

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

DEPARTMENT: Community and Human Development

AGENDA DATE: Consent Agenda, April 16, 2019

CONTACT PERSON: Nicole M. Ferrini, Director 212-0138, ferrininm@elpasotexas.gov
Arturo Rubio, Housing Programs Manager 212-0139,
rubioax@elpasotexas.gov

DISTRICT: 3

SUBJECT:

Resolution to: (1) approve the assumption by Jesse Prentice Loftin Jr. of a HOME Financial Terms Contract loan between the City of El Paso and Jose De La Rosa and Antonia De La Rosa dated July 2, 2002, assumed by Project Vida Community Development Corporation through an Assumption Agreement dated January 24, 2017; (2) approve the funding commitment in the amount of \$65,000 for the rehabilitation of four multi-family units located at 6806 Alameda Avenue by Jesse Prentice Loftin Jr; (3) approve the release of the obligations under the HOME Financial Terms Contract assumed by Jesse Prentice Loftin Jr; and (4) authorize the City Manager to execute all documents necessary to complete the transaction.

BACKGROUND / DISCUSSION:

The Department of Housing and Urban Development (HUD) requires the City to monitor all housing developments awarded funding to ensure the development adheres to the affordability requirements, City Construction Code, and that other funding loans are not in default. After the passing of one of the original owners of the development located at 6806 Alameda, the housing rental development has been out of compliance with the affordability period and various building code standards. In addition, the loan associated with the development is in default. The current owner of the subject property, Project Vida Community Development Corporation, has agreed to have Jesse Prentice Loftin Jr. assume the outstanding loan, assume subject property in its current state, and adhere to the affordability period and building code standards.

PRIOR COUNCIL ACTION:

- On July 2, 2002, City Council approved a resolution authorizing the City Manager to sign the HOME Agreement funding six rental units for Mr. Jose and Mrs. Antonia De La Rosa.
- On January 24, 2017, City Council approved a resolution authorizing the City Manager to execute an Assumption and Modification Agreement with Project Vida Community Development Corporation.

AMOUNT AND SOURCE OF FUNDING:

N/A

BOARD / COMMISSION ACTION:

Enter appropriate comments for N/A

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

DEPARTMENT HEAD:



Nicole M. Ferrini, Director

RESOLUTION

WHEREAS, on or about July 2, 2002, Jose De La Rosa and Antonia De La Rosa (collectively, "**Original Borrower**") executed a Secured Grant Note and a Loan Note (collectively the "**Loan Note**") in the aggregate amount of Three Hundred Eighteen Thousand and No/100 Dollars (\$318,000.00), payable to the order of the City and secured by a Builder's and Mechanic's Lien Contract and Deed of Trust (With Power of Sale) dated July 2, 2002, filed of record in Volume 4299, Page 1047, Clerk's File No. 20020058461, Real Property Records of El Paso County, El Paso, Texas, (collectively, the "**Lien(s)**") against the following property:

*The East 25.5 feet of Lot 3, Block 17, Sambrano Suburb, an Addition to the City of El Paso, El Paso County, Texas, according to the map and plat thereof on file in Book 2, Page 2, Plat Records of El Paso County, Texas; known and numbered as 6806 Alameda, (the "**Property**")*; and

WHEREAS, the City and Original Borrower entered into that certain Community Development Investor-Owned Financial Terms Contract (the "**Financial Terms Contract**"), dated July 2, 2002, concerning use of the City's U.S. Department of Housing and Urban Development HOME Investment Partnerships Program ("**HUD**") Community Development Block Grant ("**CDBG**") funds for rehabilitation of the Property and fulfillment of rent limitations on the housing units in the Property and low- to-moderate income tenant occupancy requirements contemporaneously executing the Financial Terms Contract, the Loan Note, Lien(s), and Property Agreement Concerning Covenants and Restrictions Running with the Land ("**Restrictive Covenants**") (hereinafter collectively referred to as the "**Loan Documents**"); and

WHEREAS, the Loan Documents provide that the Property shall not be conveyed without the City's prior written consent and that failure to do so constitutes a triggering event, entitling the City to exercise certain rights and remedies, including collection of the outstanding balance of the Loan Note; and

WHEREAS, on January 24, 2017, Project Vida Development Corporation ("**Owner**"), the City, and the Original Borrower entered into an Assumption Agreement and Modification of Community Development Investor-Owned Financial Terms Contract, Note, and Lien ("**First Assumption Agreement**") where Owner agreed to assume the Original Borrower's obligations under the Loan Documents as well as modified terms included in the First Assumption Agreement; and

WHEREAS, following the execution of the First Assumption, the Owner and the City determined that the preservation of the Property requires the release of the original loan, the demolishing of two of the six units rehabilitated under the Financial Terms Contract, and the issuance of a new loan to rehabilitate the remaining four units; and

WHEREAS, Jesse Prentice Loftin Jr. ("**Assuming Borrower**") wishes to undertake such tasks on behalf of Owner; and

WHEREAS, Owner desires to convey the Property to Assuming Borrower and Assuming Borrower, in consideration of City's agreement not to exercise certain rights and remedies, has

agreed to assume all the liability and obligations of Original Borrower and Owner under the Loan Documents and the First Assumption Agreement; and

WHEREAS, following Assuming Borrower's assumption under this Assumption Agreement, the City, pursuant to a directive from HUD, will enter into a new Investor Home Program Written Agreement with the Assuming Borrower to complete the rehabilitation of the Property in accordance to the terms of such Investor Home Program Written Agreement and release the Assuming Borrower from all obligations assumed under this Assumption Agreement.

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

That the following are approved: The assumption of the Owner's obligations under the Loan Documents and First Assumption Agreement by the Assuming Borrower; the release of the obligations of the Assuming Borrower under the Loan Documents and Assumption Agreement; and the following funding commitment for affordable rental and housing development, as recommended by the Director of Community and Human Development, as listed below.

Project Owner:	Jesse Prentice Loftin Jr.
Project Type:	Rehabilitation of 1-4 Multi Family Units
Project Address:	6806 Alameda
District:	3
Funding Amount:	\$65,000

Further, that the City Manager, on behalf of the City, be authorized to sign the following documents to be drafted by the City Attorney's Office and to be executed at the proper time according to the City Attorney's Office: (1) Assumption Agreement of Community Development Investor-Owned Financial Terms Contract, Note, and Lien; (2) Investor Home Program Written Agreement; (3) Release of Lien and Declaration Concerning Covenants and Restrictions Running with the Land; (4) Declaration Concerning Covenants and Restrictions Running with the Land; and (5) any other documents necessary for the completion of the transaction as determined by the City Attorney's Office.

APPROVED this _____ day of _____, 2019.

The City of El Paso

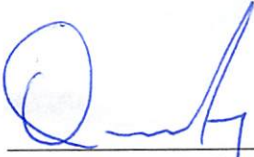
Dee Margo
Mayor

[Signatures continue on the following page]

ATTEST:


Laura Prine
City Clerk

APPROVED AS TO FORM:



Omar A. De La Rosa
Assistant City Attorney

APPROVED AS TO CONTENT:



Nicole M. Ferrini, Director
Community and Human Development