

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

DEPARTMENT: Community and Human Development

AGENDA DATE: August 27, 2013

CONTACT PERSON: William L. Lilly, Director 541-4241

DISTRICT(S): 2 and 3

SUBJECT:

City Council is asked to approve additional funding commitments for the following two affordable housing rental developments that will be carried out by Community Housing Development Organizations (CHDOs) – Non-Profit Housing Development Organizations. The Department of Housing and Urban Development (HUD) requires the City to set aside at least 15% of its annual entitlement grant to assist CHDO's in developing affordable housing. The following two developments require additional funding, as a result of an increase in the construction costs. Both projects were re-designed with as many revisions and deletions as feasible, while maintaining the same number of units, square footage and integrity of the developments. The Re-bids resulted in additional funding requirements in order to move forward with the construction phase of the affordable housing developments by the lowest responsive and responsible Bidders.

1. PV Community Development Corp. – 6715 Sambrano District 3 \$72,000.00

Project Scope: Construction of four – 3 Bedroom, 1 ¾ bath rental units – 1021 sq. ft. each. All of the units will have energy star air conditioning, low flow toilet water system, double-pane windows, R-30 insulation, energy star-rated appliances and high efficiency furnaces. The development will be a two-story building; two units at ground level and two units above, with 8 parking spaces. All four units will be rented to persons at or below 60% AMI. All units will remain affordable for a 20-year period.

Original Development Cost	\$318,797
Additional Amount Requested	<u>72,000</u>
Revised Development Cost	\$390,797

Projected Construction Costs (\$65.69/sq. ft.)	\$268,300
Low Bidder from First Bid 2-06-13 (\$73.05/sq. ft.)	\$298,350
Low Bidder from Re-Bid 5-01-13 (\$79.77/sq. ft.)	\$327,781

Increase Details:

Additional Construction Costs	\$57,481
Additional Architect's Fee for Re-Bid Design	3,000
Additional Bid Advertising (for Re-Bid)	800
Additional Environmental Advertising	500
Additional Project Delivery Costs	<u>10,219</u>
Total Additional Amount Requested	\$72,000

NOTE: During the first Bid Opening, there were nine Contractors who submitted Bids ranging from the lowest bid of \$298,350 to the highest bid of \$455,000. Since the lowest bid was 11% above the projected cost, deletions were made and the project was re-bid, in accordance with the Rebidding Policy of the Housing Programs Division. During the second Bid Opening, there were four Contractors who submitted Bids ranging from the lowest bid of \$327,781 to \$378,000. We believe the construction increase is due to the cost of materials (lumber) increase during the second quarter of 2013.

2. Marvellous Light Corp. – 4421 Lawrence

District 2

\$40,300

Project Scope: New construction of eight affordable rental units consisting of four (4) two-bedroom one bath units – 887 sq. ft. and four (4) three-bedroom two-bath units – 1,117 sq. ft. All of the units will have VCT tiling, evaporated air conditioning, low flow water system (toilet and shower), double-pane windows, additional insulation and energy star rated appliances. The development will be a two story building with front and rear entrances and required parking. Two units will be rented to persons at, or below 50% Area Median Income (AMI) and six units will be rented to persons at, or below 60% AMI. One unit will be accessible. All units will remain affordable for a 20-year period.

Original Development Cost	\$700,000
Additional Amount Requested	<u>40,300</u>
Revised Development Cost	\$740,300

Projected Construction Costs (\$73.76/sq. ft.)	\$591,592
Low Bidder from First Bid 1-23-13 (\$96.25/sq. ft.)	\$771,502
Low Bidder from Re-Bid 7-03-13 (\$76.85/sq. ft.)	\$616,000

Increase Details:

Additional Construction Costs	\$24,408
Additional Architect’s Fee for Re-Bid Design	5,000
Additional Bid Advertising (for Re-Bid)	800
Additional Project Delivery Costs	<u>10,092</u>
Total Additional Amount Requested	\$40,300

NOTE: During the first Bid Opening, there were four Contractors who submitted Bids ranging from the lowest bid of \$771,502 to the highest bid of \$1,045,130. Since the lowest bid was 30% above the projected cost, deletions were made and the project was re-bid, in accordance with the Rebidding Policy of the Housing Programs Division. During the second Bid Opening, there were three Contractors who submitted Bids ranging from the lowest bid of \$616,000 to \$680,985. We believe the construction increase is due to the cost of materials (lumber) increase during the second quarter of 2013.

BACKGROUND / DISCUSSION:

The City of El Paso Housing Programs Division issued Request for Proposals (RFPs) for Community Housing Development Organizations (CHDOs) and Investors to develop affordable rental housing. These two proposals were received, reviewed, evaluated and presented to City Council for approval.

PRIOR COUNCIL ACTION:

September 20, 2011, City Council approved funding commitments for PV Community Development Corporation affordable housing development and in May 2012 Council approved funding for The Marvellous Light Corporation’s affordable housing development.

AMOUNT AND SOURCE OF FUNDING:

Additional amounts for these developments will be funded through HOME Entitlement grant funds, CHDO set-aside funds and HOME Program Income and are available in accounts: 471-71150-2030-G7111HMO (Fiscal Year 2011) and 71180-2030-G710RLFME (HOME Program Income).

BOARD / COMMISSION ACTION:

Enter appropriate comments or N/A

N/A

*******REQUIRED AUTHORIZATION*******

DEPARTMENT HEAD:



William L. Lilly, Director

Information copy to appropriate Deputy City Manager

RESOLUTION

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

That the following Community Housing Development Organizations (CHDO) affordable rental housing developments are approved for additional funding commitment, as recommended by the Director of Community and Human Development, as listed below:

Project Name: PV Community Development Corp.
Project Type: New Construction of 4 Multi-Family Units
Project Address: 6715 Sambrano (79905)
Additional Funding: \$72,000.00
District: 3

Project Name: Marvelous Light Corporation, Inc.
Project Type: New Construction of 8 Multi-Family Units
Project Address: 4421 Lawrence (79904)
Additional Funding: \$40,300.00
District: 2

That the City Manager be authorized to sign a First Amendment to the Community Housing Development Organization (CHDO) HOME Program Written Agreement and First Amendment to the Investor HOME Program Written Agreement (1-4 units) in a form substantially similar to the form contract attached as Exhibit "A" by and between the City of El Paso and PV Community Development Corp. and the City of El Paso and Marvellous Light Corporation, as well as any related contract documents necessary to secure and protect the City's lien interest, upon the recommendation of the Director of Community and Human Development and the approval of the City Attorney's Office.

APPROVED AND ADOPTED this 27th day of August 2013.

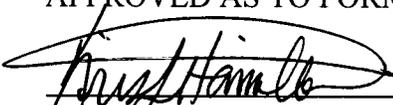
CITY OF EL PASO

Oscar Leeser
Mayor

ATTEST:

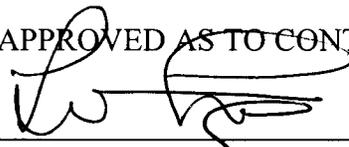
Richarda Duffy Momsen
City Clerk

APPROVED AS TO FORM:



Kristen L. Hamilton
Assistant City Attorney

APPROVED AS TO CONTENT:



William L. Lilly, Director
Community and Human Development

EXHIBIT "A"

FIRST AMENDMENT TO INVESTOR HOME PROGRAM WRITTEN AGREEMENT

This First Amendment to the INVESTOR HOME Program Written Agreement is made this _____ day of _____, 2013, by and between CITY OF EL PASO ("City") and PV COMMUNITY DEVELOPMENT CORPORATION, ("Borrower") for the purposes and consideration hereinbelow recited.

WHEREAS, an INVESTOR HOME Program Written Agreement ("Agreement") was entered into between City and Borrower on September 21, 2011, a copy of which is made a part hereof for all purposes and incorporated herein as **Exhibit "A"**, for the purpose of financing the Borrower's new construction on property located at **6715 Sambrano**, El Paso, El Paso County, to be rented by Borrower to low and moderate income families in El Paso, Texas (the "Project"); and

WHEREAS, the City and Borrower agree that certain provisions of the Agreement are required to be amended in order to approve additional funding commitments.

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 Agreement, as follows:

1. On page 2, Section I. DESCRIPTION OF PROPERTY AND PROJECT, shall be amended to correct the stated amount of City hereby agrees to lend Borrower funds not to exceed the total amount of THREE HUNDRED FIFTY FOUR THOUSAND SEVEN HUNDRED FIFTY SEVEN AND 00/100THS DOLLARS (\$354,757.00)
2. On page 2, paragraph B of Section I. DESCRIPTION OF PROPERTY AND PROJECT, shall be amended to correct the stated amount of per unit of eligible construction cost to \$88,689.25
3. On page 2, paragraph B (1) of Section I. DESCRIPTION OF PROPERTY AND PROJECT, shall be amended to correct the stated Forgivable Deferred Payment Loan Note:

The City hereby agrees to provide a portion of HOME funds allocated to this project as a Forgivable Deferred Payment Loan of SEVENTY THOUSAND NINE HUNDRED FIFTY ONE AND 00/100THS DOLLARS (\$70,951.00) using HOME Investment Partnerships funds, as evidenced by a Forgivable Deferred Payment Loan Note(s) of even date herewith, attached as **Exhibit "D"** and incorporated by reference herein. Provided Borrower complies with the terms and conditions of this Agreement, repayment of the Forgivable Deferred Payment Loan shall be deferred and the entire principal balance shall be forgiven following expiration of the HUD-mandated minimum affordability period of twenty (20) years, to commence on the date of project completion as describer in Section IV. E herein.

4. On page 2, paragraph B (2) of Section I. DESCRIPTION OF PROPERTY AND PROJECT, shall be amended to correct the stated amortized Loan repayment schedule, as follows:

The City hereby further agrees to provide the remainder of the financing required to fund the eligible construction costs as an amortized loan at zero percent (0%) interest. Such loan shall be in the amount of TWO HUNDRED EIGHTY THREE THOUSAND EIGHT HUNDRED SIX AND 00/100THS DOLLARS (\$283,806.00) at zero percent (0%) for TWENTY (20) years with one initial installment in the amount of ONE THOUSAND ONE HUNDRED EIGHTY ONE AND 33/100 (\$1,181.33) and the remaining monthly installments of ONE THOUSAND ONE HUNDRED EIGHTY TWO AND 53/100 DOLLARS (\$1,182.53), as evidenced by the Amortized Loan Note(s) attached hereto as **Exhibit "E"**, beginning on the first day of the month as specified in the Amortized Loan Note(s).

5. On page 3, paragraph B (4a) of Section I. DESCRIPTION OF PROPERTY AND PROJECT, shall be amended to correct the stated allocated project delivery costs to \$18,219.00
6. Except as herein provided, all other terms and conditions of the September 21, 2011 INVESTOR HOME Program Written Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment to the INVESTOR HOME Program Written Agreement as of the date first above written.

THE CITY OF EL PASO

Joyce A. Wilson
City Manager

APPROVED AS TO FORM:

APPROVED AS TO CONTENT:

Kristen Hamilton
Assistant City Attorney

William L. Lilly, Director
Community & Human Development

BORROWER: PV COMMUNITY DEVELOPMENT
CORPORATION

By: Bill Schlesinger, Co- Director

(Acknowledgment)

(Acknowledgment)

STATE OF TEXAS)
)
COUNTY OF EL PASO)

This instrument was acknowledged before me on the _____ day of _____, 2013,
by Bill Schlesinger Co-Director of PV COMMUNITY DEVELOPMENT CORPORATION, on
behalf of said entity.

Notary's commission expires:

Notary Public, State of Texas
Notary's Name (Printed):

EXHIBIT "A"

FIRST AMENDMENT TO CHDO HOME PROGRAM WRITTEN AGREEMENT

This First Amendment to the CHDO HOME Program Written Agreement is made this _____ day of _____, 2013, by and between CITY OF EL PASO ("City") and THE MARVELOUS LIGHT CORPORATION, INC. A/K/A MARVELOUS LIGHT CORPORATION, ("Borrower") for the purposes and consideration hereinbelow recited.

WHEREAS, a CHDO HOME Program Written Agreement ("Agreement") was entered into between City and Borrower on May 8, 2012, a copy of which is made a part hereof for all purposes and incorporated herein as **Exhibit "A"**, for the purpose of new construction on property located at **4421 Lawrence**, El Paso, El Paso County, to be rented by Borrower to low and moderate income families in El Paso, Texas (the "Project"); and

WHEREAS, the El Paso City Council meeting in regular session on _____, 2012, approved additional funding for the HOME project in the amount of \$40,300.00 and

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 Agreement, as follows:

1. On page 2, first paragraph of Section I. DESCRIPTION OF PROPERTY AND PROJECT, shall be amended to read:

The City hereby agrees to lend Borrower funds not to exceed the total amount of SEVEN HUNDRED FORTY THOUSAND THREE HUNDRED AND NO/100^{THS} DOLLARS (\$740,300.00) subject to the terms hereinafter specified, to be drawn from FY 2011 HOME funds.

2. On page 2, paragraph B of Section 1. DESCRIPTION OF PROPERTY AND PROJECT, shall be amended to read:

City hereby agrees to provide HOME funds in the amount of \$92,537.50 per unit of the eligible construction costs according to all terms and conditions as specified in the Agreement, including, but not limited to, the following terms and conditions:

3. On page 2, paragraph B (1) of Section I. DESCRIPTION OF PROPERTY AND PROJECT, shall be amended to correct the stated Deferred Payment Loan and correct the loan repayment schedule accordingly as follows:

The City hereby further agrees to provide the remainder of the financing required to fund the eligible acquisition and construction costs as an amortized loan at zero percent (0%) interest. Such loan shall be in the amount of TWO HUNDRED NINETY SIX THOUSAND ONE HUNDRED TWENTY AND 00/100^{THS} DOLLARS (\$296,120.00) at zero percent (0%) for TWENTY (20) years with one initial installment in the amount of ONE THOUSAND TWO HUNDRED THIRTY TWO AND 24/100 (\$1,232.24) and the remaining monthly installments of ONE THOUSAND TWO HUNDRED THIRTY THREE AND 84/100 (\$1,233.84) as evidenced by the Amortized Loan Note(s) attached hereto as **Exhibit "E"**, beginning on the first day of the month as specified in the Amortized Loan Note(s).

4. On page 2, paragraph B (2) of Section I. DESCRIPTION OF PROPERTY AND PROJECT, shall be amended to correct the stated Amortized Loan Note and correct the loan repayment schedule accordingly as follows:

The City hereby further agrees to provide the remainder of the financing required to fund the eligible acquisition and construction costs as an amortized loan at zero percent (0%) interest. Such loan shall be in the amount of FOUR HUNDRED FORTY FOUR THOUSAND ONE HUNDRED EIGHTY AND 00/100THS DOLLARS (\$444,180.00) at zero percent (0%) for TWENTY (20) years with one initial installment in the amount of ONE THOUSAND EIGHT HUNDRED FIFTY AND 75/100 (\$1,850.75) and the remaining monthly installments of ONE THOUSAND EIGHT HUNDRED FIFTY AND 75/100 (\$1,850.75) as evidenced by the Amortized Loan Note(s) attached hereto as **Exhibit "E"**, beginning on the first day of the month as specified in the Amortized Loan Note(s).

5. On page 3, paragraph B (4)(b). of Section I. DESCRIPTION OF PROPERTY AND PROJECT, shall be amended to correct the Loan repayment schedule, as follows:

Loan payments on the Amortized Loan Note(s) in the face amount of FOUR HUNDRED FORTY FOUR THOUSAND ONE HUNDRED EIGHTY AND 00/100THS DOLLARS (\$444,180.00) shall be due on the first day of each month for 239 months following the first payment in the amount of ONE THOUSAND EIGHT HUNDRED FIFTY AND 75/100 (\$1,850.75), due on the first day of the month as specified in the Amortized Loan Note(s). Interest on the loan shall accrue at the rate of zero percent (0%) per annum from the date of disbursement.

6. On page 3, paragraph (4) (a) of Section I. DESCRIPTION OF PROPERTY AND PROJECT, shall be amended as follows:

Disbursement of public funds shall be made within ten (10) business days upon Receipt by City of Borrower's written request for such, the documentation as required herein has been provided and upon the approval of the Director of the Department of Community and Human Development of the City (the "Director"). Borrower shall not request disbursement of HOME funds until they are needed to pay eligible costs and each disbursement request shall be limited to the amount needed. 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 Agreement. Disbursements shall be made on a pro-rata basis with Borrower's private financing and in accordance with Borrower's Project Budget, attached hereto as **Exhibit "F"** (the "Project Budget"), which may be updated and revised upon prior approval of the Director, provided however, the revised Project Budget for the eight HOME-Assisted Units may not exceed \$740,300.00. Pursuant to Title 24 of the Code of Federal Regulations ("24 CFR") 92.206(d), estimated project delivery costs allocated for the Project are \$22,592.00 and are included in the Project Budget. Disbursement of HOME funds for project delivery costs will be at the Director's discretion and in accordance with the Project Budget; provided however, if the Project construction schedule is extended or delayed, the project delivery costs budget item will be proportionately increased with the additional cost being drawn from the construction contingency budget item, thereby reducing the construction contingency funds set-aside for the Project.

3. Except as herein provided, all other terms and conditions of the May 8th, 2012 CHDO HOME Program Written Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment to the CHDO HOME Program Written Agreement as of the date first above written.

THE CITY OF EL PASO

Joyce A. Wilson
City Manager

APPROVED AS TO FORM:

APPROVED AS TO CONTENT:

Kristen Hamilton
Assistant City Attorney

William L. Lilly, Director
Community & Human Development

BORROWER: TVP Non Profit Corporation

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

(Acknowledgment)

STATE OF TEXAS)
)
COUNTY OF EL PASO)

This instrument was acknowledged before me on the ____ day of _____, 2011, by Joyce A. Wilson, in her capacity as City Manager for the City of El Paso, a municipal corporation.

Notary's commission expires:

Notary Public, State of Texas
Notary's Name (Printed):

(Acknowledgments Continue on Following Page)

(Acknowledgment)

STATE OF TEXAS)
)
COUNTY OF EL PASO)

This instrument was acknowledged before me on the _____ day of _____, 2011,
by David Gillooly Executive Director of TVP Non Profit Corporation, on behalf of said entity.

Notary's commission expires:

Notary Public, State of Texas
Notary's Name (Printed):
