



Office of the City Clerk

City Hall
121 N. LaSalle St.
Room 107
Chicago, IL 60602
www.chicityclerk.com

Legislation Text

File #: O2015-807, **Version:** 1

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 an allocation of funds under the Community Development Block Grant Program from the United States Department of Housing and Urban Development (the "Multi-Program Funds") to make loans and grants to expand the long-term supply of affordable housing through, among other things, acquisition and moderate and substantial rehabilitation in low- and moderate-income areas to be administered by the City's Department of Planning and Development ("DPD"); and

WHEREAS, pursuant to an Ordinance approved by the City Council of the City (the "City Council") on May 14, 1997 and published in the Journal of Proceedings of the City Council for such dates at pages 43724-43728, on July 31, 1997 the City made a loan of Multi-Program Funds in the principal amount of \$425,452, with an interest rate of one and one-half (1.5%) percent per annum and a term not to exceed 20 years (the "Loan"), to R.M. Newton Development Corporation, a corporation wholly-owned by R.M. Newton, an individual (the "Borrower"); and

WHEREAS, the Loan was secured by, among other things, that certain Junior Mortgage, Security Agreement and Financing Statement dated as of July 31, 1997, made by the Borrower in favor of the City (the "Mortgage"); and

WHEREAS, proceeds of the Loan were used to provide for the rehabilitation of certain improvements located generally at 6213-15 South Greenwood Avenue, in the City (the "Property"); and

WHEREAS, as part of the rehabilitation of the Property, the Borrower entered into a loan agreement with The First National Bank of Chicago (the "Original Senior Lender") dated as of July 31, 1997 (the "Original Senior Loan") which was secured by a mortgage senior to the lien of the Mortgage; and

WHEREAS, Urban Partnership Bank ("UPB") is currently the successor senior lender to the Original Senior Lender; and

WHEREAS, the Borrower financed the rehabilitation of other rental properties it owns in the 6200 block of South Greenwood Avenue; and

WHEREAS, UPB is currently the senior lender for such other rental buildings, which, together with the Property, are the Affordable Housing Portfolio as further described in Exhibit A hereto (the "Affordable Housing Portfolio"); and

I

WHEREAS, UPB may foreclose on the mortgages on the Affordable Housing Portfolio;
and

WHEREAS, the Chicago Community Loan Fund ("CCLF") will lend the Borrower approximately \$904,000 (the "New Senior Loan") to pay off the Original Senior Loan and provide funds to repair deferred maintenance of the Affordable Housing Portfolio; and

WHEREAS, DPD desires the Borrower be allowed to pledge the Property as security for the New Senior Loan; and

WHEREAS, DPD desires to approve a restructuring (the "Restructuring") of the Loan in a manner which (1) will allow a pledge of the Property to CCLF as security for loan(s) with respect to the Affordable Housing Portfolio, (2) allow the Loan to be secured by mortgage(s) on the Affordable Housing Portfolio, (3) will subordinate -the lien of the Mortgage to the lien of the mortgage securing the New Senior Loan, (4) will not alter the principal balance of the Loan, (5) will alter the interest rate on the principal balance of the Loan, (6) will forgive accrued but unpaid interest on the Loan, and (7) will defer all payments on the Loan until the maturity date of the Loan (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 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 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. 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 4. This ordinance shall be effective as of the date of its passage and approval.

EXHIBIT A AFFORDABLE HOUSING PORTFOLIO

Addresses

6213-15 South Greenwood Avenue 6217 South Greenwood Avenue 6221 South Greenwood Avenue 6228
South Greenwood Avenue 6230 South Greenwood Avenue

PIN Numbers

20-14-317-003-0000 20-14-317-004-0000 20-14-317-005-0000 20-14-316-034-0000 20-14-316-021-0000

J

of Planning and Development city of chicago

January 5, 2015

**TO THE HONORABLE CHAIRMAN, EDWARD M. BURKE AND MEMBERS OF THE
COMMITTEE ON FINANCE OF THE CITY COUNCIL**

Ladies and Gentlemen:

I transmit herewith an ordinance requesting approval to authorize the Loan Modification and Restructuring Plan for the RM Newton Development Corporation properties, including 6213-15 S. Greenwood Avenue. Approval of this ordinance will advance a financing plan that may prevent the loss of these assets to foreclosure and will retain affordable housing in a rapidly gentrifying area.

Your favorable consideration of this ordinance will be appreciated.

Commissioner

121 NORTH LASALLE STREET, ROOM L000, CHICAGO, ILLINOIS 60602

Very truly yours,

CHICAGO January 21, 2015

To the President and Members of the City Council:

Your Committee on Finance having had under consideration

An ordinance authorizing the City to enter into and execute a Loan Modification and Restructuring Plan with R.M. Newton Development Corporation.

Direct Introduction into Committee

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 _____ dissenting vote(s) _____
(afviva voce vote)

Respectfully submitted

A^S o~A_ ^ A^_A^__

1

(signed)

Chairman