



City of Chicago



O2021-2882

Office of the City Clerk

Document Tracking Sheet

Meeting Date: 6/25/2021

Sponsor(s): Lightfoot (Mayor)

Type: Ordinance

Title: Multi-family loan financing to Casa Durango LP and Casa Durango GP LLC for acquisition of land for affordable housing construction at 1850-1858 S Racine Ave and 2008-2012 S Ashland Ave

Committee(s) Assignment: Committee on Housing and Real Estate

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 ("DOH"); and

WHEREAS, DOH has preliminarily reviewed and approved the making of a loan to Casa Durango LP, an Illinois limited partnership (the "Borrower"), the sole general partner of which is Casa Durango GP, LLC, an Illinois limited liability company (the "General Partner"), the sole member of which is The Resurrection Project, an Illinois not-for-profit corporation (the "Sponsor"), in an amount not to exceed \$5,600,000 (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; 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 DOH (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 the Borrower.

SECTION 3. The Project (as described on Exhibit A hereto) shall be deemed to qualify as "Affordable Housing" for purposes of Chapter 16-18 of the Municipal Code of Chicago (the "Municipal Code"). Sections 2-44-080 and 2-44-105 of the Municipal Code shall not apply to the Project or the Property (as defined on Exhibit A hereto).

SECTION 4. 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 5. This ordinance shall be effective as of the date of its passage and approval.

EXHIBIT A

- BORROWER:** Casa Durango LP, an Illinois limited partnership, the sole general partner of which is Casa Durango GP, LLC, an Illinois limited liability company (the "General Partner"), the sole member of which is The Resurrection Project, an Illinois not-for-profit corporation, and others to be hereafter selected as the limited partners
- PROJECT:** Acquisition of land and construction of two buildings generally located at 1850-58 South Racine Avenue and 2008-12 South Ashland Avenue, Chicago, Illinois (the "Property") and of approximately 53 dwelling units contained therein as one-to-three-bedroom units, common areas, and parking facilities for low- and moderate-income families.
- LOAN:**
- | | |
|-----------|---|
| Source: | Multi-Family Program Funds |
| Amount: | Not to exceed \$5,600,000 |
| Term: | Not to exceed 42 years or another term acceptable to the Authorized Officer |
| Interest: | Zero percent per annum |
| Security: | Non-recourse loan; second mortgage on the Property (the "City Mortgage") |
- ADDITIONAL FINANCING:**
- | | |
|-----------|---|
| Amount: | Approximately \$12,750,998 (the "Bridge Loan") |
| Term: | Not to exceed 36 months, or another term acceptable to the Authorized Officer |
| Source: | BMO Harris Bank N.A., or another entity acceptable to the Authorized Officer |
| Interest: | A floating rate of interest not to exceed a rate calculated as 30-day LIBOR plus 2.6 percent per annum, or another rate acceptable to the Authorized Officer |
| Security: | Mortgage on the Property senior to the lien of the City Mortgage, a pledge of capital contributions, tax credits, partnership interests, and rental subsidy agreements, and/or such other security acceptable to the Authorized Officer |
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|-----------|---|
| Amount: | Approximately \$1,650,000 (the "Senior Loan") |
| Term: | Initially, not to exceed 36 months from the date of closing ("Conversion"), thereafter, not to exceed 16 years with a 30-year amortization, or another term or terms acceptable to the Authorized Officer |
| Source: | BMO Harris Bank N.A., or another entity acceptable to the Authorized Officer |
| Interest: | A floating rate of interest prior to Conversion not to exceed a rate calculated as 30-Day Libor plus 2.6 percent per annum, and thereafter a fixed rate not to exceed 8.00% |

- per annum, or another rate or rates acceptable to the Authorized Officer
- Security: Mortgage on the Property senior to the lien of the City Mortgage, a pledge of capital contributions, tax credits, partnership interests, and rental subsidy agreements, and/or such other security acceptable to the Authorized Officer
3. Amount: Approximately \$2,200,000
 Term: Not to exceed 42 years or another term acceptable to the Authorized Officer
 Source: The Illinois Housing Development Authority, or another source acceptable to the Authorized Officer
 Interest: Zero percent per annum
 Security: Mortgage on the Property junior to the City Mortgage, and/or such other security acceptable to the Authorized Officer
4. Amount: Approximately \$658,483 or such other amount acceptable to the Authorized Officer
 Term: Not to exceed 42 years or another term acceptable to the Authorized Officer
 Source: The Sponsor, from the proceeds of a seller note, or another source acceptable to the Authorized Officer
 Interest: The Applicable Federal Rate per annum, or another rate or rates acceptable to the Authorized Officer
 Security: Mortgage on the Property junior to the City Mortgage or such other security acceptable to the Authorized Officer
5. Amount: Approximately \$100,000 or such other amount acceptable to the Authorized Officer
 Term: Not to exceed 42 years or another term acceptable to the Authorized Officer
 Source: The Sponsor, or another affiliated entity acceptable to the Authorized Officer, or another source acceptable to the Authorized Officer
 Interest: The Applicable Federal Rate per annum, or another rate or rates acceptable to the Authorized Officer
 Security: Mortgage on the Property junior to the City Mortgage or such other security acceptable to the Authorized Officer
4. Low-Income Housing Tax Credit ("LIHTC")

Proceeds. Approximately \$17,744,234, or such other amount acceptable to the Authorized Officer, all or a portion of which may be paid in on a delayed basis, and all or a portion of which may be used to retire all or a portion of the Senior Loan

Source: To be derived from the syndication of a LIHTC allocation of approximately \$1,928,914 by the City

5. Amount: Approximately \$100

Source: General Partner, or another source acceptable to the Authorized Officer



OFFICE OF THE MAYOR
CITY OF CHICAGO

LORI E. LIGHTFOOT
MAYOR

June 25, 2021

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

Ladies and Gentlemen:

At the request of the Commissioner of Housing, I transmit herewith an ordinance authorizing the execution of a multi-family loan agreement with Casa Durango LP for affordable housing construction.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,

Lori E. Lightfoot
Mayor

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HARRY OSTERMAN
48TH WARD

CHAIRMAN OF THE COMMITTEE ON HOUSING AND REAL ESTATE

July 21, 2021

TO THE PRESIDENT AND MEMBERS OF CITY COUNCIL:

Your Committee on Housing and Real Estate, for which a virtual meeting was held on July 14, 2021 was referred an ordinance from the **Department of Housing for a Multi-family loan financing to Casa Durango LP and Casa Durango GP LLC for affordable housing construction at 1850-1858 S. Racine Ave. and 2008-2012 S. Ashland Ave. in the 25th Ward**

(O2021-2882)

Having the same under advisement, begs leave to report and recommend that Your Honorable Body, **Pass** the proposed communication transmitted herewith.

The recommendation was **Passed** by the same roll call as was used to determine quorum in Committee.

Sincerely,

A handwritten signature in cursive script that reads "Harry Osterman".

Harry Osterman, Chairman
Committee on Housing and Real Estate

APPROVED

Celia Meyer

CORPORATION COUNSEL

DATED:

7-27/21

APPROVED

Lori E. Lightfoot

MAYOR

DATED:

7-27-21