

(HA-97-44)

HOUSING AUTHORITY OF

THE CITY OF SAN DIEGO

RESOLUTION NO. 00895

ADOPTED ON APRIL 1, 1997

WHEREAS, in April 1987, the San Diego Housing Commission funded two loans totaling \$625,000 to Seymour Reichbart for the development of the 158 single room occupancy hotel known as the Sara Frances Hometel. One loan in the amount of \$375,000 has a term of 10 years with options to extend in five-year increments for a total of 30 years. The interest rate is three percent with annual interest-only payments. The second loan in the amount of \$250,000 had a term of three years with an interest rate of six percent and annual interest only payments; and

WHEREAS, in June 1989, the San Diego Housing Commission agreed to extend the due date on the \$250,000 loan to correspond with the original due date on the \$375,000 loan (the loan will be due and payable in April 1997); and

WHEREAS, in September 1996, Mr. Reichbart requested an adjustment to the terms and conditions of the existing Housing Commission loans; and

WHEREAS, on February 24, 1997, the San Diego Housing Commission considered the issue and recommended accepting the proposed debt restructuring; NOW, THEREFORE,

BE IT RESOLVED, that the Housing Authority hereby approves restructuring of the \$625,000 in loans to 30-year loan terms, fully amortized at three percent interest. The proposal is subject to confirmation by the County Tax Assessor of an annual property tax liability of approximately \$25,000 for the Sara Frances Hometel; and

BE IT FURTHER RESOLVED, that the loan terms for the subject property revert to 20-year loan terms from the original date of this modification,

fully amortized with interest at three percent on the \$375,000 loan and interest at six percent on the \$250,000 loan if, at any time during the life of the loans, the annual property tax liability falls below \$20,000; and

BE IT FURTHER RESOLVED, that 48 units remain affordable to those earning 35 percent of the HUD median area income for the term of the loans and as fully described in San Diego Housing Commission Report HCR96-189.

APPROVED: CASEY GWINN, General Counsel

By
Prescilla Dugard
Deputy Counsel

PD:cdk
03/18/97
Or.Dept:Hsg.Comm.
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