

**CITY OF EL PASO, TEXAS**  
**AGENDA ITEM DEPARTMENT HEAD'S SUMMARY FORM**

**DEPARTMENT:** Community and Human Development

**AGENDA DATE:** August 26, 2008

**CONTACT PERSON/PHONE:** William L. Lilly – 541-4241

**DISTRICT (S) AFFECTED:** 2

CITY CLERK DEPT.  
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**SUBJECT:**

**APPROVE a resolution / ordinance / lease to do what? OR AUTHORIZE the City Manager to do what? Be descriptive of what we want Council to approve. Include \$ amount if applicable.**

City Council is requested to approve additional HOME CHDO funding in the amount of \$30,000 in order to complete the Community Housing Development Organization (CHDO) project by the Marvelous Light Corporation. The additional funding is needed to cover: (1) increased costs in labor and materials; (2) additional costs for landscaping and installation of a fire hydrant at the site (required by Development Services); and (3) installation of appliances (stoves and refrigerators) for all of the rental units. These additional costs were not anticipated and therefore were not included in the original Scope of Work. The project's bid opening was held May 7, 2008 and the lowest responsive bid was for \$547,000. The construction contingency amount is \$15,019 and the appliance contingency is \$10,000. CHDO funds have been expended for the acquisition (\$14,675.24); architectural and engineering fees (\$33,600); and appraisal and closing costs (\$5,670.76). These costs total the revised funding amount of \$625,965.

This project includes acquisition and new construction of eight (8) apartment units (four 2-bedroom units and four 3-bedroom units) that will be affordable to families whose income is 60% and below the City's area median income for a period of 20 years. Three of the 3-bedroom units will be rented for no more than \$564.00/month to households whose income does not exceed 60% of the median income and one 3-bedroom unit will have monthly rents  $\leq$  \$427.00 for a household at 50% or less of median income. Three of the 2-bedroom units will be rented for no more than \$447.00 to households whose income does not exceed 60% of median income and one 2-bedroom will be rented for  $\leq$  \$370 to a household whose income is  $\leq$  50% of median (very-low income). The average size of the units is 775 square feet for the 2-bedroom units and 925 sq. ft. for the 3-bedroom units, which exceeds the minimum square footage requirements under the Housing Program guidelines. These units are located in the Northeast and will help increase the housing stock of much needed decent affordable housing in the "Angels' Triangle" area, bounded by Gateway North, Dyer and Hondo Pass.

The additional amount of \$30,000 will be provided as a loan of \$15,000 and a secured grant of \$15,000. This brings the project's total funding to \$625,965 which is in the form of a Loan of \$315,000 at 0% interest for 20 years and a Secured Grant of \$310,965 that will be forgiven over a 20-year period. The property agreement contains Covenants that run with the land, providing for the units to remain affordable for 20 years, irrespective of any future sale of the property.

It is also requested that the City Manager of the City of El Paso be authorized to sign any contracts or other documents required to effectuate the additional funding requirement, including the CHDO Financial Terms Contract and the Builder's and Mechanic's Lien Contract and Deed of Trust (With Power of Sale).

**BACKGROUND / DISCUSSION:**

**Discussion of the what, why, where, when, and how to enable Council to have reasonably complete description of the contemplated action. This should include attachment of bid tabulation, or ordinance or resolution if appropriate. What are the benefits to the City of this action? What are the citizen concerns?**

HUD requires the City to set-aside a minimum of 15% of its annual HUD formula grant under the HOME Investment Partnerships Program (HOME) to assist Community Housing Development Organizations (CHDO's) in developing affordable housing. CHDO's are special types of community-based nonprofit housing developers with the stated purpose of providing decent housing that is affordable to low and moderate-income persons. The Marvelous Light Corporation, Inc. has been certified by the Community and Human Development Department as a qualified CHDO in accordance with the HOME regulations and is considered qualified to implement the project.

**PRIOR COUNCIL ACTION:**

**Has the Council previously considered this item or a closely related one?**

On April 3, 2007, City Council approved this project in the amount of \$595,965 for the acquisition, design and construction of eight (8) new apartment units, that will be affordable to low and very low income households for 20 years. The funding was structured as a Loan of \$300,000 at 0% interest for 20 years and a Secured Grant of \$295,965 forgiven over 20 years.

**AMOUNT AND SOURCE OF FUNDING:**

**How will this item be funded? Has the item been budgeted? If so, identify funding source by account numbers and description of account. Does it require a budget transfer?**

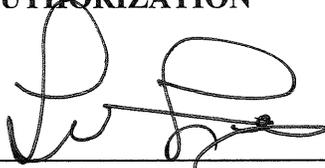
G7107HM-09760-71150036-50521 (HOME CHDO funds)  
Community and Human Development Department

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**BOARD / COMMISSION ACTION:**

**Enter appropriate comments or N/A**  
N/A

\*\*\*\*\*REQUIRED AUTHORIZATION\*\*\*\*\*



**DEPARTMENT HEAD:** William L. Lilly

**(Example: if RCA is initiated by Purchasing, client department should sign**

**also)**

***Information copy to appropriate Deputy City Manager***

**APPROVED FOR AGENDA:**

**CITY MANAGER:** \_\_\_\_\_  
**DATE:** \_\_\_\_\_

**RESOLUTION**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:**

Approve additional funding in the amount of \$30,000.00 for the following project designated as a Community Housing Development Organization (CHDO) activity under the City's Fiscal Year 2006 HOME Grant Program for a total project budget of \$625,965.00:

The Marvelous Light Corporation, Inc., aka Marvellous Light Corporation  
4421 Lawrence Avenue (79904) Project  
Acquisition, Design, and Construction -  
HOME Loan(s): \$315,000.00, Interest at zero percent (0%)  
HOME Secured Grant(s): \$310,965.00  
Total \$625,965.00; and

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That the City Manager be authorized to sign a First Amendment to the CHDO-HOME Financial Terms Contract by and between the City and The Marvelous Light Corporation, Inc., aka Marvellous Light Corporation, a Community Housing Development Organization (CHDO); and

That the City Manager be authorized to sign a Builder's and Mechanic's Lien Contract and Deed of Trust (With Power of Sale) by and between the City, Marvelous Light Corporation, Inc., aka Marvellous Light Corporation, and the selected construction contractor, and any other related documents and/or revisions thereto, upon the recommendation of the Director of Community and Human Development, and the approval of the City Attorney's Office. (Funds for this project are available in Account: 09759-71150036/G7106HM-505201 (\$595,965.00) and 09760-71150036/G7107HM-505201 (\$30,000.00))

**ADOPTED this \_\_\_\_\_ day of August, 2008.**

**THE CITY OF EL PASO**

\_\_\_\_\_  
John F. Cook,  
Mayor

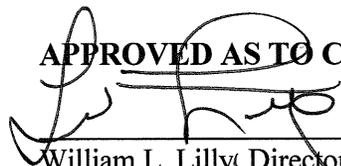
**ATTEST:**

\_\_\_\_\_  
Richarda Duffy Momsen,  
City Clerk

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
Marie A. Taylor,  
Assistant City Attorney

**APPROVED AS TO CONTENT:**

  
\_\_\_\_\_  
William L. Lilly, Director,  
Community and Human Development

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**FIRST AMENDMENT TO CHDO - HOME FINANCIAL TERMS CONTRACT**

This First Amendment to CHDO- Home Financial Terms Contract is made this \_\_\_\_ day of August, 2008, by and between CITY OF EL PASO ("City") and THE MARVELOUS LIGHT CORPORATION, INC. AKA MARVELLOUS LIGHT CORPORATION ("Borrower").

**WHEREAS**, a CHDO-Home Financial Terms Contract was entered into between City and Borrower on April 3, 2007, hereinafter referred to as "Contract," a copy of which is made a part hereof for all purposes and incorporated herein as **Exhibit "A"**, and which is on file in the City Clerk's Office, for the purpose of construction of the property located at 4421 Lawrence Avenue, El Paso, Texas 79904 to be rented by Borrower to low and moderate income families in El Paso, hereinafter referred to as "Project"; and

**WHEREAS**, the City and Borrower agree that certain provisions of the Contract are required to be amended in order to facilitate the completion of the Project.

**NOW, THEREFORE**, in consideration of the premises and the mutual agreements hereinafter set forth and for value received by Borrower from City, the parties hereto do mutually agree to amend the Contract as follows:

1. On page 2, second paragraph of Section I. DESCRIPTION OF PROPERTY AND PROJECT, shall be revised to read as follows:

The City hereby agrees to lend/grant Borrower funds not to exceed the total amount of SIX HUNDRED TWENTY FIVE THOUSAND NINE HUNDRED SIXTY FIVE DOLLARS AND NO/100 (\$625,965.00) subject to the terms hereinafter specified, to be drawn from FY 2005 and FY2006 HOME funds.

2. On page 2, paragraph B. of Section I. DESCRIPTION OF PROPERTY AND PROJECT, shall be deleted in its entirety and replaced with the following language:

B. City hereby agrees to provide HOME financing in the amount of \$78,246.00 per unit of the eligible acquisition and construction costs according to all terms and conditions as herein specified, including, but not limited to, the following terms and conditions: The City hereby agrees to provide HOME funds allocated to this project as a Secured Grant in the aggregate of THREE HUNDRED TEN THOUSAND NINE HUNDRED SIXTY FIVE AND NO/100 DOLLARS (\$310,965.00) using HOME Program Grant funds, as evidenced by a Secured Grant Note, executed on April 3, 2007 and a supplemental Secured Grant Note executed on even date herewith, collectively attached as Exhibit "C" and incorporated by reference herein. Provided Borrower complies with the terms of this Contract, this secured grant(s) shall be forgiven over a twenty (20) year period if Borrower remains in compliance with all terms and conditions as herein specified. The City hereby further agrees to provide the remainder of the financing required to fund the eligible acquisition and construction costs to be financed through public financing in a loan at zero percent (0%) interest. Such loan(s) shall be in the aggregate amount of THREE HUNDRED FIFTEEN THOUSAND AND NO/100 DOLLARS (\$315,000.00) at zero percent (0%) for twenty (20) years respectively, evidenced by a Loan Note executed on April 3, 2007 and

a supplemental Loan Note of even date herewith, which is attached collectively hereto as Exhibit "D" beginning on the first day of the month as specified in the Loan Note(s). The City will provide such public financing, as specified above, upon the following additional terms and conditions:

(1) HOME financing shall be approved and funds shall be advanced to Borrower, subject to the terms described herein, to include but not limited to those contained in Sections III. and IV. below, and any other terms and conditions specified herein.

(2)(a) Disbursement of public funds shall be made upon Receipt by City of Borrower's written request for such, the documentation as required in B(1) above has been provided and upon the approval of the Director of the Department of Community and Human Development. Such disbursement may be withheld by the Director if, in the reasonable exercise of Director's discretion, the Borrower has failed to fulfill the requirements of this Contract.

(b)(i) Loan payments on the first Loan Note in the face amount of THREE HUNDRED THOUSAND AND NO/100 DOLLARS (\$300,000.00) shall be due on the first day of the month with the first payment due on the first day of the month as specified in the Loan Note. The monthly payment shall be \$1,250.00. Interest on the loan shall accrue at the rate of zero percent (0%) per annum from the date of disbursement. Borrower shall make 240 consecutive monthly loan payments.

(b) (ii) Loan payments on the supplemental Loan Note in the face amount of FIFTEEN THOUSAND AND NO/100 DOLLARS (\$15,000.00) shall be due on the first day of the month with the first payment due on the first day of the month as specified in the supplemental Loan Note. The monthly payment shall be \$62.50. Interest on the loan shall accrue at the rate of zero percent (0%) per annum from the date of disbursement. Borrower shall make 240 consecutive monthly loan payments.

(c) Borrower shall have not more than twenty (20) years from the due date of the first payment in which to repay in full all principal and interest due and owing on such loans, in accordance with the terms and conditions of the respective Loan Notes.

(d) The purpose of this loan is to provide Borrower with funds to acquire and construct Borrower's property located at 4421 Lawrence Avenue, El Paso, Texas 79904 as more fully described in the Deed of Trust (With Power of Sale), attached hereto as Exhibit "B", and incorporated by reference herein. Borrower agrees that within sixteen (16) months from the date of this Contract the eight (8) rental units will be completed and occupied by tenant households with incomes that do not exceed sixty percent (60%) of the area median income and paying no more than the HIGH HOME rent. There is no other use of said funds authorized by City, and the use of the City's funds by Borrower for any other purpose shall constitute a breach of contract by Borrower for which City may pursue any and all remedies, whether at law or equity, which are available to City.

3. On page 3, paragraph D. of Section I. DESCRIPTION OF PROPERTY AND PROJECT, shall be deleted in its entirety.

4. On page 4, paragraph B of Section III. CONDITIONS PRECEDENT, shall be amended to include the following additional language:

- (2) An additional lien on the above described real property as security for the supplemental loan and grant funds.

Except as herein provided, all other terms and conditions of the April 3, 2007 CHDO-HOME Financial Terms Contract shall remain in full force and effect.

**IN WITNESS WHEREOF**, the parties hereto have executed this First Amendment to CHDO-HOME Financial Terms Contract as of the date first above written.

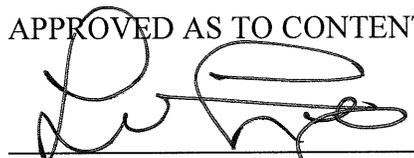
CITY OF EL PASO:

\_\_\_\_\_  
Joyce A. Wilson  
City Manager

APPROVED AS TO FORM:

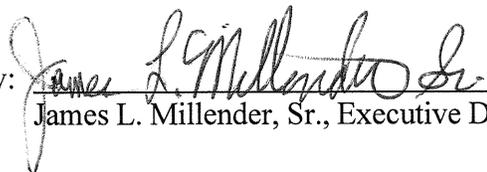
  
\_\_\_\_\_  
Marie A. Taylor  
Assistant City Attorney

APPROVED AS TO CONTENT:

  
\_\_\_\_\_  
William L. Lilly, Director  
Community and Human Development Department

BORROWER:

THE MARVELOUS LIGHT CORPORATION, INC.  
AKA MARVELLOUS LIGHT CORPORATION

By:   
\_\_\_\_\_  
James L. Millender, Sr., Executive Director

*(Acknowledgments on Following Page)*

