



Office of the City Clerk

City Hall
121 N. LaSalle St.
Room 107
Chicago, IL 60602
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Legislation Text

File #: O2018-8238, 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 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, Midwest Limited Partnership, an Illinois limited partnership (the "Borrower") of which Holsten Real Estate Development Corporation, an Illinois corporation is the general partner is the owner of that certain real property located at 6 North Hamlin Street and 3826- 3834 West Madison Street, in Chicago, Illinois consisting of a 14-story SRO building and improvements therein (the "Property");- and

WHEREAS, legal title to the Property is held by Chicago Title Land Trust Company, as successor trustee to LaSalle National Trust, N.A., pursuant to a trust agreement dated December 9, 1994, and known as Trust No. 119238, the sole beneficiary of which trust is the Borrower; and

WHEREAS, on November 10, 1994, the City Council of the City enacted an ordinance published in the Journal of the Proceedings of the City Council of the City for such date at pages 59343 through 59348 inclusive, as amended by an ordinance enacted by the City Council of the City on May 17, 1995 published in the Journal of the Proceedings of the City Council of the City for such date at pages 834 through 836 inclusive, pursuant to which the City made a loan of Multi-Family Program Funds in the principal amount of \$7,455,412 (the "1995 Loan") to the Borrower; and

WHEREAS, the proceeds of the 1995 Loan were all used in connection with the financing of a portion of the costs of the acquisition and rehabilitation of the Property and the development on the Property of a building containing approximately 276 studio units of affordable housing known as "Midwest Apartments" (the "Original Project"); and

WHEREAS, on July 20, 2016, the City Council of the City enacted an ordinance published in the Journal of the Proceedings of the City Council of the City for such date at pages 28156 through 28160 inclusive, pursuant to which the City made a loan of Multi-Family Program Funds in the principal amount of \$2,099,029 (the "2016 Loan", and together with the 1995 Loan, the "City Loan") to the Borrower; and

WHEREAS, the proceeds of the 2016 Loan were all used in connection with the financing of a portion of the costs of the rehabilitation of the Property (the "Rehabilitation Project" and together with the Original Project to be referred to as the "Project"); and

WHEREAS, the 1995 Loan was evidenced by a note which was secured by, among other things, that certain Junior Mortgage Security Agreement and Financing Statement dated as of September 1, 1995 made by the Borrower in favor of the City and recorded with the Office of the Recorder of Deeds of Cook County, Illinois (the "Recorder's Office") on September 26, 1995, as Document No. 95652456 (the "1995 Mortgage"); and that certain Regulatory Agreement effective as of September 1, 1995 between the City and the Borrower and recorded with the Recorder's Office on September 26, 1995, as Document No. 95652453; and

WHEREAS, the 2016 Loan was evidenced by a note which was secured by, among other things, that certain Junior Mortgage Security Agreement and Financing Statement dated as of July 27, 2016, made by the Borrower in favor of the City and recorded with the Recorder's Office on July 27, 2016, as Document No. 1620934073 (the "2016 Mortgage"); and that certain Regulatory Agreement effective as of July 27, 2016 between the City and the Borrower and recorded in the Recorder's Office on July 27, 2016, as Document No. 1620934072; and

WHEREAS, the 1995 Mortgage and the 2016 Mortgage are each subordinate to that certain first mortgage from the Borrower to Community Investment Corporation recorded with the Recorder's Office as Document No. 95652455 securing a loan in the original principal amount of \$1,000,000 (the "Original Senior Loan"), and the 2016 Mortgage is subordinate to that certain mortgage from the Borrower to the Chicago Low-Income Housing Trust Fund recorded as Document No. 95652457 securing a loan in the original principal amount of \$900,000 and that certain mortgage from the Borrower to the Illinois Housing Development Authority recorded as Document No. 95652460 securing a loan in the original principal amount of \$500,000; and

WHEREAS, the Borrower now desires to refinance the Original Senior Loan by entering into a new senior loan with an interest rate acceptable to the Authorized Officer in a principal amount not to exceed \$570,000 (the "New Senior Loan"), and to execute a mortgage (the "New Senior Mortgage") in connection with the Property in favor of a new senior lender acceptable to the Authorized Officer (as hereinafter defined), and has requested that the City approve the proposed refinancing of the Original Senior Loan; and

WHEREAS, DPD desires to approve a restructuring (the "Restructuring") of each City Loan in a manner which (1) will not change the amount of each City Loan, (2) will not change the interest rate of each City Loan, (3) will extend the maturity date of the 1995 Loan to terms that exceed the term of the New Senior Loan, but in any event no later than August 30, 2033, (4) will maintain the existing maturity date of the 2016 Loan, which exceeds the term of the New Senior Loan, and (5) will subordinate the liens of the 1995 Mortgage and the 2016 Mortgage to the lien of the New Senior 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 Restructuring is hereby approved as described above. The Commissioner of DPD, 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 amendments, agreements and instruments, and perform any and all acts as shall be necessary or advisable in connection with the implementation of the Restructuring. The Authorized Officer is hereby authorized, subject to approval by the Corporation Counsel, to enter into and execute such amendments, agreements and instruments, and perform any and all acts as shall be necessary or advisable in connection with any future restructuring of each City Loan which do 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 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 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 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.

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

OFFICE OF THE MAYOR

CITY OF CHICAGO

RAHM EMANUEL
MAYOR

October 31, 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 ordinance

authorizing the execution of an extension to a home loan agreement and associated subordination for Midwest LP.

Your favorable consideration of this ordinance will be appreciated.

Mayor

Very truly yours,

CHICAGO November 14, 2018

To the President and Members of the City Council:

Your Committee on Finance having had under consideration a communication recommending a proposed ordinance concerning the authority to authorize a Loan Restructuring Agreement with Midwest Limited Partnership.

02018-8238

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 _____ (a (viva voce vote"))
of members of the committee with _____ dissenting vote(s)7 -**

Alderman Burke refrained from voting on this matter under the provisions of Rule 14.

(signed

Respectfully submitted

Chairman

Approved Approved