

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

**DEPARTMENT:** Community and Human Development  
**AGENDA DATE:** April 28, 2015  
**CONTACT PERSON:** Verónica R. Soto, AICP, Director / (915) 212-0138  
**DISTRICT(S):** 8

**SUBJECT:**

Approve additional funding commitment of \$315,000 for an eight-unit affordable housing rental development located at 5705, 9, 13 & 17 Divine Street, to be completed by PV Community Development Corp., a certified Community Housing Development Organization (CHDO) – Non-Profit Housing Development Organization. An increase in funding resulted from additional land acquisition, revised project design and additional construction costs.

**BACKGROUND / DISCUSSION:**

During the Plat approval process with Planning Commission, PV Community Development Corp. (PVDC) and their Architect were advised that the street access to and from the units had to change from Delta (as originally proposed) to Glenwood, as it posed a traffic safety issue. The change required PVDC to purchase additional land from the current property owner and also incurred additional costs for appraisal, survey, Park fees and Architect costs. In addition, the initial construction bid was over 20% of the cost estimate, which required a re-bid after revisions were made to decrease the costs, while still maintaining the number of units, amenities and also increased the unit square footage from 1,125 sq. ft. to 1,193 sq. ft.

Acquisition and construction of 8 3-Bedroom units, two bathrooms with one ADA adaptable, 1,193 sq. ft. consisting of 4 one-story duplexes, energy efficient appliances (range, refrigerator), hook up for washer and dryer and evaporative cooling.

Original Development Cost	\$ 990,000
Additional Amount Requested	<u>315,000</u>
Revised Development Cost	\$1,305,000

**Increase Details:**

Purchase of additional land	\$22,010
Additional Appraisals	2,500
Additional Survey costs	960
Additional Re-plat costs	1,779
Environmental Costs Increase	1,705
Additional closing costs	234
Park Fees	11,690
Additional Architect's fee	10,191
Additional Project Delivery (staff) costs	2,500
Re-bid Advertising (approx.)	800
Construction Increase	244,740
Construction Contingency	<u>15,891</u>
Total Additional CHDO Funding	\$315,000

**NOTE:** During the first Bid Opening, there were two Contractors who submitted Bids ranging from \$1,044,085 to \$1,092,034. Since the lowest Bid was >20% above the Cost Estimate, deletions were made and the project was rebid. For the second Bid Opening, there were four Contractors who submitted Bids, with the lowest responsive bid of \$1,002,390 (including one alternate).

**PRIOR COUNCIL ACTION:**

November 13, 2012 Council approved funding commitment of \$990,000 for the acquisition and construction of the eight 3-Bedroom units.

September 23, 2014 Council approved the First Amendment to the HOME CHDO Written Agreement to amend the legal description and address of the property, as a result of the acquisition of additional land needed for the change in the entrance / exit of the units from Delta to Divine Street.

**AMOUNT AND SOURCE OF FUNDING:**

HOME CHDO grant funds are available in accounts: 471-71150-2030-552010-G7110HMO and 471-71150-2030-552010-G7111HMO.

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**BOARD / COMMISSION ACTION:**

Enter appropriate comments or N/A

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N/A

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

DEPARTMENT HEAD: \_\_\_\_\_



Verónica R. Soto, AICP, Director

ADDITIONAL APPROVALS: \_\_\_\_\_

*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 Organization (CHDO) affordable rental housing development is approved for additional funding commitment, as recommended by the Director of Community and Human Development, as listed below:

Project Name: P.V. Community Development Corporation  
Project Type: New Construction of 4 Multi-Family Duplexes  
Project Address: 5705, 5709, 5713 & 5717 Divine Street (79905)  
Additional Funding: \$315,000.00  
District: 8

That the City Manager be authorized to sign a Second Amendment to the Community Housing Development Organization (CHDO) HOME Program Written Agreement attached as Exhibit "A" by and between the City of El Paso and P.V. Community Development 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 this \_\_\_\_ day of \_\_\_\_\_, 2015.

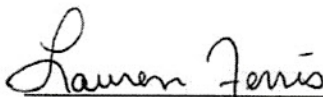
**CITY OF EL PASO**

\_\_\_\_\_  
Oscar Leeser  
Mayor

**ATTEST:**

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

**APPROVED AS TO FORM:**



\_\_\_\_\_  
Lauren K. Ferris  
Assistant City Attorney

**APPROVED AS TO CONTENT:**



\_\_\_\_\_  
Verónica R. Soto, AICP, Director  
Community and Human Development

## SECOND AMENDMENT TO CHDO HOME PROGRAM WRITTEN AGREEMENT

This Second Amendment to the CHDO HOME Program Written Agreement is made this \_\_\_\_\_ day of \_\_\_\_\_, 2015, by and between CITY OF EL PASO ("City") and P.V. COMMUNITY DEVELOPMENT 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 November 21, 2012, a copy of which is made a part hereof for all purposes and incorporated herein as **Exhibit "A"**, for the purpose of an affordable housing project on property located at **314 S. Glenwood**, El Paso, El Paso County, to be rented by Borrower to low and moderate income families in El Paso, Texas (the "Project"); and

**WHEREAS**, on September 23, 2014, the City and Borrower entered into a First Amendment (the "First Amendment") to the Agreement, a copy of which is made a part hereof for all purposes and incorporated herein as **Exhibit "B"**, to amend the legal description and address of the relevant property for the Project to **5705, 5709, 5713, and 5717 Divine Street**, El Paso, Texas, in order to comply with the terms of the Agreement; and

**WHEREAS**, the City and Borrower agree that certain provisions of the Agreement 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 Agreement, as follows:

1. On page 2, Section I. DESCRIPTION OF PROPERTY AND PROJECT, shall be amended to correct the stated amount being loaned and read as follows:

City hereby agrees to lend Borrower funds not to exceed the total amount of ONE MILLION THREE HUNDRED FIVE THOUSAND AND 00/100THS DOLLARS (\$1,305,000.00) subject to the terms hereinafter specified, to be drawn from FY 2010 and 2011 HOME funds.

2. On page 2, paragraph B of Section I. DESCRIPTION OF PROPERTY AND PROJECT, shall be amended as follows:

City hereby agrees to provide HOME funds in the amount of \$163,125.00 per unit of the eligible acquisition and 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 Forgivable Deferred Payment Loan Note(s) and correct the loan repayment schedule accordingly as follows:

The City hereby agrees to provide a portion of HOME funds allocated to this project as a Forgivable Deferred Payment Loan(s) in the aggregate amount of SIX HUNDRED FIFTY TWO THOUSAND FIVE HUNDRED AND 00/100THS DOLLARS (\$652,500.00) using HOME Investment Partnerships funds, as evidenced by a Forgivable Deferred Payment Loan Note(s), executed on September 26, 2014 and a supplemental Forgivable Deferred Payment Loan Note executed on even date herewith, collectively 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 described 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 Note and correct the 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(s) shall be in the aggregate amount of SIX HUNDRED FIFTY TWO THOUSAND FIVE HUNDRED AND 00/100THS DOLLARS (\$652,500.00) at zero percent (0%) for TWENTY (20) years with one initial installment in the aggregate amount of TWO THOUSAND SEVEN HUNDRED EIGHTEEN AND 75/100 (\$2,718.75) and the remaining monthly installments of TWO THOUSAND SEVEN HUNDRED EIGHTEEN AND 75/100 (\$2,718.75), as evidenced by the Amortized Loan Note(s), executed on September 26, 2014 and a supplemental Loan Note of even date herewith, collectively 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 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 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 \$1,305,000.00. Pursuant to Title 24 of the Code of Federal Regulations ("24 CFR") 92.206(d), estimated project delivery costs allocated for the Project are \$15,000.00 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.

6. On page 3, paragraph B (4b) of Section I. DESCRIPTION OF PROPERTY AND PROJECT, shall be amended to add the supplemental Amortized Loan Note payment schedule:

(b)(i) Loan payments on the supplemental Loan Note in the face amount of ONE HUNDRED FIFTY SEVEN THOUSAND FIVE HUNDRED (\$157,500.00) shall be due on the first day of each month for 240 months following the first payment in the amount of SIX HUNDRED FIFTY SIX AND 25/100THS DOLLARS (\$656.25), due on the first day of the month as specified in the supplemental Loan Note. Interest on the loan shall accrue at the rate of zero percent (0%) per annum from the date of disbursement.

7. On page 3, paragraph B (4)(d) of Section I. DESCRIPTION OF PROPERTY AND PROJECT, shall be amended as follows to correct the property address and time allotted to complete the Project:

The purpose of the loan(s) is to provide Borrower with funds to [acquire and construct] EIGHT (8) HOME-assisted rental units ("HOME-Assisted Units") on Borrower's Property located at 5705, 5709, 5713, and 5717 Divine Street, El Paso, Texas, as more fully described in the Deed of Trust (With Power of Sale). Borrower agrees that within THIRTY-SIX (36) months from the date of this Agreement the EIGHT (8) HOME-Assisted 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, subject to Borrower's rights to cure any default following thirty day written notice, as provided in Section V in this Agreement.

8. On page 10, paragraph G (2) of Section IV. COVENANTS, shall be amended as follows to correct the property address:

A copy of the lease agreement form that will be utilized for the Property at **5705, 5709, 5713, and 5717 Divine Street, El Paso, Texas**. Borrower agrees to attach to its standard lease agreement form, the Mandatory Lease Addendum to control over any conflicting prohibited lease terms, a copy of which is attached hereto as **Exhibit "K"**, which must be completed by Borrower and every tenant household in connection with the execution of the lease and upon the City's request.

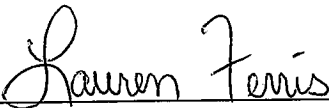
9. Except as herein provided, all other terms and conditions of the November 21, 2012 INVESTOR HOME Program Written Agreement and the First Amendment shall remain in full force and effect.

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

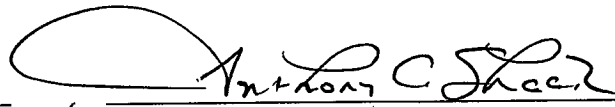
**THE CITY OF EL PASO**

\_\_\_\_\_  
Tomás González  
City Manager

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
Lauren K. Ferris  
Assistant City Attorney

**APPROVED AS TO CONTENT:**

  
\_\_\_\_\_  
jo2 Veronica R Soto, AICP, Director  
Community & Human Development

**BORROWER: P.V. COMMUNITY  
DEVELOPMENT CORPORATION**

\_\_\_\_\_  
By: Bill Schlesinger, Co-Director

CITY CLERK DEPT.  
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*(Acknowledgments begin on following page)*

**ACKNOWLEDGMENT**

STATE OF TEXAS       )  
                                  )  
COUNTY OF EL PASO    )

This instrument was acknowledged before me on the \_\_\_\_ day of \_\_\_\_\_, 2015, by Tomás González, in his 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):  
\_\_\_\_\_

**ACKNOWLEDGMENT**

STATE OF TEXAS       )  
                                  )  
COUNTY OF EL PASO    )

This instrument was acknowledged before me on the \_\_\_\_ day of \_\_\_\_\_, 2015, by Bill Schlesinger Co-Director of P.V. COMMUNITY DEVELOPMENT CORPORATION, on behalf of said entity.

Notary's commission expires:  
\_\_\_\_\_

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

CITY CLERK DEPT.  
2015 APR 23 AM 10:37

**EXHIBIT "A"**

**EXHIBIT "B"**



# HOME INVESTMENT PARTNERSHIP PROGRAM – APPROVAL FOR ADDITIONAL PROJECT FUNDS



## **Alignment with City Strategic Plan**

### **Goal 8: Nurture and Promote a Healthy, Sustainable Community**

**Strategy 8.2:** Stabilize neighborhoods through community, housing and ADA improvements

**Community & Human Development Department  
April 28, 2015**

*"Delivering Outstanding Services"*



# Project

- PV Community Development Corp. (PVCDC) – Community Housing Development Organization (CHDO) is the project developer
- Project consists of land acquisition & construction of eight (8) – 3BR affordable rental duplex units located at 5705, 5709, 5713 & 5017 Divine St.
- Additional HOME Funds of \$315,000 are needed to complete project & funds are available



# Background

- HUD requires that a minimum of 15% of annual HOME Grant must be used to assist CHDO's in developing affordable housing
- Nov. 13, 2012 Council Approved HOME Funding of \$990,000 to PVCDC for Acquisition & Construction of 8 Units to be located at 314 S. Glenwood
- During plat approval process with Planning Commission, PVCDC was told to change street access from Delta to Divine St., due to traffic safety issues.



# Background

- To comply, additional land acquisition and design revisions to project were made including address change from Glenwood to new access thru Divine Street.
- Sept. 23, 2014 Council approved 1st Amendment to Written Agreement reflecting changes to legal description & address.
- Additional costs: Acquisition, Appraisals, Survey, Re-plat, Environmental, Park Fees, Closing costs, Architect fees, Project Delivery costs (staff) = \$53,569



# Initial Access Thru Delta

DU size: 1,112 sf

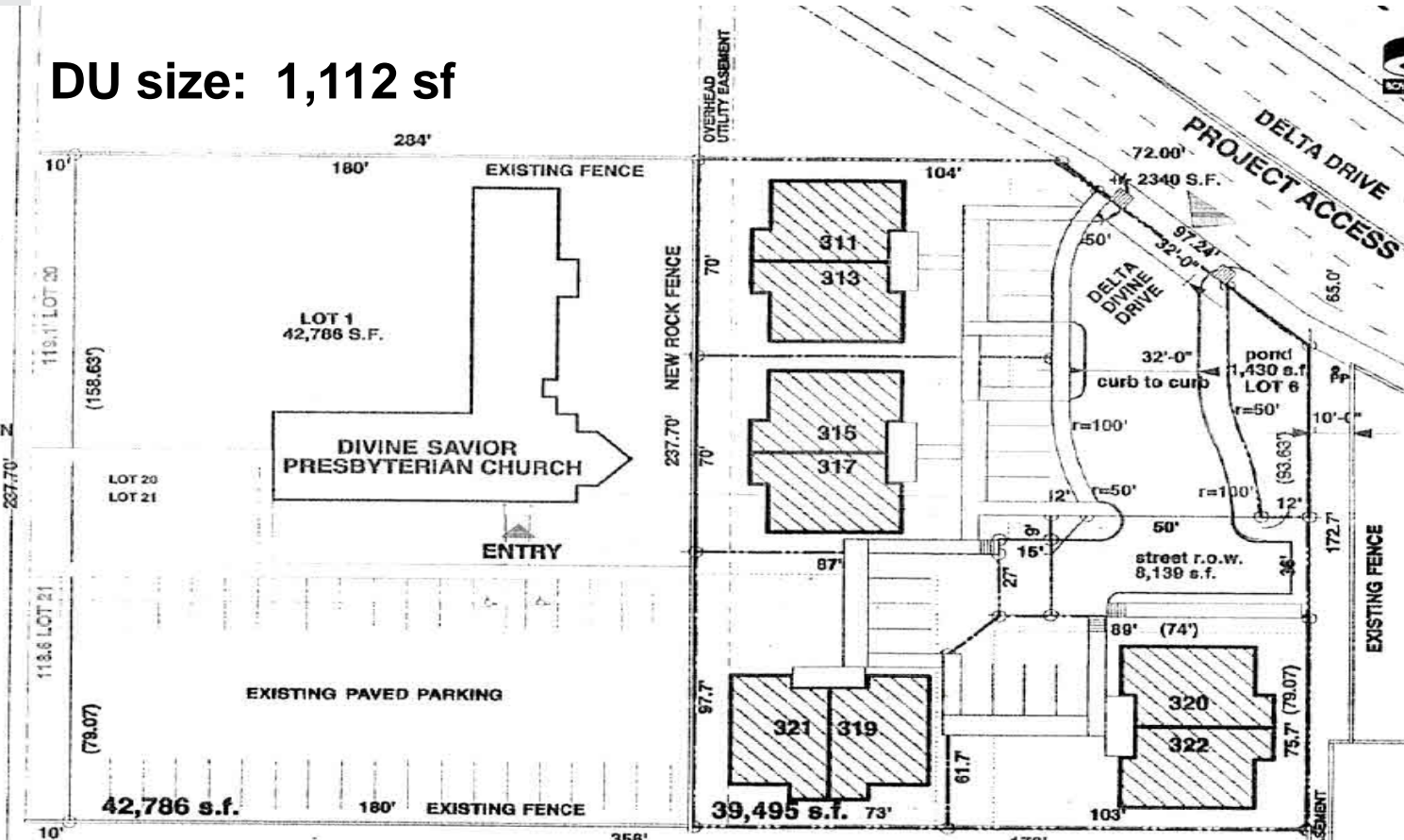
314 GLENWOOD  
356' X 158.63' - 2340=  
54,132 S.F.

324 GLENWOOD  
356' X 79.07' =  
28,149 S.F.

TOTAL S.F.  
82,281 S.F.

CHURCH RETAINS  
42,786 S.F.

DUPLEX SUB DIVISION  
39,495 S.F.



**BOYD AND ASSOCIATES, INC., ARCHITECTS**  
608 REGENCY DRIVE  
EL PASO, TEXAS 79912  
PHONE 915-531-5552 FAX 915-534-1730  
wboyd@wp-rr.com

## SITE PLAN

SCALE: 1" = 50'  
VERIFY DIMENSIONS

**LEGAL DESCRIPTION** - LOTS 20 & 21 OF  
BLOCK 6 ALAMEDA ACRES EXC WEST 10'  
AND DELTA DR ROW @ NE CORNER OF  
LOT 20 AND CONTAINING +/- 82,380 S.F.

TOTAL PROPERTY - ZONING R-4

**CHURCH**  
4 DUPLEX LOTS each over 7,000 s.f.  
STORM WATER PARK / POND AREA  
STREET ROW

= 82,281 S.F.  
= 42,786 S.F. = .982 acres  
= 29,926 S.F. = .687 acres  
= 1,430 S.F. = .033 acres  
= 8,139 S.F. = .187 acres

**314 - 324 GLENWOOD R-4 ZONE REPLAT FOR  
DELTA DIVINE SUBDIVISION**

PVDCD 3607 RIVERA EL PASO, TX 79905

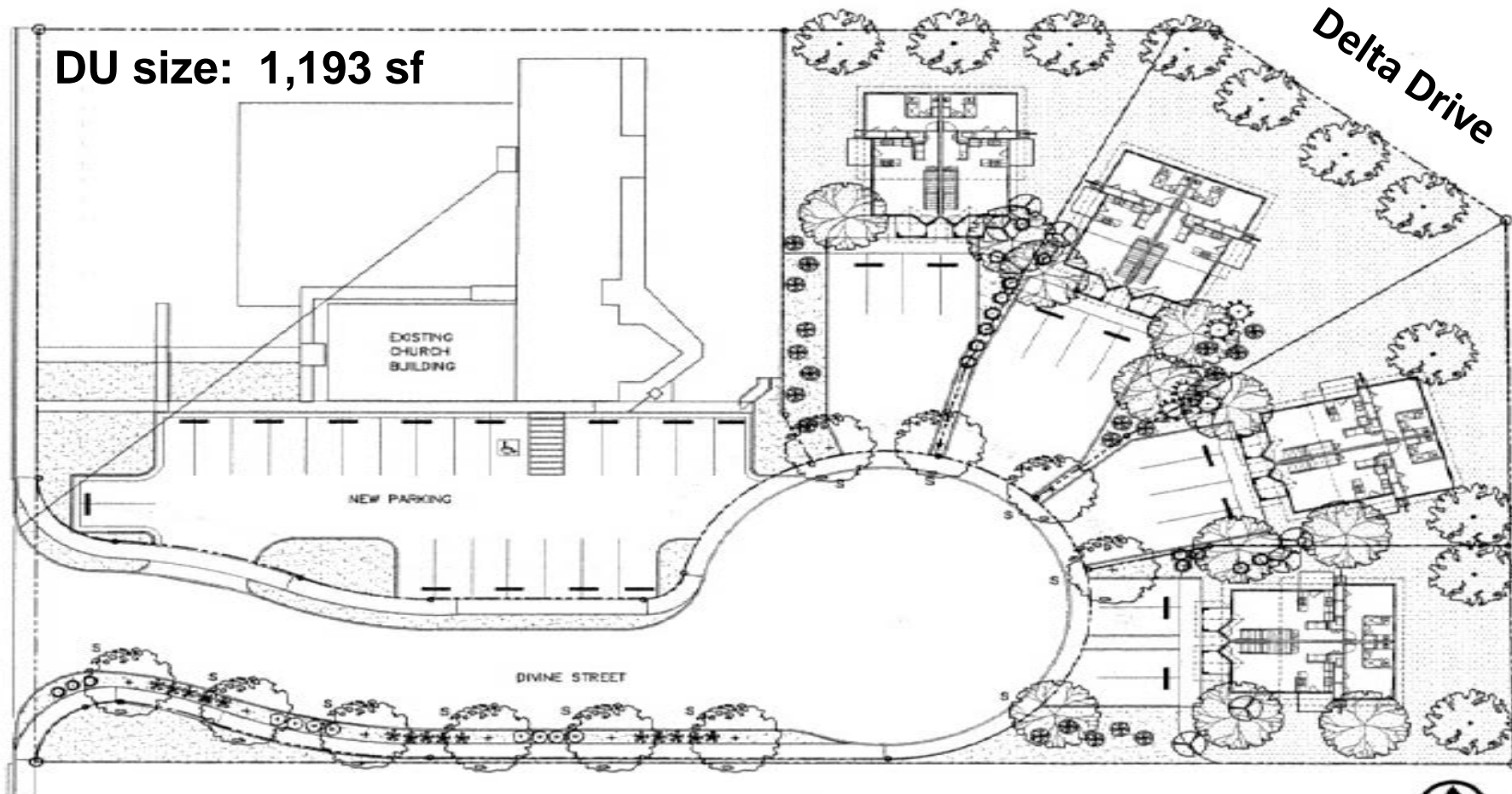
PVDCD, DEVELOPER 3607 RIVERA EL PASO, TEXAS 79905  
REPLAT FOR DELTA DIVINE SUBDIVISION  
DIVINE SAVIOR PRESBYTERIAN CHURCH  
314 - 324 GLENWOOD EL PASO, TEXAS 79905



# Revised Access (Divine St.)

Glenwood

DU size: 1,193 sf



LANDSCAPE PLAN





# Construction Re-Bid

- Nov. 2014 – Initial Construction Bid exceeded cost estimate > 20%. (2 Bidders).
- Architect redesigned and 2nd Bid Opening occurred January 21, 2015. (4 Bidders)
- PVCDC would like to accept low Bid plus one alternate totaling \$1,002,390.
- Additional Construction costs include:

Re-bid advertising	\$ 800
Construction Increase	244,740
Construction Contingency	<u>15,891</u>
Total	\$261,431



# Total Project Costs

Additional Amount for Land Acquisition, New Street & Associated Costs	\$ 53,569
Additional Construction Costs	<u>261,431</u>
Total Additional Funds Required	\$315,000
Original Development Funding	\$ 990,000
Additional Funding Request	<u>315,000</u>
Revised Development Costs	\$1,305,000



# QUESTIONS