



Office of the City Clerk

City Hall
121 N. LaSalle St.
Room 107
Chicago, IL 60602
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Legislation Details (With Text)

File #: O2016-143

Type: Ordinance **Status:** Passed

File created: 1/13/2016 **In control:** City Council

Final action: 2/10/2016

Title: Multi-Family Program Funds loan to POAH Support Corp./Preservation of Affordable Housing for construction of building at 803 E 61st St

Sponsors: Emanuel, Rahm

Indexes: Loan & Security, Multi-Family Program Funds

Attachments: 1. O2016-143.pdf, 2. O2016-143 (V1).pdf

Date	Ver.	Action By	Action	Result
2/22/2016	1	City Council	Signed by Mayor	
2/10/2016	1	City Council	Passed	Pass
2/8/2016	1	Committee on Finance	Recommended to Pass	Pass
1/13/2016	1	City Council	Referred	

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 Planning and Development ("DPD"); and

WHEREAS, DPD has preliminarily reviewed and approved the making of a loan to POAH Support Corporation, an Illinois not-for-profit corporation, the sole member of which is Preservation of Affordable Housing, Inc., an Illinois not-for-profit corporation ("POAH"), or to another legal entity of which POAH is the controlling party as determined by the hereinafter defined Authorized Officer (the "Borrower"), in an amount not to exceed \$2,500,000 (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; and

WHEREAS, it is anticipated that an entity related to POAH (the "Owner") will acquire certain land and construct a building to be located generally at 803 East 61st Street, Chicago, Illinois (the "Property"); and

WHEREAS, it is anticipated that POAH, Borrower, or another legal entity of which POAH is the controlling party will rent the Property from the Owner and operate a portion of it as affordable housing; and

WHEREAS, it is anticipated that (i) the Borrower will lend the proceeds of the Loan to a single-purpose entity investment fund affiliate of a New Markets Tax Credit investor (the "Investment Fund"), (ii) the Borrower will receive additional financing described on Exhibit A hereto (the "Additional Financing") that it will also lend to the Investment Fund, (iii) the proceeds of the Loan, the Additional Financing, and certain debt, equity and New Markets Tax Credits will be used to finance a portion of the costs of the acquisition of the Property and construction of the building (the "Project"); and

WHEREAS, certain of the debt in addition to the Additional Financing which is anticipated to be used to finance a portion of the costs of the Project is anticipated to be secured by liens against the Property which will take precedence over the City Mortgage (as defined on Exhibit A hereto); now, therefore,

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

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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 DPD (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 Project (as described on Exhibit A hereto) 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 (as defined on Exhibit A hereto). .."

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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EXHIBIT A

POAH Support Corporation, an Illinois not-for-profit corporation, the sole member of which is Preservation of Affordable Housing, Inc., an Illinois not-for-profit corporation ("POAH"), or another legal entity of which POAH is the controlling party as determined by the Authorized Officer

Financing a portion of the costs of the acquisition of land and construction of a building by the Owner to be located generally at 803 East 61st Street, Chicago, Illinois, which shall contain certain commercial space along with a total of approximately 24 residential dwelling units of which approximately 12 residential dwelling units shall be two-bedroom units for low- and moderate-income families, and of certain common areas and parking facilities in connection therewith

LOAN:

ADDITIONAL FINANCING:

Source:

Amount:

Term:

Interest: Security:

Multi-Family Program Funds Not to exceed \$2,500,000

Not to exceed 32 years, or another term acceptable to the Authorized Officer Zero percent per annum

Non-recourse loan; leasehold mortgage interest on the Property (the "City Mortgage"), or such other security acceptable to the Authorized Officer

1. Amount: Approximately \$3,000,000, or such other amount acceptable to the Authorized Officer, which may take the form of more than one loan
Term:, Not to exceed 32 years, or another term or terms acceptable to the Authorized Officer
Source: BMO Harris Bank, or another source acceptable to the Authorized Officer during construction and the first 7.5 years after closing on the loan, or such other term or terms acceptable to the Authorized Officer (the "Initial Period"); and such other entity or entities acceptable to the Authorized Officer to be selected after the Initial Period for permanent financing
Interest: Not to exceed 8 percent per annum, or another rate or rates acceptable to the Authorized Officer
Security: Leasehold mortgage interest (or interests) on the Property senior to the lien of the City Mortgage, and/or such other security acceptable to the Authorized Officer

2. Amount: Approximately \$3,310,000
Source: POAH, from the proceeds of a United States Department of Housing and Urban Development CHOICE funds grant, or another source acceptable to the Authorized Officer

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- Term: Not to exceed 32 years, or another term acceptable to the Authorized Officer
- Interest: Zero percent per annum, or another rate acceptable to the Authorized Officer
- Security: Leasehold mortgage interest on the Property junior to the City Mortgage, or such other security acceptable to the Authorized Officer

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HAL

OFFICE OF THE MAYOR

CITY OF CHICAGO

RAHM EMANUEL
MAYOR

January 13, 2016

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

Ladies and Gentlemen:

At the request of the Commissioner of Planning and Development, I transmit herewith an ordinance authorizing the execution of a multi-family loan agreement for Trianon Lofts.

Your favorable consideration of this ordinance will be appreciated.

Mayor

Very truly yours,

CHICAGO February 10, 2016

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 Planning and Development to enter into and execute a Multi-Family Loan Agreement with Preservation of Affordable Housing, Inc.

02016-143

Amount of the Loan
not to exceed: \$2,500,000

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
of members of the committee with**

(a (viva voce vote

dissenting vote(s)

(signed

Respectfully submitted
Chairman

AP**W>B