



City of Chicago



O2018-5051

Office of the City Clerk

Document Tracking Sheet

Meeting Date:	6/27/2018
Sponsor(s):	Emanuel (Mayor)
Type:	Ordinance
Title:	Approval of Loan Restructuring, Land Use Restrictions, and Sale Transfer agreements for Jarrell Washington Park LLC, in conjunction with St. Edmunds Corners project
Committee(s) Assignment:	Committee on Finance

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 programmed Community Development Block Grant funds for its Multi-Unit Rehabilitation Assistance Program ("Multi-Program") whereby acquisition and rehabilitation loans were made available to owners of rental properties containing five or more dwelling units located in low- and moderate-income areas, and the Multi-Program was administered by the City's Department of Housing ("DOH"), the successor of which is the Department of Planning and Development ("DPD"); and

WHEREAS, the City Council of the City (the "City Council"), pursuant to an ordinance enacted on July 2, 1997, and published at pages 47235 to 47482 of the Journal of the Proceedings of the City Council of that date (the "Ordinance"), authorized DOH to provide Multi-Program financing for the acquisition and rehabilitation of six (6) buildings located at 5701-03, 5714-16, 5926-28, 5939-41, 5942-44 and 6048-58 South Michigan Avenue in Chicago, Illinois (the "Property"), which contain 65 residential dwelling units (the "Project"); and

WHEREAS, on November 1, 1997, the City made a loan in the amount of Two Million Three Hundred and One Thousand Seven Hundred and Six and No/100 Dollars (\$2,301,706) (the "City Loan") to Michigan Plaza Limited Partnership, an Illinois limited partnership (the "Original Owner"); and

WHEREAS, the City Loan was secured by, among other things, that certain Junior Mortgage, Security Agreement and Financing Statement, recorded with the Cook County Recorder of Deeds (the "Recorder of Deeds") on November 25, 1997, as document No. 97885079, made by the Original Owner in favor of the City (the "City Mortgage") and that certain Regulatory Agreement made by and between the Original Owner and the City, recorded with the Recorder of Deeds on November 25, 1997, as document No. 97885075 (the "City Regulatory Agreement"); and

WHEREAS, the Ordinance also authorized the issuance of Multi-Family Housing Bonds in an aggregate principal amount not to exceed \$3,600,000 (the "1997 Housing Bonds") to pay, or reimburse the Original Owner for payment of, a portion of the costs of the Project; and

WHEREAS, the 1997 Housing Bonds were issued on or about November 1, 1997, and that certain Land Use Restrictions Agreement (the "LURA") was entered into by and among the City, Seaway National Bank of Chicago, as trustee (the "Original Trustee") and the Original Owner and was recorded with the Recorder of Deeds on November 25, 1997, as document No. 97885074; and

WHEREAS, the Project qualified for low-income housing tax credits (the "Tax Credits") under Section 42(h)(4) of the Internal Revenue Code of 1986, as amended; and

WHEREAS, as a specific condition precedent to the Original Owner receiving the City Loan and to the use of the Tax Credits by the Original Owner in connection with the Project, the Original Owner executed the City Regulatory Agreement to govern the use of the Project; and

WHEREAS, on or about April 5, 2017, Amalgamated Bank of Chicago succeeded the Original Trustee as trustee of the 1997 Housing Bonds; and

WHEREAS, the current balance on the City Loan is Two Million Three Hundred and One Thousand Seven Hundred and Six and No/100 Dollars (\$2,301,706); and

WHEREAS, the Original Owner desires to sell the Project to Jarrell Washington Park, LLC, an Illinois limited liability company (the "New Owner") and has requested that the City approve an assumption of the City Loan, the City Regulatory Agreement and LURA, as applicable, by the New Owner; and

WHEREAS, the manager of the New Owner is Jarrell Washington Park Manager, LLC, an Illinois limited liability company, which is solely owned by Jarrell Housing Group, an Illinois not-for-profit corporation; and

WHEREAS, the New Owner desires to enter into a new senior loan in an amount not to exceed \$6,500,000 (the "New Senior Loan") and to execute a mortgage (the "New First Mortgage") in connection with the Property in favor of the Illinois Housing Development Authority, which mortgage may be assigned to Citibank, N.A. or such other lender that is acceptable to the Authorized Officer; and

WHEREAS, the New Owner intends to combine the Project with a project currently known as St. Edmund's Corners to create a new project with eight buildings (and one vacant land parcel) consisting of 96 affordable residential dwelling units and four (4) market-rate units (the "New Project"); and

WHEREAS, the DPD desires to approve a restructuring of the City Loan in a manner which (1) will allow for the transfer of the Project and Property to the New Owner, (2) will consent to the New Senior Loan, (3) will subordinate the lien of the City Mortgage to the lien of the New First Mortgage, (4) will allow for the assumption of the City Loan, City Regulatory Agreement and affordability restrictions by the New Owner (5) will not alter the outstanding principal balance of the City Loan, (6) will extend the maturity date of the City Loan; (7) may raise the interest rate of the City Loan, (8) may allow for payments of up to fifty percent (50%) of the New Project's cash flow, as determined in DPD's discretion, and (9) will allow for the assumption of the LURA and any other documents, as applicable, related to the 1997 Housing Bonds, as deemed necessary by the Corporation Counsel (collectively, the "Assumption and Restructuring"); 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.

SECTION 2. The Assumption and Restructuring is hereby approved and authorized with such additions and/or deletions as are approved by the Commissioner of DPD (the "Commissioner") or a designee of the Commissioner (each, an "Authorized Officer"). Such

approval and authorization is not conditioned upon the combination of the Project with the St. Edmund's Corners project to form the New Project.

SECTION 3. Each of the Authorized Officers is hereby authorized, subject to approval by the Corporation Counsel, to negotiate any and all terms and provisions in connection with the Assumption and Restructuring, with such additions and/or deletions as are approved by, and as deemed necessary by the Authorized Officer.

SECTION 4. Each of the Authorized Officers is hereby authorized, subject to approval by the Corporation Counsel, to enter into and execute such agreements, instruments, amendments to documents, and agreements and instruments relating to the Assumption and Restructuring, with such additions and/or deletions as are approved by the Authorized Officer, and to perform any and all acts as shall be necessary or advisable in connection with effectuating the Assumption and Restructuring.

SECTION 5. Notwithstanding anything to the contrary contained in the Municipal Code of Chicago (the "Municipal Code") or any other ordinance or mayoral executive order, no parties other than the New Owner, any legal entities which are direct owners in excess of 7.5% of the New Owner which changed in connection with the Assumption and Restructuring, and all legal entities who constitute the direct or indirect controlling parties of the New Owner (as determined by the Corporation Counsel), shall be required to provide to the City the document commonly known as the "Economic Disclosure Statement and Affidavit" (or any successor to such document) in connection with the closing of the Assumption and Restructuring.

SECTION 6. To the extent that any ordinance, resolution, rule, order, or provision of the Municipal Code, 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 2-45-115 of the Municipal Code shall not apply in connection with the Assumption and Restructuring.

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



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OFFICE OF THE MAYOR
CITY OF CHICAGO

RAHM EMANUEL
MAYOR

June 27, 2018

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

Ladies and Gentlemen:

At the request of the Commissioner of Planning and Development, I transmit herewith an ordinance authorizing a sale and associated authorization for a debt reorganization for St. Edmund's Plaza /Corners.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,

Mayor

CHICAGO July 25, 2018

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To the President and Members of the City Council:

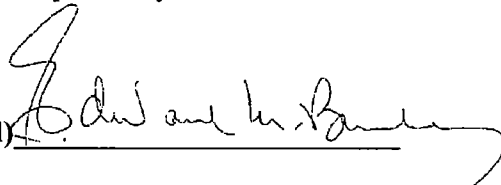
Your Committee on Finance having had under consideration an ordinance authorizing the Commissioner of the Department of Planning and Development to enter into and execute a Loan Restructuring Agreement with Jarrell Washington Park, LLC.

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Having had the same under advisement, begs leave to report and recommend that your Honorable Body pass the proposed Ordinance Transmitted Herewith.

This recommendation was concurred in by _____ (a viva voce vote of members of the committee with _____ dissenting vote(s)).

Respectfully submitted

(signed) 

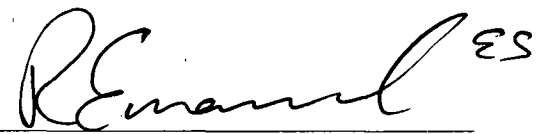
Chairman

APPROVED


CORPORATION COUNSEL

DATED: 8/1/18

APPROVED


MAYOR

DATED: 8/1/18