



STAFF REPORT
5/24/2023

TO: Honorable Mayor and City Council Members

FROM: William Pattison, Interim Finance Director

SUBJECT: Authorizing the City Manager to (1) enter into an Affordable Housing Loan Agreement with Tripoli CIC, LP, for the 108-Unit Mixed-Use Development Project Located at the Northeast Corner of Cesar Chavez Street and Bagdad Avenue (APN # 778-081-003 and 778-081-001) in a Not-to-Exceed Amount of \$13,569,000; and (2) enter into an Agreement to Prepay Special Tax Obligations for CFD 2005-1

STAFF RECOMMENDATION:

Staff recommends that the City Council consider authorizing the City Manager to (1) enter into an Affordable Housing Loan Agreement with Tripoli Chelsea Investment Corporation (CIC), LP, for the 108-unit mixed-use development project located at the northeast corner of Cesar Chavez Street and Bagdad Avenue (APN #778-081-003 and #778-081-001) in a not-to-exceed amount of \$13,569,000; and (2) enter into an Agreement to Prepay Special Tax Obligations for CFD 2005-1, subject to such minor conforming and clarifying changes acceptable to the City Manager and City Attorney.

BACKGROUND:

The Planning Commission approved entitlements in 2022 for a mixed-use development at the 2.5-acre parcel at the northeast corner of Cesar Chavez Street and Bagdad Avenue. The Project will be compatible with neighboring properties with respect to land development patterns. The proposed development would develop according to the development standards of the C-G Zone at a scale, massing, and aesthetic appeal of existing development is in keeping with development of neighboring properties such as Pueblo Viejo Villas. The plans submitted for this project propose a commercial and multi-family residential use with amenities for the future residents of the site that are permitted in the C-G PD (General Commercial, Planned Development) zone. The project would promote a well-designed pedestrian realm that includes shade and a safe pedestrian environment for pedestrians. The proposed use will include three new vehicular approaches to the property designed to improve off-site and on-site vehicular circulation for existing traffic on surrounding public streets or roads. Evidence of this is reflected in the provided site plan design. The three new proposed drive aisles and internal circulation have been reviewed and approved by the Fire Department and the Engineering Department.

DISCUSSION/ANALYSIS:

City staff is recommending that the City Council authorize the City Manager to enter into an 'Affordable Housing Loan Agreement'. The intent of the documents are to facilitate the funding of an approximately \$13,569,000 million residual cash receipts loan from the City of Coachella that will be used to prepay the CFD assessments. It is anticipated that the note held by the City will be repaid out of 50% of residual cash flow from project operations as defined in the loan agreement. The agreement between the City of Coachella and Tripoli CIC, LP, will require the new units created to annex into the Public Safety CFD and create a note payable to the City of Coachella for the entire 55 years of assessments. The City will record a deed of trust that will accrue interest at 3% per annum. It is understood that this structure means the likelihood of the City collecting the full amount of the CFD assessments annually and over the term of the CFD loan is reduced and the City loses the ability to lien the property to collect on any unpaid assessments.

City staff is recommending that the City Council authorize the City Manager to enter into a Prepayment of the Special Tax Obligation for CFD 2005-1.

ALTERNATIVES:

1. Authorizing the City Manager to (1) Enter into an Affordable Housing Loan Agreement with Tripoli CIC, LP, for the 108-Unit Mixed-Use Development Project Located at the Northeast Corner of Cesar Chavez Street and Bagdad Avenue (APN # 778-081-003 and 778-081-001) in a Not-to-Exceed Amount of \$13,569,000; and (2) Enter into an Agreement to Prepay Special Tax Obligations for CFD 2005-1, subject to such minor conforming and clarifying changes acceptable to the City Manager and City Attorney
2. Take no action.
3. Continue this item and provide staff with direction

FISCAL IMPACT:

The City will record a residual cash receipts loan in the Public Safety CFD funds for Police and Fire for the amounts that are not collected through cash flows from operations. The loan will not exceed \$13,569,000 million in total over the 55-year period and will accrue interest at 3% per annum. It is anticipated that the note held by the City will be repaid out of 50% of residual cash flow from project operations as defined in the Loan Agreement. Once those funds are available through either the refinancing of the project or payoff of the note, the General Fund will be reimbursed at the amount paid on behalf of the agreement plus the three percent (3%) interest.

ATTACHMENTS:

1. Affordable Housing Loan Agreement, which includes a Promissory Note Secured by Deed of Trust, and an Affordable Housing Regulatory Agreement; and
2. Agreement to Prepay Special Tax Obligations for CFD 2005-1