



Office of the City Clerk

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Legislation Details (With Text)

File #: O2021-2186
Type: Ordinance **Status:** Passed
File created: 5/26/2021 **In control:** City Council
Final action: 6/25/2021

Title: Loan restructuring agreement with Prairie Park Limited Partnership for capital improvements, rehabilitation and equipping of low- and moderate-income housing at 5521 S Prairie Ave, 5537 S Prairie Ave, 317 E 55th Pl, 5600 S Calumet Ave and 5612-5620 S Calumet Ave

Sponsors: Lightfoot, Lori E.

Indexes:

Attachments: 1. O2021-2186.pdf, 2. O2021-2186 (V1).pdf

Date	Ver.	Action By	Action	Result
6/29/2021	1	City Council	Signed by Mayor	
6/25/2021	1	City Council	Passed	Pass
6/21/2021	1	Committee on Finance		
5/26/2021	1	City Council	Referred	

ORDINANCE

WHEREAS, the City of Chicago ("City") is a home rule unit of government under Section 6(a), Article VII of the 1970 Constitution of the 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 received from the United States Department of Housing and Urban Development an allocation of funds pursuant to the HOME Investment Partnerships Program ("HOME Funds") and pursuant to Title XIII of the Omnibus Budget Reconciliation Act of 1993 (Public Law 103-66) ("Economic Empowerment Zone 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, pursuant to an ordinance passed by the City Council of the City ("City Council") on February 10, 1999, and published at pages 88938 through and including 88946 of the Journal of the Proceedings of the City Council ("Journal of Proceedings") of that date, the City authorized the Department of Housing ("DOH") to make a loan of HOME Funds and Economic Empowerment Zone Funds to the Borrower; and

WHEREAS, on July 28, 1999, DOH made a loan of HOME Funds and Economic Empowerment Zone Funds in the aggregate principal amount of \$3,113,000 with an interest rate of zero percent per annum and a term not to exceed 22 years ("City Loan"), with a maturity date of July 1, 2020 ("City Loan Maturity Date"), to Prairie Park Limited Partnership, an Illinois limited partnership ("Borrower"); and

WHEREAS, the City Loan is secured by, among other things, that certain Junior Mortgage, Security Agreement and Financing Statement dated as of July 28, 1999, made by the Borrower in favor of the City, and recorded with the Office of the Cook County Recorder of Deeds ("Recorder"), on July 30, 1999 as Document No. 99729121, as amended ("City Mortgage"); and

WHEREAS, the City Mortgage is subordinate to that certain Construction Mortgage, Personal Property Security Agreement, Assignment of Leases and Rentals and Financing Statement made by the Borrower in favor of BMO Harris Bank, N.A., formerly known as Harris Trust and Savings Bank, an Illinois banking corporation, and its successors and assigns ("Senior Lender"), dated July 28, 1999 and recorded with the Recorder on July 30, 1999 as Document No. 99729120 ("Senior Mortgage"), securing a loan in the amount of \$829,000 ("Senior Loan"), with a maturity date of July 1, 2020 ("Senior Loan Maturity Date") of which approximately \$433,580 remains outstanding; and

WHEREAS, the sole general partner of the Borrower is Washington Park II, LLC, an Illinois limited liability company, whose managing member is Brinshore Development, L.L.C., an Illinois limited liability company; and

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WHEREAS, proceeds of the City Loan were used for the acquisition, construction and equipping by the Borrower of three multi-unit buildings with a total of 56 rental units for low- and moderate-income families and the creation of adjacent surface parking spaces all located generally at 5521 South Prairie Avenue, 5537 South Prairie Avenue, 317 East 55th Place, 5600 South Calumet Avenue and 5612-5620 South Calumet Avenue, Chicago, Illinois 60637(collectively, "Property"); and

WHEREAS, pursuant to the authority granted to the Commissioner of Housing ("Commissioner") by the ordinance establishing the City's Emergency Relief for Affordable Multi-family Properties Program adopted by the City Council on May 20, 2020, and published at pages 16997 through and including 17001 of the Journal of Proceedings for that date, the Commissioner approved extending the City Loan Maturity Date to July 1, 2021 ("City Loan First Extended Maturity Date"), and approved extending the Senior Loan Maturity Date to July 1, 2021; and

WHEREAS, the Borrower desires to borrow funds ("New Senior Loan") from Community Investment Corporation, an Illinois not-for-profit corporation, or a financial institution that is acceptable to the Commissioner ("New Senior Lender"), for the purpose of paying the entire outstanding amount of the Senior Loan ("Senior Loan Repayment") and to finance capital improvements, substantial rehabilitation and equipping of the Property, all as deemed acceptable by the Commissioner ("Rehabilitation" and together with the Senior Loan Repayment, "New Project"); and

WHEREAS, in connection with the New Senior Loan, the Borrower desires to execute a new mortgage ("New Senior Mortgage") in connection with the Property in favor of the New Senior Lender; and has requested the City to (1) extend the City Loan First Extended Maturity Date to June 1, 2029, or as otherwise deemed necessary by the Commissioner ("City Loan Second Extended Maturity Date"); and (2) to subordinate the City Mortgage to the New Senior Mortgage (collectively, "Restructuring"); and

WHEREAS, the current balance on the City Loan is \$3,113,000; and

WHEREAS, the City desires to approve the New Project as deemed acceptable by the Commissioner, and desires to approve the Restructuring in a manner that (1) will not alter the principal balance of the City Loan, (2) will not alter the interest rate on the principal balance of the City Loan, (3) will extend the City Loan

First Extended Maturity Date to the City Loan Second Extended Maturity Date, or as otherwise deemed necessary by the Commissioner; and (4) will subordinate the lien of the City Mortgage, as amended pursuant to the Restructuring, to the lien of the New Senior Mortgage (collectively, "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 of this ordinance as though fully set forth herein.

SECTION 2. The New Project as deemed acceptable by the Commissioner is hereby approved.

SECTION 3. The Restructuring is hereby approved as described above. The Commissioner or a designee of the Commissioner (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

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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 City Loan that does not substantially modify the Material Terms.

SECTION 4. 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 5. This ordinance shall be effective as of the date of its passage and approval.

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OFFICE OF THE MAYOR

CITY OF CHICAGO

LORI E. LIGHTFOOT

May 26, 2021

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

Ladies and Gentlemen:

At the request of the Commissioner of Housing, I transmit herewith an ordinance authorizing the restructuring of city loans for the Prairie Park Apartments capital repairs project.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours.

CHICAGO June 25.2021

To the President and Members of the City Council:

Your Committee on Finance having had under consideration a communication authorizing the City of Chicago to restructure the loan agreement with Prairie Park Limited Partnership for capital improvements,

rehabilitation and equipping of low and moderate income housing located at 5521 South Prairie Ave, 5537 South Prairie Ave, 317 East 55 Place, 5600 South Calumet Ave and 5612-5620 South Calumet Ave.

02021-2186

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

**This recommendation was concurred in by viva voce vote of members of the
committee with 0 dissenting vote(s).
Chairman**

Respectfully submitted,

Approved Approved