



# City of Chicago



O2017-3793

## Office of the City Clerk Document Tracking Sheet

**Meeting Date:** 5/17/2017

**Sponsor(s):** Dept./Agency

**Type:** Ordinance

**Title:** Multi-Family Program loan, redevelopment agreement, Tax Increment Financing (TIF) assistance and donation of tax credits for La Casa Norte for affordable housing at 3527-3533 W North Ave

**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 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 Planning and Development ("DPD"); and

**WHEREAS**, DPD has preliminarily reviewed and approved the making of a loan to La Casa Norte, an Illinois not-for-profit corporation ("LCN") in an amount not to exceed \$4,200,000 (the "Loan"), 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, which LCN shall utilize to help construct and develop the Project (as defined herein) which shall be owned by LCN Title Holding Corporation NFP, an Illinois not-for-profit corporation whose sole member is LCN ("Holdings"; together with LCN, collectively, the "Developer"); and

**WHEREAS**, pursuant to an ordinance adopted by the City Council of the City (the "City Council") on June 27, 2001 and published at pages 62057 through 62192 in the Journal of the Proceedings of the City Council (the "Journal") of such date, a certain redevelopment plan and project ("Redevelopment Plan") for the Humboldt Park Commercial Redevelopment Project Area ("Redevelopment Area") was approved pursuant to the Illinois Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74.4-1 et seq.) (the "Act"); and

**WHEREAS**, pursuant to an ordinance adopted by the City Council on June 27, 2001 and published at pages 62194 through 62204 in the Journal of such date, the Redevelopment Area was designated as a redevelopment project area pursuant to the TIF Act; and

**WHEREAS**, pursuant to an ordinance ("TIF Ordinance") adopted by the City Council on June 27, 2001 and published at pages 62206 through 62215 in the Journal of such date, tax increment financing was adopted pursuant to the Act as a means of financing certain Redevelopment Area redevelopment project costs (as defined in the Act) incurred pursuant to the Redevelopment Plan; and

**WHEREAS**, the Redevelopment Plan and the use of tax increment financing provide a mechanism to support new growth through leveraging private investment, and helping to finance land acquisition, demolition, remediation, site preparation and infrastructure for new development in the Redevelopment Area; and

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**WHEREAS**, Holdings owns or will acquire real property located within the Redevelopment Area and commonly known as 3527-33 West North Avenue in Chicago, Illinois (the "Property"), which is legally described on Exhibit B attached hereto (subject to final title commitment and survey); and

**WHEREAS**, the Developer proposes to develop affordable housing on the Property, surface parking to serve such affordable housing, together with supportive services space and administrative office space for the Developer (the "Project," as further described in Exhibit A attached hereto) in accordance with the Redevelopment Plan and pursuant to the terms and conditions of a proposed redevelopment agreement to be executed by the Developer and the City (the "Redevelopment Agreement"); and

**WHEREAS**, the Developer's redevelopment of the Property, including but not limited to the construction of the Project's facilities, will be financed in part by incremental taxes deposited in the Humboldt Park Commercial Redevelopment Project Area Special Tax Allocation Fund (as defined in the TIF Ordinance, the "TIF Fund") pursuant to Section 5/11-74.4-8(b) of the Act; and

**WHEREAS**, by resolution adopted on January 12, 2016 as Resolution No. 16-CDC-1, the Community Development Commission of the City of Chicago recommended that Developer be designated as the developer for the Project, and that DPD be authorized to negotiate, execute and deliver on behalf of the City the Redevelopment Agreement; 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.** Upon the approval and availability of the Additional Financing as shown in Exhibit A hereto, the Commissioner of DPD (the "Commissioner") and a designee of the Commissioner (collectively, the "Authorized Officer") are each hereby authorized, subject to approval by the Corporation Counsel as to form and legality, to negotiate, enter into and execute such agreements, including a regulatory agreement, 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 the Developer and/or one or more related, affiliated entities of the Developer.

**SECTION 3.** The Developer is hereby designated as the developer for the Project pursuant to Section 5/11-74.4-4 of the Act.

**SECTION 4.** Each Authorized Officer is hereby authorized, with the approval of the City's Corporation Counsel as to form and legality, to negotiate, execute and deliver the Redevelopment Agreement in substantially the form attached hereto as Exhibit C and made a part hereof, and such other supporting documents as may be necessary to carry out and comply with the provisions of the Redevelopment Agreement, with such changes, deletions and insertions as shall be approved by the persons executing the Redevelopment Agreement, with such execution by the Authorized Officer to constitute conclusive evidence of the City's

approval of any changes or revisions from the form of Redevelopment Agreement attached to this ordinance.

**SECTION 5.** A note of the City in an aggregate principal amount up to \$3,500,000 shall be issued for the payment of a portion of the eligible redevelopment project costs (as such term is defined under the Act) included within the Project (such costs shall be known herein and in the Redevelopment Agreement as "TIF-Funded Improvements") and shall be designated as follows: "Tax Increment Allocation Revenue Note (La Casa Norte Redevelopment Project), Taxable Series A" in the maximum aggregate principal amount of \$3,500,000 (the "City Note"). The City Note shall be substantially in the form attached to the Redevelopment Agreement as Exhibit M, and made a part hereof, with such additions or modifications as shall be determined to be necessary by the Authorized Officer (the person duly appointed and serving as the Chief Financial Officer of the City, or if no such person has been appointed, then the City Comptroller, being each referred to herein as an "Authorized Officer") of the City, at the time of issuance to reflect the purpose of the issue. The City Note shall be dated the date of delivery thereof, and shall also bear the date of authentication, shall be in fully registered form, shall be in the denomination of the outstanding principal amount thereof and shall become due and payable as provided therein. The proceeds of the City Note are hereby appropriated for the purposes set forth in this Section 5.

The City Note shall mature as described in the Redevelopment Agreement, and shall bear interest at a fixed interest rate as described in the Redevelopment Agreement until the principal amount of the City Note is paid or until maturity, with the exact rate to be determined by the Authorized Officer, computed on the basis of a 360-day year of twelve 30-day months.

The principal of and interest on the City Note shall be paid by check, draft or wire transfer of funds by the Authorized Officer of the City, as registrar and paying agent (the "Registrar"), payable in lawful money of the United States of America to the persons in whose names the City Note is registered at the close of business on the payment date, in any event no later than at the close of business on the 15th day of the month immediately after the applicable payment date; provided, that the final installment of the principal and accrued but unpaid interest of the City Note shall be payable in lawful money of the United States of America at the principal office of the Registrar or as otherwise directed by the City on or before the maturity date.

The seal of the City shall be affixed to or a facsimile thereof printed on the City Note, and the City Note shall be signed by the manual or facsimile signature of the Mayor of the City and attested by the manual or facsimile signature of the City Clerk or any Deputy Clerk of the City, and in case any officer whose signature shall appear on the City Note shall cease to be such officer before the delivery of the City Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

The City Note shall have thereon a certificate of authentication substantially in the form hereinafter set forth duly executed by the Registrar, as authenticating agent of the City for the City Note, and showing the date of authentication. The City Note shall not be valid or obligatory for any purpose or be entitled to any security or benefit under this ordinance unless and until such certificate of authentication shall have been duly executed by the Registrar by manual signature, and such certificate of authentication upon the City Note shall be conclusive evidence that the City Note has been authenticated and delivered under this Ordinance.

**SECTION 6.** The City shall cause books (the "Register") for the registration and for the transfer of the City Note (to the extent such transfer is permitted under the Redevelopment Agreement) as provided in this ordinance to be kept at the principal office of the Registrar, which is hereby constituted and appointed the registrar of the City for the City Note. The City is authorized to prepare, and the Registrar shall keep custody of, multiple City Note blanks executed by the City for use in the transfer of the City Note.

Upon surrender for a transfer of the City Note authorized under the Redevelopment Agreement at the principal office of the Registrar, duly endorsed by, or accompanied by (i) a written instrument or instruments of transfer in form satisfactory to the Registrar, (ii) an investment representation in form satisfactory to the City and duly executed by, the registered owner or his attorney duly authorized in writing, (iii) the written consent of the City evidenced by the signature of the Authorized Officer (or his or her designee) and the Commissioner on the instrument of transfer, and (iv) any deliveries required under the Redevelopment Agreement, the City shall execute and the Registrar shall authenticate, date and deliver in the name of any such authorized transferee or transferees a new fully registered City Note of the same maturity, of authorized denomination, for the authorized principal amount of the City Note less previous retirements. The execution by the City of a fully registered City Note shall constitute full and due authorization of the City Note and the Registrar shall thereby be authorized to authenticate, date and deliver the City Note. The Registrar shall not be required to transfer or exchange the City Note during the period beginning at the close of business on the fifteenth day of the month immediately prior to the maturity date of the City Note nor to transfer or exchange the City Note after notice calling the City Note for prepayment has been made, nor during a period of five (5) business days next preceding mailing of a notice of prepayment of principal of the City Note. No beneficial interests in the City Note shall be assigned, except in accordance with the procedures for transferring the City Note described above.

The person in whose name the City Note shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of the City Note shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon the City Note to the extent of the sum or sums so paid.

No service charge shall be made for any transfer of the City Note, but the City or the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer of the City Note.

**SECTION 7.** Subject to the limitations set forth herein, the Authorized Officer is authorized to determine the terms of the City Note and to issue the City Note on such terms as the Authorized Officer may deem to be in the best interest of the City. The principal of the City Note shall be subject to prepayment as provided in the form of City Note attached to the Redevelopment Agreement as Exhibit M. As directed by the Authorized Officer, the Registrar shall proceed with prepayment without further notice or direction from the City.

**SECTION 8.** The City Note hereby authorized shall be executed as in this ordinance and the Redevelopment Agreement provided as soon after the passage hereof as may be practicable and consistent with the terms of the Redevelopment Agreement, and thereupon, said City Note shall be deposited with the Commissioner, and delivered by the Commissioner to

the Developer.

**SECTION 9.** Pursuant to the TIF Ordinance, the City has created or will create the Humboldt Park Commercial Redevelopment Project Area Special Tax Allocation Fund (the "Fund"). The Authorized Officer is hereby directed to maintain the Fund as a segregated interest-bearing account, separate and apart from the General Fund or any other fund of the City, with a bank that is insured by the Federal Deposit Insurance Corporation or its successor. Pursuant to the TIF Ordinance, all Incremental Taxes received by the City for the Area are to be deposited into the Fund.

There is hereby created within the Fund a special sub-account to be known as the "La Casa Norte Project Account" (the "Project Account"). The City shall designate and deposit into the Project Account the Available Incremental Taxes (as defined in the Redevelopment Agreement). The City hereby assigns, pledges and dedicates the Project Account, together with all amounts on deposit therein, to the payment of the principal of and interest, if any, on the City Note when due under the terms of the Redevelopment Agreement and in accordance with the debt service schedules attached to the notes. Upon deposit, the moneys on deposit in the Project Account may be invested as hereinafter provided. Interest and income on any such investment shall be deposited in the Project Account. All moneys on deposit in the Project Account shall be used to pay the principal of and interest on the City Note, at maturity or upon payment or redemption prior to maturity, in accordance with the terms of such note, which payments from the Project Account are hereby authorized and appropriated by the City. Upon payment of all amounts due under the City Note and the Redevelopment Agreement in accordance with their terms, the amounts on deposit in the Project Account, as applicable, shall be deposited in the Fund of the City and the Project Account shall be closed.

Notwithstanding any of the foregoing, payments on the City Note will be subject to the availability of Incremental Taxes in the Project Account.

**SECTION 10.** The City Note is a special limited obligations of the City. The City Note is payable solely from Available Incremental Taxes, and shall be a valid claim of the registered owners thereof only against said sources. The City Note shall not be deemed to constitute an indebtedness or a loan against the general taxing powers or credit of the City, within the meaning of any constitutional or statutory provision. The registered owner(s) of the City Note shall not have the right to compel any exercise of the taxing power of the City, the State of Illinois or any political subdivision thereof to pay the principal of or interest on the City Note.

**SECTION 11.** Moneys on deposit in the Fund or the Project Account, as the case may be, may be invested as allowed under Section 2-32-520 of the Municipal Code of Chicago (the "Municipal Code"). Each such investment shall mature on a date prior to the date on which said amounts are needed to pay the principal of or interest on the City Note.

**SECTION 12.** Pursuant to the Redevelopment Agreement, the Developer shall complete the Project. The eligible redevelopment project costs of the Project constituting TIF-Funded Improvements up to the principal amount of \$3,500,000, when evidenced by Certificates of Expenditure shall be deemed to be a disbursement of the proceeds of the City Note. Upon issuance, the City Note shall have in the aggregate an initial principal balance equal to the Developer's prior expenditures for TIF-Funded Improvements up to a maximum amount of \$3,500,000, as evidenced by Certificates of Expenditures delivered in accordance with the

Redevelopment Agreement, and subject to the reductions described in the Redevelopment Agreement. After issuance, the principal amount outstanding under the City Note shall be the initial principal balance of the City Note, minus any principal amount and interest paid on the City Note and other reductions in principal as provided in the Redevelopment Agreement.

**SECTION 13.** The Mayor, the Authorized Officer, the City Clerk or any Deputy Clerk, the Commissioner (or his or her designee) and the other officers of the City are authorized to execute and deliver on behalf of the City such other documents, agreements and certificates and to do such other things consistent with the terms of this Ordinance as such officers and employees shall deem necessary or appropriate in order to effectuate the intent and purposes of this Ordinance.

**SECTION 14.** The Registrar shall maintain a list of the names and address of the registered owners from time to time of the City Note and upon any transfer shall add the name and address of the new registered owner and eliminate the name and address of the transferor.

**SECTION 15.** The provisions of this Ordinance shall constitute a contract between the City and the registered owners of the City Note. All covenants relating to the City Note are enforceable by the registered owners of the City Note.

**SECTION 16.** If any provision of this ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such provision shall not affect any of the other provisions of this ordinance.

**SECTION 17.** 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 2-45-110, Section 2-45-115 (A) - (F) and Section 2-45-115 (H) - (V) of the Municipal Code shall not apply to the Project or the Property. If the Loan includes funds from the Affordable Housing Opportunity Fund defined in Section 2-45-115(G) of the Municipal Code, then the Loan made pursuant to the terms and conditions set forth in Exhibit A attached hereto and made a part hereof shall be deemed to satisfy the requirements of such Section 2-45-115(G).

**SECTION 18.** This ordinance shall be effective as of the date of its passage and approval.



## EXHIBIT A

**BORROWER:** At the closing of the Loan, (a) La Casa Norte, an Illinois not-for-profit corporation ("LCN") and/or (b) one or more related, affiliated entities of LCN; after the NMTC Compliance Period defined in the Redevelopment Agreement, LCN, LCN Title Holding Corporation NFP, an Illinois not-for-profit corporation whose sole member is LCN ("Holdings"; together with LCN, collectively, the "Developer") and/or one or more related, affiliated entities of LCN

**PROJECT:** Construction on land located at 3527-33 West North Avenue, Chicago, Illinois 60647 of one approximately 57,000 square foot five-story, mixed-use building including rental housing which will consist of 25 units targeted to homeless, near homeless and/or disabled individuals or families, all of which will be affordable units for households at or below 30% of area median income, and supportive services space and administrative office space for the Developer, and approximately 9 on-site parking spaces

**LOAN:**

Source:	Multi-Family Program Funds
Amount:	Not to exceed \$4,200,000
Term:	Not to exceed 32 years (the "Initial Maturity Date"); provided that if acceptable to the Authorized Officer, the term may be extended to 47 years (the "Extended Maturity Date")
Forgiveness:	If acceptable to the Authorized Officer 50% of the original principal amount of the Loan may be forgiven at the Initial Maturity Date, and an additional 50% of the original principal amount of the Loan may be forgiven at the Extended Maturity Date
Interest:	Zero percent per annum
Security:	Non-recourse loan; junior leasehold mortgage and/or, after the NMTC Compliance Period defined in the Redevelopment Agreement, a fee mortgage, on the Property (the "City Mortgage") and other security acceptable to the Authorized Officer
Encumbrances:	Regulatory Agreement between City, LCN and Holdings

### ADDITIONAL FINANCING:

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| Amount:   | Not to exceed \$1,100,000 (the "Senior Loan")  |
| Term:     | Not to exceed 7.5 years, or another term acceptable to the Authorized Officer  |
| Source:   | PNC Bank, N.A. or another source acceptable to the Authorized Officer  |
| Interest: | A fixed or variable rate or rates of interest not to exceed 10%, or another rate or rates acceptable to the Authorized Officer |

- Security: A first leasehold mortgage on the Property granted by LCN senior to the lien of the City Mortgage and/or or other security acceptable to the Authorized Officer
2. Amount: Not to exceed \$3,500,000 (the "Bridge Loan")  
Term: Not to exceed 7.5 years, or another term acceptable to the Authorized Officer, and repayable upon LCN's receipt of payments under the Redevelopment Agreement  
Source: PNC Bank, N.A. or another source acceptable to the Authorized Officer  
Interest: A fixed or variable rate or rates of interest not to exceed 10%, or another rate or rates acceptable to the Authorized Officer  
Security: A first leasehold mortgage on the Property granted by LCN senior to the lien of the City Mortgage, a collateral pledge of LCN's right to receive payments under the Redevelopment Agreement and/or or other security acceptable to the Authorized Officer
3. Donation  
Tax  
Credit  
("DTC")  
Proceeds: Approximately \$565,355  
Source: To be derived from the syndication of approximately \$288,338 DTC allocated by the City of Chicago and approximately \$1,719,917 DTC allocated by Illinois Housing Development Authority
4. New Markets  
Tax Credit  
("NMTC")  
Proceeds: Approximately \$6,669,000  
Source: To be derived from the syndication of NMTC allocated by the Chicago Development Fund and/or Illinois Facilities Fund
5. Amount: \$5,094,690  
Source: Developer Equity

**EXHIBIT B**

**LEGAL DESCRIPTION OF PROPERTY**

LOTS 12, 13, 14 AND 15 IN BLOCK 2 IN VAN SCHAACK AND HERRICK'S SUBDIVISION OF THE NORTH WEST 1/4 OF THE NORTH EAST 1/4 OF SECTION 2, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Common address and PINs:

16-02-200- 009, VOL. 538

16-02-200-010, VOL. 538

3527-33 West North Avenue, Chicago, Illinois 60647

**EXHIBIT C**

**Redevelopment Agreement**

[Attached]