



Office of the City Clerk

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Legislation Text

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OFFICE OF THE MAYOR

CITY OF CHICAGO

RAHM EMANUEL
MAYOR

December 12, 2012

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 authorizing the execution of a loan agreement, together with tax credits and a conveyance, for Community Housing Partners XIV, LP.

Your favorable consideration of this ordinance will be appreciated.

Mayor

Very truly yours,

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**CHICAGO January 17, 2013 To the
President and Members of the City Council: Your Committee on Finance having had under
consideration**

A communication recommending a proposed ordinance concerning the authority to enter into and execute a Loan Agreement, the donation of tax credits and a conveyance of property with Hope for Seniors Foundation and Community Housing Partners XIV LP.

02012-8223

Amount of Loan not to exceed: \$6,100,000

Having had the same under advisement, begs leave to report and recommend that your Honorable Body pass the proposed Ordinance Transmitted Herewith
dissenting vote(s)7

**This recommendation was concurred in by
of members of the committee with**

Alderman Burke abstains from voting pursuant to Rule 14.

Respectfully submitted

Chairman

Document No.

REPORT OF THE COMMITTEE ON FINANCE TO THE CITY COUNCIL CITY OF CHICAGO
ORDINANCE

WHEREAS, the City of Chicago (the "City"), a home rule unit of government under Section 6(a), Article VII of the 1970 Constitution of the State of Illinois, has heretofore found and does hereby find that there exists within the City a serious shortage of decent, safe and sanitary rental housing available to persons of low and moderate income; and

WHEREAS, the City has determined that the continuance of a shortage of affordable rental housing is harmful to the health, prosperity, economic stability and general welfare of the City; and

WHEREAS, the City has certain funds available from a variety of funding sources ("Multi-Family Program Funds") to make loans and grants for the development of multi-family residential housing to increase the number of families served with decent, safe, sanitary and affordable housing and to expand the long-term supply of affordable housing, and such Multi-Family Program Funds are administered by the City's Department of Housing and Economic Development ("HED"); and

WHEREAS, HED has preliminarily reviewed and approved the making of a loan to Hope for Seniors Foundation, an Illinois not-for-profit corporation ("HFSF"), in an amount not to exceed \$6,100,000 (the "Loan"), the proceeds of which shall be loaned to Community Housing Partners XIV, L.P., an Illinois limited partnership (the "Borrower") of which the general partners are 1) Chicago Community Development Corporation, an Illinois corporation, as the managing general partner, 2) Darul Amaan Lawrence Kedzie, Inc., an Illinois corporation, and 3) HFSF, to be funded from Multi-Family Program Funds pursuant to the terms and conditions set forth in Exhibit A attached hereto and made a part hereof; and

WHEREAS, on January 16, 2002, the City Council of the City (the "City Council") enacted an ordinance published in the Journal of City Council Proceedings (the "Journal") for such date at pages 77362 through 77366 (as amended by an ordinance enacted by the City Council on September 4, 2003 and published in the Journal for such date at pages 6475 through 6621) which authorized the establishment of a program (the "Donation Tax Credit Program") to be implemented by the Department of Housing (of which HED is the successor agency) in connection with the use of certain tax credits authorized by the Illinois General Assembly pursuant to Public Act 92-0491 (as supplemented, amended and restated from time to time) for donations made in connection with affordable housing projects; and

WHEREAS, the City is the owner of that certain vacant real property commonly known as 4814-20 North Kedzie Avenue, Chicago, Illinois, and legally described on Exhibit B attached hereto (subject to final title commitment and survey, the "City Property"); and

WHEREAS, the City's conveyance of the City Property to HFSF, or another entity affiliated with the Borrower, in connection with the Project (as described in Exhibit A hereto) may qualify under the Donation Tax Credit Program as an eligible donation, and may generate certain additional proceeds for the Project, but the receipt of such donation and proceeds is not a condition to the City's making the Loan; now, therefore,

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

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

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SECTION 2. Upon the approval and availability of the Additional Financing as shown in Exhibit A hereto, the Commissioner of HED (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 Loan. The Authorized Officer is hereby authorized, subject to the approval of the Corporation Counsel, to negotiate any and all terms and provisions in connection with the Loan which do not substantially modify the terms described in Exhibit A hereto. Upon the execution and receipt of proper documentation, the Authorized Officer is hereby authorized to disburse the proceeds of the Loan to HFSF or the Borrower.

SECTION 3. The City hereby approves the conveyance of the City Property as a donation to HFSF, or to another entity affiliated with the Borrower in the sole discretion of the Authorized Officer, from the City under the Donation Tax Credit Program in connection with the Project. The Authorized Officer is hereby authorized to transfer the tax credits allocated to the City under the Donation Tax Credit Program in connection with the conveyance of the City Property to an entity satisfactory to the Authorized Officer on such terms and conditions as are satisfactory to the Authorized Officer (the "Transfer"). The proceeds, if any, received by the City in connection with the Transfer are hereby appropriated, and the Authorized Officer is hereby authorized to use such proceeds, to make a grant or loan to HFSF, or to the Borrower, or to another entity affiliated with the Borrower, in the Authorized Officer's sole discretion, for use in connection with the Project (the "Grant"). The Authorized Officer is 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 Transfer and the Grant. Upon the execution and receipt of proper documentation, the Authorized Officer is hereby authorized to disburse the proceeds of the Grant to HFSF, the Borrower, or to another entity affiliated with the Borrower, as applicable.

SECTION 4. The Mayor or his proxy is authorized to execute, and the City Clerk is authorized to attest, a quitclaim deed conveying the City Property to HFSF, or another entity affiliated with the Borrower, or to a land trust of which the Borrower is the sole beneficiary, subject to those covenants, conditions and restrictions set forth in this Ordinance.

SECTION 5. The following provisions shall govern the City's conveyance of the City Property to HFSF, or another entity affiliated with the Borrower:

(i) Form of Quitclaim Deed. The City shall convey to HFSF, or another entity affiliated with the Borrower, title to the City Property by quitclaim deed for the sum of One and 00/100 Dollar (\$1.00), which shall be paid by HFSF, or another entity affiliated with the Borrower, to the City on the date the City conveys the City Property. Without limiting the quitclaim nature of the deed, the conveyance of and title to the City Property shall, in addition to the provisions of this Ordinance, be subject to:

- a) general real estate taxes and any special assessments or other taxes;
- b) all easements, encroachments, covenants and restrictions of record and not shown of record;
- c) such other title defects as may exist and
- d) any and all exceptions caused by the acts of HFSF, another entity affiliated with the Borrower, the Borrower or its agents.

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The City shall use reasonable efforts to obtain the waiver or release of any delinquent real estate taxes or tax liens on the City Property prior to the closing, to the extent such taxes or tax liens can be waived or released through submission of an abatement letter to the Cook County Treasurer, a motion to vacate a tax sale or a petition for exemption. If the City is unable to obtain the waiver or release of any such tax liens or is unable to cause the title company to insure over such tax liens, or if the City Property is encumbered with any other unpermitted exceptions, HFSF, or another entity affiliated with the Borrower, shall have the option to do one of the following: (a) accept title to the City Property subject to the unpermitted exceptions, which shall then become permitted exceptions; or (b) terminate this Agreement by delivery of written notice to the City at least fourteen (14) days prior to the closing date.

ii) Financing. HFSF, the Borrower, or another entity affiliated with the Borrower, shall not, without prior written consent of HED, which shall be in HED's sole discretion, engage in any financing or other transaction which would create an encumbrance or lien on the City Property (other than financing described on Exhibit A).

iii) The City Property. The closing for the City Property shall consist of the land conveyance followed by the financing closing and shall take place on such date and at such place as the parties may mutually agree to in writing.

iv) Recordation of Quitclaim Deed. HFSF or the Borrower shall promptly record the quitclaim deed for the City Property in the Office of the Recorder of Deeds of Cook County, Illinois. HFSF or the Borrower shall pay all costs for so recording the quitclaim deed.

v) Escrow. In the event that HFSF or the Borrower requires conveyance through an escrow, HFSF or the Borrower shall pay all escrow fees.

vi) Environmental Condition of the City Property. The City makes no covenant, representation or warranty as to the soil or environmental condition of the City Property or the suitability of the City Property for any purpose whatsoever, and HFSF, or an entity affiliated with the Borrower, and the Borrower agree to accept the Property "as is". If after the closing of the City's conveyance of the City Property, the soil or environmental condition of the City Property is not in all respects entirely suitable for the use to which the City Property is to be utilized, it shall be the sole responsibility and obligation of HFSF, another entity affiliated with the Borrower, or the Borrower to take such action as is necessary to put the City Property in a condition suitable for such intended use. HFSF and the Borrower agree to release and indemnify the City from any claims and liabilities relating to or arising from the environmental condition of the City Property (including, without limitation, claims under CERCLA) and to undertake and discharge all liabilities of the City arising from

any environmental condition which existed on the City Property prior to the closing.

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. 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 2-45-110 of the Municipal Code of Chicago shall not apply to the Project (as defined on Exhibit A hereto) or to the City Property.

SECTION 7. This ordinance shall be effective as of the date of its passage and approval.

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EXHIBIT A

Hope for Seniors Foundation, an Illinois not-for-profit corporation ("HFSF"), which shall loan the proceeds of the Loan to Community Housing Partners XIV, L.P., an Illinois limited partnership, of which the general partners are 1) Chicago Community Development Corporation, an Illinois corporation, as the managing general partner, 2) Darul Amaan Lawrence Kedzie, Inc., an Illinois corporation, and 3) HFSF, and others to be hereafter selected as limited partners

Acquisition of a site from the City and construction of a building thereon located generally at 4814-20 North Kedzie Avenue, Chicago, Illinois (the "Property") and consisting of approximately 56 dwelling units contained therein for low-income persons and certain common areas

Source:

Amount:

Term:

Interest:

Security:

Multi-Family Program Funds Not to exceed \$6,100,000 Not to exceed 32 years Zero percent per annum Non-recourse loan; first mortgage on the Property (the "City Mortgage")

ADDITIONAL FINANCING:

Low-Income Housing Tax Credit ("LIHTC") Proceeds:

Amount: Source:

Source:

Amount: Term:

Interest: Security:

Source:

Amount: Term:

Approximately \$7,520,000, all or a portion of which may be paid in on a delayed basis Equity derived from the syndication of LIHTC allocated by the City

Enterprise Community Loan Fund, Inc., a Maryland corporation, or another source acceptable to the Authorized Officer Not to exceed \$3,000,000

24 months, or another term acceptable to the Authorized Officer

A variable rate of interest, not to exceed nine percent per annum, or another interest rate acceptable to the Authorized Officer

Mortgage on the Property junior to the lien of the City Mortgage, assignment of partnership interests, and/or other security acceptable to the Authorized Officer

HFSF, derived from proceeds of a grant received in connection with the transfer of Donation Tax Credits allocated by the City, or another source acceptable to the Authorized Officer Approximately \$478,125 Not to exceed 32 years

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Interest: Zero percent per annum, or another interest rate acceptable to the Authorized Officer

Security: A mortgage on the Property junior to the City Mortgage, or other security acceptable to the Authorized Officer

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EXHIBIT B

LEGAL DESCRIPTION OF CITY PROPERTY

(Subject to final title commitment and survey)

LOTS 37, 38, 39, 40, 41 AND 42 IN THOMASSON'S 4th RAVENSWOOD ADDITION TO CHICAGO, BEING A SUBDIVISION OF THE EAST HALF OF THE EAST HALF OF BLOCKS 21 AND 28 IN JACKSON'S SUBDIVISION OF THE SOUTHEAST QUARTER OF SECTION 11 AND THE SOUTHWEST QUARTER OF SECTION 12, TOWNSHIP 40 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Common address: 4814-4820 North Kedzie Avenue PIN: 13-11
-431-026

