



Legislation Details (With Text)

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**File created:** 3/4/2024    **In control:** City Council  
**On agenda:** 4/18/2024    **Final action:** 4/18/2024

**Title:** Actions pertaining to the City Studios affordable housing development located at 3876 North Blackstone Avenue, Fresno, California (District 4):  
1. \*\*\*RESOLUTION - Authorizing acceptance of funding from the California Department of Housing and Community Development Homekey Round 3 Program in the amount of \$9,598,131 for the City Studios project and authorizing the City Manager, or designee, to enter into and execute a standard agreement to secure the Homekey Round 3 program funds and to participate in the Homekey Round 3 Program. (Subject to Mayor's veto)  
2. \*\*\*RESOLUTION - Adopt the 50th Amendment to the Annual Appropriation Resolution (AAR) No. 2023-185 to appropriate \$9,598,200 for the City Studios project from the Homekey Round 3 Program Grant. (Requires 5 Affirmative Votes) (Subject to Mayor's veto)  
3. \*\*\*RESOLUTION - Finding good cause and clear and convincing benefit to the public pursuant to Fresno Municipal Code Section 4-204 relating to the disposition of real property identified as Assessor's Parcel Number 436-260-22 (3876 North Blackstone Avenue) for an affordable housing development. (Requires 5 Affirmative Votes) (Subject to Mayor's veto)  
4. Approve a Memorandum of Understanding between the City of Fresno and Fresno Mission Communities, Inc.  
5. Approve a Repair Services Agreement between the City of Fresno and RH Community Builders, LP.  
6. Approve a License and Right of Entry Agreement between the City of Fresno and RH Community Builders, LP.

**Sponsors:** Planning and Development Department

**Indexes:**

**Code sections:**

**Attachments:** 1. 24-362 Resolution - Accepting Homekey Round 3 Program Award Funds, 2. 24-362 Resolution 50th Amendment to Annual Appropriation Resolution 2023-185, 3. 24-362 Resolution - FMC 4-204, 4. 24-362 Memorandum of Understanding, 5. 24-362 Repair Services Agreement, 6. 24-362 License and Right of Entry Agreement, 7. 24-362 Site Photos and Site Map

Date	Ver.	Action By	Action	Result
4/18/2024	1	City Council	ADOPTED	Pass

**REPORT TO THE CITY COUNCIL**

**FROM:** JENNIFER CLARK, Director  
Planning and Development Department

PHILIP SKEI, Assistant Director  
Planning and Development Department

**BY:** JENNIFER DAVIS, Senior Management Analyst  
Housing Finance Division

## **SUBJECT**

Actions pertaining to the City Studios affordable housing development located at 3876 North Blackstone Avenue, Fresno, California (District 4):

1. \*\*\*RESOLUTION - Authorizing acceptance of funding from the California Department of Housing and Community Development Homekey Round 3 Program in the amount of \$9,598,131 for the City Studios project and authorizing the City Manager, or designee, to enter into and execute a standard agreement to secure the Homekey Round 3 program funds and to participate in the Homekey Round 3 Program. (Subject to Mayor's veto)
2. \*\*\*RESOLUTION - Adopt the 50th Amendment to the Annual Appropriation Resolution (AAR) No. 2023-185 to appropriate \$9,598,200 for the City Studios project from the Homekey Round 3 Program Grant. (Requires 5 Affirmative Votes) (Subject to Mayor's veto)
3. \*\*\*RESOLUTION - Finding good cause and clear and convincing benefit to the public pursuant to Fresno Municipal Code Section 4-204 relating to the disposition of real property identified as Assessor's Parcel Number 436-260-22 (3876 North Blackstone Avenue) for an affordable housing development. (Requires 5 Affirmative Votes) (Subject to Mayor's veto)
4. Approve a Memorandum of Understanding between the City of Fresno and Fresno Mission Communities, Inc.
5. Approve a Repair Services Agreement between the City of Fresno and RH Community Builders, LP.
6. Approve a License and Right of Entry Agreement between the City of Fresno and RH Community Builders, LP.

## **RECOMMENDATION**

Staff recommends the City Council: 1) Adopt the Resolution authorizing acceptance of Award funds from the Homekey Round 3 Program for the City Studios project, and authorizing the City Manager, or designee, to enter into and execute a standard agreement to secure funding and participation in the Program; 2) Adopt the 50th Amendment to the AAR No. 2023-185 to appropriate the Program Award funds to the City Studios project; 3) Adopt the Resolution finding good cause and clear and convincing benefit to the public pursuant to Fresno Municipal Code 4-204 relating to the disposition of the property for an affordable housing development; 4) Approve a Memorandum of Understanding between the City of Fresno and Fresno Mission Communities, Inc.; 5) Approve a Repair Services Agreement between the City of Fresno and RH Community Builders, LP; and 6) Approve a License and Right of Entry Agreement between the City of Fresno and RH Community Builders, LP.

## **EXECUTIVE SUMMARY**

On April 20, 2023, City Council authorized City staff to apply to the California Department of Housing and Community Development (HCD) Homekey Round 3 Program in an amount not to exceed \$15,000,000; and approved the City's contribution of funds in the amount of \$5,000,000 to the City Studios project (Project), for the acquisition, rehabilitation, and operation of the Project located at 3876 North Blackstone Avenue (Property), into 34 permanent affordable housing units for those experiencing or at risk of homelessness. The City applied jointly with co-applicant Fresno Mission Communities, Inc. (Fresno Mission), who will act as the operator of the Project. On July 14, 2023, Fresno Mission submitted this project in response to the City's Notice of Funding Availability (NOFA) published May 19, 2023.

Adopting the Resolution authorizing the City Manager, or designee, to accept the Program Award funds and execute a standard agreement with HCD will allow the City to secure funding and

participate in the Program. Adopting the 50th Amendment to the Annual Appropriation Resolution No. 2023-185 will appropriate the Program Award funds to the Project. Adopting the Resolution finding good cause and clear and convincing benefit to the public pursuant to Fresno Municipal Code 4-204 will allow the City to bypass the open and competitive request for proposals process to enable this affordable housing development to be completed pursuant to the 12-month construction deadline of Project Homekey. Approving the Memorandum of Understanding between the City and Fresno Mission Communities, Inc., will establish certain costs associated with the operation and development of the Project. Approving the Repair Services Agreement and License and Right of Entry Agreement with RH Community Builders, LP will establish certain terms, conditions, and compensation for the rehabilitation of the Property.

## **BACKGROUND**

On March 29, 2023, HCD announced a Notice of Funding Availability of approximately \$736 million of Homekey Program grant funding through Round 3 (NOFA), for the purpose of sustaining and rapidly expanding housing for persons experiencing or at risk of homelessness. Homekey Round 3 builds on the success of Project Roomkey, as well as the first two rounds of Project Homekey, to continue a statewide effort to rapidly sustain and expand housing for persons experiencing homelessness or at risk of homelessness, and who are, thereby, disproportionately impacted by the COVID-19 pandemic.

On April 20, 2023, City Council adopted Resolution 2023-097 authorizing the City to jointly apply for Homekey Round 3 grant funds in an amount not to exceed \$15,000,000 with Fresno Mission Communities, Inc., (Fresno Mission) for the acquisition, rehabilitation, and operation of the property located at 3876 North Blackstone Avenue (Property) for the City Studios Project consisting of the conversion of a 44-room motel into 34 units of permanent affordable housing for qualified individuals and youth experiencing or at risk of homelessness (Project). Also on April 20, 2023, City Council adopted Resolution 2023-098 committing City funds in an amount not to exceed \$5,000,000 for the Project, subject to the full allocation of Homekey Round 3 Award funds. On May 16, 2023, the City submitted the joint application in response to the NOFA for Homekey grant funds.

On February 14, 2024, HCD issued an Award letter to the City and Fresno Mission announcing a Homekey Round 3 Award in the amount of \$9,598,131 for the Project.

### The Property

On April 20, 2023, City Council voted to enter into a purchase and sale agreement for the property located at 3876 North Blackstone Avenue (Property) for future conversion to permanent affordable housing, including the rehabilitation of the existing Travelodge Motel located at the Property. The site is a 0.91-acre parcel situated just east of Blackstone Avenue along the south side of East Saginaw Avenue and consists of a two-story L-shaped motel building, a first-floor office and second-floor on-site manager's unit, and a separate laundry room.

On September 28, 2023, City Council voted to purchase the Property and adopt a finding of Categorical Exemption based on the findings of the CEQA analysis that was performed. As a result, it has been determined that the Property is indeed a suitable site for the development of permanent affordable housing. On September 29, 2023, the City funded the acquisition of the Property using Encampment Resolution Funding Program Round 2 (ERF-2) Funds in the amount of \$4,401,709 and will be utilized for the exclusive purpose of developing permanent affordable housing. On November 6, 2023, HCD concurred that the Property qualifies as "exempt surplus land" under Government Code section 54221, subdivision (f)(1)(A).

The Property was declared “exempt surplus land” on December 7, 2023, by Resolution No. 2023-308, and proper noticing to HCD was completed in compliance with the Surplus Land Act. Fresno Municipal Code (FMC) 4-204 provides steps that may be required to dispose of real property and conduct a Request for Proposals (RFP) process. An exception to FMC 4-204 may be provided should there be good cause and clear and convincing benefit to the public to vary from provisions contained in FMC Section 4-204, making an exception to the RFP process. Developing the Property into permanent affordable housing for individuals and youth at risk of or experiencing homelessness will deliver substantial benefit to the public by providing housing to those that are disproportionately impacted by and at risk for medical diseases or conditions due to the COVID-19 pandemic and other communicable diseases. Further, the redevelopment of the existing site into permanent affordable housing will address the City’s homelessness and housing crisis.

Upon completion of construction, the City will transfer title to Fresno Mission who will be the owner and direct service provider to the Project.

#### City Studios Project

The Project consists of the acquisition, rehabilitation, and operation of the former Travelodge Motel located at 3876 North Blackstone Avenue (Property) into 34 units of permanent affordable housing to serve qualified individuals, families, and youth who are experiencing or are at risk of homelessness. The current developed 44-room two-story motel will be converted to 34 units, consisting of 21 studio apartment units, 9 one-bedroom units, 2 two-bedroom units, and 2 three-bedroom units. Of the 34 units, 23 units will be set aside for those at-risk of homelessness, 10 units will be set aside for homeless youth or youth at risk of homelessness, and one on-site manager’s unit.

Currently, the site includes a covered entrance on the south side of the building, asphalt-paved parking areas, concrete-paved walkways and flatwork, and associated landscaping. The site renovation will be completed in one phase and will bring the project in compliance with current codes and ADA compliance, and include all site work, beautification, lobby/office redesign, laundry room, signage, and full conversion of all units. On-site improvements will include new and/or repairs to asphalt, concrete, fire sprinklers, parking, solar panels, doors, windows, roof, stucco, and stair railings.

Project unit upgrades will include the refurbishment of interior finishes and fixtures, new and/or repairs to smoke detectors, CO2 alarms, flooring, HVAC units, bathroom fixtures, the addition of kitchenettes, and full ADA accessibility incorporated into ADA assisted units.

Once construction has been completed, Fresno Mission will provide supportive services to the Project that include high quality and individualized case management with a housing focused lens to all individuals and households residing at the Project. Case management services will be provided to all who agree to participate, and will include linkage to substance abuse services, school services, vocational services, mental health services, linkage to entitlement programs, health and disease education, 24/7 peer support, housing retention skills, legal assistance, physical health services, and medical services.

The Project’s acquisition, pre-development, and rehabilitation costs are estimated at \$13,510,526. The funding sources for these costs are: 1) \$4,400,000 in ERF-2 funds; 2) \$600,000 in other City funds; and 3) \$8,510,526 in Homekey Round 3 Capital Award funds.

In partnership with Fresno Mission, the City Studios Project provides the City with a unique

opportunity to promote the reuse of an existing property for the advancement of community and economic development. The project will provide affordable quality housing, increasing the City's housing stock and bringing the City closer to meeting its affordable housing goals and objectives as outlined in the One Fresno Housing Strategy, 2020-2024 Consolidated Plan, and the Housing Element of the 2035 General Plan. Fresno Mission is a multipurpose organization dedicated to providing shelter, housing, and case management services to displaced persons in the greater Fresno County area. Recognizing Fresno Mission's successful history of partnership with the City and continued support in the City's efforts to reduce homelessness and increase housing, the project will encourage neighborhood revitalization, promote sustainable and equitable development, and improve the overall well-being of the city.

The City Attorney's Office has reviewed and approved as to form the attached Resolutions and Agreements.

## **ENVIRONMENTAL FINDINGS**

On September 28, 2023, the City Council adopted the finding of Categorical Exemption pursuant to Sections 15301/Class 1 (Existing Facilities) and 15332/Class 32 (In-fill Development) of the California Environmental Quality Act (CEQA) Guidelines. Staff has determined that none of the exceptions to Categorical Exemptions set forth in the CEQA Guidelines, Section 15300.2, apply to this project.

## **LOCAL PREFERENCE**

Local preference was not considered because the action today does not include a bid or award of a construction or services contract.

## **FISCAL IMPACT**

This project is located in Council District 4 and will not impact the General Fund. The source of funding in this action will be appropriated from the California Department of Housing and Community Development Homekey Round 3 Program Award.

### **Attachments:**

1. Resolution - Accepting Homekey Round 3 Program Award Funds
2. Resolution - 50th Amendment to Annual Appropriation Resolution No. 2023-185
3. Resolution - FMC 4-204
4. Memorandum of Understanding
5. Repair Services Agreement
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