



City of Chicago



O2013-5427

Office of the City Clerk

Document Tracking Sheet

Meeting Date:	6/26/2013
Sponsor(s):	Emanuel, Rahm (Mayor)
Type:	Ordinance
Title:	Amendment of previously passed loan agreement with Montclare Senior Residences of Avalon Park Phase II, LLC
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, on June 5, 2013, the City Council of the City adopted an ordinance authorizing the making of a loan to Montclare Senior Residences of Avalon Park Phase II, LLC, an Illinois limited liability company (the "Borrower"), in an amount not to exceed \$7,150,000 (the "Loan Ordinance"); and

WHEREAS, the City's Department of Housing and Economic Development and the Borrower desire to amend Exhibit A to the Loan Ordinance to increase the maximum interest rate of the Permanent Senior 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.

SECTION 2. Exhibit A to the Loan Ordinance is hereby amended by increasing the maximum interest rate of the Permanent Senior Loan with Developers Mortgage Corporation (or another source acceptable to the Authorized Officer, as such term is defined by the Loan Ordinance) from four and five-tenths percent per annum to six and five-tenths percent per annum, or another interest rate acceptable to the Authorized Officer. The remainder of the Loan Ordinance shall remain in full force and effect. Exhibit A, as amended by this ordinance, is attached hereto.

SECTION 3. 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 4. This ordinance shall be effective as of the date of its passage and approval.

EXHIBIT A

BORROWER: Montclare Senior Residences of Avalon Park Phase II, LLC, an Illinois limited liability company whose manager is Avalon Park Phase II, LLC, an Illinois limited liability company, and others to be hereafter selected as additional members

PROJECT: Acquisition of land and construction of a building to be located at the Project Property and of approximately 109 dwelling units contained therein as one-, and two-bedroom units for low- and moderate-income senior citizens, approximately 13 market rate residential units for senior citizens, and certain common areas and parking spaces

LOAN:

Source:	Multi-Family Program Funds
Amount:	Not to exceed \$7,150,000
Term:	Not to exceed 43 years
Interest:	Zero percent per annum
Security:	Non-recourse loan; mortgage on the Property (the " <u>City Mortgage</u> ")

ADDITIONAL FINANCING:

- | | |
|-----------|---|
| Amount: | Approximately \$2,650,000 (the " <u>Permanent Senior Loan</u> ") |
| Term: | Not to exceed 40 years from closing of the Permanent Senior Loan |
| Source: | Developers Mortgage Corporation, or another source acceptable to the Authorized Officer |
| Interest: | A fixed rate of interest not to exceed six and five-tenths percent per annum, or another interest rate acceptable to the Authorized Officer |
| Security: | Mortgage on the Property senior to the lien of the City Mortgage |
- | | |
|-----------|--|
| Amount: | Approximately \$15,000,000 (the " <u>Bridge Loan</u> ") |
| Term: | Not to exceed 24 months |
| Source: | Bank of America, N.A., or another source acceptable to the Authorized Officer |
| Interest: | A fixed or floating rate of interest not to exceed LIBOR + 4% per annum, or another interest rate acceptable to the Authorized Officer |
| Security: | Mortgage on the Property senior to the lien of the City Mortgage |
- | | |
|--|---|
| Low-Income Housing Tax Credit (" <u>LIHTC</u> ") | |
| Proceeds: | Approximately \$14,850,000, 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 repay the Bridge Loan |

- Source: To be derived from the syndication of approximately \$1,500,000 LIHTC allocation by the City
4. Amount: Approximately \$750,000
 Term: Not to exceed 43 years
 Source: Illinois Housing Development Authority, or another source acceptable to the Authorized Officer
 Interest: One percent per annum
 Security: Mortgage on the Property junior to the lien of the City Mortgage
5. Amount: Approximately \$650,000
 Term: Not to exceed 43 years
 Source: Proceeds of a grant of LTOS funds to Montclare Avalon Park II Corp., an Illinois corporation, from the Chicago Low-Income Housing Trust Fund, or another source acceptable to the Authorized Officer
 Interest: Zero percent per annum
 Security: Mortgage on the Property junior to the lien of the City Mortgage
6. Amount: Approximately \$200,000
 Term: Not to exceed 43 years
 Source: Proceeds of a grant of funds to the Sponsor from the Illinois Department of Commerce and Economic Opportunity, or another source acceptable to the Authorized Officer
 Interest: Zero percent per annum
 Security: Mortgage on the Property junior to the lien of the City Mortgage
7. Amount: Not to exceed \$965,250
 Term: Not to exceed 43 years
 Source: Proceeds of the Grant to the Sponsor from the City derived from the transfer of Donation Tax Credits, or another source acceptable to the Authorized Officer
 Interest: Zero percent per annum
 Security: Mortgage on the Property junior to the lien of the City Mortgage
8. Amount: Approximately \$1,136,800
 Term: Not to exceed 43 years
 Source: Sponsor, as seller financing in connection with the sale of the Property to the Borrower
 Interest: Not to Exceed the Applicable Federal Rate
 Security: Mortgage on the Property junior to the lien of the City Mortgage

9. Amount: Approximately \$400,000
Term: Not to exceed 43 years
Source: Federal Home Loan Bank, or another source acceptable to the Authorized Officer
Interest: Zero percent per annum
Security: Mortgage on the Property junior to the lien of the City Mortgage

FIN



OFFICE OF THE MAYOR
CITY OF CHICAGO

RAHM EMANUEL
MAYOR

June 26, 2013

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 amending the terms of a previously passed loan agreement with Montclare Senior Residences of Avalon Park Phase II, LLC.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,

Mayor

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CHICAGO July 24, 2013

To the President and Members of the City Council:

Your Committee on Finance having had under consideration

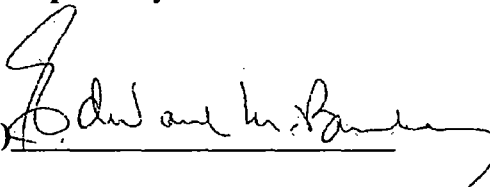
A communication recommending a proposed ordinance concerning the authority to amend a Loan Agreement with Montclare Senior Residences of Avalon Park Phase II, LLC.

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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).
Alderman Burke abstains from voting pursuant to Rule 14.**

Respectfully submitted

(signed) 

Chairman

APPROVED
Stephen R. Roth
CORPORATION COUNSEL

APPROVED
Robert Emmet
8/15/13
Mayor