

AN ORDINANCE 2017-11-09-0894

**AUTHORIZING PARTIAL NEIGHBORHOOD STABILIZATION
PROGRAM LOAN FORGIVENESS FOR THE GILLETTE
SQUARE APARTMENTS.**

* * * * *

WHEREAS, on January 15, 2009, the City of San Antonio (“City”) was awarded Neighborhood Stabilization Program (“NSP”) funds authorized and appropriated under the Housing and Economic Recovery Act of 2008; and

WHEREAS, the City utilized the NSP funds for various affordable housing initiatives which included the acquisition and rehabilitation of the Gillette Square Apartments, a 43 unit multi-family development, located at 642 Gillette Boulevard in Council District 3; and

WHEREAS, in Ordinance 2009-12-10-0996, the City Council approved funding for the Gillette Square Apartments; and

WHEREAS, the City made two (2) loans for the Gillette Square Apartments in the amounts of \$1,699,838.00 (the “First Loan”) and \$818,000.00 (the “Second Loan”)(collectively, the First Loan and the Second Loan are referred to herein as the “Loans”); and

WHEREAS, each of the Loans is secured by a separate deed of trust recorded against the subject real property in the Official Public Records of Bexar County, Texas; and

WHEREAS, in addition to the other consideration provided for in the subject loan documents for making the Loans, two (2) covenants were recorded in the Official Public Records of Bexar County, Texas, to ensure the continued affordability of the Gillette Square Apartments; and

WHEREAS, the Second Loan matures on December 1, 2017; and

WHEREAS, San Antonio Alternative Housing Corporation No. 17 (“SAAHC No. 17”) has requested the City partially forgive the Second Loan due to the inability to service the debt and maintain the continued affordability of the Gillette Square Apartments; and

WHEREAS, as of October 18, 2017, the balance due on the Second Loan was \$736,487.69, with interest continuing to accrue thereon according to the terms of the subject loan documents; and

WHEREAS, SAAHC No. 17, by and through related entities, has offered to pay the lump sum of \$600,000.00 to settle the amount owed on the Second Loan and of this amount, the sum of \$450,000.00 will be borrowed from a related entity and secured by a second lien against the subject property and the sum of \$150,000.00 will be contributed by a related entity; and

WHEREAS, the City Council desires to ensure the continued affordability of the Gillette Square Apartments by partially forgiving the Second Loan; and

WHEREAS, the City Council approves the compromise of the Second Loan provided that said compromise does not release or otherwise impair the First Loan or either of the existing affordability covenants recorded in the Official Public Records of Bexar County related to the Gillette Square Apartments; **NOW THEREFORE:**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

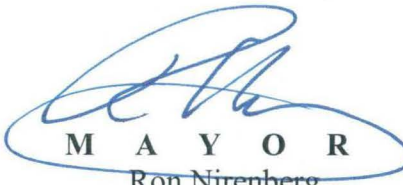
SECTION 1. The City Manager or her designee, or the Director of the Neighborhood and Housing Services Department (“NHSD”) or her designee, is hereby authorized to execute a loan forgiveness and release of lien agreement with Gillette Apartments No. 17, Inc. A copy of said agreement is on file with NHSD.

SECTION 2. Contingent upon receipt of the \$600,000.00 lump sum payment, City Council approves the terms and conditions of the loan forgiveness and release of lien agreement.

SECTION 3. The financial allocations in this Ordinance are subject to approval by the Director of Finance, City of San Antonio. The Director of Finance may, subject to concurrence by the City Manager or the City Manager's designee, correct allocations to specific SAP Fund Numbers, SAP Project Definitions, SAP WBS Elements, SAP Internal Orders, SAP Fund Centers, SAP Cost Centers, SAP Functional Areas, SAP Funds Reservation Document Numbers, and SAP GL Accounts as necessary to carry out the purpose of this Ordinance.

SECTION 4. This Ordinance is effective immediately upon the receipt of eight (8) affirmative votes; otherwise, it is effective ten (10) days after passage.

PASSED AND APPROVED this 9th day of November, 2017.


M A Y O R
Ron Nirenberg

ATTEST:



Leticia M. Vacek, City Clerk

APPROVED AS TO FORM:



Andrew Segovia, City Attorney

Agenda Item:	28						
Date:	11/09/2017						
Time:	01:35:50 PM						
Vote Type:	Motion to Approve						
Description:	An Ordinance authorizing partial Neighborhood Stabilization Program loan forgiveness in the amount of \$136,487.69 (and accrued interest as of the date of City Council Action) of the original loan amount of \$2,517,838.00, for the Gillette Square Apartments, a 43 unit multi-family development, located at 642 Gillette Boulevard, in Council District 3; and acceptance of a \$600,000.00 pay off amount. [Peter Zanoni, Deputy City Manager; Verónica R. Soto, Director, Neighborhood and Housing Services Department]						
Result:	Passed						
Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Ron Nirenberg	Mayor		x				
Roberto C. Treviño	District 1		x				x
William Cruz Shaw	District 2		x				
Rebecca Viagran	District 3		x			x	
Rey Saldaña	District 4		x				
Shirley Gonzales	District 5	x					
Greg Brockhouse	District 6		x				
Ana E. Sandoval	District 7		x				
Manny Pelaez	District 8		x				
John Courage	District 9		x				
Clayton H. Perry	District 10			x			