



# City of Chicago



O2018-6573

Office of the City Clerk

## Document Tracking Sheet

**Meeting Date:** 7/25/2018

**Sponsor(s):** Emanuel (Mayor)

**Type:** Ordinance

**Title:** Restructuring of debt to approve settlement payment from original owner NHS Redevelopment Corp., and allow multiple property transfers, restructuring of City loans, affordability restrictions and project rehabilitation agreements with new owner, Villa Capital Partners LLC and Villa Capital Managers LLC

**Committee(s) Assignment:** Committee on Finance

FIN



OFFICE OF THE MAYOR  
CITY OF CHICAGO

RAHM EMANUEL  
MAYOR

July 25, 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 of the NHS Redevelopment Corporation portfolio to Villa Capital, and associated provisions.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,

A handwritten signature in cursive script that reads "Rahm Emanuel".

Mayor

## 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 for 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, NHS Redevelopment Corporation, an Illinois not-for-profit corporation, is the sole shareholder of each of the general partners of the Illinois limited partnerships described in Exhibit A attached hereto and made a part hereof (collectively, the "Original Owner"); and

WHEREAS, the Original Owner is the owner of that certain real property in Chicago, Illinois relating to certain multi-family rental affordable housing projects (the "Projects"), all as described in Exhibit A; and

WHEREAS, each Project was partially financed by the City with certain loans (collectively, the "City Loans") made by the City to the Original Owner as described in Exhibit A; and

WHEREAS, the Original Owner wishes to sell the Projects (together, the "Property Transfer") to (i) Villa Capital Managers LLC, an Illinois limited liability company ("VCM"); (ii) Villa Capital Partners, LLC, an Illinois limited liability company ("VCP"); or (iii) an entity affiliated with VCM or VCP, as approved by the Commissioner of DPD (the "Commissioner") or a designee of the Commissioner (each, an "Authorized Officer"); and

WHEREAS, subsequent to the Property Transfer, the New Owner will invest no less than \$3,000,000 to substantially rehabilitate and equip the Projects (the "Rehabilitation"); and

WHEREAS, the New Owner anticipates receiving a new senior loan in an amount not to exceed \$10,000,000 (the "New Senior Loan") secured by the Projects or a portion thereof and to execute a mortgage (the "New First Mortgage") in connection with the Property Transfer and the Rehabilitation in favor of The Leaders Bank or an entity approved by the Authorized Officer (the "New Senior Lender"); and

WHEREAS, the Original Owner has requested that the City restructure the City Loans in a manner that would release the Original Owner from payment of the outstanding balances of the City Loans as described in Exhibit A attached hereto, in exchange for a payment from the Original Owner to the City in the total amount of \$2,100,000 (the "Settlement Payment"); and

WHEREAS, DPD desires a restructuring of the City Loans in a manner which will (i) allow for the Property Transfer to the New Owner; (ii) allow for the Rehabilitation of the Projects; (iii) extend the term of affordability restrictions for each Project a minimum of at least 7 years

from the closing date of the related Property Transfer (the "New Affordability Restrictions"); (iv) accept the Settlement Payment as payment in full of the City Loans; (v) release the mortgages relating to the City Loans; and (vi) allow for the amendment, assumption of and/or the entering into any other documents and agreements, as deemed necessary by the Authorized Officer to effectuate the Restructuring (collectively, the "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 Restructuring is hereby approved and authorized.

SECTION 3. Neither Section 2-45-110, Section 2-45-115, Section 2-45-117, nor Section 2-45-119 of the Municipal Code of Chicago (the "Municipal Code") shall apply to the Restructuring or the Projects.

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 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 Restructuring.

SECTION 5. 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 6. This ordinance shall be effective as of the date of its passage and approval.

EXHIBIT A

1. Project: 701 North Central Apartments

Original Owner/Borrower: 701 North Central Limited Partnership, an Illinois limited partnership.

Address(es): 701 - 709 North Central Avenue, Chicago, Illinois 60644.

City Authorization:

A. Ordinance enacted on August 14, 1984 and published at page 8273 and page 8279 of the Journal of Proceedings for such date.

B. Ordinance enacted on May 30, 1985 and published at pages 17432 through and including page 17442 of the Journal of Proceedings for such date.

City Financing:

Closing Date: February 11, 1986

Aggregate Principal Amount: \$613,250

Interest Rate: 2% per annum

Maturity Date: March 1, 2015

Aggregate Outstanding Balance: \$613,250.

2. Project: 600 North Central Avenue Apartments

Original Owner/Borrower: 600 N. Central Limited Partnership, an Illinois limited partnership.

Address(es): 600 North Central Avenue, Chicago, Illinois 60644.

City Authorization:

A. Ordinance enacted on June 24, 1987 and published at pages 1398 through 1405 of the Journal of Proceedings for such date.

B. Ordinance enacted on January 11, 2006 and published at pages 67523 through and including 67525 of the Journal of Proceedings for such date.

City Financing:

Closing Date: July 27, 1987

Principal Amount: \$515,321

Interest Rate: 4% per annum

Maturity Date: October 1, 2018.

Outstanding Balance: \$515,321.

3. Project: East Garfield Park

Original Owner/Borrower: East Garfield Limited Partnership, an Illinois limited partnership.

Address(es): 3502 - 3508 West Van Buren Street; and 301 - 311 South Central Park, Avenue, Chicago, Illinois 60622 (collectively, the East Garfield Park Property")

City Authorization:

A. Ordinance enacted on December 6, 1989 and published at pages 8330 through 8332 of the Journal of Proceedings for such date, as corrected by the ordinance enacted on December 20, 1989 and published at page 10446 of the Journal of Proceedings for such date.

B. Ordinance enacted on December 6, 1989 and published at pages 8332 through 8335 of the Journal of Proceedings for such date, as corrected by the ordinance enacted on December 20, 1989 and published at page 10446 of the Journal of Proceedings for such date.

City Financing:

Closing Date: January 9, 1990

A. Principal Amount: \$530,680

Interest Rate: 50% of surplus cash per annum

Maturity Date: March 1, 2020

B. Principal Amount: \$866,141

Interest Rate: 50% of surplus cash per annum

Maturity Date: March 1, 2020

Aggregate Outstanding Balance: \$1,396,821.

4. Project: East Garfield Park II

Original Owner/Borrower: East Garfield Park II Limited Partnership, an Illinois limited partnership.

Address(es): 3540 - 3542 West Monroe Street; 3525 - 3527 West Van Buren Street; 217 - 229

South Central Park Boulevard; 317 - 319 South Central Park Boulevard, Chicago, Illinois 60624; 1323 South Fairfield Avenue; and 1332 South Washtenaw Avenue, Chicago, Illinois 60608 (collectively, the East Garfield Park II Property”).

City Authorization: Ordinance enacted on March 26, 1993 and published at pages 30214 through and including 30218 of the Journal of Proceedings for such date.

City Financing:

Closing Date: July 28, 1993

Principal Amount: \$1,474,240.

Interest Rate: 0% per annum

Maturity Date: December 31, 2025

Outstanding Balance: \$1,316,992.

5. Project: Pine Central

Original Owner/Borrower: Pine Central L.P., an Illinois limited partnership.

Address(es): 557 - 565 North Pine Avenue, and 743 - 755 North Central Avenue, Chicago, Illinois 60644 (together, the “Pine Central Property”).

Project Description: acquisition and rehabilitation of two (2) buildings with seventy-six (76) units of affordable rental housing on the Pine Central Property.

City Authorization: Ordinance enacted on February 7, 1997 and published at pages 38243 through and including 38246 of the Journal of Proceedings for such date.

City Financing:

Closing Date: May 28, 1997

Principal Amount: \$3,206,780

Interest Rate: 0% per annum

Maturity Date: May 28, 2029

Outstanding Balance: \$3,206,780.

6. Project: Pine Race II

Original Owner/Borrower: Pine Race II Limited Partnership, an Illinois limited partnership.

Address(es): 541 - 555 North Pine Avenue; and 5458 - 5464 West Race Avenue, Chicago, Illinois 60644 (together, the "Pine Race II Property").

City Authorization: Ordinance enacted by the City Council on November 5, 2003 and published at pages 9555 through and including 9559 of the Journal of Proceedings for such date.

City Financing:

Closing Date: June 24, 2004

Principal Amount: \$1,605,481

Interest Rate: 0% per annum

Maturity Date: June 24, 2035

Outstanding Balance: \$1,605,481.

#### 7. Project: Roseland Ridge Apartments

Original Owner/Borrower: Roseland Ridge Apartments Limited Partnership, an Illinois limited partnership.

Address(es): 10505 - 10555 South Michigan Avenue, Chicago, Illinois 60628.

City Authorization: Ordinance enacted on November 12, 1998 and published at pages 81869 through and including 81874 of the Journal of Proceedings for such date.

City Financing:

Closing Date: December 17, 1999

Principal Amount: \$2,148,728

Interest Rate: 0% per annum

Maturity Date: March 1, 2031

Outstanding Balance: \$2,148,728.

#### 8. Project: 901 North Hamlin

Original Owner/Borrower: NHS Redevelopment Corporation, an Illinois not-for-profit corporation.

Address(es): 901 - 903 North Hamlin Avenue, Chicago, Illinois 60651.



City Authorization: pursuant to an ordinance enacted on June 9, 1993 and published at pages 33200 through and including 33203 of the Journal of Proceedings for such date.

City Financing:

Closing Date: December 2, 1993

Principal Amount: \$565,921

Interest Rate: 0% per annum

Maturity Date: December 2, 2023

Outstanding Balance: \$450,963.