



# Office of the City Clerk

City Hall  
121 N. LaSalle St.  
Room 107  
Chicago, IL 60602  
[www.chicityclerk.com](http://www.chicityclerk.com)

## Legislation Text

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**File #:** O2014-5426, **Version:** 1

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CHICAGO July 30. 2014

**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 Loan Restructuring and Subordination Agreement with West Side Village Phase IV, LP.

02014-5426

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

**of members of the committee with**

**dissenting vote(s)**

**This recommendation was concurred in by**

**Respectfully submitted**

**Chairman**

**Document No.**

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

OFFICE OF THE MAYOR

CITY OF CHICAGO

RAHM EMANUEL  
MAYOR

June 25,2014

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 ordinance authorizing a loan subordination for West Side Village Phase IV, LP.

Your favorable consideration of this ordinance will be appreciated.

Mayor

Very truly yours,

## ORDINANCE

WHEREAS, the City of Chicago (the "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 which pertain to its local government and affairs; and

WHEREAS, the City has determined that the continuance of a shortage of affordable housing to 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 certain funds 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, acquisition, new construction, reconstruction and moderate and substantial rehabilitation in low- and moderate-income areas; and

WHEREAS, on July 8, 1998, the City Council of the City authorized the making of a loan to West Side Village Phase IV Limited Partnership, an Illinois limited partnership ("Borrower") in the principal amount of \$7,559,026, with an interest rate of zero percent per annum and a term not to exceed 30 years (the "Loan"); and

WHEREAS, on or about November 4, 1998, the City made the Loan to the Borrower; and

WHEREAS, the Loan was secured by, among other things, that certain Junior Mortgage Security Agreement and Financing Statement dated as of November 4, 1998, made by the Borrower in favor of the City, as amended by the Loan Amendment and Modification Agreement between the Borrower and City dated as of September 28, 2004 (the "Mortgage"); and

WHEREAS, proceeds of the Loan were used to provide for the acquisition and construction by the Borrower of six (6) buildings located generally at 3607 W. Polk Street, 3621 W. Polk Street, 3645 W. Polk Street, 906 S. Central Park Avenue, 908 S. Central Park Avenue, and 921 S. Lawndale Avenue, in Chicago, Illinois (the "Property"); and

WHEREAS, the sole general partner of the Borrower is West Side Village Phase IV, Inc., an Illinois corporation ("General Partner"), and West Side Affordable Housing Limited Partnership, an Illinois limited partnership ("WSAHL"), is the sole shareholder of the General Partner, and West Side Affordable Housing, Inc., an Illinois not-for-profit corporation holds a 99% general partner interest in WSAHL; and

WHEREAS, the Mortgage was subordinate to that certain Construction Mortgage and Security Agreement dated as of October 19, 1998, securing a loan in the amount of \$2,400,000 (the "Original Senior Loan"), made by the Borrower in favor of First National Bank of Chicago; and

WHEREAS, in September 2004, the Borrower entered into a restructuring in connection with the Original Senior Loan in a manner which (i) did not alter the principal amount, maturity or interest rate of the Loan, (ii) increased the principal amount of the Original Senior Loan to \$2,484,600, and (iii) subordinated the Mortgage to all liens securing the new senior financing ("First Restructuring"); and

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WHEREAS, pursuant to the First Restructuring, the Mortgage is now subordinate to that certain Mortgage dated as of September 1, 2004 securing a loan in the amount of \$2,484,600 (the "Second Senior Loan"), made by the Borrower in favor of GMAC Commercial Mortgage Bank; and

WHEREAS, the Borrower now desires to refinance the Second Senior Loan by entering into a new senior loan in an amount not to exceed \$2,550,000 (the "New Senior Loan") and to execute a mortgage (the "New First Mortgage") in connection with the Property in favor of a new senior lender and has requested that the City approve another proposed restructuring of the Loan; and

WHEREAS, the City's Department of Planning and Development ("DPD") desires to approve a restructuring (the "Second Restructuring") of the Loan in a manner which (1) will not alter the principal balance of the Loan, (2) will not alter the interest rate on the principal balance of the Loan, (3) will consent to the New Senior Loan, (4) will extend the maturity date of the Loan, and (5) will subordinate the lien of the Mortgage to the lien of the New First Mortgage, (collectively, the "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 Second Restructuring is hereby approved as described above. The Commissioner of DPD (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 connection with the implementation of the Second 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 Loan which does not substantially modify the Material Terms.

Section 3. Notwithstanding anything to the contrary contained in the Municipal Code of Chicago (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 Second Restructuring (collectively, the "Owner"), any legal entities which are direct owners in excess of 7.5% of the Owner which changed in connection with the Second Restructuring, 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 Second Restructuring.

SECTION 4. 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.

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

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