



**STAFF REPORT**  
**1/26/2022**

**TO:** Honorable Mayor and City Council Members

**FROM:** Nathan Statham, Finance Director

**SUBJECT:** Conditional Loan Commitment for CFD 2005-1 Special Assessments for the Coachella Village Apartments Housing Development

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**STAFF RECOMMENDATION:**

Staff recommends that City Council approve resolution 2022-2 authorizing the City to enter into a conditional loan approval along with a prepayment and loan agreement for the Coachella Village Apartments Housing Development "Development" allowing for the prepayment of special assessments for law enforcement, fire and paramedic service once the development is annexed into Community Facilities District 2005-1.

**BACKGROUND:**

Coachella Valley Development Partners, LLC ("Developer") has obtained site control for a proposed housing development with the intention of constructing 84-units as part 1 of phase 1 of a 352-unit multifamily development with a 5,000 square foot daycare facility, outdoor play area, a 5,000 square foot Recreation Building, a pool and spa, and various other recreational amenities for residents throughout the site (the "Project") with expected entitlement in the name of a new entity to be formed conducive to the type of project contemplated ("to be formed entity"). The project is located on the south side of Avenue 48 west of Van Buren Street.

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 \$1,249.40 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 mitigation of housing shortages in the City and State. 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 15 years. The Full amount of the assessments will be payable at the end of 15 years or sooner if the project is sold or refinanced.

**DISCUSSION/ANALYSIS:**

The conditional loan approval is proposed under the following terms:

1. Loan Amount – not to exceed \$2,400,000\*.
2. Loan Term - 15 years (10 years deferred with no payment, 5 years interest only).
3. Interest - 3% compounded per annum\*\*.
4. Repayment – in full at end of loan term, sale or refinance.

With final loan approval subject to the following conditions:

1. The Developer agrees to enter into a concurrent prepayment agreement in the same amount as the loan agreement. Monies received under the loan agreement will be directly paid to the City in prepayment of CFD taxes due.
2. The Developer agrees to annex the property into the CFD.
3. The Developer agrees to applicable modification of the CFD to permit a prepayment agreement.
4. The Developer secures all project financing.
5. The Developer obtains all necessary City and other regulatory approvals.

**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 15 years. The annual special assessment payments for all units, using current year rates, is \$107,049. The City will be deferring these assessments for 15 years under the terms of the agreements receiving a payback of approximately \$2,400,000 including interest at that time.

**ATTACHMENTS:**

1. Resolution 2022-12
2. Conditional Loan Commitment Letter