



Office of City Clerk

City Council Document Tracking Sheet

City Hall
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Chicago, IL 60602
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Matter ID: O2023-0005046

Meeting Date: 10/4/2023

Sponsor(s): Johnson (Mayor) *

Type: Ordinance

Title: Restructuring and Ownership Transfer Agreement by Chicago Community Development Corporation to East Lake Darul LLC including City loans, credits and obligations regarding Darul Amaan Senior Apartments, 4814 - 4820 N Kedzie Ave

Committee Assignment: Committee on Committees and Rules

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OFFICE OF THE MAYOR
CITY OF CHICAGO

BRANDON JOHNSON
MAYOR

October 4, 2023

TO THE HONORABLE, THE CITY COUNCIL
OF THE CITY OF CHICAGO

Ladies and Gentlemen:

At the request of the Commissioner of Housing, I transmit herewith an ordinance authorizing the execution of ownership transfer agreement regarding the Darul Amaan Senior Apartments.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,

A handwritten signature in blue ink, appearing to read "BJ Johnson", written over a horizontal line.

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, on January 17, 2013, the City Council of the City authorized a transaction generally involving the following elements: (1) a conveyance to Hope for Seniors Foundation, an Illinois not-for-profit corporation (the "Foundation"), of City-owned property generally located at 4814-4820 North Kedzie Avenue in Chicago, Illinois (the "Property"), which generated Illinois Affordable Housing Tax Credits at closing for the Foundation (the "Donation"); (2) a loan to the Foundation in an amount not to exceed \$6,100,000 (the "Loan"), the proceeds of which would concurrently be loaned by the Foundation to Community Housing Partners XIV L.P., an Illinois limited partnership (the "Partnership"); and (3) additional financing generated from the syndication of Low-Income Housing Tax Credits allocated by the City to the Partnership (the "Tax Credits"), which resulted in the construction of an approximately 56 unit affordable multi-family residence for seniors on the Property, which Property is now commonly known as "Darul Amaan Senior Apartments" (the "Project"); and

WHEREAS, on or about June 10, 2013 (the "Closing Date"), the City made the Donation and the Loan, and issued the Tax Credits for the Project; and

WHEREAS, the Loan (i) was evidenced by, among other things, (a) that certain Housing Loan Agreement executed by the Foundation and the Partnership as of the Closing Date (the "Loan Agreement"), and (b) two notes, each dated the Closing Date, with one note made by the Partnership in favor of the Foundation and another note made by the Foundation in favor of the City, (the "Notes"); (ii) was secured by, among other things, that certain Senior Mortgage, Security and Financing Statement dated as of the Closing Date and made by the Partnership in favor of the Foundation (the "Mortgage"), which was assigned by the Foundation to the City pursuant to that certain Assignment of Mortgage and Documents dated as of the Closing Date (the "Assignment of Mortgage and Documents"); and (iii) was further supported by two regulatory agreements, each dated as of the Closing Date, and each executed by the City, the Foundation, and the Partnership for the Loan and for the Donation (the "Regulatory Agreements", and together with the Loan Agreement, the Notes, the Mortgage, the Assignment of Mortgage and Documents, and any other documents executed for the benefit of the City in connection with the Project, the "City Loan Documents"); and

WHEREAS, the managing general partner of the Partnership is Chicago Community

Development Corporation, an Illinois corporation (the "Original Managing General Partner"); and

WHEREAS, the Original Managing General Partner desires to sell and transfer its rights, duties, obligations, and guaranties under the City Loan Documents to East Lake Darul, LLC, an Illinois limited liability company (the "Replacement Managing General Partner") and seeks the City's consent to undertake such action in accordance with the City Loan Documents (the "Restructuring"); and

WHEREAS, the Department of Housing desires to approve the Restructuring in a manner that (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 not extend the maturity date of the Loan; (4) will not alter the senior lien position of the Loan; (5) will not extend the affordability restrictions imposed by the City Loan Documents; (6) will consent to the sale and transfer of the Original Managing General Partner's rights, duties, obligations, and guaranties under the City Loan Documents and the assumption of the same by the Replacement Managing General Partner; and (7) will release the Original Managing General Partner from its rights, duties, obligations and guaranties under the City Loan Documents (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 Housing (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 that 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 (a) the owners of the Property as of the date following the date of the closing of the Restructuring (collectively, the "Owner"); (b) any legal entities which are direct or indirect owners in excess of 7.5% of the Owner and which changed in connection with the Restructuring; and (c) any legal entities that constitute direct or indirect controlling parties of the Owner (as determined by the Corporation Counsel) and which changed in connection with the Restructuring, 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 take effect upon its passage and approval.