



City of Needles, California Request for City Council Action

☒ CITY COUNCIL ☐ NPUA

☒ Regular ☐ Special

Meeting Date: January 28, 2025

Title: City Council Resolution No. 2025-11

Approving an affordable housing loan of \$275,000 from the State of California Prohousing Incentive Pilot Program (PIP) to 1707 Needles Highway (NHLLC) For Rehabilitation of 1707 Needles Highway, Needles, CA 92363 (APN 0185-048-09-0000), and granting authority to the City Manager to execute the agreement.

Background: On June 12, 2023, the City of Needles ("City") was one of eighteen (18) jurisdictions awarded funding under the Prohousing Incentive Pilot (PIP) Program by the State of California. The City was awarded \$445,000 for certain affordable housing activities. The purpose of the program is to provide local jurisdictions funding to help alleviate California's housing crisis by making additional resources available to local communities.

1707 Needles Highway LLC ("NHLLC") is the owner of the subject property located at 1707 Needles Highway Needles, CA 92363. This is a former hotel/motel that is planned to be repurposed into twenty-nine (29) micro apartments (also sometimes referred to as an efficiency apartment units). This rehabilitation project has been conditionally approved as appropriate use by the State of California Housing and Community Development Department (HCD).

Staff have worked with Armen Ghadimiana, the Manager/Member of NHLLC on a scope of work to rehabilitate the buildings into twenty-nine (29) units of affordable housing. All units will be efficiency apartment units of approximately 300 square feet each. Each unit shall have a sleeping area, kitchenette (inclusive of a two (2) burner stove and electric vent, a bathroom including shower/tub, toilet, sink, mirror and cabinet) and a storage area (for clothing and other personal possessions). A full Scope of Work is attached to the Affordable Housing Agreement. In total, the rehabilitation costs are estimated to be approximately \$675,000.

The form of assistance, based on the rules and regulations of PIP funding, is a forgivable loan to NHLLC. The scheduled loan amount is not to exceed \$275,000 or approximately 41% of the total rehabilitation costs. In exchange, the property will be rehabilitated into twenty-nine (29) units of affordable housing to person(s)/families not exceeding 80% of the County Median Income adjusted by family size. The affordability covenants will be recorded against the property and will apply (run) for fifty-five (55) years. An example, using 2024 figures, a family of one (1), which is the appropriate number of users for an efficiency unit, must have a household income of under \$57,400 to qualify to live in one of these units.

Work on the units will be completed by a licensed contractor and all applicable State and City Building and Safety rules and regulations shall apply. The City is NOT a party to the construction contract and will only reimburse the applicant for work completed and inspected. Finally, execution of an Agreement with NHLLC shall be contingent upon NHLLC receiving appropriate land-use approvals for residential (multi-family) use.

Fiscal Impact: Funding of the recommended Affordable Housing Loan does not impact on the City of Needles General Fund or any City of Needles Enterprise Funds (utilities) as funding is derived from the State of California Prohousing Incentive Pilot Program (PIP).

Environmental Impact: The building superstructure is already existing and therefore is exempt from any action or predetermined action under the California Environmental Quality Act (CEQA)

Recommendation: Approve City Council Resolution No. 2025-11, authorizing an affordable housing loan of \$275,000 from the State of California Prohousing Incentive Pilot Program (PIP) to 1707 Needles Highway (NHLLC) For Rehabilitation of 1707 Needles Highway, Needles, CA 92363 (APN 0185-048-09-0000), and granting authority to the City Manager to execute the agreement.

Submitted By: Patrick Martinez, City Manager

City Manager Approval: Patrick J Martinez **Date:** 1/23/2025

Other Department Approval (when required): _____ **Date:** _____

Approved: <input type="checkbox"/>	Not Approved: <input type="checkbox"/>	Tabled: <input type="checkbox"/>	Other: <input type="checkbox"/>
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