



City Hall Council Chamber
1515 Sixth Street, Coachella, California
(760) 398-3502 ♦ www.coachella.org

AGENDA

CITY COUNCIL SPECIAL MEETING

OF THE CITY OF COACHELLA

THE COUNCIL SITTING AS THE COACHELLA SANITARY DISTRICT,

COACHELLA FIRE PROTECTION DISTRICT, COACHELLA FINANCING AUTHORITY,

COACHELLA EDUCATIONAL AND GOVERNMENTAL ACCESS CABLE CHANNEL CORPORATION,

COACHELLA WATER AUTHORITY, AND SUCCESSOR AGENCY TO THE COACHELLA REDEVELOPMENT AGENCY

July 12, 2021

8:00 AM

Pursuant to Executive Order N-29-20, this meeting will be conducted by teleconference/electronically and there will be no in-person public access to the meeting location.

Please click the link below to join the webinar:

<https://us02web.zoom.us/j/86009859123?pwd=NzRua0VSbXBiMW80UXNNaFh3RGxFZz09>

Or One tap mobile:

US: +16699006833,,86009859123#,,, *291732#

Or Telephone:

US: +1 669 900 6833

Webinar ID: 860 0985 9123

Passcode: 291732

- Public comments may be received **either via email, or telephonically, or via Zoom** with a limit of **250 words, or three minutes**:
 - Written comments may be submitted to the City Council electronically via email to cityclerk@coachella.org. Transmittal **prior to the start** of the meeting is required.
 - **Or**, you may leave a message at **(760) 262-6240 before 7:30 a.m.** on the day of the meeting.
- The **live stream** of the meeting may be **viewed online** by accessing the city's website at www.coachella.org, and clicking on the "**Watch Council Meetings**" tab located on the home page, and then clicking on the "live" button.

CALL TO ORDER:

ROLL CALL:

APPROVAL OF AGENDA:

“At this time the Council/ Board/Corporation/Authority may announce any items being pulled from the Agenda or continued to another date or request the moving of an item on the agenda”

NEW BUSINESS CALENDAR (LEGISLATIVE AND ADMINISTRATIVE):

1. Resolution No. 2021-49, Conditional Loan Commitment for CFD 2005-1 Special Assessments for the Tripoli Apartment Affordable Housing Development

ADJOURNMENT:

*Complete Agenda Packets are available for public inspection on the
City's website www.coachella.org.*

THIS MEETING IS ACCESSIBLE TO PERSONS WITH DISABILITIES



STAFF REPORT
7/12/2021

TO: Honorable Mayor and City Council Members

FROM: Nathan Statham, Finance Director

SUBJECT: Resolution No. 2021-49, Conditional Loan Commitment for CFD 2005-1 Special Assessments for the Tripoli Apartment Affordable Housing Development

STAFF RECOMMENDATION:

Staff recommends that City Council approve resolution 2021-49 authorizing the City Manager to enter into a conditional loan approval along with a prepayment and loan agreement for the Tripoli Apartment Affordable 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:

Chelsea Investment Corporation (“Developer”) has obtained site control for a proposed low income housing development with the intention of constructing a 108-unit affordable multifamily development with 3,600 square feet of commercial space, carports and related improvements known as the Tripoli Apartments (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 includes 51-392 Cesar Chavez Street and adjacent properties to be acquired for the project.

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 \$1,255.59 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.

DISCUSSION/ANALYSIS:

The conditional loan approval is proposed under the following terms:

1. Loan Amount - \$13,636,075.
2. Loan Term - 55 years.
3. Interest - 3% simple per annum.
4. Repayment – in full at end of loan term, sale or refinance.
5. Annual Payments - 50% of residual cash flow.

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 affordable housing 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 prepayment agreement.
4. The Developer secures all project financing.
5. The Developer obtains all necessary City and other regulatory approvals.
6. The Developer agrees to complete all off-site improvements specified in grant, funding and City agreements along with related applications and supporting detail documents.

To facilitate project funding the Developer is applying for an Infill Infrastructure Grant from the Department of Housing and Community Development (IIG). As part of the IIG application process, the developer has requested a letter under Senate Bill 35 stipulating that the City will streamline the approval process per the requirements of SB 35. A copy of the requested letter is attached hereto for reference.

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 \$138,316. The City will be deferring these assessments for 55 years under the terms of the agreements receiving a payback of \$13,636,075 excluding interest at that time.

EXHIBITS:

1. Conditional Loan Commitment Letter
2. SB 35 Planning Process Letter

RESOLUTION NO. 2021-49**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COACHELLA, CALIFORNIA APPROVING A COMMITMENT TO ENTER INTO A CONDITONAL AFFORDABLE HOUSING LOAN AGREEMENT TO PREPAY LAW ENFORCEMENT, FIRE AND PARAMEDIC SERVICES SPECIAL ASSESSMENTS (CFD 2005-1) FOR THE TRIPOLI APARTMENT LOW INCOME HOUSING PROJECT.**

WHEREAS, Chelsea Investment Corporation has site control of certain real property located in the City of Coachella and intends to purchase said property through a new entity to be formed for this specific purpose (the "Developer") and plans to construct a 108-unit affordable multifamily development; and

WHEREAS, 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; and

WHEREAS, the property will be annexed into the CFD as a condition of approval and will be subject to the Special Assessment; and

WHEREAS, the Developer has requested that it be permitted to prepay fifty-five (55) years of the Special Assessments for the Property; and

WHEREAS, the City has agreed to make a loan to the Developer in order to prepay the Special Assessments, and the City and the Developer wish to enter into a loan and prepayment agreement to provide for the terms and conditions upon which the Special Assessments will be prepaid; and

WHEREAS, the Developer needs the City Council to provide a conditional loan commitment ("Commitment") to enter into these agreements to apply for project financing.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF COACHELLA HEREBY RESOLVES AS FOLLOWS:

SECTION 1 – Council authorizes the City Manager to enter into a conditional loan commitment with the developer consistent with Exhibit A (Conditional Loan Commitment Letter) with minor modifications as to exact wording for needed updates and to conform and clarify the letter as needed to facilitate the proper wording of the letter subject to approval by the City Attorney.

SECTION 2 - The City Manager is authorized to enter into a prepayment and loan agreement (including a note and deed of trust) consistent with the terms of the conditional loan

commitment provided the terms are met by the developer. Agreement wording will be prepared and approved by the City's Finance Director and Attorney; however, agreement terms will be consistent in all respect with the terms outlined in the conditional loan commitment letter.

PASSED, APPROVED and ADOPTED, this 12th day of July 2021.

Steven A Hernandez
Mayor

ATTEST:

Angela M. Zepeda
City Clerk

APPROVED AS TO FORM:

Carlos Capos
City Attorney

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
CITY OF COACHELLA)

I HEREBY CERTIFY that the foregoing Resolution No. 2021-49 was duly adopted by the City Council of the City of Coachella at a special meeting thereof, held on this 12th day of July 2021, by the following vote of the City Council:

AYES:

NOES:

ABSENT:

ABSTAIN:

Andrea J. Carranza, MMC
Deputy City Clerk

[INSERT LETTERHEAD]

July 8, 2021

Subject: CFD Loan Commitment
Tripoli Apartments
Coachella, CA 92236

To Whom It May Concern:

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.

Chelsea Investment Corporation ("Developer") has obtained site control for a proposed low income housing project with the intention of constructing a 108-unit affordable multifamily development with 3,600 square feet of commercial space, carports and related improvements known as the Tripoli Apartments (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 includes 51-392 Cesar Chavez Street and adjacent properties to be acquired for the project.

The City agrees to enter into a conditional affordable housing loan commitment wherein the City agrees to loan "to be formed entity" funds for the prepayment of special assessments under the following terms:

1. Loan Amount - \$13,636,075*.
2. Loan Term - 55 years.
3. Interest - 3% simple per annum**.
4. Repayment – in full at end of loan term, sale or refinance.
5. Annual Payments - 50% of residual cash flow ***.

*Based on CFD amount for fiscal year 21/22 of \$1,255.59 presuming 2% average annual CIP increases. Agreement amount to be updated to reflect current CFD rate at time of project completion. Special assessments exceeding the loan/prepayment amount within the 55-year term will be included in the applicable year levy.

**Interest will be calculated on the accrued unpaid special assessment balance each year.

***Free cash flow will be stipulated in the agreement consistent with standard financial definitions and will specifically exclude any equity items such as but not limited to partnership distributions, profit pay outs, partner guaranteed payments or any other equity/capital distribution as defined by Generally Accepted Accounting Principles. Free cash flows will also specifically exclude reserve balances except for

reasonable operating reserves which will not exceed one year of operating expenses as measured by the immediately preceding fiscal year.

Conditions of Loan Approval:

1. The Developer agrees to enter into a concurrent prepayment agreement in the same amount as the loan agreement. Monies received under the affordable housing 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 prepayment agreement.
4. The Developer secures all project financing.
5. The Developer obtains all necessary City and other regulatory approvals.
6. The Developer agrees to complete all off-site improvements specified in grant, funding and City agreements along with related applications and supporting detail documents.

Council of the City of Coachella approved this conditional loan commitment for the above-referenced project at a specially convened meeting on July 8, 2021. This letter shall serve as an enforceable funding commitment for the loan. The loan, totaling \$13,636,075 will be made as permanent funding for the project.

Should you have any questions, please do not hesitate to contact me at [PHONE NUMBER].

Sincerely,

Gabriel Martin, City Manager



July 7, 2021

Chelsea Investment Corporation
6339 Paseo Del Lago
Carlsbad, CA 92011

To whom it may concern,

This letter is to confirm that the City of Coachella has received a request for Pre-Application Review for the Coachella Tripoli Project which proposes to construct a 108-unit affordable housing development on 2.8 acres of vacant land located at 51-392 Cesar Chavez Street in Coachella, California 92236.

The project would qualify for a ministerial, streamlined approval process under SB-35, because the proposed mixed-use development and the affordable housing is consistent with the City's General Plan designation for the site, and the ministerial action would similarly be exempt from CEQA (California Environmental Quality Act.).

The City's streamlined review will require compliance with the City's objective development standards, which will consist of the City's R-M zoning regulations and the Pueblo Viejo Implementation Strategy Plan and Design Guidelines for the 6th Street Corridor, and compliance with the City's standard conditions of approval.

Please do not hesitate to contact me with any questions at (760)398-3102 or by email at gperez@coachella.org.

Sincerely,

Gabriel J. Perez
Assistant Community Development Director

Xc: File, Celina Jimenez