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Legislation Details (With Text)

File #: O2020-2263
Type: Ordinance **Status:** Passed
File created: 4/22/2020 **In control:** City Council
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Title: Establishment of Emergency Relief for Affordable Multi-Family Properties (ERAMP) Program to provide short-term financial assistance

Sponsors: Lightfoot, Lori E.

Indexes: Housing & Economic Development

Attachments: 1. O2020-2263.pdf

| Date | Ver. | Action By | Action | Result |
|-----------|------|--------------------------------------|---------------------|--------|
| 5/20/2020 | 1 | City Council | Passed | Pass |
| 5/12/2020 | 1 | Committee on Housing and Real Estate | Recommended to Pass | |
| 4/22/2020 | 1 | City Council | Referred | |

OFFICE OF THE MAYOR

CITY OF CHICAGO

LORI E. LIGHTFOOT MAYOR

April 22, 2020

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

Ladies and Gentlemen:

At the request of the Department of Housing Commissioner, I transmit herewith an ordinance establishing the Emergency Relief for Affordable Multi-Family Properties Program.

Your favorable consideration of this ordinance will be appreciated.

ORDINANCE

WHEREAS, the City of Chicago (the "City") is a home rule municipality as described in Section 6(a), Article VII of the 1970 Constitution of the State of Illinois, and as such may exercise any power and perform any function pertaining to its government and affairs, including protecting the public health, safety, and welfare of its citizens; and

WHEREAS, the Department of Housing ("DOH") is an executive department of the City established pursuant to Chapter 2-44 of the Municipal Code of Chicago (the "Municipal Code"), and supervises and coordinates the formulation and execution of projects and programs creating safe, decent and affordable housing for residents of the City; and

WHEREAS, pursuant to Section 2-44-080(G)(1) of the Municipal Code, certain funds derived from payments to the City pursuant to Sections 2-44-070 and 2-44-080 and former Section 17-4-1004 of the Municipal Code may be used for the construction, rehabilitation or preservation of affordable housing or may be used in connection with such other housing programs as shall be specifically approved by the City Council for such revenues (the "AHOF Funds"); and

WHEREAS, the City, acting through DOH, has made, and plans to make in the future, certain loans and grants (the "Loans and Grants") utilizing a variety of funding sources pursuant to the approval of the City Council of the City (the "City Council"), to various developers to finance certain multi-family rental housing developments (the "Developments") for low- and moderate-income families and individuals in the City; and

WHEREAS, beginning in late 2019, a new and highly communicable type of coronavirus, now commonly known as COVID-19, emerged and began to spread rapidly; and

WHEREAS, despite efforts to contain COVID-19, it has continued to spread throughout many parts of the State of Illinois (the "State"), including the City, resulting in an unprecedented public health crisis and related economic slowdown (the "COVID-19 Crisis"); and

WHEREAS, the Governor of the State has undertaken many measures to address the COVID-19 Crisis, including issuing Executive Order 2020-10 on March 20, 2020 (the "Governor's Executive Order"); and

WHEREAS, in the City there are numerous multi-family affordable rental housing developments (the "Developments") suffering operating shortfalls caused by loss of rental income or added expenses related to infectious disease control and preventative cleaning; and

WHEREAS, it is in the best interests of the City to provide short-term financial support from AHOF Funds and other funds that may be appropriated from time to time to assist certain Developments with operating shortfalls in the form of grants and no-interest, deferred-payment loans in order to preserve affordable housing in the City (the "Short-Term Financial Assistance"); and

WHEREAS, the Short-Term Financial Assistance will be available to Developments comprised of multi-family buildings or scattered site developments under common ownership with five or more housing units that are rented at a rental price that is affordable to households earning up to 60 percent of the Primary Metropolitan Statistical Area median income for the

Chicago-Naperville-Joliet, Illinois, Metropolitan Fair Market Rent Area, as determined by the United States Department of Housing and Urban Development from time to time (the "Eligible Developments"); and

WHEREAS, Developments already receiving unit-based rental assistance or tax increment financing assistance shall not be considered Eligible Developments and shall not receive Short-Term Financial Assistance; and

WHEREAS, non-profit, for-profit, and joint-venture owners of Eligible Developments are eligible to apply for Short-Term Financial Assistance (the "Eligible Applicants"); and

WHEREAS, in response to the challenges presented by the COVID-19 Crisis, DOH anticipates a future need to manage its portfolio of Loans and Grants on an ongoing basis in order to quickly and flexibly respond to changing market conditions, including, but not limited to, additional emergency public health situations and unsafe conditions resulting therefrom, economic slowdowns, fluctuating interest rates, reduced operating income, deteriorating physical conditions, high vacancy rates, vandalism or crime, foreclosures by senior lenders and transfers of interest by other lenders in any Development which may threaten the continuing affordability of that Development; and

WHEREAS, DOH desires to have the authority to restructure the terms and conditions of the Loans and Grants, including but not limited to loan payment deferment, loan modification and loan forbearance, at the discretion of the City's Commissioner of Housing (the "Commissioner"), subject to compliance with all applicable federal laws and regulations, when the Commissioner makes a written finding with respect to each such restructuring that such restructuring is likely to: (a) improve the City's financial position in connection with the applicable Development; (b) preserve or otherwise promote affordable housing; or (c) result in significant improvement of the physical conditions of the affordable housing in connection with the applicable Development (the "Restructurings"); and

WHEREAS, the Short-Term Financial Assistance and the Restructurings shall be known, together, as "Emergency Relief for Affordable Multi-family Properties" or "ERAMP"; and

WHEREAS, the ERAMP program will remain in effect for thirty-six (36) months, subject to extension by the City Council, after the expiration or repeal of the Governor's Executive Order; and

WHEREAS, the establishment of the ERAMP program will assist in the stabilization of neighborhoods and the City's present and future housing market by providing assistance for the preservation and continuing operation of affordable housing; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. All of the above recitals are expressly adopted herein as the legislative findings of the City Council and incorporated herein and made a part of this ordinance.

SECTION 2. The Emergency Relief for Affordable Multi-family Properties program is hereby created, and DOH is hereby authorized to provide the Short-Term Financial Assistance to Eligible Applicants for Eligible Developments and to undertake the Restructurings, all as authorized by this ordinance. The ERAMP program (including the authority granted to DOH by

this ordinance) shall expire thirty-six (36) months, subject to extension by the City Council, after the expiration or repeal of the Governor's Executive Order.

SECTION 3. AHOF Funds or other funds, as they may be appropriated from time to time, are hereby authorized for use in connection with the Short-Term Financial Assistance under the ERAMP program.

SECTION 4. The Commissioner is authorized to adopt such rules and regulations as the Commissioner may deem necessary for the proper implementation, administration and enforcement of the ERAMP program. The Commissioner shall prepare applications, which shall include all the information needed by DOH to evaluate an applicant's eligibility to participate in the ERAMP program.

SECTION 5. Subject to the approval of the Corporation Counsel, and subject to the appropriation and availability of funding, the Commissioner and designees of the Commissioner are each hereby authorized to negotiate, execute and deliver grant or loan agreements with Eligible Applicants to provide Short-Term Financial Assistance in a form approved by the Corporation Counsel, and such other supporting documents as may be necessary to carry out and comply with the provisions thereof, with such changes, deletions and insertions as shall be approved by the persons executing the agreement, and are each hereby authorized to perform any and all acts as shall be necessary or advisable in connection with the ERAMP program.

SECTION 6. The Commissioner and designees of the Commissioner 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 Restructurings. With respect to any Loans and Grants for which a Restructuring will be implemented, the Commissioner shall first make a written determination that the proposed Restructuring is likely to: (a) improve the City's financial position in connection with the applicable Development; (b) preserve or otherwise promote affordable housing; or (c) result in significant improvement of the physical conditions of the affordable housing in connection with the applicable Development.

SECTION 7. In connection with a Restructuring, the Commissioner and designees of the Commissioner are each hereby authorized to purchase on behalf of the City, for a price to be determined by the Commissioner to be in the best interests of the City, any interest of any other lender in connection with the financing of any Development, subject to appropriation and availability of funds. In connection with a Restructuring, the Commissioner and designees of the Commissioner are hereby authorized to transfer, for a price to be determined by the Commissioner to be in the best interests of the City, any City lien in connection with the Development. If any sale of any of the Loans and Grants, the transfer of any City lien, or any other action in connection with a Restructuring generates revenue for the City, such revenue is hereby appropriated and the Commissioner is authorized to expend the same for any purpose which promotes affordable housing in her discretion, including, but not limited to, the purchase of the interest of any other lender in connection with the financing of any Development to preserve affordable housing.

SECTION 8. The Commissioner shall submit information on each Restructuring that is completed as part of DOH's quarterly report to the Mayor and the City Council.

SECTION 9. DOH shall be authorized to charge reasonable application and processing fees for a Restructuring, as determined by the Commissioner.

SECTION 10. Notwithstanding anything to the contrary contained in the Municipal Code or any other ordinance or mayoral executive order, no parties other than the borrower or grantee, as applicable, as of the date following the date of the closing of any transaction completed in connection with a Restructuring (the "Borrower"), any direct owners in excess of 7.5% of the Borrower which have changed in connection with the Restructuring, and all legal entities who constitute the direct or indirect controlling parties of the Borrower (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 any transaction completed in connection with the Restructuring.

SECTION 11. 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 12. This ordinance shall be effective as of the date of its passage and approval.