



Office of the City Clerk

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Legislation Details (With Text)

File #: SO2013-845
Type: Ordinance
File created: 2/13/2013
Status: Passed
In control: City Council
Final action: 3/13/2013
Title: Loan agreement and associated provision of tax credits and conveyance to Halsted Limited Partnership
Sponsors: Emanuel, Rahm
Indexes: Loan & Security
Attachments: 1. O2013-845.pdf, 2. SO2013-845.pdf

Date	Ver.	Action By	Action	Result
3/27/2013	1	Office of the Mayor	Signed by Mayor	
3/13/2013	1	City Council	Passed as Substitute	Pass
3/11/2013	1	Committee on Finance	Recommended to Pass	Pass
2/13/2013	1	City Council	Referred	

SUBSTITUTE 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 Halsted Limited Partnership, an Illinois limited partnership (the "Borrower"), with Halsted GP LLC, an Illinois limited liability company (of which Heartland Housing, Inc., an Illinois not-for-profit corporation and Center on Halsted, an Illinois not-for-profit corporation, are the sole members) is the sole general partner, in an amount not to exceed \$5,000,000 (the "Loan"), to be funded from Multi-Family Program Funds pursuant to the terms and conditions set forth in Exhibit A attached hereto and made a part hereof;

WHEREAS, the City is the owner of a parcel of land (the "City Parcel") located at 3600 North Halsted Street, Chicago, upon which sits a building ("Building"), and the Public Building Commission

of Chicago ("PBC") is the owner of a parcel of land (the "PBC Parcel") located at 3616 North Halsted Street, Chicago (the City Parcel, PBC Parcel and Building together are defined herein on Exhibit A as the "Property"), and the City Parcel and PBC Parcel are legally described (subject to final title and survey) on Exhibit B attached hereto and made a part hereof; and

WHEREAS, on July 30, 2008, the City Council approved an ordinance published in the Journal of Proceedings for such date at pages 34776 through 34803, inclusive, as amended by an ordinance adopted by City Council on December 12, 2012 and published in the Journal of Proceedings for such date at pages 43992 through 44012, inclusive, which authorized, the execution of an intergovernmental agreement ("IGA") with the Board of Education of the City of Chicago ("Board"), and the PBC that would allow the PBC to transfer the PBC Parcel to the City in exchange for other adjacent properties owned by the City.

WHEREAS, on January 16, 2002, the City Council enacted an ordinance published in the Journal of Proceedings for such date at pages 77362 through 77366, inclusive, as

amended by an ordinance adopted by City Council on September 4, 2003 and published in the Journal of Proceedings for such date at pages 6475 through 6626, inclusive, which authorized the establishment of a program (as supplemented, amended and restated from time to time, the "Donation Tax Credit Program") to be implemented by HED in connection with the use of certain tax credits authorized by the Illinois General Assembly pursuant to Public Act 92-0491 (as supplemented, amended and restated from time to time) for donations made in connection with affordable housing projects; and

WHEREAS, upon the acquisition of the PBC Parcel from the PBC, the City will convey the Property to Heartland Housing, Inc. ("Developer") or an affiliate thereof in connection with the Project; and

WHEREAS, in support of the Loan and the conveyance described above, the Developer has requested that the City grant certain easements ("Easements") in a parcel of City-owned real property and in a parcel of property to be conveyed to City by PBC along with the PBC Parcel, both of which parcels are adjacent to the Property and are legally described in Exhibit C which is attached hereto and incorporated herein ("Easement Property");

WHEREAS, the City's conveyance of the Property to the Developer may qualify under the Donation Tax Credit Program as an eligible donation, and may generate certain additional proceeds for the Project;

WHEREAS, the Developer will cause the Property and the Easements to be conveyed to the Borrower immediately following the City's conveyance of the Property to the Developer; 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. 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 3. The Mayor or his proxy is authorized, upon the acquisition of the PBC Parcel from the PBC, to execute, and the City Clerk to attest, a quitclaim deed conveying the Property to the Developer and/or an affiliate of the Developer for the consideration described therein and otherwise in accordance with this Ordinance.

SECTION 4. The City hereby approves the conveyance of the Property and the granting of the Easements. The conveyance of the Property is approved as a donation to Developer from the City under the Donation Tax Credit Program in connection with the Project. The Authorized Officer 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 Developer or to another entity affiliated with the Developer, in his or her sole discretion, for use in connection with the Project (the "Grant").

SECTION 5. The following provisions shall govern the City's conveyance of the Property to the Developer:

(i) Form of Quitclaim Deed. The City shall convey to the Developer title to the Property by quitclaim deed for the sum of One and 00/100 Dollar (\$1.00) per parcel, which shall be paid by the Developer to the City on the date the City conveys the Property. The Developer acknowledges and agrees that the Property has an appraised fair market value price of approximately Three Million Twenty-Five Thousand and No/100 Dollars (\$3,025,000.00). 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) standard exceptions in an ALTA title insurance policy;
- d) such other title defects as may exist; and
- e) any and all exceptions caused by the acts of the Developer or its agents.

The City shall have no obligation to cure title defects; provided, however, if there are exceptions for general real estate tax liens which accrued prior to the Closing Date with respect to the Property, the City shall file a petition to vacate the tax sale in the Circuit Court of Cook County if the tax liens have been sold and/or seek to abate the tax liens by filing a tax abatement letter with the appropriate Cook County authorities or filing a tax injunction proceeding in the Circuit Court of Cook County ("Circuit Court"), but shall have no further obligation with respect to any such taxes. If the City is unable to obtain the waiver or release of any such tax liens through the Circuit Court, the abatement process mentioned above, or the title company will not insure over such tax liens, or if the Property is encumbered with any other unpermitted exceptions, the 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) terminate the agreement

for the transfer of the Property by delivery of written notice to the City at least fourteen (14) days prior to the closing date.

ii) Grant of Easement. In connection with the conveyance of the Property, the City shall grant easements in the Easement Property to Developer or Borrower on terms and conditions substantially in accordance with Exhibit D which is attached hereto and incorporated herein, subject to approval by the Corporation Counsel as to form and legality.

iii) Financing. The 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. Following conveyance to the Property by Developer to Borrower, the Borrower 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).

iv) The Property. The closings for the Property (both land conveyance and financing) shall take place simultaneously and sequentially (land conveyance to Developer, followed by Developer's land conveyance to Borrower and followed by Borrower's 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 closing as the City may require and not later than May 1, 2013 (the "Outside Closing Date"), unless HED in its sole discretion extends the Outside Closing Date by up to three (3) months, for good cause shown by issuing a written extension letter.

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

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

vii) 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 the Developer agrees to accept the Property "as is". If after the closing of the City's conveyance of the Property to the Developer, the soil or environmental condition of the Developer 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 the Developer (and of the Borrower,

following Developer's conveyance of the Property to Borrower) to take such action as is necessary to put the Property in a condition suitable for such intended use. The 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 6. 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 2-45-110 of the Municipal Code of Chicago shall not apply to the Project or the Property (as defined on Exhibit A hereto).

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

EXHIBIT A

BORROWER: Halsted Limited Partnership, an Illinois limited partnership with Halsted GP LLC, an Illinois limited liability company (of which Heartland Housing, Inc., an Illinois not-for-profit corporation ("Heartland") and Center on Halsted, an Illinois not-for-profit corporation, are the sole members), as the sole general partner (the "General Partner") and others to be hereafter selected as the limited partners

PROJECT: Acquisition and rehabilitation of an existing building and construction of a multi-story building addition located at 3600-16 N. Halsted Street in Chicago, Illinois (the "Property") and of approximately 79 dwelling units contained therein as studio and one-bedroom units for low- and moderate-income families, together with certain common space, offices, parking and commercial spaces.

Source: Amount: Term: Interest: Security:

Multi-Family Program Funds Not to exceed \$5,000,000 Not to exceed 32 years Zero percent per annum Non-recourse loan; second mortgage on the Property (the "City Mortgage")

ADDITIONAL	1.	Amount:	Approximately \$13,000,000 (the "Bridge Loan")
FINANCING:	Term:	Not to exceed 30 months, or another term acceptable to the Authorized Officer	Source: Citibank, N.A., or another entity acceptable to the Authorized Officer
		Interest:	A fixed rate not to exceed six

percent per annum, or
another interest rate acceptable to the Authorized
Officer

Security: A mortgage on the Property senior to the lien of the City
Mortgage and a pledge of capital contributions and
general partner interests, or other security acceptable
to the Authorized Officer

2. Amount: Approximately \$2,475,000
Term: Not to exceed 19 years after the Bridge Loan is retired,
or another term acceptable to the Authorized Officer Source: Citibank,
N.A., or another entity acceptable to the Authorized Officer

6

Interest: A fixed rate not to exceed six and 75/100 percent per
annum, or another interest rate acceptable to the
Authorized Officer Security: A mortgage on the Property senior to the lien
of the City Mortgage, or other security
acceptable to the Authorized Officer

3. Low-Income Housing Tax Credit ("LIHTC")

Proceeds: Approximately \$14,973,048, all or a portion of which may be paid in on a
delayed basis and used to retire all or a portion of the Bridge Loan

Source: To be derived from the syndication of a LIHTC allocation of approximately
\$1,453,694 by the City

Amount: Term:

Source:

Interest:

Security:

Approximately \$1,368,813

Not to exceed 32 years, or another term acceptable to the Authorized Officer

Heartland or an affiliate thereof, derived from the proceeds of the transfer of Donation Tax Credits in
connection with the Project, or another source acceptable to the Authorized Officer A fixed interest
rate of five percent compounding per annum, or another interest rate acceptable to the Authorized
Officer

Mortgage on the Property junior to the lien of the City Mortgage

Amount: Approximately \$240,767
Term: Not to exceed 32 years, or another term acceptable to the Authorized Officer
Source: Heartland, derived from the proceeds of a grant from the Illinois Department of Commerce and Economic Opportunity, or another source acceptable to the Authorized Officer
Interest: A fixed interest rate of five percent compounding per annum, or another interest rate acceptable to the Authorized Officer
Security: Mortgage on the Property junior to the lien of

7

the City Mortgage, or other security acceptable to the Authorized Officer

Amount: Approximately \$3,500,000
Term: Not to exceed 32 years, or another term acceptable to the Authorized Officer
Source: Heartland, or another source acceptable to the Authorized Officer
Interest: A fixed interest rate of five percent compounding per annum, or another interest rate acceptable to the Authorized Officer
Security: Mortgage on the Property junior to the lien of the City Mortgage, or other security acceptable to the Authorized Officer

Amount: \$100
Source: General Partner

8

EXHIBIT B LEGAL DESCRIPTION OF PROPERTY
(Subject to Final Title and Survey)

PBC PARCEL (PARCEL 1):

THE NORTH 140.0 FEET OF THE SOUTHEAST % OF BLOCK 16 LYING EAST OF THE WEST 177.37 FEET THEREOF (EXCEPT THE NORTH 52.64 FEET THEREOF) IN LAFLIN, SMITH AND DYER'S SUBDIVISION OF THE NORTHEAST % OF SECTION 20, IN TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

CITY PARCEL (PARCEL 2):

THAT PART OF THE EAST 150.0 FEET (EXCEPT THE NORTH 140.0 FEET THEREOF) OF THAT PART OF THE SOUTHEAST % OF BLOCK 16 LYING EAST OF THE WEST 177.37 FEET OF SAID SOUTHEAST $\frac{1}{4}$ OF BLOCK 16, ALL LYING WEST OF THE WEST LINE OF HALSTED STREET, IN LAFLIN, SMITH AND DYER'S SUBDIVISION OF THE NORTHEAST % OF SECTION 20, IN TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PINS: Parcel 1: 14-20-230-008 (affects this and other property) Parcel 2: 14-20-230-010 (affects this and other property)

Commonly known as 3600-16 N. Halsted Street, Chicago, Illinois

EXHIBIT C EASEMENT PROPERTY
(Subject to Final Title and Survey)

West Easement Property

THAT PART OF THE WEST 177.37 FEET OF THE SOUTHEAST QUARTER OF BLOCK 16 (EXCEPT THE NORTH 52.64 FEET THEREOF) IN LAFLIN, SMITH AND DYER'S SUBDIVISION OF THE NORTHEAST 1/4 OF SECTION 20, IN TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE SOUTH LINE OF THE NORTH 52.64 FEET WITH THE EAST LINE OF THE WEST 177.37 FEET OF THE SOUTHEAST QUARTER OF BLOCK 16 AFORESAID; THENCE NORTH 89 DEGREES 42 MINUTES 39 SECONDS WEST ALONG THE NORTH LINE OF THE NORTH 52.64 FEET AFORESAID, 12.84 FEET; THENCE SOUTH 00 DEGREES 15 MINUTES 04 SECONDS WEST, 18.91 FEET; THENCE NORTH 89 DEGREES 44 MINUTES 56 SECONDS WEST, 1.41 FEET; THENCE SOUTH 00 DEGREES 15 MINUTES 04 SECONDS WEST, 29.19 FEET; THENCE SOUTH 89 DEGREES 44 MINUTES 56 SECONDS EAST, 1.41 FEET; THENCE SOUTH 00 DEGREES 15 MINUTES 04 SECONDS WEST, 18.89 FEET; THENCE NORTH 89 DEGREES 44 MINUTES 56 SECONDS WEST, 1.41 FEET; THENCE SOUTH 00 DEGREES 15 MINUTES 04 SECONDS WEST, 29.16 FEET; THENCE SOUTH 89 DEGREES 44 MINUTES 56 SECONDS EAST, 1.41 FEET; THENCE SOUTH 00 DEGREES 15 MINUTES 04 SECONDS WEST, 18.87 FEET; THENCE NORTH 89 DEGREES 44 MINUTES 56 SECONDS WEST, 1.41 FEET; THENCE SOUTH 00 DEGREES 15 MINUTES 04 SECONDS WEST, 29.05 FEET; THENCE SOUTH 89 DEGREES 44 MINUTES 56 SECONDS EAST, 1.41 FEET; THENCE SOUTH 00 DEGREES 15 MINUTES 04 SECONDS WEST, 18.77 FEET; THENCE NORTH 89 DEGREES 44 MINUTES 56 SECONDS WEST, 1.41 FEET; THENCE SOUTH 00 DEGREES 15 MINUTES 04 SECONDS WEST, 28.53 FEET; THENCE SOUTH 89 DEGREES 44 MINUTES 56 SECONDS EAST, 1.41 FEET; THENCE SOUTH 00 DEGREES 15 MINUTES 04 SECONDS WEST, 18.65 FEET; THENCE NORTH 89 DEGREES 44 MINUTES 56 SECONDS WEST, 1.41 FEET; THENCE SOUTH 00 DEGREES 15 MINUTES 04 SECONDS WEST, 3.32 FEET; THENCE SOUTH 89 DEGREES 44 MINUTES 56 SECONDS EAST, 1.41 FEET; THENCE SOUTH 00 DEGREES 15 MINUTES 04 SECONDS WEST, 21.26 FEET; THENCE NORTH 89 DEGREES 44 MINUTES 56 SECONDS WEST, 0.98 FEET; THENCE SOUTH 00 DEGREES 15 MINUTES 04 SECONDS WEST, 3.53 FEET TO THE SOUTH LINE OF THE SOUTHEAST QUARTER OF BLOCK 16 AFORESAID; THENCE SOUTH 89 DEGREES 43 MINUTES 36 SECONDS EAST ALONG SAID SOUTH

LINE, 13.82 FEET TO THE EAST LINE OF THE WEST 177.37 FEET OF THE SOUTHEAST QUARTER OF BLOCK 16 AFORESAID;
THENCE NORTH 00 DEGREES 15 MINUTES 04 SECONDS EAST ALONG SAID EAST LINE, 238.14 FEET TO THE POINT OF BEGINNING; IN COOK COUNTY, ILLINOIS.

10

North Easement Property

THE SOUTH 5.0 FEET OF THE NORTH 52.64 FEET OF THE SOUTHEAST QUARTER OF BLOCK 16 LYING EAST OF THE WEST 177.37 FEET THEREOF IN LAFLIN, SMITH AND DYER'S SUBDIVISION OF THE NORTHEAST QUARTER OF SECTION 20, IN TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

EXHIBIT D EASEMENT TERMS AND CONDITIONS

1. The City will grant and convey to Developer, the Borrower, or any permitted assignee of the Development Property, all as provided in this Ordinance (collectively, the "Grantee"), a permanent non-exclusive easement in the West Easement Property for purposes of vehicular, bicycle and pedestrian access to and from the Development Property.
2. The City will grant and convey to Grantee a permanent non-exclusive easement in the North Easement Property for purposes of underground caisson bells and a ductbank for utility service, in accordance with plans and specifications approved by the City (the Easements in paragraphs 1 and 2 are jointly the "Permanent Easements").
3. The City will also grant and convey to Grantee a temporary easement, for a term not to exceed 2 years in the Easement Property for purposes of construction and installation of the Authorized Development ("Temporary Easement").
4. Grantee shall make no improvements or alterations to any of the Easement Property without the written approval of the Commissioner and the Commissioner of the Department of Fleet and Facility Management.
5. The grants of the Permanent Easements and the Temporary Easement shall be subject to such terms and conditions, regarding a reservation of rights, to avoid unreasonable interference with the City's use of the Easement Property for purposes of construction, installation, use, operation, inspection, maintenance, repair, rehabilitation and replacement of the City's facilities located on property adjacent to the Easement Property including the right to grant subsequent easements for utility and other public services.
6. The grants of the Permanent Easements and the Temporary Easement shall be on a quitclaim basis and shall be subject to all existing encumbrances and rights including the rights of all utility and other public service providers.
7. The Permanent Easements and Temporary Easement shall be granted on an "as is" condition concerning environmental conditions of the City Property.

8. The Grantee shall provide insurance covering the City and an indemnification of the City and its agents and employees by Grantee and its successors and assigns.
9. The grants of Permanent Easements and the Temporary Easement shall be subject to the approval of the Corporation Counsel as to form and legality

12

CHICAGO March 13, 2013

To the President and Members of the City Council:

Your Committee on Finance having had under consideration

A substitute ordinance authorizing the Commissioner of the Department of Housing and Economic Development to enter into and execute a Loan Agreement, the donation of tax credits and a conveyance of property with Halsted Limited Partnership.

02013-845

Having had the same under advisement, begs leave to report and recommend that your Honorable Body pass the proposed Ordinance Transmitted Herewith
dissenting vote(s)T

**This recommendation was concurred in by
of members of the committee with**
Alderman Burke abstains from voting pursuant to Rule 14.

(signed)jjj;

Respectfully submitted

Chairman

Document No.

REPORT OF THE COMMITTEE ON FINANCE TO THE CITY COUNCIL CITY OF CHICAGO