



STAFF REPORT
6/8/2022

TO: Honorable Mayor and City Council Members

FROM: Gabriel Perez, Development Services Director

SUBJECT: Adopt Resolution No. 2022-53 Stating the Intention to Annex Property into City of Coachella Community Facilities District No. 2005-1 (Law Enforcement, Fire and Paramedic Services) and Authorize the Levy of a Special Tax Within Annexation Area No. 34 (Villa Verde Apartment project – APN 768-250-002 and 768-300-001) and approve a conditional loan commitment to defer CFD levy payments.

STAFF RECOMMENDATION:

Staff recommends that the City Council adopt the attached Resolution No. 2022-53 stating the intention to annex 9.4 acres of property located at the southwest corner of Calle Verde and Calle Techa into Community Facilities District No. 2005-01 (CFD 2005-01, Police, Fire and Paramedic Services), setting a public hearing date for the same and approving a conditional loan commitment to defer CFD levy payments.

BACKGROUND:

On September 14, 2005, the City Council adopted Resolution No. 2005-93 establishing the City of Coachella Facilities District No. 2005-01 (Law Enforcement, Fire and Paramedic Services) pursuant to the Mellow-Roos Community Facilities Act of 1982, as amended. The District and numerous annexations of subdivisions and new multifamily residential developments over the past 17 years have been established.

DISCUSSION/ANALYSIS:

The applicant, Villa Verde I LP, received administrative approval for development of a two-story, 152-unit affordable housing development consisting of 1-3 bedroom apartments, community room, laundry facilities and common open spaces on February 20, 2020. The project is being development in partnership with the Housing Authority of the County of Riverside and is required through conditions of the Architectural Review 19-06 approval to annex the property in the citywide CFD No. 2005-01 prior to issuance of certificate of occupancy and the City will be able to levy the special tax on an annual basis for 152-unit development.

Notwithstanding this Annexation, the developer has requested a CFD Deferral/Loan Agreement from the City that will function as City participation in subsidizing the affordable housing project. Staff recently finalized a similar CFD Loan Agreement for the Pueblo Viejo Villas and Placita Dolores Huerta project, in keeping with the City's practice with respect to affordable housing projects in the City. If the City Council authorizes the conditional loan commitment and CFD deferral agreement, the subject property will defer the tax levy in the upcoming annual CFD 2005-01 assessments. However, if the owners ever default on the Agreement, or if the project is ever converted into a market-rate apartments project, then the annual assessments can be activated because of this Annexation action.

Attached to this staff report is the Resolution of Intention setting a future public hearing date for the District Annexation No. 34 final actions which will include a special election, canvassing of the results, and an ordinance authorizing the levy of the special tax within Annexation No. 34.

The other attachment to this report is a copy of the CFD Annexation Map for the subject property (9.4 acres located at the southwest corner of Calle Verde and Calle Techa) and the "Rate and Method" for the District along with a draft loan commitment for the CFD deferral.

ALTERNATIVES:

1. Adopt Resolution No. 2022-53 stating the intention to annex property into Community Facilities District No. 2005-01 (CFD 2005-01, Police, Fire and Paramedic Services) and setting a public hearing date for the same
2. Take no action.
3. Continue this item and provide staff with direction.

FISCAL IMPACT:

The City expects to levy an annual assessment of \$1,249.40 per dwelling unit within the District starting in the 2022/2023 fiscal year. This Annexation will result in a new annual assessment of approximately \$189,908 for the project. Under the terms of the conditional loan commitment and CFD deferral, the levy will not be collected until a future date.

RECOMMENDED ALTERNATIVE(S):

Staff recommends Alternative #1 as stated above.

Attachments:

1. Resolution No. 2022-53
Exhibit A - Rate and Method (CFD 2005-01)
2. CFD Annexation No. 34 Map
3. Draft conditional loan commitment letter