



Office of the City Clerk

City Hall
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Legislation Details (With Text)

File #: O2017-5404
Type: Ordinance **Status:** Passed
File created: 6/28/2017 **In control:** City Council
Final action: 7/26/2017
Title: Loan refinancing for property at 2209-2219 N Rockwell St, 2569-2575 W Lyndale St and 2230 N Maplewood Ave pursuant to Home Investment Partnerships Program
Sponsors: Emanuel, Rahm
Indexes: Miscellaneous
Attachments: 1. O2017-5404.pdf, 2. O2017-5404 (V1).pdf

Date	Ver.	Action By	Action	Result
8/22/2017	1	City Council	Signed by Mayor	
7/26/2017	1	City Council	Passed	Pass
7/24/2017	1	Committee on Finance	Recommended to Pass	Pass
6/28/2017	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 for 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, pursuant to the Home Investment Partnerships Program ("HOME"), received from the United States Department of Housing and Urban Development an allocation of funds to make loans and grants to expand the long-term supply of affordable housing through, among other things, the acquisition, new construction, reconstruction and moderate and substantial rehabilitation in low and moderate-income areas; and

WHEREAS, on October 7, 1996, the City made a loan of HOME funds in the principal amount of One Million Nine Hundred Eighty-Four Thousand Three Hundred and Thirty-Three and No/100 Dollars (\$1,984,333) (the "City Loan") to Lyndale Place Limited Partnership, an Illinois limited partnership (the "Original Borrower"), with an interest rate of zero percent (0%) per annum, as set forth in that certain Note dated as of October 7, 1996, given to the City by the Original Borrower; and

WHEREAS, proceeds of the City Loan were used to provide for the acquisition and rehabilitation by the Original Borrower of a project consisting of one four-story multi-family housing building containing 67 affordable dwelling units comprised of one-bedroom, two-bedroom and three-bedroom units located generally at 2209-19 North Rockwell Street and 2569-75 West Lyndale Street in Chicago; and a real estate parcel comprised of approximately 7 surface parking spaces, located generally at 2230 North Maplewood Avenue in

Chicago, known generally as the Lyndale Place Apartments (the "Property"); and

WHEREAS, the City Loan was secured by, among other things, that certain Junior Mortgage, Security Agreement and Financing Statement dated as of October 7, 1996, made by the Original Borrower in favor of the City (the "Mortgage"); and

WHEREAS, the Mortgage is subordinate to that certain mortgage and assignment of rents and leases each dated as of October 7, 1996, securing a loan in the amount of Five Hundred and Ninety-Four Thousand Five Hundred No/100 Dollars (\$594,500) made by the Original Borrower in favor of LaSalle National Bank, a national banking association, as succeeded by Bank of America, NA. ("Original Senior Loan"); and

WHEREAS, the current balance on the City Loan is approximately One Million Nine Hundred Twenty-One Thousand One Hundred Seventy-seven and No/100 Dollars (\$1,921,177); and

WHEREAS, the Original Borrower and THC Lyndale Place Limited Partnership, an Illinois limited partnership ("THC Lyndale Place Limited Partnership"), of which THC Lyndale Place LLC, an Illinois limited liability company is the general partner, of which Habitat Acquisitions Company LLC, an Illinois limited liability company is the manager propose to transfer the Property (the "Property Transfer") from the Original Borrower to THC Lyndale Place Limited Partnership, or if approved by the City's Department of Planning and Development ("DPD"), an entity affiliated with or related to THC Lyndale Place Limited Partnership (the "New Borrower"); and

WHEREAS, on the date of the Property Transfer, the Original Borrower and the New Borrower propose to effectuate the Property Transfer, the Maturity Date Extension, the City Loan Assumption, the New Senior Loan, the New Senior Loan Subordination Agreement, and the Proposed Loan Payments (collectively, the "Project"), as defined and described on Exhibit A attached hereto and made a part hereof; and

WHEREAS, DPD has also approved the Project; and

WHEREAS, subsequent to the date of the Property Transfer, the New Borrower anticipates that it will seek to finance all or a portion of the costs of acquiring the Property and to improve, substantially rehabilitate and equip the Property (the "Rehabilitation" and together with the Property, the "New Project"); and

WHEREAS, the New Borrower has requested that the City issue multi-family housing revenue bonds, notes or other indebtedness in an amount not to exceed Ten Million Dollars (\$10,000,000) (the "Bonds") for the purpose of financing all or a portion of the New Project costs, including but not limited to the costs incurred in connection with the issuance of the Bonds; and

WHEREAS, it is intended that the interest on the Bonds will be excluded from gross income for federal income tax purposes; and

WHEREAS, it is intended that this ordinance shall constitute a declaration of intent to reimburse certain eligible expenditures for the New Project made prior to the issuance of the Bonds from the proceeds of the Bonds (if and when issued) within the meaning of Section 1.150-2 of the Treasury Regulations,

promulgated under the Internal Revenue Code of 1986, as amended (the "Treasury Regulations"); 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.

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SECTION 2. The Project is hereby approved and authorized, as defined and described on Exhibit A attached hereto with such, additions and/or deletions as are approved by the Commissioner of DPD (the "Commissioner") or a designee of the Commissioner (each, an "Authorized Officer").

SECTION 3. Sections 2-45-110 and 2-45-115 of the Municipal Code shall not apply to the Project, the New Project or the Property.

SECTION 4. Each of the Authorized Officers is hereby authorized to approve the New Borrower.

SECTION 5. Each of the Authorized Officers is hereby authorized, subject to approval by the Corporation Counsel, to negotiate any and all terms and provisions in connection with the Project, with such additions and/or deletions as are approved by, and as deemed necessary by the Authorized Officer.

SECTION 6. Each of the Authorized Officers is hereby authorized, subject to approval by the Corporation Counsel, to enter into and execute such agreements, instruments, amendments to documents, and agreements and instruments relating to the Project, with such additions and/or deletions as are approved by the Authorized Officer, and to perform any and all acts as shall be necessary or advisable in connection with effectuating the Project.

SECTION 7. 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 of the date following the date of the closing of the Project (collectively, the "Owner"), any legal entities which are direct owners in excess of 7.5% of the Owner which changed in connection with the closing of the Project, and all legal entities who 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 closing of the Project.

SECTION 8. The City intends to issue the Bonds and lend or make available the proceeds thereof to the New Borrower for the purpose of financing all or a portion of the New Project costs, including but not limited to the costs incurred in connection with the issuance of the Bonds. The maximum principal amount of Bonds which the City intends to issue for the New Project will not exceed Ten Million Dollars (\$10,000,000).

SECTION 9. Certain costs will be initially incurred by the New Borrower in connection with the New Project prior to the issuance of the Bonds. The City reasonably expects to reimburse such costs, to the extent eligible under the Internal Revenue Code of 1986, with proceeds of the Bonds.

SECTION 10. The costs to be reimbursed will be paid from funds of the New Borrower, or other funds approved by the Authorized Officer, which have been allocated to other purposes.

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SECTION 11. This ordinance is consistent with the budgetary and financial circumstances of the City. No funds from sources other than the Bonds are or are reasonably expected to be, reserved, allocated on a long-term basis or otherwise set aside by the City for the New Project costs to be paid from the proceeds of the Bonds.

SECTION 12. This ordinance constitutes a declaration of official intent of the City with respect to the New Project under Section 1.150-2 of the Treasury Regulations.

SECTION 13. 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 14. This ordinance shall be effective as of the date of its passage and approval.

EXHIBIT A

The Original Borrower and the New Borrower propose that on or about the date of the Property Transfer, each of the following will occur:

1. The Original Borrower will pay the total outstanding amount due under the Original Senior Loan (the "Original Senior Loan Payment"), and will pay fifty percent (50%) of the outstanding amount of the City Loan (the "City Loan Payment" and together with the Original Senior Loan Payment, the "Proposed Loan Payments").
2. The New Borrower will assume the Original Borrower's obligations to pay the remaining outstanding balance of the City Loan (the "City Loan Assumption").
3. In connection with the City Loan Assumption, the City Loan will be restructured to extend its maturity as approved by the Authorized Officer to a date not beyond December 31, 2033 (the "Maturity Date Extension").
4. Upon the City Loan Assumption by the New Borrower, the City will release the Original Borrower, and any and all entities and individuals affiliated with or related to the Original Borrower from the City Loan, and all agreements related to the City Loan.
5. The New Borrower anticipates receiving a senior loan in the approximate amount of Four Million and No/100 Dollars (\$4,000,000) from Walker & Dunlop, LLC, an Illinois limited liability company that will be assigned to Fannie Mae, or an entity approved by the Authorized Officer (the "New Senior Lender"), and to execute a mortgage in connection with the Property in favor of the New Senior Lender (the "New Senior Loan").
6. The City Loan will be subordinate to the New Senior Loan, and the City will enter into a subordination agreement, subordinating the lien relating to the City Loan to the lien relating to the New Senior Loan ("New Senior Loan Subordination Agreement") with the New Senior Lender.
7. The New Borrower will acquire the Property through the Property Transfer.

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OFFICE OF THE MAYOR

CITY OF CHICAGO

RAHM EMANUEL
MAYOR

June 28, 2017

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 a refinancing of property located at 2209 - 19 North Rockwell.

Your favorable consideration of this ordinance will be appreciated.

Mayor

Very truly yours,

CHICAGO July 26, 2017

To the President and Members of the City Council:

Your Committee on Finance having had under consideration an ordinance concerning the authority to enter into and execute a Loan Restructuring Agreement with Lyndale Place Limited Partnership and THC Lyndale Place Limited Partnership and to evidence the City's intent to issue City of Chicago Multi-Family Housing Revenue Bonds (Lyndale Place Apartments Project).

£2017-5404

Amount of Bonds
Not to exceed \$10,000,000

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**

^lclerman-Bur-ke-abstained-from_voting_on Ais.matter-pursuanTto Rule 147}

Respectfully submitted

(signed)M-__

Chairman