Legislation Details (With Text)

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Title: Actions pertaining to the City Studios affordable housing development located at 3876 North Blackstone Avenue (APN 436-260-22) (District 4):
1. ***RESOLUTION - Authorize acceptance of funding from the California Department of Community Services and Development Low-Income Weatherization Multifamily Program in the amount of $174,929 for the City Studios project, and authorize the City Manager, or designee, to execute all necessary documents to secure funding and participation in the program (Subject to Mayor's Veto)
2. ***RESOLUTION - Adopt the 9th Amendment to the Annual Appropriations Resolution (AAR) No. 2025-179 to appropriate $174,929 for the City Studios project from the Low-Income Weatherization Multifamily Program (Requires 5 Affirmative Votes) (Subject to Mayor's Veto)
3. Approve the California Department of Community Services and Development Low-Income Weatherization Multifamily Program Energy Efficiency Incentive Reservation and Participation Agreement to reserve the rebate in the amount of $174,929
4. Approve the Repair Services Agreement between the City of Fresno and RHCB Development, LP, a Limited Partnership, to increase the compensation amount by $174,929 for a total agreement amount of $8,561,585 to incorporate the Low-Income Weatherization Program rebate, and extend the Term of Agreement and Time of Performance to December 31, 2025

Sponsors: Planning and Development Department

Indexes:

Code sections:

Attachments: 1. 25-1037 Resolution Accepting LIWP Rebate.pdf, 2. 25-1037 9th Amendment to AAR No. 2025-179.pdf, 3. 25-1037 LIWP Reservation Agreement.pdf, 4. 25-1037 Repair Services Agreement with RHCB Development, LP

Date	Ver.	Action By	Action	Result
9/11/2025	1	City Council	APPROVED ON CONSENT CALENDAR	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 (APN 436-260-22) (District 4):

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RECOMMENDATION

Staff recommends the City Council 1) Adopt the Resolution authorizing acceptance of funding from the California Department of Community Services and Development Low-Income Weatherization Multifamily Program in the amount of $174,929 for the City Studios project, and authorizing the City Manager, or designee, to execute all necessary documents to secure funding and participation in the program; 2) Adopt the 9th Amendment to the Annual Appropriations Resolution (AAR) No. 2025-179 to appropriate $174,929 for the City Studios project from the Low-Income Weatherization Program; 3) Approve the California Department of Community Services and Development Low-Income Weatherization Multifamily Program Energy Efficiency Incentive Reservation and Participation Agreement to reserve the rebate in the amount of $174,929; and 4) Approve the Repair Services Agreement between the City of Fresno and RHCB Development, LP, a Limited Partnership, to increase the compensation amount by $174,929 for a total agreement amount of $8,561,585 to incorporate the Low-Income Weatherization Program rebate, and extend the Term of Agreement and Time of Performance to December 31, 2025.

EXECUTIVE SUMMARY

On April 20, 2023, the City Council authorized a joint application with Fresno Mission Communities, Inc. to the California Department of Housing and Community Development (HCD) for the Homekey Round 3 Program. The purpose of the Homekey 3 application was to acquire, rehabilitate, and operate the City Studios Project located at the former Travelodge Motel at 3876 North Blackstone Avenue, also known as 1780 East Saginaw Way (APN 436-260-22) (Property), converting a 44-room motel into 34 permanent affordable housing units for individuals and youth experiencing or at-risk of homelessness (Project). Upon construction completion, Fresno Mission Communities will act as the owner, operator, and service provider for the Project. In order to minimize utility costs for the Project over time and ensure maximum affordability for future tenants who have experienced homelessness, City staff have pursued the California Department of Services and Development's (CSD) Low Income Weatherization Program (LIWP or Program), and the Project has been awarded $174,929 in incentives.

Adopting the Resolution authorizing the City Manager, or designee, to accept the funding from and execute an agreement with the California Department of Community Services and Development

(CSD) Low-Income Weatherization Multifamily Program (LIWP) will allow the City to secure funding and participate in the LIWP Program. Adopting the 9th Amendment to the Annual Appropriation Resolution No. 2025-179 will appropriate the $174,929 rebate to the Project. Approving the Energy Efficiency Incentive Reservation and Participation Agreement will reserve the rebate in the amount of $174,929 for the Project. Approving the Repair Services Agreement with RHCB Development, LP will establish certain terms, conditions, and compensation for the completion of the LIWP requirements incorporated into the rehabilitation of the Property.

BACKGROUND

On March 29, 2023, HCD announced a Notice of Funding Availability (NOFA) for approximately $736 million in Homekey Round 3 Program Funds for the purpose of rapidly expanding housing for those experiencing or at-risk of homelessness. On April 20, 2023, the City Council adopted Resolution 2023-097 authorizing a joint application with Fresno Mission Communities, Inc. (Fresno Mission) for Homekey Round 3 Program Funds to acquire, rehabilitate, and operate the property formerly known as the Travelodge Motel at 3876 North Blackstone Avenue, also known as 1780 East Saginaw Way (APN 436-260-22) (Property). The Property consists of a 0.91-acre parcel situated just east of Blackstone Avenue along the south side of East Saginaw Way and is comprised of a two-story L-shaped motel building, a first-floor office, a second-floor on-site manager's unit, and a separate laundry room. The City Studios Project aims to convert the existing 44-room motel into 34 permanent affordable housing units reserved for individuals and youth who are experiencing or at-risk of homelessness (Project).

Also on April 20, 2023, City Council adopted Resolution 2023-098 committing City funds in an amount up to $5,000,000 for the Project, contingent upon the full award of Homekey Round 3 Program Funds; and voted to enter a purchase and sale agreement for the Property for the future conversion into permanent affordable housing.

The City submitted a joint application with Fresno Mission on May 16, 2023, in response to the NOFA for Homekey 3 Program Funds. On September 28, 2023, City Council voted to proceed with the purchase of the Property and adopt a finding of Categorical Exemption based on the results of the CEQA analysis performed. This analysis confirmed that the Property is a suitable site for the development of permanent affordable housing. The City funded the acquisition of the Property on September 29, 2023, utilizing Encampment Resolution Funding Program Round 2 (ERF-2) Funds in the amount of $4,401,709, for the exclusive purpose of developing permanent affordable housing. On November 6, 2023, HCD confirmed 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) Section 4-204 outlines the steps that may be required to dispose of real property and conduct a Request for Proposals (RFP) process. However, an exception to FMC 4-204 may be granted if there is good cause and clear and convincing benefit to the public to vary from the provisions contained in FMC 4-204, making an exception to the RFP process. Developing the Property into permanent affordable housing for individuals and youth experiencing or at-risk of 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. Additionally, the reuse of the Property will contribute to resolving the City's homelessness and housing crisis.

On February 14, 2024, the City and Fresno Mission were awarded $9,598,131 in Homekey Round 3 Program Funds for the Project. This funding will provide 34 units of permanent affordable housing, including 21 studio apartments, 9 one-bedroom units, 2 two-bedroom units, and 2 three-bedroom units. Of these, 23 units will be reserved for individuals at-risk of homelessness, 10 units for homeless youth or youth at-risk of homelessness, and one unit for an on-site manager. On April 18, 2024, City Council authorized the acceptance of $9,598,131 in Homekey Round 3 Program Funds from HCD for the Project, to be used for eligible capital and operating costs and expenses.

Also on April 18, 2024, City Council approved a Repair Services Agreement with RHCB Development, Inc. (RHCB), dated April 8, 2024 (Initial Agreement), which established the terms, conditions, and compensation for the rehabilitation of the Property, as well as eligible development costs. The Initial Agreement reflects total compensation to RHCB in the amount of $8,371,830. On June 26, 2025, City Council approved a First Amendment to the Repair Services Agreement (First Amendment) that adjusted the scope of services and total compensation to include the payment of City of Fresno plan check fees in the amount of $14,826 under Permit No. B24-09220, thereby increasing the total construction budget to $8,386,656. Modification to the scope of services and total compensation was permitted under the Initial Agreement.

Currently, the City seeks to enter into a new Repair Services Agreement with RHCB Development, Inc. (New Agreement), which reiterates the terms and conditions of the Initial Agreement, and extends the term and time of performance to December 31, 2025, and modifies the scope of services to include an adjustment to RHCB's compensation of $174,929, for a total compensation for all services rendered not to exceed $8,561,585. The increase in compensation represents LIWP Program incentives in the amount of $174,929 to pay for the LIWP requirements incorporated into the rehabilitation of the Project.

On behalf of the Project, RHCB applied to participate in California's Department of Community Services and Development (CSD) Low Income Weatherization Program (LIWP or Program). The Program provides incentives to affordable housing development projects that meet the primary obligations of the Program, including affordability requirements of at least 66% of households at or below 80% AMI and a valid Regulatory Agreement recorded against the Property with at least a 10-year affordability period. The purpose of the Program is to provide low-income single-family and multifamily households with solar photovoltaic (PV) systems and energy efficiency upgrades at no cost, thereby reducing greenhouse gas emissions by saving energy and generating clean renewable power. Further, the Program helps reduce the impacts of climate change on vulnerable communities by reducing energy costs, lowering utility bills, and helping to preserve valuable below market-rate housing for low-income households.

After a full review by CSD, the Project has been found eligible for an award of incentives from the Program because it meets the affordability requirements and has a valid Regulatory Agreement recorded against the Property. In finalizing the review process, CSD performed an Incentive Analysis for the Project and provided a LIWP Affordability Covenant, which established specific commitments for increasing the Project scope, and maintaining affordability and tenant protections on the Property. As a result, the Project has been found eligible for an award of incentives from the Program in the amount of $174,929.

The Homekey Program seeks to rapidly expand housing for those experiencing or at-risk of homelessness, and as such, the Project was originally expected to be completed on February 14,

2025, just twelve months after receiving HCD's award letter. However, the Project's overall schedule has experienced significant delays due to supply chain issues on the delivery of the switchgear, which is a critical element of the Project's electrical infrastructure. In addition, there has been a substantial delay from PG&E in energizing the Project.

The City and Fresno Mission entered into a Standard Agreement with HCD on July 11, 2024, and on that same date, RHCB ordered the switchgear. Due to the supply chain disruptions, it did not arrive until June 4, 2025. The switchgear and transformer were installed at the Property during June 2025. PG&E conducted the transformer installation inspection on July 10, 2025, and the cable pull inspection on August 13, 2025. The Project is currently waiting for PG&E to schedule the final inspection, followed by the energization of the site, which may take up to 12 weeks from the last inspection. The current anticipated completion date for the Project is November 14, 2025. Upon completion of construction, the City will transfer ownership of the Property to Fresno Mission, which will serve as both the owner and direct service provider of the Project.

Once full occupancy has been achieved, Fresno Mission will provide comprehensive supportive services to all residents, including high quality and individualized case management with a housing focused approach. These services will include linkage to substance abuse treatment services, school services, vocational services, mental health services, entitlement program assistance, health and disease education, 24/7 peer support, housing retention skills, legal assistance, and medical services.

In partnership with Fresno Mission and RHCB, the City Studios Project offers the City a unique opportunity to repurpose an existing property for the advancement of community and economic development. The Project will provide affordable quality housing, thereby increasing the City's housing stock and assisting to meet its affordable housing goals as outlined in the One Fresno Housing Strategy, 2025-2029 Consolidated Plan, and the Housing Element of the Fresno 2035 General Plan. Both Fresno Mission and RHCB are highly respected organizations with proven track records of successful partnership with the City's efforts to reduce homelessness and increase housing availability. This adaptive reuse Project will foster neighborhood revitalization, promote sustainable and equitable development, and improve the overall well-being of the community.

ENVIRONMENTAL FINDINGS

On September 28, 2023, the City Council adopted a 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 reviewed the project and determined that none of the exceptions to Categorical Exemptions set forth in 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 have an impact on the General Fund. The source of funding in this action will be appropriated from the California Department of Services and

Development Low Income Weatherization Program rebate.

Attachments:

Resolution Accepting LIWP Rebate
Resolution 9th Amendment to Annual Appropriations Resolution (AAR) No. 2025-179
LIWP Incentive Reservation and Participation Agreement
Repair Services Agreement with RHCB Development, LP