



City of Needles, California Request for City Council Action

☒ CITY COUNCIL ☐ NPUA

☒ Regular ☐ Special

Meeting Date: June 10, 2025

Title: City Council Resolution 2025-29 Amending Resolution No. 2025-11 Approving a First Amendment to the Affordable Housing Loan Agreement with 1707 Needles Highway LLC for the Rehabilitation of 1707 Needles Highway, Needles, CA 92363 (APN 0185-048-09-0000)

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.

On January 28, 2025, the City of Needles City Council approved Resolution 2025-11 authorizing the City Manager to enter into certain agreements effectuating a forgivable loan to 1707 Needles Highway LLC. The proceeds of said loan (\$275,000) being used to rehabilitate and remodel a former motel into twenty-nine (29) affordable housing units (micro-apartments).

At a previous meeting, the City of Needles had entered into a similar agreement with a different housing developer to create two (2) units of affordable housing from a former commercial building (108 Chestnut). During the rehabilitation phase of 108 Chestnut, the developer determined (under the advice of multiple general contractors) that the building superstructure would need to be replaced and the building would not be successfully remodeled within the grant period which ends on June 20, 2025.

In consultation with the State of California Department of Housing and Community Development (HCD), City staff are recommending that the City Council authorize an increase of loan funding for 1707 Needles Highway LLC from \$275,000 to \$410,000. Ultimately, the City will receive twenty-nine affordable housing units as originally planned, along with the installation of wrought iron fencing around property, creation of and installation of on-site laundry facilities, rehabilitation of a "30th" unit as an onsite manager unit, and development of an outdoor recreation area that will include a shade structure, table and exercise element(s) which shall be approved by the City Manager and/or his designee. This development will eliminate the blight currently being generated from the subject property and make full use of the grant proceeds received from HCD.

The attached resolution authorizes the City Manager and City Attorney to amend (as appropriate) documents related to 1707 Needles Highway LLC and increase the loan amount from \$275,000 to \$410,000.

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 HCD's PIP Program.

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)

Recommended Action: Adopt City Council Resolution 2025-29 Amending Resolution No. 2025-11 Approving a First Amendment to the Affordable Housing Loan Agreement with 1707 Needles Highway LLC for the Rehabilitation of 1707 Needles Highway, Needles, CA 92363 (APN 0185-048-09-0000) and direct the City Manager to execute and implement appropriate amended agreement(s).

Submitted By: Patrick Martinez, City Manager

City Manager Approval: Patrick J. Martinez

Date: 6/5/2025

Other Department Approval (when required): Barbara DiLeo

Date: 06/06/25

Approved: ☐

Not Approved: ☐

Tabled: ☐

Other: ☐