

CITY OF PALM DESERT STAFF REPORT

MEETING DATE: August 24, 2023

PREPARED BY: Jessica Gonzales, Housing Manager

REQUEST: RESOLUTION: APPROVE A PROPOSED PLAN FOR BOND ISSUANCE BY THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY FOR THE CROSSINGS AT PALM DESERT APARTMENT PROJECT

RECOMMENDATION:

1. Conduct the public hearing under the requirements of Tax and Equity 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 revenue bonds by the California Statewide Communities Development Authority ("CSCDA"), a joint exercise of powers authority and public entity of the State of California, in an amount not to exceed Sixty Million Dollars \$60,000,000.00 (the "Bonds"), to finance the acquisition, construction and development of the 176-unit Crossings at Palm Desert Apartments, a multifamily rental housing project located at located at the southeast corner of Dick Kelly Drive & Gateway Drive, Palm Desert, California (the "Project") and receive public comments.
2. Adopt Resolution in the form attached hereto approving the issuance of the Bonds by CSCDA for the benefit of A0357 Palm Desert, L.P., a California Limited Partnership (the "Borrower") a partnership of which Urban Housing Communities, LLC (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 purposes of satisfying the requirements of TEFRA, the Code and California Government Code Sections 6500 et seq..

BACKGROUND/ANALYSIS:

On July 14, 2022, the City Council unanimously adopted a resolution approving the development of a 176-unit apartment project, known as "Crossings at Palm Desert Apartments", located at the southeast corner of Dick Kelly Drive & Gateway Drive, Palm Desert. The Borrower is requesting bond financing from the CSCDA in an aggregate principal amount not to exceed Sixty Million Dollars (\$60,000,000.00) of tax-exempt revenue bonds to construct the project. CSCDA was formed to provide local governments with tools for the timely financing of public benefit projects.

As part of the process to issue bonds, the local agency is required to hold a public hearing and adopt a resolution supportive of the bond issuance. The Bonds to be issued by the CSCDA for the Project will be the sole responsibility of the Borrower, and the City will have no financial, legal, moral obligation, liability or responsibility for the Project or the repayment of the Bonds for the financing of the Project. All financing documents with respect to the issuance of the Bonds will contain clear disclaimers that the Bonds are not the obligations of the City and will be paid solely from funds provided by the Borrower.

On July 13, 2023, the City Council conducted a TEFRA hearing for this same purpose. When the required public hearing notice was published for the previous TEFRA hearing, the name of the limited partnership was listed incorrectly. This request is to satisfy the required TEFRA public hearing referencing the correct limited partnership, A0358 Monterey, L.P.

Affordable housing development is a priority of the City Council, and therefore staff recommends that the City Council take public testimony during the public hearing and adopt a resolution supporting the Borrower's request.

Strategic Plan:

One of the priorities of the City's Envision Palm Desert Strategic Plan, as part of Land, Use, Housing and Open Space, is to facilitate development of high-quality housing for people of all income levels. This request meets that objective by diversifying the City's housing stock for lower income households.

FINANCIAL IMPACT:

There is no fiscal impact to the City resulting from the approval of the Borrower's request. Adoption of the resolution would allow CSCDA to issue housing bonds for the financing of the construction of 176-unit Crossings at Palm Desert Apartment project.

ATTACHMENTS:

1. City Council Resolution
2. City Council Public Hearing Notice
3. Indemnity Agreement