

RESOLUTION NO. 2007-503

Adopted by the Sacramento City Council

June 26, 2007

APPROVING OF HOME LOAN PAYMENTS SUSPENSION AND CONDITIONAL FORGIVENESS FOR THE HOTEL BERRY:

BACKGROUND

- A. In 1994 the Sacramento Housing and Redevelopment Agency ("Agency") extended a HOME loan (Loan Number 108009) in the amount of \$935,720 to borrowers Mohammed A. and Gul Nusrean Khan to assist in the moderate rehabilitation of the Hotel Berry. The borrowers have had difficulty making payments on the loan, due to lower than expected occupancy rates and higher than expected operating costs. The current loan balance, comprised of \$835,845 in principal and \$209,218 in accrued interest, is approximately \$1,045,063.
- B. It is in the City's interest and in accordance with its adopted policies to encourage substantial rehabilitation of the Hotel Berry and its re-operation as more deeply affordable housing.
- C. Suspension of payments and interest accrual on the 1994 HOME loan, and forgiveness of that loan upon sale of the Hotel Berry to The Trinity Housing Foundation will facilitate the substantial rehabilitation and re-operation of the Hotel Berry as supportive housing.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. It is determined that the action proposed by this resolution is the operation, repair, and minor alteration of an existing facility with negligible expansion beyond the current use, and is therefore exempt from environmental review under the California Environmental Quality Act Guidelines Section 15301. All environmental reviews pursuant to National Environmental Policy Act (NEPA) are complete per HUD regulations.
- Section 2. The Agency is authorized to suspend payments and interest accrual on loan number 108009 until December 31, 2007.
- Section 3. On condition that the Hotel Berry transfers ownership to The Trinity Housing Foundation prior to December 31, 2007 and The Trinity Housing Foundation, or its affiliated assignee approved by the Agency's Executive Director, enter into an Owner Participation Agreement for the rehabilitation and operation of the property as an affordable supportive housing project, the Agency is authorized to forgive loan number 108009.

Adopted by the City of Sacramento City Council on June 26, 2007 by the following vote:

Ayes: Councilmembers, Cohn, Fong, Hammond, McCarty, Pannell, Sheedy, Tretheway, Waters, and Mayor Fargo.

Noes: None.

Abstain: None.

Absent: None.



Mayor, Heather Fargo

Attest:



Shirley Concolino, City Clerk