



STAFF REPORT
2/10/2021

TO: Honorable Mayor and City Council Members

FROM: Luis Lopez, Development Services Director

SUBJECT: Resolution No. 2021-11, Prepayment and Loan Agreement for CFD 2005-1 Special Assessments (Law Enforcement, Fire and Paramedic Services) for the Coachella Housing Project, LP developed by the Community Housing Opportunities Corporation (CHOC)

STAFF RECOMMENDATION:

Staff recommends that City Council approve Resolution No. 2021-11 authorizing the City Manager to enter into a prepayment and loan agreement with the Coachella Housing Project, LP “Developer” allowing for prepayment of special assessments for law enforcement, fire and paramedic service once the Coachella Valley Apartment Project “Project” is annexed into Community Facilities District 2005-1.

BACKGROUND:

CHOC owns property in the City of Coachella that is being developed into a low income housing complex. The property currently has twenty existing multifamily affordable housing residential units. CHOC intends to redevelop the existing units and increase the total number of units to fifty-six affordable housing units.

The City Council of the City of Coachella, by Resolution No. 2005-93, authorized the creation of the City of Coachella Community Facilities District 2005-1 (the "CFD") and by Resolution No. 2005-94, authorized the levy of a special tax for properties within the CFD (the "Special Assessment"), pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, to finance a portion of the cost of providing law enforcement, fire and paramedic services within the CFD. The Project will be annexed into the CFD as a condition of approval, requiring the Developer to pay an annual special assessment in the amount of \$1,231.82 per certified dwelling unit per year increasing annually based on the annual adjustment of the Consumer Price Index.

The project will provide a substantial public welfare benefit to the City through the development of the Project as affordable housing. To make the project financially viable and allow the Developer to facilitate financing arrangements for the project, the developer needs to defer these annual special assessment payments. To defer these special assessments, the developer is asking the City to enter into a loan and prepayment agreement that will defer the special assessment payments from the project for 55 years. The Full amount of the assessments will be payable at the

end of 55 years or sooner if the project is sold or generates sufficient available cash flows to allow for repayment.

FISCAL IMPACT:

The City will not see a direct fiscal impact from these agreements. The City is not currently receiving special assessment revenue from this project and this agreement will defer special assessment payments to the City for a term of 55 years. The annual special assessment payments for all units, using current year rates, is \$68,982. The City will be deferring these assessments for 55 years under the terms of the agreements receiving a payback of \$3,794,000 excluding interest at that time.

EXHIBITS:

Resolution No. 2021-11 including Exhibits A (Form of Loan Agreement) and B (Form of Prepayment Agreement)