City of Chicago

O2014-4117

Office of the City Clerk

Document Tracking Sheet

Meeting Date:	4/30/2014
Sponsor(s):	Emanuel (Mayor)
Type:	Ordinance
Title:	Approval of Loan restructuring for Lawson House YMCA and transfer of property to Holsten Human Capital Development NFP
Committee(s) Assignment:	Committee on Finance

(17)

CHICAGO May 28, 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 Lawson House YMCA.

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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).

Respectfully submitted

(signed) _____

Chairman

Document No._____

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

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OFFICE OF THE MAYOR

CITY OF CHICAGO

RAHM EMANUEL
MAYOR

April 30, 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 an ordinance authorizing a loan restructuring for Lawson House YMCA.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,

Rahm Emanuel

Mayor

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 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, pursuant to an ordinance enacted by the City Council of the City (the "City Council") on May 17, 1995 and published in the Journal of the Proceedings of the City Council for such date, the City made a loan of funds in the principal amount of $8,531,621, along with interest thereon (the "Loan"), to the Board of Trustees of the Young Men's Christian Association of Chicago, constituted pursuant to special act of the Illinois legislature (the "Board of Trustees"), and the Young Men's Christian Association, an Illinois corporation created pursuant to special act of the Illinois legislature (the "YMCA") (collectively, the Board of Trustees and the YMCA are jointly and severally referred to herein as the "Borrower"); and

WHEREAS, the Loan was evidenced by that certain Note dated July 16, 1996 made by the Borrower in favor of the City (the "Note") and secured by, among other things, that certain Junior Mortgage Security Agreement and Financing Statement made by the Borrower in favor of the City (the "Mortgage"); and

WHEREAS, the proceeds of the Loan were used to provide for the rehabilitation of a residential housing project by the Borrower located generally at 30 West Chicago Avenue, Chicago, Illinois 60610 (the "Property"); and

WHEREAS, the Property was subject to that certain Regulatory Agreement dated as of July 16, 1996, as amended on August 15, 1997 by and between the Borrower and the City (the "Regulatory Agreement") which required, among other things, that the Property be used by the Borrower to provide certain affordable residential housing units for a certain period of time, all as further described therein; and

WHEREAS, the terms of the Note provided that the amount of the Loan required to be paid to the City was to be forgiven over time provided that the Borrower remained in compliance with the Regulatory Agreement; and

WHEREAS, the Borrower desires to transfer the Property to Holsten Human Capital Development NFP, an Illinois not-for-profit corporation, or a wholly-owned subsidiary thereof ("HHCD"); and

WHEREAS, HHCD intends to transfer the Property to Lawson Partners, LLC, an Illinois limited liability company ("Holsten"), whose members are HHCD and Holsten Real Estate Development Corporation, an Illinois corporation; and

WHEREAS, Holsten has agreed to acquire the Property and to continue to provide affordable residential housing units at the Property for period of time beyond the requirements of the Regulatory Agreement; and

WHEREAS, on January 16, 2002, the City Council enacted an ordinance published in the Journal of the Proceedings of the City Council for such date at pages 77362 through 77366, inclusive, as amended by an ordinance adopted by City Council on September 4, 2003 and published in the Journal of the Proceedings of the City Council for such date at pages 6475 through 6626, inclusive, which authorized the establishment of a program (as supplemented, amended and restated from time to time, the "Donation Tax Credit Program") to be implemented by the City's Department of Planning and Development ("DPD") in connection with the use of certain tax credits authorized by the Illinois General Assembly pursuant to Public Act 92-0491 (as supplemented, amended and restated from time to time) for donations made in connection with affordable housing projects; and

WHEREAS, the transfer of the Property from the Borrower to HHCD may qualify under the Donation Tax Credit Program as an eligible donation, and may thereby generate certain additional proceeds for use in connection with the Property; and

WHEREAS, DPD desires to approve a restructuring (the "Restructuring") of the Loan in a manner which (1) forgives any remaining indebtedness under the Note; (2) releases the Borrower from obligations to the City made in connection with the Loan; (3) releases the Property from the lien of the Mortgage and other documents securing the indebtedness evidenced by the Note; (4) permits the transfer of the Property from the Borrower to HHCD and the transfer of the Property from HHCD to Holsten; (5) releases the Borrower from and permits the assignment and assumption of the obligations of the Borrower to the City under the Regulatory Agreement by HHCD and Holsten; and (6) requires that Holsten provide affordable residential units at the Property in a number and for a period of time acceptable to the Commissioner of DPD (the "Commissioner") which shall be for not less than thirty (30) years (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 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. 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 2-45-110 of the Municipal Code of Chicago shall not apply to the Property.

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

APPROVED

Leyla R. Patla

CORPORATION COUNSEL

APPROVED

Fabian Esmond, RP

6/5/14

Mayor