



Office of the Chicago City
Clerk



O2011-5504

Office of the City Clerk

City Council Document Tracking Sheet

Meeting Date:	7/6/2011
Sponsor(s):	Mayor Emanuel
Type:	Ordinance
Title:	Loan agreement, conveyance and fee waiver for Pullman Suites L.P.
Committee(s) Assignment:	Committee on Finance

13

CHICAGO July 28, 2011

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 Housing and Economic Development to enter into and execute a Loan Agreement with Pullman Suites, L.P.

Amount of Loan
not to exceed: \$7,396,054.

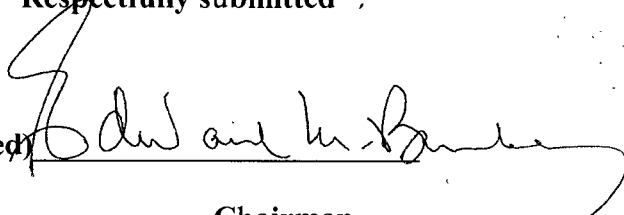
Having had the same under advisement, begs leave to report and recommend that your Honorable Body pass the proposed

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



FIN.

13

OFFICE OF THE MAYOR
CITY OF CHICAGO

RAHM EMANUEL
MAYOR

July 6, 2011

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 authorizing the execution of a loan agreement, conveyance and fee waiver for Pullman Suites LP.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,

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 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 and Economic Development ("HED"); and

WHEREAS, HED has preliminarily reviewed and approved the making of a loan to Pullman Suites, L.P., an Illinois limited partnership (the "Borrower") with Pullman Development, L.L.C., an Illinois limited liability company (of which the co-managing members are (1) Marshall Davis Ministries, an Illinois not-for-profit corporation ("Developer"), and (2) Stuart K. Bradshaw, an individual) as the sole general partner, in an amount not to exceed \$7,396,054 (the "Loan"), to be funded from Multi-Family Program Funds for certain eligible costs of the Project (as described in Exhibit A attached hereto and made a part hereof) pursuant to the terms and conditions set forth in Exhibit A; and

WHEREAS, pursuant to an ordinance adopted by the City Council of the City (the "City Council") on January 16, 2002 and published at pages 76911 through 77058 in the Journal of the Proceedings of the City Council (the "Journal") for such date, a certain redevelopment plan and project ("Plan") for the Roseland / Michigan Avenue Tax Increment Financing Redevelopment Project Area ("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 January 16, 2002 and published at pages 77059 through 77076 in the Journal of such date, the Area was designated as a redevelopment project area pursuant to the Act; and

WHEREAS, pursuant to an ordinance adopted by the City Council on January 16, 2002 and published at pages 77077 through 77093 in the Journal of such date, tax increment financing was adopted pursuant to the Act as a means of financing certain Area redevelopment project costs (as defined in the Act) incurred pursuant to the Plan; and

WHEREAS, the 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 Area; and

WHEREAS, the City is the owner of that certain vacant real property located in the Area, commonly known as 17-29 East 112th Place, Chicago, Illinois, and legally described on Exhibit C attached hereto (the "Property"); and

WHEREAS, Developer has submitted a proposal to HED to purchase the Property, which has an appraised fair market value of Three Hundred Thousand and 00/100 Dollars (\$300,000), for Two and 00/100 Dollars (\$2.00), and construct an approximately sixty (60)-unit, affordable rental senior housing facility on the Property (the "Project"); and

WHEREAS, the Project is consistent with the goals and objectives of the Plan; and

WHEREAS, by Resolution No. 11-CDC-21 adopted on April 12, 2011 the Community Development Commission (the "Commission") authorized HED to advertise its intention to enter into a negotiated sale with Developer for the redevelopment of the Property, approved HED's request to advertise for alternative proposals, and approved the sale of the Property to the Developer if no alternative proposals are received; and

WHEREAS, HED published the notice, requested alternative proposals for the redevelopment of the Property and provided reasonable opportunity for other persons to submit alternative bids or proposals; and

WHEREAS, since no other responsive proposals were received by HED for the redevelopment of the Property, pursuant to Resolution 11-CDC-21, the Commission has recommended that the Property be conveyed to Developer for redevelopment for the Project; and

WHEREAS, the Chicago Low-Income Housing Trust Fund, an Illinois not-for-profit corporation (the "Trust Fund") which was established by the City, has established the Multi-year Affordability through Upfront Investment Program (the "MAUI Program") under which the Trust Fund will extend to owners and developers of multi-unit rental housing non-interest bearing loans or grants which may be secured by mortgages to the Trust Fund to reduce rents in such units during the terms of such loans or grants; and

WHEREAS, the Trust Fund may make a loan or grant to the Borrower, or another entity affiliated with the Borrower, in an amount of approximately \$375,000 from MAUI Program funds, which such loan or grant may reduce the amount of the Senior Loan (as described on Exhibit A), and which such loan or grant may be secured by a mortgage in favor of the Trust Fund junior to the mortgage securing the Loan, but the making of such loan or grant is not a condition to making of the Loan; and

WHEREAS, the Illinois General Assembly pursuant to 20 ILCS 3805/7.28 (as supplemented, amended and restated from time to time) has authorized a program allowing the allocation of certain tax credits for qualified donations made in connection with affordable housing projects (the "Donation Tax Credit Program"); 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 City hereby approves the conveyance of the Property as a donation to Developer from the City under the Donation Tax Credit Program in connection with the Project, for immediate reconveyance to Borrower. The Authorized Officer (as hereinafter defined) is hereby authorized to transfer the tax credits allocated to the City under the Donation Tax Credit Program in connection with the conveyance of the Property to an entity satisfactory to the Authorized Officer on such terms and conditions as are satisfactory to the Authorized Officer (the "Transfer"). The proceeds, if any, received by the City in connection with the Transfer are hereby appropriated, and the Authorized Officer is hereby authorized to use such proceeds, to make a grant to the Borrower, or to another entity affiliated with the Borrower, in his or her sole discretion, for use in connection with the Project (the "Grant"). The Authorized Officer is 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 Transfer and the Grant. Upon the execution and receipt of proper documentation, the Authorized Officer is hereby authorized to disburse the proceeds of the Grant to the Borrower, or another entity affiliated with the Borrower, as applicable

SECTION 3. The Mayor or his proxy is authorized to execute, and the City Clerk or Deputy City Clerk is authorized to attest, a quitclaim deed conveying the Property to Developer, or to a land trust of which Developer is the sole beneficiary, or to an entity of which Developer is the sole owner and the controlling party, subject to those covenants, conditions and restrictions set forth in this Ordinance.

SECTION 4. The following provisions shall govern the City's conveyance of the Property to Developer:

(i) Form of Quitclaim Deed. The City shall convey to Developer title to the Property by quitclaim deed for the sum of Two and 00/100 Dollars (\$2.00), which shall be paid by Developer to the City on the date the City conveys the Property. Developer acknowledges and agrees that the Property has an appraised fair market value price of approximately Three Hundred Thousand and 00/100 Dollars (\$300,000). The land write-down of the Property has been made by the City, subject to the restrictions set forth in the City's deed to the Property, the restrictions to be imposed pursuant to the documents evidencing and securing the Loan, and this Ordinance. Without limiting the quitclaim nature of the deed, the conveyance of and title to the Property shall, in addition to the provisions of this Ordinance, be subject to:

- (a) general real estate taxes and any special assessments or other taxes;
- (b) all easements, encroachments, covenants and restrictions of record and not shown of record;
- (c) such other title defects as may exist;
- (d) any and all exceptions caused by the acts of Developer or its agents; and

(e) the Plan for the Area.

The City shall use reasonable efforts to obtain the waiver or release of any delinquent real estate taxes or tax liens on the Property prior to the closing, to the extent such taxes or tax liens can be waived or released through submission of an abatement letter to the Cook County Treasurer, a motion to vacate a tax sale or a petition for exemption. If the City is unable to obtain the waiver or release of any such tax liens or is unable to cause the title company to insure over such tax liens, or if the Property is encumbered with any other unpermitted exceptions, Developer shall have the option to do one of the following: (a) accept title to the Property subject to the unpermitted exceptions, which shall then become permitted exceptions; or (b) by delivery of written notice to the City at least fourteen (14) days prior to the closings for the Property (both land conveyance and financing) terminate the agreement pursuant to which the City was to convey the Property.

(ii) Financing. Developer shall not, without prior written consent of HED, which shall be in HED's sole discretion, engage in any financing or other transaction which would create an encumbrance or lien on the Property (other than financing described on Exhibit A).

(iii) The Property. The closings for the Property (both land conveyance and financing) shall take place simultaneously and sequentially (land conveyance followed by the financing closing) and on such date and at such place as the parties may mutually agree to in writing, but in no event earlier than the satisfaction of all conditions precedent to the closing as the City may require and not later than December 15, 2011 (the "Outside Closing Date"), unless HED in its sole discretion extends the Outside Closing Date, for good cause shown by issuing a written extension letter.

(iv) Recordation of Quitclaim Deed. Developer shall promptly record the quitclaim deed for the Property in the Office of the Recorder of Deeds of Cook County, Illinois. Developer shall pay all costs for so recording the quitclaim deed.

(v) Escrow. In the event that Developer requires conveyance through an escrow, Developer shall pay all escrow fees.

(vi) Environmental Condition of the Property. The City makes no covenant, representation or warranty as to the soil or environmental condition of the Property or the suitability of the Property for any purpose whatsoever, and Developer agrees to accept the Property "as is". If after the closing of the City's conveyance of the Property to Developer, the soil or environmental condition of the Property is not in all respects entirely suitable for the use to which the Property is to be utilized, it shall be the sole responsibility and obligation of Developer to take such action as is necessary to put the Property in a condition suitable for such intended use. Developer agrees to release and indemnify the City from any claims and liabilities relating to or arising from the environmental condition of the Property (including, without limitation, claims under CERCLA) and to undertake and discharge all liabilities of the City arising from any environmental condition which existed on the Property prior to the closing.

SECTION 5. Upon the approval and availability of the Additional Financing as shown in Exhibit A hereto, the Commissioner of HED (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 6. In connection with the Loan by the City to the Borrower, the City shall waive those certain fees, if applicable, imposed by the City with respect to the Project and as more fully described in Exhibit B attached hereto and made a part hereof. The Project shall be deemed to qualify as "Affordable Housing" for purposes of Chapter 16-18 of the Municipal Code of Chicago. Section 2-45-110 of the Municipal Code of Chicago shall not apply to the Project or the Property.

SECTION 7. 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 8. This ordinance shall be effective as of the date of its passage and approval.

EXHIBIT A

BORROWER: Pullman Suites, L.P., an Illinois limited partnership (the "Borrower") with Pullman Development, L.L.C., an Illinois limited liability company (of which the co-managing members are (1) Marshall Davis Ministries, an Illinois not-for-profit corporation ("Developer"), and (2) Stuart K. Bradshaw, an individual) as the sole general partner, and others to be hereafter selected as the limited partners

PROJECT: Construction of a building to be located on the Property which shall contain approximately 60 residential dwelling units of which approximately 59 residential dwelling units shall be one- bedroom units for low- and moderate-income families, and of certain common areas and parking facilities in connection therewith

LOAN:

Source:	Multi-Family Program Funds
Amount:	Not to exceed \$7,396,054
Term:	Not to exceed 22 years
Interest:	Zero percent per annum
Security:	Non-recourse loan; second mortgage on the Property (the "City Mortgage")

ADDITIONAL FINANCING:

- | | |
|-----------|---|
| Amount: | Not to exceed \$750,000 (the "Senior Loan") |
| Term: | Not to exceed 22 years, or another term acceptable to the Authorized Officer |
| Source: | The Chicago Community Loan Fund, an Illinois not-for-profit corporation, or another source acceptable to the Authorized Officer |
| Interest: | A fixed rate of interest, not to exceed 8 percent per annum, or another rate acceptable to the Authorized Officer |
| Security: | Mortgage on the Property senior to the lien of the City Mortgage |
- | | |
|---|--|
| Low-Income Housing Tax Credit ("LIHTC") | |
| Proceeds: | Approximately \$6,400,000 |
| Source: | To be derived from the syndication of an approximately \$800,000 LIHTC allocation by the City, all or a portion of which may be paid in on a delayed basis |
- | | |
|---------|--|
| Amount: | Approximately \$127,500 |
| Source: | Developer, from proceeds derived of a grant from the transfer of Donation Tax Credits allocated in connection with the Project, or another source acceptable to the Authorized Officer |

4. Amount: \$10,000
Source: Developer, from the proceeds of a donation made in connection with the Project, or another source acceptable to the Authorized Officer

EXHIBIT B

Fee Waivers

Department of Construction and Permits

Waiver of Plan Review, Permit and Inspection Fees:

- A. Building Permit:
 - Zoning
 - Construction/Architectural/Structural
 - Internal Plumbing
 - HVAC
 - Water for Construction
 - Smoke Abatement
- B. Electrical Permit: Service and Wiring
- C. Elevator Permit (if applicable)
- D. Wrecking Permit (if applicable)
- E. Fencing Permit (if applicable)
- F. Fees for the review of building plans for compliance with accessibility codes by the Mayor's Office for People with Disabilities imposed by Section 13-32-310(2) of the Municipal Code of Chicago

Department of Water Management

Tap Fees
Cut and Seal Fees
(Fees to purchase B-boxes and remote read-outs are not waived.)

Permit (connection) and Inspection Fees
Sealing Permit Fees

Department of Transportation

Street Opening Fees
Driveway Permit Fees
Use of Public Way Fees

EXHIBIT C

LEGAL DESCRIPTION OF PROPERTY

(Subject to final title commitment and survey)

[To come]

P.I.N.s: 25-22-106-009-0000 and 25-22-106-041-0000

Commonly known as: 17-29 East 112th Place, Chicago, Illinois 60628

APPROVED

Stephen R. Nathan
CORPORATION COUNSEL

APPROVED

Rahm Emanuel SRP
8/4/11 Mayor