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O2011-6401

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City Council Document Tracking Sheet

Meeting Date:	7/28/2011
Sponsor(s):	Mayor Emanuel
Type:	Ordinance
Title:	Ordinance implementing Neighborhood Stabilization Program 3
Committee(s) Assignment:	Committee on Housing and Real Estate



OFFICE OF THE MAYOR
CITY OF CHICAGO

RAHM EMANUEL
MAYOR

July 28, 2011

TO THE HONORABLE, THE CITY COUNCIL
OF THE CITY OF CHICAGO

Ladies and Gentlemen:

At the request of the Commissioner of Housing and Economic Development, I transmit herewith an ordinance implementing the Neighborhood Stabilization Program 3.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,

Mayor

ORDINANCE

WHEREAS, the City of Chicago ("City") is a home rule unit of government under Section 6(a) of Article VII of the 1970 Constitution of the State of Illinois and as such may exercise any power and perform any function pertaining to its government and affairs; and

WHEREAS, the City has previously applied for and been awarded funds in the approximate amount of \$55,238,017 (the "NSP I Program Funds") from the United States Department of Housing and Urban Development ("HUD") pursuant to the provisions of the Housing and Economic Recovery Act of 2008, Public Law 110-289 – July 30, 2008, Title III – Emergency Assistance for the Redevelopment of Abandoned and Foreclosed Homes, Section 2301 *et seq.*, and the regulations promulgated pursuant thereto, as the same may be amended, restated or supplemented from time to time ("HERA"), and the Notice of Allocations, Application Procedures, Regulatory Waivers Granted to and Alternative Requirements for Emergency Assistance for Redevelopment of Abandoned and Foreclosed Homes under the Housing and Economic Recovery Act, 2008 issued by HUD and found at the Federal Register/Vol. 73, No. 194/Monday October 6, 2008/Notices, as the same may be hereafter amended, restated or supplemented from time to time (the "Regulations"); and

WHEREAS, the City has also previously applied for and was awarded funds in the amount of \$98,008,384 (the "NSP II Program Funds") from HUD pursuant to the authority of title XII of Division A of the American Recovery and Reinvestment Act of 2009 (Public Law 111-5) (February 17, 2009), and the regulations promulgated pursuant thereto, as the same may be amended from time to time (the "ARRA") and pursuant to HERA; and

WHEREAS, the City has also previously applied for and was awarded funds in the amount of \$15,996,360 (the "NSP III Program Funds," and collectively with the NSP I Program Funds and the NSP II Program Funds, the "Program Funds") from HUD pursuant to the authority of Section 1497 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Public Law 111-203) (July 21, 2010), and the regulations promulgated pursuant thereto, as the same may be amended from time to time ("Dodd-Frank"), and pursuant to HERA and ARRA; and

WHEREAS, the City shall use the Program Funds in a City neighborhood stabilization program (the "Program") in accordance with Dodd-Frank, HERA, ARRA and the Regulations, to address the critical impact of increasing numbers of foreclosed properties in the City; and

WHEREAS, by ordinance adopted by the City Council of the City ("City Council") on May 13, 2009 and published in the Journal of Proceedings of the City Council ("Journal") for such date at pages 61243 through 61249 (the "2009 NSP I Ordinance") the City Council has previously approved the use of the NSP I Program Funds for the "Eligible Activities" defined in the 2009 NSP I Ordinance (and as defined under ARRA); and

WHEREAS, by ordinance adopted by the City Council of the City on May 12, 2010 and published in the Journal for such date at pages 91137 through 91142 (the "2010 NSP II Ordinance") the City Council has previously approved the use of the NSP II Program Funds for the "Eligible Activities" defined in the 2010 NSP II Ordinance (and as defined under ARRA and HERA); and

WHEREAS, Dodd-Frank, like ARRA and HERA, requires that the City allocate 25% of the NSP III Program Funds to house individuals or families whose incomes do not exceed 50% of the area median income; and

WHEREAS, Dodd-Frank, like ARRA and HERA, further requires that the City allocate 100% of the NSP III Program Funds to Eligible Activities benefiting communities and households whose incomes do not exceed 120% of the area median income; and

WHEREAS, Dodd-Frank, like ARRA, requires that the City expend fifty percent (50%) of the NSP III Program Funds for Eligible Activities within 24 months of the City's receipt of such funds and that the City must expend one hundred percent (100%) of the NSP II Program Funds within 36 months of the City's receipt of such funds (the "NSP III Required Time"); and

WHEREAS, the City has previously engaged Mercy Portfolio Services ("MPS"), a Colorado non-profit corporation, which is an affiliate of Mercy Housing, Inc., a Colorado non-profit corporation ("MHI"), as a subgrantee to assist the City in carrying out Eligible Activities in connection with the Program and expending NSP I Program Funds and NSP II Program Funds, with the further assistance of other housing redevelopers who shall participate in the program, and now desires to retain MPS to assist in a similar capacity with respect to the expenditure of NSP III Program Funds; and

WHEREAS, MHI has previously formed MPS Community I, L.L.C., an Illinois limited liability company, and may form one or more additional affiliated entities (the "MPS Affiliates") for the purpose of assisting the City in acquiring and redeveloping certain of such abandoned and foreclosed properties and otherwise assisting the City in carrying out Eligible Activities in connection with the Program; and

WHEREAS, because of the federal affordability objectives and requirements set forth in the Act and the Regulations, the City desires to waive certain fees and charges with respect to the housing units rehabilitated or otherwise developed through the Eligible Activities and to impose such federal affordability requirements to such housing units in lieu of those otherwise applicable under Section 2-45-110 of the Municipal Code of Chicago; now therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. The above recitals are expressly incorporated hereby and made a part of this ordinance as though fully set forth herein.

SECTION 2. The Commissioner of the Department of Housing and Economic Development (the "Commissioner") and a designee of the Commissioner (collectively, the "Authorized Officer") are each hereby authorized, subject to approval by the Corporation Counsel, to enter into and execute such agreements and instruments, and perform any and all acts as shall be necessary or advisable in connection with the implementation of the intent and purposes of this ordinance and the terms and program objectives of the Program. The Authorized Officer is hereby authorized to negotiate, execute and deliver all such documents, agreements and instruments with including, but not limited to, redevelopment agreements, real estate purchase agreements and assignment and assumption agreements to facilitate the acquisition and disposition of properties pursuant to the Program, and the retention of parties to assist in performing these and any other Eligible Activities, and/or to ensure the affordability for properties assisted under the Program.

In addition to the authorizations and approvals herein set forth, the Authorized Officer is hereby authorized and directed to do all such other acts and things including, without limitation, effecting an amendment, modification or supplement to any of the documents entered into in connection with the Program consistent with the Act and the Regulations and the intent and purposes of this ordinance, obtaining any permits, authorizations, orders, consents and approvals required to effect the transactions contemplated under the Program, accepting any mortgage, deed or other security, conveyance or reconveyance documents in connection with Eligible Activities, and entering into any other such documents or agreements as may be necessary, advisable or appropriate to carry out the intent and purposes of this ordinance and the Program. All of the acts of the Authorized Officer which are in conformity with the intent and purposes of this ordinance, whether heretofore or hereafter taken or done shall be and the same are in all respects ratified, confirmed, authorized, and approved in all respects.

SECTION 3. The Mayor or his proxy is authorized to execute, and the City Clerk or Deputy City Clerk is authorized to attest, quitclaim deeds conveying any properties acquired by the City in furtherance of the Program to MPS and MPS Affiliates or to the other housing developers who shall participate in the Program.

SECTION 4. In connection with the Program, the City shall waive those certain fees and charges, if applicable, imposed by the City with respect to the Eligible Activities as more fully described in Exhibit A attached hereto and made a part hereof. All housing units rehabilitated or otherwise developed in connection with Eligible Activities shall be deemed to qualify as "Affordable Housing" for purposes of Chapter 16-18 of the Municipal Code of Chicago. Given the applicable restrictions with respect to maximum rent, maximum sales price, and maximum income for the residents of such housing units imposed by HUD under the Act and the Regulations with respect to the Program Funds, Section 2-45-110 of the Municipal Code of Chicago shall not apply to the housing units rehabilitated or otherwise developed pursuant to the Program. Such waivers, and such deemed qualification, shall apply to all housing units in the Program, including those assisted with NSP I Program Funds, NSP II Program Funds and NSP III Program Funds.

SECTION 5. For purposes of Section 2-45-130(b)(i)(3) of the Municipal Code of Chicago entitled "Participation by eligible persons in eligible programs," Dodd-Frank shall be deemed a neighborhood stabilization program administered by the Department of Housing and Economic Development that is amendatory and supplementary to HERA.

SECTION 6. To the extent that any ordinance, resolution, rule, order or provision of the Municipal Code of Chicago, or part thereof, is in conflict with the provisions of this ordinance, the provisions of this ordinance shall control. Nothing in this ordinance shall be deemed in derogation of the authority granted under 2009 NSP I Ordinance, the 2010 NSP II Ordinance, or under the City's general authority to accept and disburse grant funds, and to enter into agreements in connection therewith.

SECTION 7. If any section, paragraph, clause or provision of this ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this ordinance.

SECTION 8. This ordinance shall be effective as of the date of its passage and approval.

EXHIBIT A
Fee Waivers

Department of Buildings (previously DCAP):

All plan review, permit and field inspection fees are waived.

Department of Water Management:

Connection fees are waived.

Inspection fees are waived.

Tap fees are waived.

Demolition fees for existing water tap are waived.

Water liens against City-owned lots only are waived.

(B-boxes, meters and remote readouts are not waived and need to be purchased.)

Department of Streets and Sanitation:

Street opening or patching fees, deposits or bonds are not waived at this time.

Department of Housing and Economic Development (previously DOZ):

Zoning approval is required as part of the building permit process and is covered under the building permit fee schedule described above. However, any private legal work, such as giving notice to nearby property owners if a zoning change is requested, is not waived.