals (RHNA) for regional housing assisting low to moderate income residents and housing matters of significance to all communities.

In 2024, the City of Merced joined with the cities of Atwater, Dos Palos, Gustine, Livingston, and Los Banos in developing a multi-jurisdictional housing element (MJHE) for the sixth cycle housing element update that will cover the period of January 31, 2024, to January 31, 2032 This policy document provides a comprehensive strategy for promoting the production of available, affordable, and adequate housing with the community.

While the goal to provide sufficient affordable housing units within our community is complex, the City continues to partner with MCAG, local building industry leaders, and developers to develop creative solutions to increase both the community's market-rate and affordable multi- and single-family housing stock.

AP-12 Participation – 91.105, 91.200(c)

1. Summary of citizen participation process/Efforts made to broaden citizen participation Summarize citizen participation process and how it impacted goal-setting

Substantive community feedback informed the projects and one-year goals that are included in the 2026 Annual Action Plan, much like they were with setting the guiding principles, priority needs, and five-year goals of the 2025-2029 Consolidated Plan. The City carried out a broad, multifaceted community engagement effort through the use of community and stakeholder meetings, public hearings, and needs assessment surveys in accordance with the adopted Citizen Participation Plan (CPP) during the development of the 2026 Annual Action Plan.

Community Needs Assessment Survey offered online and in printed form in English, Hmong, and Spanish received a total of 99 responses. A separate Stakeholder Survey shared with over _____ stakeholders, including government entities, service providers, higher education systems, business sectors, and the local PHA received _____ responses. Community Surveys responses were solicited in various ways, including online on the City’s website, through social media postings, City Hall flyers, community facility postings, posted throughout intercity Merced “the bus” vehicles, and through the newsletter mailed to all municipal utility account holders in the City of Merced. Among other relevant topics, survey participants were asked to rank their desired levels of priority for several listed eligible funding possibilities that were categorized under the following community needs: Housing; Public Service; Infrastructure; Neighborhood Improvement; and Economic Development.

Two (2) community meetings geared to residents were held on January 6 and 7, 2026, with the latter meeting held virtually via Microsoft Teams.

A stakeholder meeting was held in-person on January 16, 2026, with _____ participants representing non-profit organizations, government, and public agencies.

The City also received priority needs input at three Town Hall meetings held on January 8, 13, and 14, 2026. At these meetings, citizens had the opportunity to address City Council with their community concerns. A brief tabling opportunity prior to each meeting gave Housing staff valuable opportunities to engage with citizens, distribute fair housing and program information, solicit more responses to the Community Needs Survey, and to explain the purposes and potential uses of HUD funding resources. Housing staff attended each meeting to note any community needs that had not yet been brought up in the three Community Input workshop meetings or through the concurrent community survey.

The City of Merced published all advertisements, public hearing notices, and Annual Action Plan summaries in The Merced County Times and the Merced Sun-Star newspapers, as well as the City’s website. Notices described the location and methods of how the use of funds, preliminary CDBG and HOME resources, and proposed project funding could be reviewed and commented. Review documents were made available during the review period for 31 days, as required by HUD and the adopted Citizen Participation Plan. Copies of the review documents were available to the public on the City’s website, at the City of Merced Housing Division office, and could be emailed to individuals upon request. Translation of the documents into Spanish or Hmong languages was also available.

Feedback and public comment collected throughout the entire outreach process was collected and analyzed to determine the community needs that were expressed most urgently and more often, especially those needs that center around the following basic daily needs: food, utilities, shelter, and transportation.

THIS SECTION IS IN PROGRESS AND WILL BE UPDATED FOLLOWING COMPLETION OF CITIZEN PARTICIPATION EFFORTS

Citizen Participation Outreach

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
1	Community Needs Assessment Survey	Minorities Non-English Speaking - Specify other language: Spanish, Hmong	The City published an internet-based Community Needs Survey to collect feedback from the public on community needs,	Feedback revealed significant concerns with _____	No responses were rejected.	

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
		<p>Persons with disabilities</p> <p>Non-targeted/broad community</p> <p>Residents of Public and Assisted Housing</p>	<p>priorities, and fair housing experiences. A print version of the survey was made available to all residents whenever possible, which residents could fill out in person or return by mail. The survey was open online in multiple languages, including English, Spanish, and Hmong, from December 2025 to _____ 2026.</p> <p>The survey received 99 responses.</p>			
2	Internet Outreach	<p>Minorities</p> <p>Non-English</p>	The City relied on the internet for much of the	Housing staff monitored all comments posted to social media, in order to gather any that could be	No comments left on social media posts were rejected.	

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
		Speaking - Specify other language: Spanish, Hmong Persons with disabilities Non-targeted/broad community Residents of Public and Assisted Housing	outreach efforts, including social media, and used the utility bill newsletter to encourage responses to the online survey to reach more residents. Flyers with links to the Community Needs Survey and listing the dates/times/locations of the Community Input Meetings were posted on the City's Facebook and Instagram pages. All town halls and public hearings were held in-person and live-streamed to Facebook Live and	included into needs assessment and other community conversation efforts.		

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
			YouTube. Whenever possible, flyers and other printed outreach were provided in English, Spanish, and Hmong.			
3	Public Review and Comment Period	Non-targeted/broad community	All project funding that was being considered in the draft 2026 Annual Action Plan, as well as the draft plan itself, was published for comment to solicit feedback from community residents. The comment period was publicly noticed to be open from March 23, 2026, through April 22, 2026. Public comment	No comments were received during the posted comment period.	There was no public comment not accepted.	

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
			<p>notices were posted on the Housing Division's public notices webpage.</p>			
4	Public Meeting	Non-targeted/broad community	<p>The City actively encouraged low- and moderate-income residents, persons of color, persons with disabilities, and non-English-speaking residents to attend community meetings. In accordance with the Citizen Participation Plan, the City provided disabled-accessible meeting locations and requested language assistance to all</p>	<p>At the Resident Input Meetings, Housing staff explained how HUD funds can be utilized in the community and answered questions from attendees.</p>	<p>All comments made at the public meetings were accepted.</p>	

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
			<p>residents. This included: interpreters for non-English-speaking citizens (Spanish and Hmong), translated notices, information provided on the City ADA accessible website, and accessible in-person input meetings. All public meetings were held at convenient times of the day and evening and accommodated persons with disabilities. Two community input meetings were held.</p>			

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
5	Public Hearing	Non-targeted/broad community	The City actively encouraged low- and moderate-income residents, persons of color, persons with disabilities and non-English-speaking residents to attend public hearings by making them available in Spanish and Hmong and publishing notices in widely distributed publications easily read by all residents. In accordance with the Citizen Participation Plan, the City provided access to all information, as	See summary of public comments received in the Public Participation attachment in this plan.	All comments made at the public hearings were accepted.	

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
			<p>well as language assistance to all residents who requested these services. The City utilized a location for the public hearings that was accessible for persons with disabilities. All public hearings were held at a convenient time of day and residents could submit their comments via voicemail and in writing, including those that needed language interpretation, prior to each hearing so that they could be played and/or read into the</p>			

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
			<p>public record during each meeting. A total of two (2) public hearings dates were initially set (March 16 and May 18, 2026). The second public hearing was opened and continued to the June 1, 2026, Council meeting, giving residents multiple opportunities to speak and provide input.</p>			
6	Technical Assistance to Organizations	Non-Profit Organizations seeking program funding assistance	The City's Housing Division hosted two NOFO information meetings that explained relevant CDBG and HOME regulations and	As a result of this technical assistance, the Housing Division received funding requests from most of the organizations that attended their technical assistance meetings.	All requests for technical assistance were accepted and assistance provided.	

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
			<p>explained the City's NOFA process. Meeting dates were _____ and _____, 2026. These meetings were focused to attending organizations. Additional technical assistance was offered to organizations for one-on-one meetings to develop their applications and programs to ensure it would meet a national objective and include eligible costs. _____ organizations requested</p>			

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
			technical assistance to discuss and develop their project.			
7	Stakeholder Meeting	Agencies, Groups, and Non-Profit Organizations	Stakeholder Meeting was held on _____, 2026		All comments were accepted.	

Table 4 – Citizen Participation Outreach

Expected Resources

AP-15 Expected Resources – 91.220(c)(1,2)

Introduction

During the previous program year ending June 30, 2026 (PY 2025), the City received and budget \$1,089,413 in CDBG funds and \$447,510.24 in HOME funds to eligible projects through the 2025 Annual Action Plan, which carried out the first year of the 2025-2029 Consolidated Plan.

Program Year 2026 Allocations and Available Funds

In this, the second year of the Consolidated Plan, the City of Merced will receive \$1,045,361 in CDBG funds and \$452,365.10 in HOME funding. HUD announced nationwide PY 2026 allocations for the two annual resources on April 3, 2026. This is a decrease of \$44,052 of CDBG and an increase of \$4,854.86 of HOME funds from the prior year (net decrease of \$39,197.14). Program income to be received over the year is estimated at \$108,000 and \$60,000, respectively, for CDBG and HOME. Prior Year Carryover funds are \$206,711.38 of CDBG and \$287,989.90 of HOME funds.

The total available resources are listed in the table below. Please note that for purposes of balancing available resources, goals, and project totals in the Annual Plan and in HUD's Integrated Disbursement and Information System (IDIS), in the below "Anticipated Resources" table, the CDBG prior year carryover figure is rounded down to the nearest whole number (\$206,711), and the HOME carryover is reduced to \$287,989.90, so that total expected funding are whole numbers without decimals.

Estimated Funds Available for the Remainder of the Consolidated Plan

Each ensuing year through the end of the 2025-2029 Consolidated Plan period, the City will estimate receiving approximately \$1,000,000 in CDBG and \$450,000 in HOME annually, prior to HUD's annual nationwide allocation of funds following U.S. Congress federal budget appropriations. Additionally, the City estimates receiving annual program income amounts of \$108,000 of CDBG and \$60,000 of HOME per year (described further in the fund narratives below). Therefore, the City estimates that \$3,324,000 of CDBG and \$1,530,000 of HOME will be

received in years 3 through 5 of this Consolidated Plan period (net total of \$4,854,000).

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	1,045,361.00	108,000.00	206,711.00	1,360,072.00	3,324,000.00	Estimated CDBG program income in the amount of \$108,000 annually is anticipated in years 2 through 5 of this Plan. This amount is a conservative estimate based upon the anticipated receipts of CDBG-funded loan payments over the Con Plan period and may be adjusted each year, as needed, as loans are paid off and/or created. Prior Year Resources may include prior year program income and funds that are expected to become available during the coming program year due to projects not moving forward or other reasons.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	452,365.10	60,000.00	287,989.90	800,355.00	1,530,000.00	Estimated HOME program income in the amount of \$60,000 annually is anticipated in years 2 through 5 of this Plan. This amount is a conservative estimate based upon the anticipated receipts of HOME-funded loan payments over the Con Plan period and may be adjusted each year, as needed, as loans are paid off and/or created. Prior Year Resources may include prior year program income and funds that are expected to become available during the coming program year due to projects not moving forward or other reasons.

Table 5 - Expected Resources – Priority Table

Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

The City makes its best effort to utilize HOME funds, State funds, and other funding sources, as appropriate, to achieve the objectives outlined in

the Annual Action Plan and emphasizes the need for local organizations to leverage these resources as they request funding for their programs. Additionally, the City may allocate local funds, including unexpended CDBG funds from prior years (when available), to provide additional support for organizations and individuals benefiting from CDBG funding. Although there is no official match requirement in the CDBG program, in most cases, other funds, such as private funds received through donors or fundraising activities, commercial loans, Gas Tax funds, and non-federal funds, are used to supplement and defray project costs.

All Participating Jurisdictions (PJs) receiving HOME funds must contribute or match no less than 25 cents for each dollar of HOME funds spent on affordable housing. Federal match requirements apply to the City's HOME funds. As PJs draw funds from HOME, they incur a match liability, which must be satisfied by the end each federal fiscal year. The HOME statute provides for a reduction of the matching contribution requirement under three conditions: 1) local fiscal distress; 2) severe fiscal distress; and 3) for Presidentially declared major disasters covered under the Stafford Act. When a local jurisdiction meets both of the distress criteria in 24 CFR 92.222, it is determined to be in severe fiscal distress and receives a 100 percent reduction of match, effective for the fiscal year in which the determination is made and for the following fiscal year. Individual poverty rate and per capita income (PCI) are based on data obtained from the latest American Community Survey (ACS) estimates from Census data.

With a 2024 estimated poverty rate of 25.76 percent and a PCI of \$21,518, the City of Merced's match in Program Year 2024 was reduced 100 percent. This 100% reduction for the City of Merced was determined in Fiscal Year 2025 to be continued, with a 0% liability and a \$0 match. Therefore, the City's 2026 HOME funds will again qualify for the 100% reduction.

If appropriate, describe publically owned land or property located within the jurisdiction that may be used to address the needs identified in the plan

The Housing Division is designated as the Housing Successor Agency (HSA) overseeing 10 vacant properties formerly belonging to the dissolved former Redevelopment Agency. Per State law, the properties must either be developed with affordable housing or sold for the same purpose. If sold, the sales proceeds must be deposited into the HSA LMI Housing Asset fund to be reused for affordable housing. Additionally, the remaining portion of a large-sum payoff of former Redevelopment Agency loan funds (LMI Asset Funds) that was made in January 2021 are still earmarked to be used to support affordable housing projects.

Pending Disposition of Properties

The City has been working to dispose of these properties to three different affordable housing developers. Effective 1/1/2020, Assembly Bill 1486 amended the Surplus Lands Act, requiring cities to offer surplus property to affordable housing developers and other such entities before offering them for sale on the open market. Under certain exemptions, the Act requires disposed properties to meet certain conditions per Government Code Section 54221(f)(1)(A): 1) not less than 80% of the parcel area should be used for housing development; 2) not less than 40% of the total number of units shall be made available to households earning 75% AMI or less and at least half of which shall be affordable to very low-income households; and 3) units must be restricted by a regulatory agreement for no less than 30 years.

In April 2021, a Request for Proposal (RFP) for these affordable housing development opportunities was released, and the City received multiple proposals from affordable housing developers. On October 18, 2021, the City Council selected three affordable housing partners to develop the ten sites as follows:

- Linc Housing: Sites 1 through 5 (1823 I Street, 1815 I Street, 205 W. 18th Street, 211 W. 18th Street, and 202 W. 19th Street) – 54 affordable rental housing units
- Fuller Center for Housing of Merced County (formerly Habitat for Humanity of Merced County): Sites 6 through 9 (1744 I Street, 49 W. 18th Street, 150 W. 19th Street, and 26 W. 18th Street) - single family homes
- Custom Containers 915 (CC915): Site 10 (73 South R Street) – 21 apartment units for formerly homeless veterans converted from former shipping containers (also received a \$4.4 million State Homekey award for this project)

As of March 2026, the initial one-year escrow with Linc Housing for ownership transfer of its properties has exceeded its initial escrow period. The required NEPA environmental clearance is in progress and is being reviewed to ensure compatibility with the surrounding Downtown Historic District and surrounding flood zone. Linc is still actively attempting to assemble sufficient funding to fund the project and enable close of escrow on construction funding, which complies with the terms of its DDA

Agreement with the City. The project was awarded the use of 53 Project Based Vouchers by the Housing Authority of Merced County.

The Fuller Center closed escrow on April 14, 2023, a Disposition and Development Agreement (DDA) has been recorded, and a set of construction plans is being reviewed and plan checked by the City's Inspection Services Division review.

CC915's project has been completed and is now fully occupied.

Discussion

In addition to the entitlement allocations the City receives from HUD, the Housing Division also manages numerous other grants and programs within the community.

The following local and State funds and programs generate income from the loans and are included in the City's Fiscal Year 2025/26 budget:

- LMI Housing Assets (Local)
- CalHome 2021 (HCD)
- Cal HOME 06/12 (HCD)
- HOME 92/93/94 (HCD)
- NSP 3 (HUD)

Other funding sources (non-Federal) can also be contributed to HUD-assisted projects. These include:

- Homekey (HCD)
- Permanent Local Housing Allocation - PLHA (HCD)
- Fund 1020 Housing Opportunity Fund (Local/General Funds)
- LMI Housing Assets (Local)
- Water Enterprise Funds (Local)
- Sewer Enterprise Funds (Local)

Local funding sources are budgeted as part of the overall City and Housing Division budget. Local funds are not included as part of the anticipated resources in the HUD Strategic and each Annual Plan since they are non-federal funding sources. Non-federal funding sources are sometimes necessary to assist in financing the 'fiscal gap' of various projects, thereby allowing them the ability to move forward.

Annual Goals and Objectives

AP-20 Annual Goals and Objectives

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	1A Provide Community Based Job Training	2025	2029	Non-Homeless Special Needs Economic Development	City Wide	4. Public Services & Quality of Life for Residents	CDBG: \$37,150.00	Public service activities other than Low/Moderate Income Housing Benefit: 20 Persons Assisted
2	1B Provide Business and Industry Assistance	2025	2029	Economic Development	City Wide	1. Increase Economic Development/Job Opportunities	CDBG: \$39,900.00	Jobs created/retained: 15 Jobs Businesses assisted: 30 Businesses Assisted
3	2C Parks & Recreation Facility Improvements	2025	2029	Non-Housing Community Development	LMI Census Tract Areas Eastern South Merced Area	2. Expand/Improve Public Infrastructure/Facilities	CDBG: \$369,637.00	Other: 0 Other
4	3A Increase Affordable Rental Opportunities	2025	2029	Affordable Housing	City Wide	3. Affordable Housing, Shelter, Housing Stability	HOME: \$545,118.49	Rental units constructed: 50 Household Housing Unit

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
5	3C Supportive, Shelter, & Transitional Housing	2025	2029	Affordable Housing Homeless Non-Homeless Special Needs	City Wide South Merced Area Eastern South Merced Area Loughborough Drive Area	3. Affordable Housing, Shelter, Housing Stability	CDBG: \$525,000.00	Rental units rehabilitated: 1 Household Housing Unit
6	3D Provide Housing Stability & Homeless Prevention	2025	2029	Affordable Housing Non-Homeless Special Needs	City Wide	4. Public Services & Quality of Life for Residents	CDBG: \$33,118.00	Public service activities for Low/Moderate Income Housing Benefit: 13 Households Assisted Homelessness Prevention: 20 Persons Assisted
7	3E Provide Fair Housing Services	2025	2029	Homeless Non-Homeless Special Needs	City Wide	4. Public Services & Quality of Life for Residents	CDBG: \$42,230.00 HOME: \$37,885.90	Public service activities for Low/Moderate Income Housing Benefit: 50 Households Assisted Homelessness Prevention: 125 Persons Assisted
8	4A Provide Vital Services for LMI Residents	2025	2029	Homeless Non-Homeless Special Needs	City Wide	4. Public Services & Quality of Life for Residents	CDBG: \$82,365.00	Public service activities other than Low/Moderate Income Housing Benefit: 2030 Persons Assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
9	5A Increase/Rehabilitate Homeowner Housing	2025	2029	Affordable Housing	City Wide	5. Increase and Rehabilitate Homeowner Housing	HOME: \$210,000.00	Homeowner Housing Rehabilitated: 10 Household Housing Unit
10	6A Administration and Planning	2025	2029	Affordable Housing Public Housing Homeless Non-Homeless Special Needs Non-Housing Community Development Economic Development	City Wide	1. Increase Economic Development/Job Opportunities 2. Expand/Improve Public Infrastructure/Facilities 3. Affordable Housing, Shelter, Housing Stability 4. Public Services & Quality of Life for Residents 5. Increase and Rehabilitate Homeowner Housing	CDBG: \$230,672.00 HOME: \$7,350.61	Other: 0 Other

Table 6 – Goals Summary

Goal Descriptions

1	Goal Name	1A Provide Community Based Job Training
	Goal Description	<p>Work with partner non-profit organizations to provide job training opportunities to LMI residents in general or specific growth industries, including data technology, agricultural science, automotive or diesel repair, welding/fabrication, and other vital industries and trades. Most projects categorized under this goal will be provided as a public service program.</p> <p>For 2026, this goal will be aimed towards a partnership with the Boys and Girls Club of Merced County to provide a job training program to youth as a public service.</p>
2	Goal Name	1B Provide Business and Industry Assistance
	Goal Description	<p>When need and opportunity arises, particularly with installation of a major rail station on the horizon, the City may explore opportunities to partner with commercial and/or industrial businesses to create and retain LMI jobs with CDBG funds. Creation and retention of jobs that pay a livable wage are essential to sustaining healthy communities. Projects under this goal could also include activities that rehabilitation of commercial property, acquisition of land for commercial or industrial development, and commercial or industrial infrastructure development to benefit businesses or create/retain jobs.</p> <p>For 2026, this goal will be aimed at a partnership with the U.C. Merced to provide technical assistance to microenterprise business owners in developing business concepts and other guidance in order to get their businesses started.</p>
3	Goal Name	2C Parks & Recreation Facility Improvements
	Goal Description	<p>Invest CDBG funding to public as well as privately owned parks and recreation facilities that will be open to the general public, including safety and ADA accessibility improvements that increase access to City parks and recreation facilities for all residents.</p> <p>For this goal's Outcome Indicator, the "Other" is the number of parks and/or recreation improvement projects that may be assisted over the course of the Strategic Plan 5-year period.</p> <p>For the 2026 Annual Plan, this goal will be targeted for supplemental CDBG funding to Joe Herb Park, specifically for park lighting improvements.</p>

4	Goal Name	3A Increase Affordable Rental Opportunities
	Goal Description	<p>Enhance housing opportunities by increasing the availability and affordability of rental housing options through new construction of rental housing, including the use of CDBG funding to purchase vacant land for HUD-assisted affordable housing projects. Whenever possible, new options for seniors and disabled individuals should be considered. Under this goal, consideration could be given to projects involving affordable commuter or workforce housing for LMI residents.</p> <p>For the 2026 Program Year, HOME funds will be set reserved for a future LMI rental housing project still to be determined. Some or all of this funding may alternatively be directed to a rental housing rehabilitation project. If so, funding and expected accomplishment figures will be moved from Goal 3A (New Construction) to Goal 3B (Rental Rehab projects) and from the "Rental Units Constructed" to the "Rental Units Rehabilitated" outcome indicators through a minor amendment process, in order to better categorize the project goal in keeping with the Strategic Plan.</p>
5	Goal Name	3C Supportive, Shelter, & Transitional Housing
	Goal Description	<p>This goal provides an avenue for the City to continue to transfer market rate housing to affordable rental opportunities through acquisition and rehab of existing units. It also acknowledges a community need for more homeless housing and sets modest goals to invest in overnight or transitional shelters for homeless or other vulnerable populations. Under this goal, funding can be provided to activities that provide housing to individuals transitioning from homelessness to permanent housing and finally to a more stable housing environment. This goal would also support the possibility of City collaboration with another local agency and/or non-profit housing provider for temporary or transitional shelters for homeless individuals, including victims of domestic violence/sexual assault/stalking and seniors.</p> <p>For the 2026 Program Year, this goal will target a suitable project for Acquisition with Rehabilitation activities.</p>

6	Goal Name	3D Provide Housing Stability & Homeless Prevention
	Goal Description	<p>Nearly two-thirds of residents spend over 30% of their household income on the costs of housing, including rent, insurance, and utilities. The cost of housing represents the number one barrier to good housing options in Merced, as well as finding available, safe units. Therefore, this goal will focus on homelessness prevention and housing stabilization programs over the Consolidated Plan period. This could include: prevention services that link people to emergency resources, including allowable rapid rehousing, security deposit, and rental and utility assistance. Individualized case management, housing navigation, or other services that find housing and improve housing stability for those experiencing homelessness or those in transitional or permanent supportive housing, and including special needs such as elderly, disabled, and domestic violence victims.</p> <p>For the 2026 Program Year, this goal will target the provision of short-term rental and utility assistance to LMI households at risk of homelessness or loss of vital household utilities as a public service, resulting in the prevention of homelessness.</p>

7	Goal Name Goal Description	<p>3E Provide Fair Housing Services</p> <p>Expand fair housing knowledge and services by promoting awareness of housing rights, addressing discrimination, and providing resources to support decent, stable, unbiased access to housing opportunities. As Fair Housing Services are provided by the City of Merced as an administratively funded activity in fulfilling its responsibilities to HUD, no outcome or beneficiary data is reported for the services.</p> <p>However, also included in this goal are public service programs to provide tenant and landlord dispute resolution services to prevent the potential for tenants to become homeless (TLL Services). For TLL Services, outcomes will be tracked as to the total number of households assisted through the program, including callers assisted with the provision of information, referrals to other agencies, mediation counseling, and those assisted with education, including at events or seminars (which could include property management company employees and private landlord owners who rent their homes). Because some callers need deeper assistance to resolve issues they may be having with landlords, outcomes will also report the specific number of people that benefit from successful conciliation and/or mediation services provided to those households, resulting in the prevention of homelessness.</p> <p>To be clear, no activities or actions that violate any applicable Federal anti-discrimination laws, including Title VI of the Civil Rights Act of 1964, will be implemented or operated under this goal.</p> <p>For the 2026 Program Year, this goal will target both tenant-landlord counseling programs as a CDBG public service and fair housing services as a HOME administrative activity.</p>
8	Goal Name Goal Description	<p>4A Provide Vital Services for LMI Residents</p> <p>Under this goal, the bulk of the City's public services programming will be provided, almost exclusively via partnerships with area community non-profit organizations to deliver quality of life programs that enhance community well-being and family balance, including not limited to: supporting youth and afterschool activities, self-sufficiency/life skills programs, senior programs, different types of physical and mental health programs, transportation services, nutrition and/or food distribution programs, and programs that aim to eliminate patterns of poverty in families and neighborhoods, sometimes targeting specific LMI areas within the city limits in which to deliver services.</p> <p>For the 2026 Program Year, this goal will be targeted by two separate public service activities: 1) Food distribution services; and 2) Youth services.</p>

9	Goal Name	5A Increase/Rehabilitate Homeowner Housing
	Goal Description	<p>Enhance the safety, efficiency, and affordability of owned housing through rehabilitation activities. Programs under this goal would help make the often high costs of safely maintaining your home easier and more affordable by helping to repair and improve life, health, and safety issues within an owner's primary residence.</p> <p>For the 2026 Program Year, this goal will target homeowner occupied rehabilitation activities by providing gap funding to a local agency that primarily uses U.S. Department of Energy funding to complete improvements to homeowner housing. CDBG will supplement the existing program by rehabbing the specific repairs that the Dept. of Energy funding will not cover.</p>
10	Goal Name	6A Administration and Planning
	Goal Description	<p>This goal includes data gathering, planning, and strategizing HUD funding for housing, economic development, community development, fair housing services, and public service needs of LMI Merced residents, as well as general direct and indirect CDBG and HOME program management costs.</p> <p>For the 2026 Program Year, this goal will support indirect costs, general administration costs, and non-direct staffing hours spent to planning, strategizing, and managing the CDBG and HOME funding, including consultant fees for environmental and housing services.</p> <p>No specific outcome indicators or accomplishments are set for this goal, as it supports all activities.</p>

Projects

AP-35 Projects – 91.220(d)

Introduction

The City has planned and budgeted for activities that will support the below project types during the 2026 Program Year. Each activity will carry out the Goals and Priorities listed in the Strategic Plan. Each planned activity will fall under one of the below-listed Project Titles and are further described in the corresponding AP-38 Project Summary Table.

Unforeseen circumstances notwithstanding, the Administrative and Public Service activities identified are expected to be completed no later than June 30, 2027, while both Housing and Public Facility Improvement activities typically take longer to carry out.

Projects

#	Project Name
1	CDBG & HOME: Administration and Planning (FY 2026/27)
2	CDBG & HOME: Housing and Development Activities (FY 2026/27-2028/29)
3	CDBG: Public Facilities & Infrastructure (FY 2026/27 - 2028/29)
4	CDBG: Public Services & Economic Development (FY 2025/26)

Table 7 - Project Information

Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

In January 2026, the City issued a Notice of Funding Opportunity (NOFO) to engage established local non-profit organizations in leveraging CDBG and HOME funds. This proactive approach is aimed at fostering strategic partnerships to amplify the impact of these resources within the community. Updates to this section will be provided upon finalization of the NOFO outcomes, reflecting the City's continued commitment to transparency and collaboration in meeting its housing and service goals.

In making project recommendations, consideration was given to a variety of thresholds that projects must meet to comply with CDBG requirements, including meeting one of the National objectives and addressing one of the community priorities set out in the Consolidated Plan. Staff also took into account activity need and justification, conflict of interest considerations, cost eligibility, reasonability, and effectiveness, activity management and implementation, experience with similar activities, past performance, leveraged funds, and completeness of the application.

Obstacles to Addressing Underserved Needs

While there are several constraints to meeting the needs of low-income residents, the primary obstacle is that there is not enough funding to fully address all needs. Most agencies, especially smaller non-profit organizations, do not have necessary funds to provide all services needed by the clients and have stated in their applications that, without HUD funds to support it, the project or program would simply either not be able to be carried out or the planned services would be severely impacted.

The impacts are felt internally, as well. Housing staff works closely with the Engineering Department and regional agencies to improve accessibility with infrastructure projects, but the amount of funding received each year or even paid for by local funding sources does not address all areas.

A second obstacle to meeting underserved needs is the location of many available services in the community. Homeless services are generally only available in one section of the City, and some very low-income residents do not have adequate, reliable transportation to get there.

A third obstacle is the number of non-profits that need assistance with basic management and fiscal policies. New non-profits have formed in Merced and throughout the region, and they have small but passionate staff members and volunteers devoted to a variety of issues. Unfortunately, many new non-profits do not have the staffing capacity to meet the financial and reporting requirements of CDBG and other grant programs and may need basic assistance in setting up bookkeeping systems, requesting reimbursements for eligible costs, keeping proper beneficiary and income eligibility records, and applying for other grants.

Each year, the City tries to make public service and other types of project funding available to non-profit organizations in order to meet their organizations' missions. In turn, by providing funds to these

organizations to help the City address community need, the non-profits are also helping the City carry out the goals of this plan. It's a win-win scenario for all, especially our most important winners: our residents.

AP-38 Project Summary
Project Summary Information

1	Project Name	CDBG & HOME: Administration and Planning (FY 2026/27)
	Target Area	City Wide LMI Census Tract Areas South Merced Area Eastern South Merced Area Loughborough Drive Area Merced Rail Station Planning Area
	Goals Supported	1A Provide Community Based Job Training 1B Provide Business and Industry Assistance 2C Parks & Recreation Facility Improvements 3A Increase Affordable Rental Opportunities 3C Supportive, Shelter, & Transitional Housing 3D Provide Housing Stability & Homeless Prevention 3E Provide Fair Housing Services 4A Provide Vital Services for LMI Residents 5A Increase/Rehabilitate Homeowner Housing 6A Administration and Planning
	Needs Addressed	1. Increase Economic Development/Job Opportunities 2. Expand/Improve Public Infrastructure/Facilities 3. Affordable Housing, Shelter, Housing Stability 4. Public Services & Quality of Life for Residents 5. Increase and Rehabilitate Homeowner Housing
	Funding	CDBG: \$230,672.00 HOME: \$45,236.51
	Description	This project allows Housing Division staff the ability to provide CDBG and HOME administrative services to ensure the implementation of all projects and management of HUD funding is successful and compliant. The City will use a portion of its HOME administrative funds to fund fair housing services, which includes education, counseling, and antidiscrimination legal services. The City will also use a portion of its CDBG administrative funds towards homelessness planning and strategy activities.
	Target Date	6/30/2027
	Estimate the number and type of families that will benefit from the proposed activities	Not applicable - all administrative and planning activities will benefit the residents of the City of Merced.
	Location Description	The majority of administration activities will be carried out at the City of

		Merced Housing Division office, 678 W 18th Street, Merced, through subrecipients, collaborative agencies, or consultants. On-site project site visits necessary to carry out and monitor the overall program activities will also be part of this project.
	Planned Activities	<p>Funding source, direct and Indirect administration costs, planning, and related activities:</p> <p>CDBG: Direct CDBG Administrative Costs: \$160,672; IDIS Matrix Code: 21A/General Program Administration; National Objective Met: N/A; Eligibility: 24 CFR 570.205.</p> <p>CDBG: Indirect CDBG Administrative Costs: \$20,000; IDIS Matrix Code: 21B/Indirect Costs; National Objective Met: N/A; Eligibility: 24 CFR 570.206(e). Indirect administrative activities usually involve the services of other City departments to the Housing Division, such as the City Attorney, Finance, and Facilities Departments.</p> <p>CDBG: Administrative Support to City and County Continuum of Care: \$50,000; IDIS Matrix Code: 20/Planning; National Objective Met: N/A; Eligibility: 24 CFR 570.205.</p> <p>HOME: Direct HOME Administrative Costs: \$7,350.61; IDIS Matrix Code: 21H/CDBG Funding of HOME Administrative Costs; National Objective Met: N/A; Eligibility: 24 CFR 570.206(i)(2).</p> <p>HOME: Fair Housing Services: Project Sentinel, Inc. will be provided \$37,885.90 of HOME administrative funds to carry out a Fair Housing education, counseling, and legal services program available to all Merced residents regardless of income level; IDIS Matrix Code: 21D-Fair Housing Services (subject to Admin cap); National Objective Met: N/A; Eligibility: 24 CFR 570.206(c).</p>
2	Project Name	CDBG & HOME: Housing and Development Activities (FY 2026/27-2028/29)
	Target Area	<p>City Wide</p> <p>South Merced Area</p> <p>Eastern South Merced Area</p> <p>Loughborough Drive Area</p>
	Goals Supported	<p>3A Increase Affordable Rental Opportunities</p> <p>3C Supportive, Shelter, & Transitional Housing</p> <p>5A Increase/Rehabilitate Homeowner Housing</p>
	Needs Addressed	<p>3. Affordable Housing, Shelter, Housing Stability</p> <p>5. Increase and Rehabilitate Homeowner Housing</p>
	Funding	CDBG: \$525,000.00

	HOME: \$755,118.49
Description	Housing and development activities under this project will include CDBG and/or HOME-funded CHDO or non-CHDO activities, including but not limited to: owner-occupied housing rehabilitation, acquisition of property for affordable housing, construction and reconstruction of housing, increased homeownership opportunities, rental housing development and rehabilitation, and assistance to create and support supportive housing (including acquisition with rehabilitation). These activities will benefit LMI households and most, if not all, will meet the Low-Mod Housing (LMH) CDBG National Objective.
Target Date	6/30/2029
Estimate the number and type of families that will benefit from the proposed activities	No specific activity has been identified at this time under Goal 3A (Increase Affordable Rental Housing Opportunities) as of the beginning of the program year, as no affordable rental housing activity has been identified. Goal 3C will assist a minimum of 1 household unit with acquisition with rehabilitation activities. Goal 5A will assist approximately 10 household housing units with homeowner occupied rehabilitation activities.
Location Description	There are no locations identified under this project at this time. Since the qualifying income level will be based on the income of the tenant (or homeowner in the case of homeowner occupied rehab), not typically the area or census tract, all activities proposed under this project may be located anywhere inside the City limits (City wide target area).
Planned Activities	The Housing Division did not receive project funding applications for any HOME-assisted new construction activities that are ready to move forward. Therefore, \$545,118.49 of HOME and the required 15% minimum of HOME CHDO funds will be placed in a 2026 Annual Plan project that pre-designates the use of the HOME funds towards affordable rental housing, rental or homeowner rehabilitation of existing units, acquisition with rehabilitation, and/or acquisition of land for new construction of affordable rental housing. HOME funding from the 2024 and 2025 (previous) program years was set aside in a similar way and is still available. HOME regulations give the City up to four years to commit (sign a contract) for each year of HOME funds that are allocated. Options are available to find a qualified and beneficial use of the funding. Staff could begin discussions with previous housing developer partners for a new project or can republish the City's previous and successful (and still

	<p>open) Request for Qualifications (RFQ) that enables staff to keep a “portfolio” of qualified affordable housing developers on hand for times when funding is available.</p> <p>The City is required to set aside at least 15% of its HOME funds for Community Housing Development Organization (CHDO) projects. After two years, the City may submit a request to HUD to have the CHDO Reserve funds converted to regular HOME funding. CHDO projects will be listed under this project heading, if any. At this time, the City intends to convert these funds back to regular HOME funds at the end of the two-year period.</p> <p><u>Planned activities under this project are:</u></p> <ul style="list-style-type: none"> • CHDO Affordable Rental Housing - project to be determined. A total of \$69,890.41 of CHDO HOME funds, including \$2,035.64 towards activity delivery costs, are being set aside for new rental housing construction or rental unit rehabilitation. After two years, the CHDO funds can be converted by the request of the City of Merced to regular HOME funds, to be used for non-CHDO projects. • A total of \$475,228.08 of HOME funds, including \$13,841.08 for activity delivery costs, will be set aside for new rental housing construction, multifamily rental or homeowner housing rehabilitation, or acquisition of land for rental housing construction financed with another HUD funding source. A project has not been determined at this time. • Acquisition with Rehabilitation (Sierra Saving Grace) - A total of \$525,000 of CDBG, including activity delivery costs of \$25,000, will target acquisition of existing residential homes or a duplex for subsequent rental to formerly homeless and/or extremely low- or low-income individuals and families; IDIS Matrix Code: 14G/Rehabilitation: Acquisition; Eligibility: 24 CFR 570.202(b)(1); National Objective Met: LMH/Low-Mod Housing Benefit – 24 CFR 570.208(a)(3). • Homeowner Occupied Rehabilitation (Community Action Agency - CAA) - A total of \$210,000 of HOME, including activity delivery costs of \$10,000, will be targeted to homeowner-occupied rehabilitation activities to single-family homes occupied by their owners. Assistance will serve as gap financing to cover expenses not already covered by CAA's Department of Energy funding. Assistance will be provided as a grant to the homeowner for direct costs related to providing necessary repairs to bring the home back up to safe living
--	---

		conditions (no remodels); IDIS Matrix Code: 14A/Rehabilitation: Single-Unit Residential; Eligibility: 24 CFR 570.202(a)(1); National Objective Met: LMH/Low-Mod Housing Benefit - 24 CFR 570.208(a)(3).
3	Project Name	CDBG: Public Facilities & Infrastructure (FY 2026/27 - 2028/29)
	Target Area	LMI Census Tract Areas
	Goals Supported	2C Parks & Recreation Facility Improvements
	Needs Addressed	2. Expand/Improve Public Infrastructure/Facilities
	Funding	CDBG: \$369,637.00
	Description	<p>Assistance for constructing or improving public infrastructure, parks, and facilities. The City will use CDBG funds to make improvements in residential areas within LMI Census Tracts, primarily focused in the South, Southeast, Central, East Central, and low-income areas of North Merced, that especially inhibit the mobility and accessibility of disabled and elderly persons.</p> <p>For the 2026 Program Year, supplemental CDBG funding will be provided to an existing PY2025 parks improvement project.</p>
	Target Date	6/30/2028
	Estimate the number and type of families that will benefit from the proposed activities	The beneficiaries of the PY 2026 funding will be the same as the planned ADA and other improvements to the PY 2025 Joe Herb Community Park improvement project, which will benefit approximately 32,688 people who live within the 2-mile service area radius of Joe Herb Park. Within the 2-mile radius, more than 51% are low- to moderate-income. The City expects 1 public facility (park) to be improved. The combined accomplishments of the 2025 and 2026 funding will be reported in the appropriate CAPER after the project finishes construction, which could be after the end of the 2026 Program Year.
	Location Description	<p>The City focuses its parks and recreation improvement projects to CDBG Income Eligible Census Tracts, with a focus on the Southeastern and South Merced Area whenever feasible.</p> <p>With the previous Program Year 2025 funding, combined with new 2026 funding, the City aims will undertake a Park Improvement project at the Joe Herb Community Park, at 2200 Yosemite Parkway, Merced, which is located in HUD eligible census tract 17.00.</p>
Planned Activities	PY2026 CDBG funds will be supplemented to the PY 2025 Joe Herb Park ADA project. The project was planned to be carried out during the 2025 program year - however, due to shutdowns of the Federal government over	

		<p>Fall and early Winter of 2025 and late access to 2025 funds, the project has been delayed. Housing staff has been working with Engineering department staff to develop the scope of work and estimated budget for the project, and it has been determined that additional funding is necessary to address the full needs of the park.</p> <p>Funds budgeted for the project are 2025 CDBG funds budgeted for the project total \$834,981.00, with \$795,220 set aside for project costs and approximately \$39,761 for activity delivery costs. With the addition of 2026 funds totaling \$369,637 (\$352,036 project costs and \$17,601 for ADC), the total project budget is \$1,147,256 and will cover \$57,362 of activity delivery costs (combined total of \$1,204,618).</p> <p>Partnering with the Parks Department and Housing Division staff, the Engineering Division will design, contract, and oversee installation of the planned ADA improvements to meet current standards. Through the upgrade, it is the goal of the City to increase accessibility to all of the park's facilities by disabled LMI residents, including the ballfields and ballfield lighting. The park spans 26.74 acres in Southeastern Merced. The total number of residents in Census Tract 17.00 is 7,032 (2020 Census) - however, according to the City's 2030 General Plan, the service area of Community Parks is a 2 mile radius. Therefore, the 2-mile service area was used to determine that it will benefit the 32,688 people who live within it.</p> <p>IDIS Matrix Code: 03Z/Other Public Facilities and Improvements Not Listed in 03A-03S (ADA improvements/Rehabilitation of an existing multi-purpose community park); Eligibility: 24 CFR 570.201(c); National Objective Met: LMA/Low-Mod Area – 24 CFR 570.208(a)(1); Accomplishment Type: 01 People/11 Public Facilities</p>
4	<p>Project Name</p> <p>Target Area</p> <p>Goals Supported</p> <p>Needs Addressed</p> <p>Funding</p>	<p>CDBG: Public Services & Economic Development (FY 2025/26)</p> <p>City Wide LMI Census Tract Areas</p> <p>1A Provide Community Based Job Training 1B Provide Business and Industry Assistance 3D Provide Housing Stability & Homeless Prevention 3E Provide Fair Housing Services 4A Provide Vital Services for LMI Residents</p> <p>1. Increase Economic Development/Job Opportunities 3. Affordable Housing, Shelter, Housing Stability 4. Public Services & Quality of Life for Residents</p> <p>CDBG: \$234,763.00</p>

<p>Description</p>	<p>The City will provide supportive and vital services for low income and special needs populations in the jurisdiction. Public services will target LMI citizens and may include a wide range of services to address the City's priority community issues and special needs populations, including homelessness and housing instability, food insecurity, persons with physical, mental health, and substance abuse disabilities and disorders, seniors and the elderly, and youth services. Services may also include recreational, educational, and health-related programs for special needs individuals and households, homebuyer classes as a public service, tenant/landlord counseling, crime prevention programs, food assistance, case management for emergency assistance, rental and utility assistance, and employment, job, and life skills training programs.</p> <p>For Program Year 2026, activities under Project #4 will include short-term rental and utility assistance, food assistance to LMI and homeless households, youth services, job training, tenant-landlord counseling, and a business assistance program.</p>
<p>Target Date</p>	<p>6/30/2027</p>
<p>Estimate the number and type of families that will benefit from the proposed activities</p>	<p>The following estimated outcomes are expected to benefit primarily LMI residents during the 2025 program year:</p> <p>Public Service Activities other than Low/Moderate Income Housing Benefit: 2,050 Persons Assisted</p> <p>Public Service Activities for Low/Moderate Income Housing Benefit: 63 Household Housing Units</p> <p>Homeless Prevention: 145 Persons Assisted</p> <p>Businesses Assisted: 80 businesses</p> <p>Jobs Created: 15 jobs</p>
<p>Location Description</p>	<p>Services will generally be distributed city wide to qualifying low-income target groups, except where noted. Businesses assisted may qualify as LMI by using Census Tract data.</p>
<p>Planned Activities</p>	<p>(CDBG) Public Service Activity Delivery</p> <p>The City will reserve \$16,953 to use for ADC towards implementing public service activities. These costs will be based on direct hours spent.</p> <p>(CDBG) Project Sentinel - Tenant and landlord dispute counseling; \$39,230.00 (plus ADC)</p> <p>There is a need in the community for an agency to act as a mediator between tenants and landlords to settle disputes and provide educational resources about their respective rights and responsibilities. While HUD requires the City of Merced to provide fair housing services, which provides</p>

	<p>tenants and landlords protections under federal Fair Housing laws, these services cease at the point where it is determined that there has not been a violation of those protections. Project Sentinel responded to this need for the 2023, 2024, and 2025 program years. IDIS Matrix Code: 05K/Tenant-Landlord Counseling; Eligibility: 24 CFR 570.201(e); National Objective Met: LMA/Low-Mod Clientele (LMC) - 24 CFR 570.208(a)(2)(i)(B)</p> <p>(CDBG) Harvest Time - Food box/homeless lunch distribution; \$56,812.00 (plus ADC)</p> <p>Prepared lunches and food boxes will be given to homeless and LMI residents with this program. Funding will cover staffing, gas/electric utility, insurance, and mileage costs. Providing this dependable food source to families is an indirect way of preventing chronic or at-risk homelessness, as it offsets these basic living costs, making more of a family's income available to pay rent or mortgage. IDIS Matrix Code: 05W/Food Banks; Eligibility: 24 CFR 570.201(e); National Objective Met: LMC/Limited Clientele - 24 CFR 570.208(a)(2)(i)(D)</p> <p>(CDBG) Sierra Saving Grace - Emergency Short-Term Rental/Utility Assistance; \$30,118 (plus ADC)</p> <p>Sierra Saving Grace will provide short-term emergency rent/utility assistance subsistence payments program; IDIS Matrix Code: 05Q/Subsistence Payments; Eligibility: 24 CFR 570.207(b)(4); National Objective Met: LMC/Limited Clientele Exclusive - 24 CFR 570.208(a)(2)(i)(C)</p> <p>(CDBG) Boys and Girls Club - Teen Workforce Readiness Program; \$33,750 (plus ADC)</p> <p>This project will provide assistance to the Boys and Girls Club of Merced County to benefit approximately 20 LMI youth participants 13 to 19 years of age who live within the City of Merced. The program will provide a hands-on workforce readiness program to program participants. IDIS Matrix Code: 05H/Employment Training; Eligibility: 24 CFR 570.201(e); National Objective Met: LMC/51% Limited Clientele – 24 CFR 570.208(a)(2)(B).</p> <p>(CDBG) Youth For Christ Central Valley - Merced City Life; \$18,000 (plus ADC)</p> <p>This project will provide life-skills training, mentoring, and career counseling resources to at-risk youth. The program will partner with other organizations to reach the objective. City Life hosts family nights, and neighborhood block parties to promote family enrichment. IDIS Matrix Code: 05D/Youth Services; Eligibility: 24 CFR 570.201(e); National Objective Met: LMC/51% Limited Clientele – 24 CFR 570.208(a)(2)(B).</p>
--	---

		<p>Not a public service project: (CDBG) UC Merced Small Business Development Center - Entrepreneur & Small Business Technical Assistance; \$38,000 (plus ADC)</p> <p>The UC Merced Small Business Development Center will provide technical assistance to microenterprise businesses, including: grants/loans for the establishment, stabilization, and expansion of micro-businesses; advice and business support services to owners/entrepreneurs; peer support, counseling, child care/transportation to enable owner to work; and, training/other support services to assist in carrying out these activities. Approximately 15 jobs and/or 30 businesses to be assisted. IDIS Matrix Code: 18B/Economic Development: Technical Assistance; Eligibility: 24 CFR 570.201(o); National Objective Met: LMJ/51% Low-Mod Job Creation and Retention - 24 CFR 570.208(a)(4).</p>
--	--	--

AP-50 Geographic Distribution – 91.220(f)

Description of the geographic areas of the entitlement (including areas of low-income and minority concentration) where assistance will be directed

The City of Merced will not allocate funding based on a specific geographic area but will instead prioritize activities and programs that demonstrate high quality and align with the priorities and goals of the Consolidated and Annual Plan. Funding distribution will be guided by the quality and quantity of applications received, ensuring alignment with the city’s strategic objectives. While the City employs a place-based strategy during the planning period, the geographic allocation of funding will depend on the type of activity being funded. The primary focus is to support programs in areas most impacted by the needs of low-income residents and individuals with special needs.

Efforts to invest in neighborhoods where at least 51% of residents are classified as low- or moderate-income will be prioritized. Public infrastructure improvements, as an example of an area-benefit activity, are directed toward predominantly low- and moderate-income neighborhoods to ensure access to resources. These activities are intended to benefit all residents within a specific area, addressing critical needs and fostering community development.

THE BELOW TABLE WILL BE FINALIZED FOLLOWING FINAL PROJECT SELECTION

Geographic Distribution

Target Area	Percentage of Funds
City Wide	83
LMI Census Tract Areas	17
South Merced Area	
Eastern South Merced Area	
Loughborough Drive Area	
Merced Rail Station Planning Area	

Table 8 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

The basis for assigning the priority to each category was based on the identified needs expressed during the consultation and citizen participation process. In addition, priorities were determined by information gathered from the Census, local plans and priorities, and the City’s current Housing Element.

It is the City’s intent to fund activities in the areas most directly affected by the needs of low to

moderate income residents and communities and those with other special needs. To create substantive neighborhood improvements and stimulate additional, unassisted improvement efforts, the City will focus a portion of its housing-related funding in targeted low-income and special needs neighborhoods.

THIS SECTION WILL BE COMPLETED FOLLOWING FINAL PROJECT SELECTION

Discussion

The City will specifically target a minimum of 70% - with the ultimate goal being 100% - of all funding to benefit low to moderate income residents living within City limit boundaries. Defined as an area in which at least 51 percent of households have an income of 80 percent or less of the AMI, approximately three quarters of the City is within a CDBG income-eligible census tract, which HUD has pre-determined are income-eligible areas based on the latest census data. Some projects, such as infrastructure improvement projects, will be focused specifically to these areas, while other projects are intended to serve primarily residents with low to moderate incomes through projects themselves (i.e., public services, owner-occupied rehabilitation, and affordable housing).

Affordable Housing

AP-55 Affordable Housing – 91.220(g)

Introduction

This section provides an overview of affordable housing goals in Merced for FY 2026. It focuses specific goals for the number of people experiencing homelessness, non-homeless populations, and special needs households to be provided affordable housing within the program year. This section also indicates the number of affordable housing units that will be provided by program type, including rental assistance, production of new units, rehabilitation of existing units, or acquisition of existing units.

The City will encourage the development of housing units for households earning 30 percent or less of the Median Family Income for Merced County. When possible, the specific emphasis will be placed on the provision of family housing and non-traditional housing types such as single-resident occupancies, transitional facilities, and housing units serving temporary needs. The City will encourage development of housing for households with extremely low incomes through a variety of activities such as outreach to nonprofit and for-profit housing developers, land donations, providing in-kind technical assistance for housing developers, financing and funding assistance, fee deferrals, and expedited processing as appropriate. The City will also encourage the development of supportive housing units for households earning up to 30 percent AMI.

The City’s strategies related to CDBG & HOME funded efforts relate to providing funds for public services, developing partnerships with housing organizations, providing secondary financing to affordable housing developments, providing forgivable loans to homeowners for rehabilitation projects to their homes, and secondary financing loans to qualified first time homebuyers when funding is available.

THE BELOW TABLES WILL BE FINALIZED FOLLOWING FINAL APPROVAL OF PROJECTS

One Year Goals for the Number of Households to be Supported	
Homeless	0
Non-Homeless	10
Special-Needs	1
Total	11

Table 9 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households Supported Through	
Rental Assistance	0
The Production of New Units	0
Rehab of Existing Units	10
Acquisition of Existing Units	1
Total	11

Table 10 - One Year Goals for Affordable Housing by Support Type

Discussion

The figures noted above comprise of the below-listed projects and activities that are expected to be completed during the 2025 Program Year. Some projects were funded and started during prior program years.

Number of Households to be Supported by Population Type:

Homeless Households Supported:

- None planned

Non-Homeless Households Supported:

- 10 households. 10 households are expected to be assisted by the Community Action Agency with Owner-Occupied Rehab (OOR).

Special Needs Households Supported:

- 1 household. At least 1 unit is expected to be assisted by completion of an Acquisition With Rehabilitation activity by Sierra Saving Grace.

Households Supported Through Project Types:

- Tenant Based Rental Assistance - 0 households planned
- Production of New Units - 0 households planned
- Rehabilitation of Existing Units – 10 households, by the completion of approximately 10 individual homeowner-occupied rehabilitation projects by the Community Action Agency
- Acquisition of Existing Units – 1 household. Sierra Saving Grace will complete and occupy at least one unit acquired and rehabilitated with PY2026 funding.

The aforementioned organizations are tasked with assisting individuals and households within the City of Merced. Annually, these programs are designed to assist a variety of individuals through construction

of new units, rehabilitation of existing homeowner units or by acquiring and rehabilitating vacant housing units with the intent to have them function as permanent supportive rental housing. Some of these programs may also be funded with non-HUD resources but will achieve the overall goal of improving and increasing the number of affordable units within our community.

Not included in these tables are projects for which the City is using only non-HUD funding, such as California Homekey projects and projects that use local or City-provided funding.

Another mentionable includes the prevention of homelessness of approximately 13 households through the provision of a CDBG emergency short-term rental and utility subsistence payments program by Sierra Saving Grace.

IN PROGRESS. THIS SECTION WILL BE UPDATED FOLLOWING FINAL PROJECT SELECTION.

AP-60 Public Housing – 91.220(h)

Introduction

Public housing was established to provide safe and quality rental housing for individuals and families with low and moderate incomes, including older adults and people with disabilities. Public housing encompasses federally subsidized, affordable housing owned and managed by public housing authorities.

Established in 1949, the Housing Authority of the County of Merced (Authority) is an independent public agency that provides affordable rental housing assistance to extremely-low and very-low individuals and families.

The Authority works in partnership with Merced County and its City governments. Additionally, it is important to note that the Authority, although governed by and funded by the Department of Housing & Urban Development (HUD) regulations, is not a local office of HUD.

The Authority operates under the auspices of a seven-member Board of Commissioners (Board). The members of the Board include five members from the community at large and two resident members, one from the Housing Choice Voucher Program and one from the Public Housing Program, all of whom are appointed by the Merced County Board of Supervisors.

The Authority administers various affordable housing programs such as the Housing Choice Voucher Program (HCV/Formerly Section 8), Project-Based Voucher (PBV), Public Housing (PH) Program, Seasonal Migrant Housing, and Year-Round Farmworker Housing.

As of the end of Fiscal Year 2024, the Authority administers 421 Authority-owned PH units, 84 Authority-owned PBV units, 582 third-party-owned PBV units, 2,950 HCVs, 65 market-rate units, 147 Section 8 Contract-Based units, 228 seasonal migrant units, and 60 year-round farmworker housing units.

The Authority's waiting lists have a current count of: 19,364 applicants in the PBV waiting lists, 26,509 applicants in the PH waiting lists, and 2,967 applicants in the HCV waiting list.

The City of Merced remains committed to supporting low-income families by working independently and in partnership with the Housing Authority and local nonprofit organizations to provide housing assistance and develop public housing projects in Merced. While the City of Merced does not own public housing, it works in collaboration with the Housing Authority to ensure the availability of public housing options within the City.

Actions planned during the next year to address the needs to public housing

The Authority continues to address critical housing needs in the region while ensuring compliance with federal regulations and expanding opportunities for vulnerable populations.

The Authority has focused on the preservation and improvement of the current PH housing stock by addressing capital improvements and beginning the Rental Assistance Demonstration (RAD) conversion process.

In an effort to expand the inventory of affordable housing throughout the County, the Authority issued a Request For Proposals (RFP) for PBVs and awarded 273 PBVs. This RFP and award secured new construction of affordable housing in two Merced County cities that did not previously have PBV sites, Livingston and Los Banos.

Other PBV collaborative projects include Homekey initiatives, housing for the elderly/disabled, family unification, and additional farmworker housing.

The Authority places a strong emphasis on fair housing and accessibility, ensuring that all new developments adhere to Fair Housing principles and are fully accessible for individuals with disabilities. This commitment includes addressing accessibility needs in both new and existing housing units to provide opportunities for all residents. These efforts align with the Authority's broader goal of creating inclusive communities that prioritize the needs of low-income individuals, families, seniors, and people with disabilities.

Programmatic enhancements are also a cornerstone of the Authority's strategy for the upcoming year. The Authority revises its policies to better align with updated HUD regulations and to address community-specific needs on an annual basis as required by HUD. These adjustments include refinements to eligibility criteria and financial management processes, as well as targeted strategies to reduce poverty concentrations.

To ensure effective program management and compliance, the Authority continues to leverage HUD systems like the Integrated Real Estate Assessment Center (REAC) for tracking and reporting progress. The Authority is committed to monitoring measurable outcomes and providing technical assistance to strengthen operational effectiveness. This approach not only ensures regulatory compliance but also enhances the Authority's ability to deliver impactful housing solutions that address the pressing needs of the community.

In sum, the Authority's plan for the upcoming fiscal year reflects a proactive and collaborative approach to tackling housing challenges in the region. By focusing on development, partnerships, fair housing, and program improvements, the Authority is working to create sustainable housing opportunities that meet the needs of its residents while fostering long-term community stability.

Actions to encourage public housing residents to become more involved in management and participate in homeownership

The Authority places a strong emphasis on fostering participant self-sufficiency through the Family Self-Sufficiency (FSS) Program. The FSS program is a voluntary program designed to help families who receive

HCV or PH housing assistance achieve economic independence and self-sufficiency. It provides support, resources, and incentives for participants to increase their earned income, build financial capability, and ultimately reduce their reliance on public assistance.

Program participants are actively encouraged to participate in shaping policies, procedures, and programs. They play a key role in the development of the Authority's five-year and annual plans, ensuring that their voices are heard and integrated into the decision-making process. This collaborative approach strengthens the connection between the Authority and the communities it serves.

In the past, the Authority successfully implemented a Homeownership Program (HOP) through HUD Section 32 of the Quality Housing and Work Responsibility (QHRWA) that enabled PH to sell PH units to low-income families, affording PH tenants the opportunity to transition to homeownership. The program was designed to assist low-income families who might not otherwise be able to afford a home, offering them a path to home ownership through eligibility requirements that included stable and sufficient income. Participants were required to attend educational courses on homeownership, credit counseling, home maintenance, and financial management. Although the program is not currently available due to the sale of the 83 units, it served as a valuable initiative, enabling many families to achieve homeownership and financial independence. The success of the program reflects the Authority's ongoing commitment to creating pathways for self-sufficiency and long-term stability for its residents.

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance

Not applicable. The Housing Authority of the County of Merced is not designated as troubled.

Discussion

See above.

AP-65 Homeless and Other Special Needs Activities – 91.220(i)

Introduction

The City has developed a strategic approach to addressing the needs of individuals experiencing homelessness, those at risk of homelessness, and other special needs populations. This strategy involves allocating funding to supportive services within the City or to regional programs that specifically target homelessness within the City's limits.

Historically, the City used Community Development Block Grant (CDBG) public service funds to support the Merced Rescue Mission in operating an overnight warming center. This center provided temporary shelter for individuals experiencing homelessness during the cold and rainy winter months, utilizing large spaces made available by local churches. Since 2021, the Merced Rescue Mission has independently operated this service at the newly established Navigation Center on B Street in Merced, absorbing the associated operational costs into the center's budget without reliance on CDBG funds.

In addition to supporting emergency shelter efforts, the City has worked collaboratively with developers and nonprofit organizations to address housing affordability. For example, the City has partnered with Central Valley Coalition for Affordable Housing, The Richman Group, Merced Rescue Mission, and Sierra Saving Grace to provide grants for the preservation of existing affordable housing and the construction of new affordable rental units, significantly contributing to the community's affordable housing stock.

Currently, a wide array of homeless services is available within the City, coordinated by various organizations operating across Merced County. Many of these programs collaborate with the Merced County CoC, which serves as the County's Collaborative Applicant for Emergency Shelter Grant (ESG) and other funding sources administered annually by the California Department of Housing and Community Development (HCD). The City remains actively engaged with the CoC, working to identify how the needs of the homeless population can be further addressed through CDBG and HOME funding assistance. A City representative regularly attends CoC homeless committee meetings, fostering collaboration among the region's homeless service providers and advocates. These meetings play a critical role in minimizing the duplication of services and ensuring that limited funding resources are used efficiently and effectively across participating organizations.

Through these coordinated efforts, the City continues to advance its commitment to reducing homelessness, increasing affordable housing options, and supporting its most vulnerable residents.

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including

Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

Each year the City prioritizes the financial support of programs and services that will benefit individuals and families at risk of and experiencing homelessness. This will remain true for the upcoming program year.

During the 2026 program year, the City will support the following programs which seek to address the priority needs of homeless and special needs populations within the city limits.

Programming to serve homeless and special needs individuals:

THIS SECTION WILL BE COMPLETED FOLLOWING FINAL PROJECT SELECTION

Addressing the emergency shelter and transitional housing needs of homeless persons

In 2019, the City's Zoning Ordinance was amended to allow Emergency Shelters as a permitted use in General Commercial (C-G) zones, and a Conditional Use in Central Commercial (C-C) and Thoroughfare Commercial (C-T) Zones. In addition, Municipal Code definitions related to housing, including emergency shelters, transitional housing, and supportive housing were amended such that transitional and supportive housing are residential uses subject to the same regulations and procedures that apply to other residential uses of the same type in the same zone.

Programming to address emergency shelter and transitional housing needs:

1. *Planning Activity Support for the HSA - Collaborative Applicant:* As discussed in the homeless and special needs population one-year goals section above, the City will provide CDBG funding to support the Agency's strategic planning role as the Collaborative Applicant. In addition to funding programs that directly benefit individuals experiencing homelessness, the Collaborative Applicant actively pursues federal, state, local, and private funding opportunities to strengthen the community's capacity to provide emergency shelter and transition into permanent supportive housing. By leveraging diverse funding streams, the Merced CoC works to expand bed availability, enhance service quality, and ensure that shelter and interim housing programs are adequately resourced to meet the needs of unsheltered individuals and families. These efforts support a balanced homeless response system that not only prioritizes permanent housing solutions, but also ensures that safe, low-barrier emergency shelter and housing options are accessible as critical entry points to stability. Through strategic funding alignment and coordinated investment, the Merced CoC is committed to building a comprehensive housing continuum that responds effectively to both immediate and long-term community needs. Through this collaboration, the City supports the Collaborative Applicant for the Merced CoC, administered by the Human Services Agency in strategically planning the use of emergency shelter and transitional housing resources to address homelessness. This partnership includes ongoing assessment of the current homeless population to determine the appropriate type,

scale and configuration of housing interventions warranted- whether emergency shelter, rapid rehousing, or transitional housing. By analyzing system data, demographic trends, and gaps in capacity, the City and CoC can better align resources with documented community need. This will help the City with exploration opportunities to strategically allocate future funding to support development, expansion, or enhancement of emergency shelter and transitional housing projects. This coordinated funding strategy reinforces a shared commitment to a data-informed, sustainable approach to reducing and ending homelessness.

The 2025-2029 Consolidated Plan also has included structured goals to provide transitional and/or shelter housing at some point over the Strategic Planning period. A small number of local non-profit housing organizations have expressed keen interest in acquiring or building transitional housing. The need for such housing remains high in the City and the region in general.

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again

The City continues to prioritize assisting homeless persons make the transition to permanent, independent housing, which includes contributing to homelessness planning efforts of the CoC.

Through the Continuum of Care and its community-based non-profit member organizations, the CoC has implemented a mixed-model Housing First and Rapid Re-housing approach in recent years. The Merced CoC, combined with the County's emergency shelter bed inventory, largely contributed to the effort to limit the effect of the COVID-19 pandemic and the rising cost of living on local homeless counts.

Housing First is recognized as an evidence-based best practice by national researchers and policymakers based on years of research demonstrating improved housing stability and reductions in chronic homelessness. The model prioritizes individuals and families experiencing homelessness – particularly those who are chronically homeless, directly from the streets into permanent housing with wrap-around services to ensure housing stability. This approach links chronically homeless persons to permanent supportive housing which provides subsidized housing and appropriate supportive services tailored to their needs, including behavioral health care, substance use treatment, medical services, and case management.. This approach is in contrast to a “housing readiness model” which emphasizes that a homeless individual or family must address other issues such as substance abuse and mental illness through case management in a shelter or transitional housing program prior to entering affordable permanent housing. The Navigation Center uses a mix of these two models, by temporarily providing housing while concurrently assessing the need for services and matching them with housing to meet their individual needs.

INFORMATION TO BE ADDED REGARDING THE 2026 POINT IN TIME COUNT

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities,

foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs.

Merced will continue to utilize the Point-in-Time Count data gathered by the Collaborative Applicant for the Merced CoC, to inform effective and thoughtful approaches to housing, including planning for the provision of assistance to transitional housing that was noted previously.

It can be assumed that many of the unsheltered homeless population counted are chronically homeless and in need of longer-term assistance such as long-term/voucher rental assistance and wrap-around social services such as mental health care, employment services, and life skills training. For those of the unsheltered homeless population that are not chronically homeless, they will likely need shorter-term assistance, such as a few months of rental assistance, and are not as reliant on social services.

Much of the program work to address some of the causes of homelessness - behavioral/mental health, drugs and alcohol - are handled primarily by County agencies and programs, and the vast majority of that work is best equipped to stay within those agencies, as to avoid duplication of services, but mainly due to the fact that the City does not have the same resources as the County. However, the City can assist the overall effort with funding for other collaborative, complementary, and supporting programs that help identify and strategize homelessness prevention in other ways.

Programming for Homelessness Prevention:

THIS SECTION WILL BE COMPLETED FOLLOWING FINAL PROJECT SELECTION

Discussion

The City will continue to support homeless service providers that work collaboratively under the Merced City and County Continuum of Care network through yearly funding to focused service programs, such as advocacy and case management for homeless elderly or at-risk families and youth. In addition, the City intends to support and complement the goals of the homelessness response system planning by striving to accomplish any or all of the following goals and activities each year, where possible:

- Develop and implement a “balanced” plan that will effectively approach the issue of homeless encampments and other related matters
- Develop partnerships between local government and non- and for-profit affordable housing developers to fund and construct housing that includes units set aside for homeless individuals and families.
- Through these and other partnerships with community agencies, fund and construct more affordable and market rate housing units to help ease the extremely low inventory of vacant

units available to rent, which is contributing to the homeless problem in Merced.

- Continue to find means and incentives to make the construction of affordable and permanent supportive housing more feasible and attractive for developers.
- Requiring all public service program subrecipients that provide housing-related services to participate in the Merced CoC's Coordinated Entry System (CES), to help facilitate coordination of homeless and homeless prevention services to individuals and families countywide.
- Continuing to provide fair housing services to the residents of Merced City in order to prevent housing discrimination and unlawful evictions.
- Continue to support programs that prevent homelessness and unsafe living conditions that lead to homelessness, such as rental/rental deposit, mortgage, and utility assistance and owner-occupied rehabilitation programs.
- Continue to support programs and services that help residents locate and secure suitable permanent housing.

In March of 2020, the City Council approved a Memorandum of Understanding with multiple County departments to establish a Homeless Court Program (HCP), a collaboration that will allow homeless and formerly homeless individuals to resolve outstanding eligible pre- and post-judgement criminal cases and/or infractions, in the interest of promoting public and individual safety and self-sufficiency. The HCP will help address the unique needs of the homeless population's legal challenges, which oftentimes hinder an individual's ability to re-establish themselves into employment and housing. The HCP is designed to reward those who have made significant progress in improving their situation by providing them access to additional community and court resources. Eligible cases for the HCP include both infraction and misdemeanor traffic and criminal fines. Staff support will be provided by the City Manager and City Attorney's office on behalf of the City of Merced and, initially, Merced County staff will facilitate and implement the administrative functions of the program.

The City does not administer the Housing Opportunities for Persons With AIDS (HOPWA) Program, but there is coordination and contact with the Merced Continuum of Care to provide services to individuals with AIDS within the City and County.

AP-75 Barriers to affordable housing – 91.220(j)

Introduction:

The development industry faces numerous constraints that impact the construction of new housing. These constraints, which can significantly limit the number of housing units built and increase their costs, can generally be categorized into governmental and non-governmental factors. While these factors are often interrelated, governmental policies and regulations at the federal, state, and local levels have the most direct influence on housing availability and affordability.

Federal monetary policies and national economic conditions, which have some of the most significant impacts on housing costs, are beyond the influence of local governments. However, local governments play a critical role in shaping the local housing market and can take proactive steps to encourage and facilitate housing production.

One of the key objectives of the State-required Housing Element is to require local governments to evaluate their performance in addressing local housing needs. By examining local conditions and regulations that may affect the housing market, municipalities can take action to prepare for future growth in a way that safeguards public health and safety while minimizing unnecessary costs associated with housing production. This analysis deliberately excludes federal and state policies that fall outside the jurisdiction of local governments.

The City has implemented several initiatives and projects to reduce potential barriers and constraints to affordable housing development while supporting the creation of housing for special needs populations. These initiatives include providing regulatory and density incentives, as well as other measures designed to assist affordable housing developers. The City's Housing Element outlines these programs in greater detail, highlighting the City's commitment to creating a supportive environment for housing development.

Additionally, the City has adopted policy changes and employed a combination of housing development tools to ensure that affordable housing units are constructed alongside market-rate housing. These efforts demonstrate the City's proactive approach to fostering a balanced housing market that meets the needs of its residents while addressing affordability and accessibility challenges.

Program funding that reduces barriers to affordable housing include:

- Fair Housing Services
- Tenant and Landlord Dispute Counseling
- Short Term Emergency Rental/Utility Assistance
- Owner-occupied rehabilitation programs
- New Affordable Rental Housing Construction

Merced County Multi-Jurisdictional Housing Element

The Merced County region is developing a multi-jurisdictional housing element (MJHE) for the sixth cycle housing element update. Jurisdictions participating in the joint effort are the City of Merced, County of Merced, and the cities of Atwater, Dos Palos, Gustine, Livingston, and Los Banos. The Merced County Association of Governments is helping to coordinate the effort.

The Housing Element, a required component of the General Plan, presents a strategy for meeting the community's housing needs. It addresses:

- Housing constraints
- Available land and resources
- Housing needs across income levels
- Fair housing requirements
- Goals, policies, and programs to guide future housing development

A website (www.mercedmjhe.com) has been developed that is the primary source for materials related to the Merced MJHE, including project documents, community workshop information, reports, and resources, and provides the community with ways to provide feedback on the project. The Merced City draft section of the MJHE is still in progress, having completed a public comment period in mid-March 2026.

Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment

The City has taken measurable actions in recent years to amend policies and adopt the Regional Housing Needs Allocation Unit Production Plan, which allows staff to use several mechanisms and other tools at our disposal that will serve to help generate more new affordable housing units in the City.

In 2020, the City conducted a review of public policies as a part of its 2020 Analysis of Impediments to Fair Housing (AI) to determine actions that may impede the development of affordable housing. This review is found in Section 4 of the AI, which can be found on the City's website at: www.cityofmerced.gov. Currently, the City is not required to update or submit an updated AI with the Consolidated Plan. However, the City will continue to use the existing AI as a resource.

Discussion:

Programming to protect against Fair Housing Act discrimination and to aid with tenant/landlord disputes

THIS SECTION WILL BE UPDATED FOLLOWING FINAL PROJECT APPROVAL BY CITY COUNCIL

Programming to help low- to moderate-income homeowners maintain safe housing:

1. Oftentimes, homeowners can afford to purchase a home, but not to maintain it over many years, especially large-dollar and hazardous repairs like roof repair or replacements, HVAC system repairs or replacements, and removal and abatement of lead paint and/or asbestos-containing materials. Many of these homeowners are elderly and on fixed incomes. The City had previously provided a combined total of \$300,000 of 2022 and 2023 CDBG funds to Habitat for Humanity of Merced/Stanislaus Counties towards a three-year program to carry out homeowner occupied rehabilitation activities to benefit low-income homeowners needing necessary life-safety repairs to their homes. This program has been implemented, and one homeowner application is actively being processed. The previous contract with Habitat was renewed and extended to June 30, 2027, with City Council approval.
- 2.

Community input from public meetings substantiated much of what the Housing Authority and the current Housing Element has reported - that housing is still lacking for senior citizens, foster youth who are aging out, and special needs adults. With identified areas of need, this and future plans will work toward addressing these specific populations.

AP-85 Other Actions – 91.220(k)

Introduction:

This section will outline the City’s planned actions to implement the key strategies identified in the Consolidated Plan and Annual Action Plan, including:

- Fostering and maintaining affordable housing
- Evaluating and reducing lead-based paint hazards
- Reducing the number of poverty-level families
- Developing institutional structure
- Enhancing coordination

The City is committed to transparency and collaboration in meeting its housing and service goals.

Actions planned to address obstacles to meeting underserved needs

In prior sections of this plan, the City has assessed the barriers and challenges in addressing the needs of underserved populations and has proposed targeted actions to overcome those barriers while ensuring access to housing and community resources.

Unfortunately, the needs of the Merced community far outweigh the amount of funding that the City can receive and expend in any given year. Aside from HUD programs, the City Council typically includes a separate community funding line item in its annual General Fund budget to assist small non-profits carry out community programs, such as youth soccer or art programs that beautify and brighten streetscapes.

Annually, the City sets aside the maximum amount that is allowed by HUD to dedicate to CDBG-assisted public service programs that would meet underserved needs of the community.

THIS SECTION TO BE UPDATED FOLLOWING FINAL PROJECT SELECTION

Actions planned to foster and maintain affordable housing

Since 2018, some of the City’s mightiest and most successful efforts have been spent on fostering successful relationships with affordable housing developers and seeing multiple projects to completion.

In the 2024, 2025, and this year’s 2026 Annual Action Plans, the City has continued to set aside most or all of its HOME funds towards the cost of building affordable housing, whether it be for acquisition of vacant land for housing, rehabilitation of existing rental housing units to maintain existing housing stock, or for new construction of badly needed units for varying income levels - consistently the highest need

of the community from year to year. The need for senior units is becoming the prevailing special needs population in this category.

Actions planned to reduce lead-based paint hazards

As reported in the Needs Assessment sections of the Consolidated Plan, there are large portions of the city that have older, pre-1979 homes that may be in need of lead abatement efforts. The City is dedicated to continuously addressing those needs on a year-to-year basis, as long as there is funding and a partner organization available to do so.

THIS SECTION WILL BE UPDATED FOLLOWING FINAL PROJECT APPROVAL BY CITY COUNCIL

Actions planned to reduce the number of poverty-level families

THIS SECTION WILL BE UPDATED FOLLOWING FINAL PROJECT APPROVAL BY CITY COUNCIL

Actions planned to develop institutional structure

Since the City does not have the fiscal or staffing resources to carry out public service programs itself, the City heavily relies on the help of non-profit organizations to administer programs using HUD CDBG funding. This rationale applies to also working with specialized affordable housing developers in being able to successfully apply for and stack subsidized federal, state, local, and private grant, loan, and donated funding for large affordable housing projects.

For the same reasons, the City also relies heavily on the expertise and funding resources of Merced County departments, such as the Human Services Agency and the Behavioral Health and Recovery Services, to assist Merced City residents who are homeless and/or experiencing mental disorders or battling drug or alcohol dependencies.

The City plans to continue these successful relationships indefinitely.

Actions planned to enhance coordination between public and private housing and social service agencies

The City's Housing Department is primarily responsible for managing and coordinating the efforts of various organizations involved in housing and community development processes. Department staff work collaboratively with other City departments and community stakeholders to design and implement programs and activities aimed at improving low- and moderate-income neighborhoods throughout

Merced. These efforts encompass a wide range of initiatives, including housing, public facilities and infrastructure enhancements, social and public services, and economic development projects. To deliver these programs and services effectively, the City partners with public agencies, for-profit entities, and non-profit organizations.

The City remains committed to working closely with Merced County, which surrounds the City, as well as with local non-profit organizations, to address regional challenges that impact low-income individuals and families, as well as populations with special needs. A representative from the City's staff will continue to actively participate in CoC meetings to ensure that issues related to homelessness are being addressed in a collaborative and coordinated manner. Through these partnerships and initiatives, the City strives to create meaningful and sustainable improvements in the community.

Discussion:

N/A

Program Specific Requirements

AP-90 Program Specific Requirements – 91.220(I)(1,2,4)

Introduction:

The program-specific requirements that apply to the City are those for the CDBG and HOME programs.

Community Development Block Grant Program (CDBG) Reference 24 CFR 91.220(I)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	108,000
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan.	0
3. The amount of surplus funds from urban renewal settlements	0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan	0
5. The amount of income from float-funded activities	0
Total Program Income:	108,000

Other CDBG Requirements

1. The amount of urgent need activities	0
---	---

2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income.

Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan.

80.00%

HOME Investment Partnership Program (HOME)
Reference 24 CFR 91.220(I)(2)

1. A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:

The City of Merced does not plan any other form of investment beyond those identified in Section 92.205 of the HOME Regulations.

The City typically invests HOME funds as equity investments, interest-bearing loans, non-interest-bearing loans, deferred payment loans, interest subsidies consistent with HOME regulations, and grants. The City does not typically choose to provide HOME funds as advances; however, this form of investment is permitted under Section 92.205 without special HUD written approval.

2. A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:

Income-eligible applicants must take an eight-hour home ownership class and will have covenants placed upon the home for a period up to thirty (30) years, depending on the loan amount and program. Depending upon the First Time Homebuyer Program funding source, homes can either be purchased community wide or based upon pre-approved Census Tracts with a high number of low-income residents. This program is designed to assist families with incomes equal to or less than 80% of Area Median Incomes. These are eligible households that range in size and have very-low to low-incomes. All HOME loans provided by the City Program to first-time buyers include conditions to ensure compliance with requirements of 24 CFR 92.254, except State CalHome Loans.

For HOME funded activities, if the home is sold or transferred within 10 years from the date of the loan origination, the applicant shall also pay the City a percentage of the difference between the price paid for the property and its value at the time of sale or transfer. The percentage share is determined on a declining scale, beginning at 10% in the first year, and decreasing one percentage point each year to 0% in Year 10. The City limits the amount subject to recapture to the sale's net proceeds, which is the sales price minus loan repayment and closing costs (other than HOME funds). The limitation applies to all units, regardless of the type of recapture provision used or the nature of the sale (voluntary sales including foreclosures). The funds collected are reused as program income for future HOME Program funded activities.

For CalHome (State) funded activities, the loan is not assumable and must be paid in full upon sale or transfer of the property. The borrower may prepay the loan in part or in full without penalty. The funds collected are reused as program income for future First Time Homebuyer Loans.

3. A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds? See 24 CFR 92.254(a)(4) are as follows:

Applicants for multi-family units are required to enter into a Development Agreement and designate a specific number of units for income eligible residents. Projects usually call for funds to be loaned for a 30–55 year period with a three (3) percent interest rate. The full amount of the HOME Loan subsidy is recaptured and is utilized for other HOME Loans meeting the HOME program income guidelines. If the development is sold, repayment of the loan is required so funds can be reused as program income.

A house must be owner-occupied and deed restricted against resale for the affordability term. Prepayment on loans or a sale within 10 years from the date of loan origination results in a penalty of 4% on the original loan amount starting from the loan origination date and calculated on a per month basis. Loans are not assumable and must be paid in full upon sale or transfer of the property. Following a 10-year obligation, the borrower may prepay the loan plus interest, in part or in whole, at any time without penalty. Funds collected are reused as program income. If a home is sold or transferred within 10 years from the date of the loan origination, the applicant shall also pay the City a percentage share of the difference between the price paid for the property and its value at the time of sale or transfer. The City limits the amount subject to recapture to the sale's net proceeds, which is the sales price minus the loan repayment and closing costs (other than HOME funds). The limitation applies to all units, regardless of the type of recapture provision used or the nature of the sale (voluntary sales including foreclosures).

All HUD and State loan programs have covenants based upon the amount invested into each house/unit. The City may require each house/unit assisted to have a "period of affordability" covenant recorded. The length of this period is determined by the amount of financial assistance invested into each property. The minimum period of affordability per house/unit and correlating period is: A) under \$15,000: 5 Years; B) \$15,000 to \$40,000: 10 Years; or, C) over \$40,000: 15 Years. For qualified homeowner rehabilitations, they may be eligible for a forgivable loan (grant) of up to \$50,000 worth of health and safety upgrades. As long as they do not sell their property within the agreed-upon term, the Housing Division will grant the funds to the homeowner.

4. Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:

Not applicable - the City does not intend at this time to refinance debt.

5. If applicable to a planned HOME TBRA activity, a description of the preference for persons with special needs or disabilities. (See 24 CFR 92.209(c)(2)(i) and CFR 91.220(l)(2)(vii)).

There are no planned HOME TBRA activities during the 2026 program year.

6. If applicable to a planned HOME TBRA activity, a description of how the preference for a specific category of individuals with disabilities (e.g. persons with HIV/AIDS or chronic mental illness) will narrow the gap in benefits and the preference is needed to narrow the gap in benefits and services received by such persons. (See 24 CFR 92.209(c)(2)(ii) and 91.220(l)(2)(vii)).

There are no planned HOME TBRA activities during the 2026 program year.

7. If applicable, a description of any preference or limitation for rental housing projects. (See 24 CFR 92.253(d)(3) and CFR 91.220(l)(2)(vii)). Note: Preferences cannot be administered in a manner that limits the opportunities of persons on any basis prohibited by the laws listed under 24 CFR 5.105(a).

An owner of any rental housing that is assisted with HOME funds must comply with the affirmative marketing requirements established by the City of Merced, pursuant to 92.351(a). The owner must adopt and follow written tenant selection policies and criteria that:

1. Limit the housing to very low-income and low-income families;
2. Are reasonably related to the applicants' ability to perform the obligations of their lease, including, but not limited to, paying the rent due, agreeing not to damage the housing, and agreeing not to interfere with the rights and quiet enjoyment of other tenants;
3. Limit eligibility or give a preference to a particular segment of the population if permitted in its written agreement with the City;
4. Do not exclude an applicant with a Section 8 tenant-based assistance voucher issued from the Housing Choice Voucher Program (HCV) (24 CFR Part 982), a participating HOME-assisted tenant based rental assistance (TBRA) voucher holder, or a participant of any similar HOME-assisted program simply because of this status;
5. Provide for the selection of tenants from a written waiting list in the chronological order of their application, as much as practical;
6. Give prompt written notification to any rejected applicant of the grounds for any rejection, and;
7. Comply with the Violence Against Women Act (VAWA) requirements proscribed in 24 CFR 92.359.

The City of Merced requires that all HOME and CDBG funded activities be marketed and available to all eligible persons without regard to race, color, national origin, sex, religion, familial status, or disability. Per the Affirmative Marketing Procedures established by the City, developers receiving funds are required to create units that are accessible to people with disabilities according to all applicable codes. In addition to federal laws requiring units for people with physical disabilities, fair housing laws require owners to make reasonable accommodations for people with all types of disabilities. When providing a requested accommodation would result in an undue financial and administrative burden, developers are required to take any other action that would not result in an undue burden.

As referenced in item number three (3) above, for the 2025-2029 Consolidated Plan period, the City of Merced does not plan to set any preferences or limitations for rental housing projects at this time. However, this will be determined on a per-project basis, and requirements would be included in the written agreements.

Discussion:

N/A

