

City of Palm Desert Staff Report

Meeting Date: April 23, 2026

Prepared By: Ivan Tenorio, Homeless and Supportive Services Manager

Department: Development Services

Subject: Conduct a TEFRA Public Hearing and Approve Bond Issuance by the California Municipal Finance Authority (CMFA) for the Palm Desert Family Housing Project at Cook Street and Frank Sinatra Drive; Supersede Resolution No. 2026-010

Recommendation

1. Conduct the public hearing and receive public comments 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 exempt facility bonds for a qualified residential rental project pursuant to Section 142(a)(7) of the Code 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 Eighty Million Dollars (\$80,000,000) (the "Bonds"). The Bonds will finance or refinance the acquisition, construction, improvement and equipping 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.
2. Adopt a Resolution entitled "RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM DESERT APPROVING THE ISSUANCE OF THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY EXEMPT FACILITY BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$80,000,000 FOR THE PURPOSE OF FINANCING OR REFINANCING THE ACQUISITION, CONSTRUCTION, IMPROVEMENT AND EQUIPPING OF PALM DESERT FAMILY HOUSING AND CERTAIN OTHER MATTERS RELATING THERETO," approving the issuance of the Bonds by CMFA for the benefit of Sinatra Family Housing, LP, or a related entity, 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. This action is intended to supersede Resolution No. 2026-010 solely for TEFRA public approval purposes with respect to the Bonds and Project.
3. Authorize the Mayor to execute the Resolution and any related documents necessary to carry out the intent of the Resolution, subject to review and approval as to form by the City Attorney.

Executive Summary

The California Municipal Finance Authority (CMFA) is proposing to issue exempt facility bonds in an amount not to exceed \$80,000,000 to finance the Palm Desert Family

Housing Project, a 298-unit multifamily affordable rental housing development located at the northwest corner of Cook Street and Frank Sinatra Drive. The developer, Sinatra Family Housing, LP (an affiliate of Affirmed Housing), has revised its financing plan, increasing the bond amount from the previously approved \$50,000,000. Federal tax law requires the City to conduct a new TEFRA public hearing and adopt an updated resolution approving the higher not-to-exceed bond amount.

Need for Action

The City's role is procedural and non-financial. The Bonds will be issued solely by CMFA and all repayment obligations will remain with the Borrower. Approval of this item will allow CMFA to complete the bond issuance and enable the Project to move forward.

Background

The CMFA is a joint powers authority established to assist local governments, nonprofit organizations, and private developers in accessing exempt facility bonds for projects that provide public benefit.

The borrower, Sinatra Family Housing, LP, an affiliate of Affirmed Housing (the "Developer"), submitted an application to CMFA in connection with the proposed issuance of exempt facility bonds for a qualified residential rental project pursuant to Section 142(a)(7) of the Internal Revenue Code. The Project site is located at the northwest corner of Cook Street and Frank Sinatra Drive (APN 694-200-021) in Palm Desert, California.

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. The Project is being financed using 4% Low Income Housing Tax Credits (LIHTC) and the issuance of exempt facility bonds through CMFA.

On February 12, 2026, the City Council conducted a TEFRA hearing and adopted Resolution No. 2026-010, approving the issuance of exempt facility bonds in an amount not to exceed \$50,000,000 for the Project.

Discussion

The Developer has updated the Project financing plan and is seeking additional tax-exempt exempt facility bond financing, increasing the total bond amount from the previously approved \$50,000,000 to approximately \$80,000,000. Because TEFRA approval establishes the not-to-exceed amount of tax-exempt bonds for a project under Section 147(f) of the Internal Revenue Code, the Project must return to the City Council for an updated TEFRA hearing and approval of the higher amount. This request does not involve any change to the scope, location, or overall development program of the Project, and is required solely due to the revised financing structure and applicable federal TEFRA requirements.

The City's role in this matter is procedural and non-financial. Approval of the proposed resolution will satisfy the federal requirement that the jurisdiction in which the Project is

located hold a public hearing and approve the bond issuance. The Bonds will be issued solely by CMFA, and all repayment obligations will remain with the Borrower. The existing Indemnity Agreement remains in effect and continues to apply to the Project and the proposed bond issuance. Approval of this item will allow CMFA to complete the bond issuance and enable the Project to proceed.

Legal Review

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

Financial Impact

The Bonds, if issued by CMFA for the Project, will be the sole responsibility of the Borrower and will not constitute a financial, legal, or moral obligation of the City. It is expected that a portion of the issuance fees charged by CMFA in connection with the bond transaction will be provided to the City by CMFA to help offset City administrative costs associated with processing this item, with any such funds deposited into the City's General Fund.

Attachments

1. Draft Resolution
2. Public Hearing 10-day Notice

Conflict of Interest Awareness Checklist

Note: *This checklist is informational only and does not constitute a legal determination. Each Councilmember remains responsible for identifying, disclosing, and evaluating any disqualifying interests under the Political Reform Act and applicable FPPC regulations.*

1. Site-Specific Property Interest

Does this item involve a project site or other identifiable real property?

Yes

No

If yes, identify the project site: Northwest corner of Cook Street and Frank Sinatra Drive (APN 694-200-021) in Palm Desert, California

Councilmembers should consider whether they own, lease, or hold interests in real property within 1,000 feet of the project site. (Gov. Code § 87103(b); FPPC Reg. 18702.2).

2. SB 1439 / Gov. Code § 84308 Applicability (Campaign Contributions)

Does this item involve a license, permit, other entitlement for use, or a contract or franchise agreement that is not competitively bid, a labor agreement, or a personal employment contract?

Yes

No

If yes, identify the applicant(s): Sinatra Family Housing, LP

Councilmembers should review campaign contributions received within the prior 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).