



CITY OF MERCED

MERCED

DEVELOPMENT SERVICES DEPARTMENT, HOUSING DIVISION | (209)385-6863 | HOUSING@CITYOFMERCED.GOV

April 6, 2026

Attn: Joey Shields, Senior Project Manager
Linc Housing Corporation
3590 Elm Avenue
Long Beach, California

RE: **I Street, Merced Affordable Housing Project
Conditional Commitment from City of Merced
U.S. Dept of Housing & Urban Development HOME Funds (\$1,756,934)**

Dear Mr. Shields,

This letter serves to notify State and Federal agencies and other interested parties of a Conditional Commitment of a portion of the City of Merced's HOME funding that have been issued to the City from the U.S. Department of Housing and Urban Development as a Participating Jurisdiction (PJ) to provide financial assistance for the development of the 54-unit "I Street, Merced" affordable housing project by Linc Housing. The future project site is located at 1815 & 1823 I Street; 205 & 211 W. 18th Street; and 202 W. 19th Street.

In support of the project, the City of Merced is reserving a total of \$1,756,934 of HOME funds, which will be available for construction and permanent financing under the following terms:

- **Environmental Clearance:** Prior to final commitment and execution of all related agreements, and with coordination and final certification by the City of Merced as Responsible Entity/Recipient, the developer and consultants shall successfully prepare an Environmental Assessment (EA) and obtain issuance of all necessary Authority to Use Grant Funds (AUGF) environmental clearances for the use of HUD HOME funds and PHA-issued Project Based Vouchers (PBVs) on the project.
- **Funding Source:** Home Investment Partnership Program (HOME) agreements must be approved by the City Council and executed by the City Manager in order to draw down funds.
- **Total Funding:** The developer must secure all other necessary subsidy layering, tax credit, construction loan, and other necessary financing that will enable successful completion of construction, full tenant occupancy, and future stable operational capabilities of the project in the future.
- **Use of Funds:** Funds will be used to assist in the construction of 54 multi-family affordable rental units, with 53 units reserved for low- to moderate-income households and one manager unit. Eligible costs could include both soft (non-physical) and hard costs of construction, including building materials and labor.
- **Grant/Loan Obligation:** The grant or loan of funds is subject to all compliance with eligibility requirements, including all related HOME regulations, affordability, CEQA and NEPA

environmental mitigation measure requirements, and any discretionary zoning entitlement conditions of approval but is not structured as a repayable loan unless conditions of the agreement are not met.

The pledged HOME funds include the following amounts from HUD grant years, which are not subject to the provisions of the Build America, Buy America Act (BABA):

| <u>Year</u> | <u>Amount:</u> |
|---------------|-----------------------|
| 2021 | \$ 378,633.75 |
| 2022 | 557,067.67 |
| 2023 | 821,232.58 |
| Total: | \$1,756,934.00 |

We look forward to supporting Linc Housing in bringing this project to completion. Please do not hesitate to reach out if you require any further details.

Sincerely,

Scott McBride
City Manager
City of Merced

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Cc: Project File