



Office of the City Clerk

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

Legislation Text

File #: O2018-2345, 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 programmed Community Development Block Grant funds for its Multi-Unit Rehabilitation Assistance Program ("Multi-Program") whereby acquisition and rehabilitation loans were made available to owners of rental properties containing five or more dwelling units located in low- and moderate-income areas, and the Multi-Program was administered by the City's Department of Housing ("DOH"); and

WHEREAS, the City Council of the City (the "City Council"), pursuant to an ordinance enacted on December 17, 1985, and published at pages 25005-25008 of the Journal of the Proceedings of the City Council of that date, authorized DOH to provide Multi-Program financing in the amount of \$327,000 (the "City Loan") for the rehabilitation of a building located at 821-27 East 49th Street, in Chicago, Illinois (the "Property"), which contains 48 residential dwelling units (the "Project"); and

WHEREAS, McGill Terrace Associates, an Illinois limited partnership, owns the Project (the "Owner"); and

WHEREAS, on March 2, 1987, the City made a loan in the amount of \$327,000 with an interest rate of three percent per annum (the "City Loan") to the trustee of a land trust in which the Property was held and of which the Owner was the sole beneficiary, and said trustee subsequently transferred the Property to the Owner; and

WHEREAS, the City Loan is secured by, among other things, that certain Junior Mortgage, Assignment of Rents and Security Agreement dated March 2, 1987 and recorded on March 6, 1987 in the Office of the Recorder of Deeds of Cook County, Illinois as document number 87125596 (the "City Mortgage"); and

WHEREAS, the City Mortgage is currently subordinated to that certain mortgage dated as of May 1, 2010, securing a loan in the amount of \$1,391,000 (the "Senior Loan"), made by the Owner in favor of Cambridge Realty Capital Ltd. of Illinois, an Illinois corporation (the "Senior Lender"); and

WHEREAS, the Owner has not made any payments of principal and interest when due and the aggregate amount of the due but unpaid principal and interest under the City Loan, which is currently in default, is approximately \$631,100; and

WHEREAS, the Owner has met with certain financial difficulties in the operation of the Project, and requested that the Department of Planning and Development, the successor to DOH ("DPD"), approve a proposed forgiveness of the City Loan; and

WHEREAS, the Owner wishes to refinance the Senior Loan and receive the proceeds of a new loan from the Senior Lender (the "New Senior Financing"); and

S:\SHARED\Finance\Restructurings\McCjill <file:///S:/SHARED/Finance/Restructurings/McCjill> Terrace Apartments (821-27 E. 49th Street)
\Ordinance\McGill Terrace Ordinance v.4.doc

WHEREAS, the Senior Lender has indicated that the New Senior Financing is contingent on the City forgiving the City Loan in full and releasing the City Mortgage; and

, WHEREAS, DPD has agreed to (1) forgive, cancel and discharge the outstanding principal and interest of the City Loan, as well as any defaults, default interest and fees thereto and (2) release the City Mortgage (collectively, items 1 and 2 shall be herein referred to as the "Loan Forgiveness"); and

WHEREAS, the Project currently receives project-based rental subsidies from the United States Department of Housing and Urban Development ("HUD") that are administered by the Illinois Housing Development Authority ("IHDA") and the Owner anticipates that it will apply for project-based rental subsidies from HUD; and

WHEREAS, DPD anticipates that after the Loan Forgiveness the long-term affordability of the Project will be regulated by either IHDA or HUD in accordance with their respective rules and 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.

SECTION 2. The Loan Forgiveness is hereby approved as described above. The Commissioner of DPD (the "Commissioner") or a designee of the Commissioner, are each hereby authorized, subject to approval by the Corporation Counsel, to negotiate any and all terms and provisions in connection with the Loan Forgiveness as described herein. The Commissioner, or a designee of the Commissioner, 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 Loan Forgiveness.

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 2-45-115 of the Municipal Code of Chicago shall not apply to the Project in connection with the Loan Forgiveness.

SECTION 4. This ordinance shall be effective as of the date of its passage and approval.

S:\SHARI-D\rinancc\Rcstructuiings\McGill <file:///S:/SHARI-D/rinancc/Rcstructuiings/McGill> Terrace Apartments (821-27 II. 49th Street)
\Ordinance\McGill Terrace Ordinance v.4.doc

OFFICE OF THE MAYOR

CITY OF CHICAGO

RAHM EMANUEL MAYOR

March 28, 2018

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 an agreement regarding debt associated with property located at 821-27 East 49th Street.

Your favorable consideration of this ordinance will be appreciated.

Mayor

Very truly yours,

A'k bill

CHICAGO April 18,2018

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 Forgiveness Agreement with McGill Terrace Associates.

02018-2345

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 (am\ a voce vote")
of members of the committee with **dissenting vote(s)**7

Respectfully submitted

(signed ^ ^ ^ ^ ^ V-I-

Chairman