Legislation Details (With Text)

File #:	O2019-8442		
Type:	Ordinance	Status:	Passed
File created:	11/5/2019	In control:	City Council
		Final action:	11/13/2019
Title:	Restructuring of loan and subordination agreement for Renaissance St. Luke LP regarding 1501-1515 W Belmont Ave		
Sponsors:	Dept./Agency		
Indexes:			
Attachments:	1. O2019-8442 (V1).pdf		

Date	Ver.	Action By	Action	Result
11/13/2019	1	City Council	Passed	Pass
11/5/2019	1	Committee on Economic, Capital and Technology Development	Recommended to Pass	
11/5/2019	1	City Council	Referred	

Department of Housing city of chicago

MEMORANDUM

October 28, 2019

To: Tiffany Sostrin
   Director of Intergovernmental Affairs

Marisa Novara Commissioner Department of Housing

Re: Proposed November 5, 2019 Direct Introduction to the City Council Economic Capital Technology Development (ECTD) Committee: Renaissance St. Luke - Sale and Loan Subordination.

This memorandum requests the direct introduction, at the next ECTD Committee meeting on November 5, 2019, of an ordinance for the Renaissance St. Luke Senior Building located in the 32nd Ward at 1501 -15 W. Belmont.

On September 18, 2019, the City Council approved the Renaissance St. Luke - Sale and Loan Subordination, but it was determined that an incorrect copy of the ordinance was transmitted to the City Clerk.

The direct ordinance is necessary in order to transmit the correct ordinance to the ECTD Committee.

A copy of the ordinance is attached for your review. Thank you for

your consideration.

cc: Lucia Bertone-Ledford Jeffery Levine

121 NORTH LASALLE STREET, ROOM 1000, CHICAGO, ILLINOIS 60602

ORDINANCE

WHEREAS, the City of Chicago (the "City") is a home rule unit of government under Section 6(a), Article VII ofthe 1970 Constitution ofthe State of Illinois and as such may legislate as to matters that pertain to its local government and affairs; and

WHEREAS, the City has determined that the continuance of a shortage of affordable housing for persons of low and moderate income is harmful to the health, prosperity, economic stability and general welfare of the City; and

WHEREAS, the City, pursuant to the HOME Investment Partnership Program ("HOME Program"), received from the United States Department of Housing and Urban Development an allocation of funds ("HOME Funds") to make loans and grants to expand the long-term supply of affordable housing through, among other things, acquisition, new construction, reconstruction and moderate and substantial rehabilitation in low- and moderate-income areas; and

WHEREAS, on January 22, 2004, the City made a loan of HOME Funds in the principal amount of $4,375,000, with an interest rate of one percent per annum and a term not to exceed 32 years (the "Loan"), to Renaissance Saint Luke, L.P., an Illinois limited partnership ("Borrower"); and

WHEREAS, the Loan was secured by, among other things, that certain Junior Mortgage, Security Agreement and Financing Statement dated as of January 1, 2004, made by the Borrower in favor of the City (the "Mortgage"); and

WHEREAS, proceeds ofthe Loan were used to provide for the acquisition, construction and equipping by the Borrower of a 90-unit mixed-income senior citizen multi-family housing building, located generally at 1501-1515 West Belmont Avenue, Chicago, Illinois 60657 (the "Property"); and

WHEREAS, the sole general partner ofthe Borrower is Renaissance Saint Luke, LLC, an Illinois limited liability company, whose managing member is RRG Development, Inc., an Illinois corporation; and

WHEREAS, the Mortgage is subordinate to that certain Mortgage, Assignment of Leases and Rents, Security Agreement and Financing Statement dated as of January 1, 2004 that was made by the Borrower in favor of Harris Trust and Savings Bank, an Illinois banking corporation, now known as BMO Harris Bank, N.A., a national banking association, securing a loan in the amount of $3,800,000 (the "Senior Loan") that was funded by the proceeds from the issuance by the City on January 22, 2004 of Variable Rate Demand Multi-Family Housing Revenue Bonds (Renaissance Saint Luke, L.P. Project) Series 2004A; and

WHEREAS, the Borrower desires to refinance the Senior Loan and to execute a new mortgage in connection with the Property in favor of JPMorgan Chase Bank, NA. or with any other financial institution that

is acceptable to the Commissioner of DOH (as defined below) (the "New First Mortgage"), and has requested that the City approve a proposed restructuring ofthe Loan;and

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WHEREAS, the City's Department of Housing ("DOH") desires to approve a restructuring (the "Restructuring") ofthe Loan in a manner that (1) will not alter the principal balance of the Loan, (2) will not alter the interest rate on the principal balance of the Loan, (3) will not extend the maturity date of the Loan, and (4) will subordinate the lien of the Mortgage to the lien of the New First Mortgage (collectively, the "Material Terms"); 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 ofthis ordinance as though fully set forth herein.

SECTION 2. The Restructuring is hereby approved as described above. The Commissioner of DOH (the "Commissioner of DOH") or a designee ofthe Commissioner of DOH (each, an "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 Restructuring. Each 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 any future restructuring of the Loan that does not substantially modify the Material Terms.

SECTION 3. The ordinance adopted by the City Council ofthe City ("City Council") on September 18, 2019, and published in the Journal of Proceedings ofthe City Council for said date at pages 5218 to 5220, inclusive, is hereby repealed in its entirety.

SECTION 4. Notwithstanding anything to the contrary contained in the Municipal Code or any other ordinance or mayoral executive order, no parties other than the owners of the Property as ofthe date following the date ofthe closing ofthe Restructuring (collectively, the "Owner"), any legal entities that are direct owners in excess of 7.5% of the Owner that changed in connection with the Restructuring, and all legal entities that constitute the direct or indirect controlling parties of the Owner (as determined by the Corporation Counsel), shall be required to provide to the City the document commonly known as the "Economic Disclosure Statement and Affidavit" (or any successor to such document) in connection with 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 ofthis 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 ofthe date of its passage and approval.

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