

# CITY OF PALM DESERT STAFF REPORT

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MEETING DATE: January 8, 2026

PREPARED BY: Ivan Tenorio, Homeless and Supportive Services Manager

SUBJECT: PROPOSED PLAN FOR BOND ISSUANCE BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY FOR THE PALM DESERT FAMILY HOUSING PROJECT LOCATED AT THE NORTHWEST CORNER OF COOK STREET AND FRANK SINATRA DRIVE (APN 694-200-021)

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## **RECOMMENDATION:**

1. Conduct the public hearing under the requirements of the Tax Equity and Fiscal Responsibility Act (“TEFRA”) and the Internal Revenue Code of 1986, as amended (the “Code”), in connection with the proposed issuance, in one or more series, of tax-exempt revenue bonds (the “Bonds”) by the California Municipal Finance Authority (“CMFA”), a joint exercise of powers authority and public entity of the State of California, in an amount not to exceed Fifty Million Dollars (\$50,000,000). The Bonds will finance the acquisition, construction, and development of the Palm Desert Family Housing Project, a 298-unit multifamily affordable rental housing development (295 income-restricted units and 3 manager units) located at the northwest corner of Cook Street and Frank Sinatra Drive (APN 694-200-021) in Palm Desert, California (the “Project”), and receive public comments thereon.
2. Adopt a Resolution entitled “A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM DESERT, CALIFORNIA, APPROVING THE ISSUANCE BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY OF TAX-EXEMPT REVENUE BONDS FOR THE PALM DESERT FAMILY HOUSING PROJECT,” approving the issuance of the Bonds by CMFA for the benefit of Sinatra Family Housing, LP, a California limited partnership (the “Borrower”), a partnership of which Affirmed Housing (the “Developer”) or a related person to the Developer is the general partner, to provide for the financing of the Project. Such adoption is solely for the purpose of satisfying the requirements of TEFRA, the Code, and California Government Code Sections 6500 et seq.
3. Authorize the Mayor or the City Manager to enter into and execute the Indemnity Agreement with Sinatra Family Housing, LP, attached hereto in substantial form.

## **BACKGROUND/ANALYSIS:**

The California Municipal Finance Authority (“CMFA”) is a joint powers authority established to assist local governments, nonprofit organizations, and private developers in accessing tax-exempt bond financing for projects that provide public benefit.

Affirmed Housing is a San Diego–based developer who specializes in the development and operation of affordable and supportive housing. The Palm Desert Family Housing Project (“Project”) will be developed by Sinatra Family Housing, LP, an affiliate of Affirmed Housing, and is proposed to be financed through a combination of 4% Low-Income Housing Tax Credits (“LIHTC”) and the issuance of tax-exempt revenue bonds through the California Municipal Finance Authority (CMFA),

a financing structure commonly used for large-scale affordable housing developments. The Project site is located at the northwest corner of Cook Street and Frank Sinatra Drive (APN 694-200-021) and was previously approved pursuant to Senate Bill 35, with approval of a Density Bonus Agreement and one development standard waiver at the November 13, 2025, meeting.

The proposed Project will provide affordable multifamily housing for households earning between 30% and 70% of the Area Median Income (AMI) for Riverside County. The development will consist of 298 units in total, including 295 income-restricted units and 3 manager units, as follows:

<b>Unit Type</b>	<b>Units</b>
Studios	7
One-Bedroom	113
Two-Bedroom	101
Three-Bedroom	58
Four-Bedroom	16
Manager Units	3
<b>Total</b>	<b>298</b>

The affordability distribution across the 298 units is as follows:

<b>Affordable Housing Unit Mix</b>	<b>Units</b>
Extremely Low Income	77
Very Low Income	123
Low Income	95
Managers Units	3
<b>Total</b>	<b>298</b>

### **Federal Requirements**

To qualify as tax-exempt bonds under federal law, the issuance must comply with the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA). As required by Section 147(f) of the Internal Revenue Code of 1986 and associated Treasury regulations, the City of Palm Desert must:

1. Conduct a public TEFRA hearing to allow community members to express their views about the use of tax-exempt bonds for this project.
2. Approve the issuance of the Bonds by adopting a resolution, as the project is within the City's jurisdiction.

### **ANALYSIS:**

**The City's involvement is limited to these procedural steps, with no financial or legal obligations for the Project or the repayment of the Bonds.** By holding the required TEFRA public hearing and adopting the proposed resolution, the City satisfies the federal requirement that the jurisdiction where the project is located approves the issuance of tax-exempt private activity bonds.

The Bonds will be issued solely by CMFA, and all repayment obligations rest with Sinatra Family Housing, LP. Orrick, Herrington & Sutcliffe LLP will serve as Bond Counsel for the transaction.

Upon adoption of the resolution, the Borrower will execute an Indemnity Agreement holding the City harmless from any claims or liabilities arising from its approval of the resolution or CMFA's issuance of the Bonds.

Taking this action will allow CMFA to complete the bond issuance and enable the Borrower to proceed with construction of a major affordable housing development that supports the City's goals for increased housing opportunities and alignment with regional housing needs.

**Legal Review:**

This report has been reviewed by the City Attorney's Office.

**Strategic Plan:**

This Project supports the City's Envision Palm Desert – Forward Together (2013–2033) Strategic Plan goals under the Land Use, Housing & Open Space and Transportation chapters.

- Land Use, Housing & Open Space: Facilitates development of high-quality housing for residents of all income levels and supports the creation of well-planned, mixed-use neighborhoods.
- Transportation: Promotes multimodal connectivity and access along key corridors, including Cook Street and Frank Sinatra Drive, consistent with the City's long-term mobility and neighborhood design objectives.

**FINANCIAL IMPACT:**

There is no direct fiscal impact to the City resulting from approval of the Borrower's request. Adoption of a resolution would allow CMFA to issue the Bonds for the financing of the Project, consisting of 298 units in total, including 295 affordable rental units and 3 manager units, to be constructed at the northwest corner of Cook Street and Frank Sinatra Drive.

**ATTACHMENTS:**

1. Resolution
2. Indemnity Agreement
3. Public Hearing 10-Day Notice

**CONFLICT OF INTEREST AWARENESS CHECKLIST:**

**Site-Specific Property Interest** – Councilmembers should check if they own or lease real property within 1,000 feet of the project site (Gov. Code § 87103(b); FPPC Reg. 18702.2).

**SB 1439 Applicability (Campaign Contributions)** – Applies to licenses, permits, or other entitlements for use, and to contracts or franchise agreements other than competitively bid, labor, or personal employment contracts.

**Applicant(s)/Appellant(s):** Sinatra Family Housing, LP, an affiliate of Affirmed Housing Group, Wesley R. Lind and Arlette Lind, Trustees of the Wesley R. Lind and Arlette Lind Living Trust Dated October 30, 2000, Property Owner

Councilmembers should review any campaign contributions received within the last 12 months from parties or participants to the proceeding and must not accept contributions over \$500 from those parties for 12 months following the final decision (Gov. Code § 84308).

*Note: These indicators are informational and do not constitute a legal determination. Each Councilmember is responsible for identifying and disclosing any disqualifying interests in accordance with the Political Reform Act and FPPC regulations.*