

## ORDINANCE

WHEREAS, the City of Chicago (the "City"), a home rule unit of government under Section 6(a), Article VII of the 1970 Constitution of the State of Illinois, has heretofore found and does hereby find that there exists within the City a serious shortage of decent, safe and sanitary rental housing available to persons of low and moderate income; and

WHEREAS, the City has determined that the continuance of a shortage of affordable rental housing is harmful to the health, prosperity, economic stability and general welfare of the City; and

WHEREAS, Heart of Uptown Apartments LLC, an Illinois limited liability company (the "Owner"), and POAH TIF LLC, an Illinois limited liability company ("POAH", and collectively with Owner, the "Developer"), have submitted a proposal to the Department of Housing ("DOH") to redevelop certain real property located at 4431-4441 North Clifton Avenue, 927 West Wilson Avenue, 900-902 West Windsor Avenue and 847-849 West Sunnyside Avenue, Chicago, Illinois (all four properties, collectively, the "TIF Area Properties") and 4130 North Kenmore Avenue, Chicago, Illinois (the "Outside of TIF Property") and legally described in Exhibit B (collectively, the "Property"). The project will include the redevelopment of approximately 103 residential units, of which 103 units (100%) (the "Affordable Units") will be rental units affordable to moderate- to low-income families (the "Project"); and

WHEREAS pursuant to an ordinance adopted by the City Council of Chicago (the "City Council") on June 27, 2001, and published at pages 62341 through 62431 of the Journal of the Proceedings of the City Council (the "Journal") of such date, a certain redevelopment plan and project, as amended (the "Plan") for the Wilson Yard Redevelopment Project Area (the "Area") was approved pursuant to the Illinois Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74.4-1 *et seq.*) (the "Act"); and

WHEREAS, pursuant to an ordinance adopted by the City Council on June 27, 2001, and published at pages 62432 through 62441 of the Journal of such date, the Area was designated as a redevelopment project area pursuant to the Act; and

WHEREAS, pursuant to an ordinance adopted by the City Council on June 27, 2001, and published at pages 62442 through 62451 of the Journal of such date, tax increment allocation financing was adopted pursuant to the Act as a means of financing certain Redevelopment Project Costs (as defined in the Act) incurred pursuant to the Plan (as amended from time to time, the "TIF Ordinance"); and

WHEREAS, the Plan, the Area and the TIF Ordinance were amended by ordinances adopted by the City Council on November 18, 2009 and February 10, 2010; and

WHEREAS, the TIF Area Properties are located within the Area and the Outside of TIF Property is not located within the Area; and

WHEREAS, the Project is consistent with the goals and objectives of the Redevelopment Plan and necessary for the redevelopment of the Area; and

WHEREAS, Developer will be obligated to undertake the Project in accordance with the terms and conditions of a proposed redevelopment agreement to be executed by the Developer and the City, with the Project to be financed in part by a grant (the "TIF Grant") of certain pledged

incremental taxes deposited from time to time in the Special Tax Allocation Fund for the Area (the "TIF Fund") pursuant to Section 5/11-74.4-8(b) of the Act (the "Incremental Taxes"); and

WHEREAS, the City has funds that the City programmed for its Multi-Family Loan Program (the "Multi-Program Funds") whereby acquisition and rehabilitation loans were made available to owners of rental properties, and the Multi-Program Funds are administered by DOH; and

WHEREAS, the City Council, pursuant to an ordinance (the "Loan A Ordinance") enacted on December 13, 2006, authorized DOH to provide Multi-Program Funds in the amount of \$1,137,197 (the "Loan A") to pay a portion of the costs of acquiring and rehabilitating certain of the buildings that comprise the Property to develop 77 housing units as an affordable multi-family housing development; and

WHEREAS, Community Housing Partners XI L.P., an Illinois limited partnership, of which its managing general partner is POAH Uptown, LLC, an Illinois limited liability company, and its limited partner is Preservation of Affordable Housing LLC, a Massachusetts limited liability company (both of which are affiliates of POAH) (the "Loan A Borrower"), is the borrower of Loan A; and

WHEREAS, pursuant to the Loan A Ordinance, the City made the Loan A in the principal amount of \$1,137,197 to the Loan A Borrower on March 1, 2007, which Loan A is secured by, among other things, that certain Junior Mortgage, Security Agreement and Financing Statement dated March 1, 2007 (the "Loan A Mortgage") and recorded on March 14, 2007 in the Office of the Recorder of Deeds of Cook County, Illinois (the "Recorder's Office") as document number 0707341060, made by the Loan A Borrower in favor of the City, and by that certain Assignment of Rents and Leases dated March 1, 2007 (the "Loan A Assignment") and recorded on March 14, 2007 in the Recorder's Office as document number 0707341061; and

WHEREAS, the City Council, pursuant to an ordinance (the "Loan B Ordinance") enacted on May 14, 2008, authorized DOH to provide Multi-Program Funds in the amount of \$1,736,845 (the "Loan B") to pay a portion of the costs of acquiring and rehabilitating certain of the buildings that comprise the Property to develop 26 housing units as an affordable multi-family housing development; and

WHEREAS, Community Housing Partners XII L.P., an Illinois limited partnership, of which its managing general partner is POAH Sunnyside Kenmore, LLC, an Illinois limited liability company, and its limited partner is Preservation of Affordable Housing LLC, a Massachusetts limited liability company (both of which are affiliates of POAH) (the "Loan B Borrower"), is the borrower of Loan B; and

WHEREAS, pursuant to the Loan B Ordinance, the City made the Loan B in the principal amount of \$1,736,845 to the Loan B Borrower on July 31, 2008, which Loan B is secured by, among other things, that certain Junior Mortgage, Security Agreement and Financing Statement dated July 31, 2008 (the "Loan B Mortgage") and recorded on August 5, 2008 in the Recorder's Office as document number 0821841049, made by the Loan B Borrower in favor of the City, and by that certain Assignment of Rents and Leases dated July 31, 2008 (the "Loan B Assignment") and recorded on August 5, 2008 in the Recorder's Office as document number 0821841050; and

WHEREAS, the Loan A Borrower and the Loan B Borrower have met with certain financial difficulties and the Loan A Borrower and the Loan B Borrower have both requested that DOH

consent to the sale and assignment (the "Assignment") of the ownership interests that both the Loan A Borrower and the Loan B Borrower have in the Property to the Owner; and

WHEREAS, neither Loan A nor Loan B is in default; and

WHEREAS, the Owner is interested in accepting both Loan A and Loan B (the "Assigned Loans") as part of the Assignment (the "Restructuring") in a manner which (1) will not alter the outstanding principal amounts of the Assigned Loans, (2) will alter the interest rate on the principal balances of the Assigned Loans, (3) will alter the maturity date of the Assigned Loans, (4) will alter the repayment terms of the Assigned Loans, and (5) will subordinate the Loan A Mortgage, the Loan A Assignment, the Loan B Mortgage and the Loan B Assignment to the Redevelopment Agreement, the extended use agreement associated with the LIHTC Equity, the Senior Construction Loan and the Senior Permanent Loan (all phrases as defined below) (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 Developer is hereby designated as the developer for the Project pursuant to Section 5/11-74.4-4 of the Act.

SECTION 3. Upon the approval and availability of the Additional Financing as shown on Exhibit A hereto, the Commissioner of the Department of Planning and Development ("DPD") or a designee or successor thereof (the "Authorized DPD Officer") are each hereby authorized, with the approval of the City's corporation counsel (the "Corporation Counsel") as to form and legality, to negotiate, execute and deliver a redevelopment agreement between the Developer and the City in connection with payment of the Redevelopment Project Costs arising from the TIF Area Properties with the tax increment financing ("TIF") funds, substantially in the form attached hereto as Exhibit C and made a part hereof (the "Redevelopment Agreement"), and such other supporting documents as may be necessary to carry out and comply with the provisions of the Redevelopment Agreement, with such changes, deletions and insertions as shall be approved by the persons executing the Redevelopment Agreement, with such execution to constitute conclusive evidence of the Authorized DPD Officer's approval of any changes or revisions from the form of Redevelopment Agreement attached to this Ordinance.

SECTION 4. The City Council hereby finds that the City is authorized to pay an aggregate amount equal to \$15,000,000 ("City Funds") from Incremental Taxes deposited in the general account of the TIF Fund (the "General Account"), to the Developer to finance a portion of costs of the TIF Area Properties included within the Project and eligible under the Act. The proceeds of the City Funds are hereby appropriated for the purposes set forth in this Section 4.

SECTION 5. Pursuant to the TIF Ordinance, the City has created the TIF Fund. The Chief Financial Officer (or his or her designee) is hereby directed to maintain the TIF Fund as a segregated interest-bearing account, separate and apart from the City's Corporate Fund or any other fund of the City. Pursuant to the TIF Ordinance, all Incremental Taxes received by the City for the Area shall be deposited into the TIF Fund. The City shall use the funds in the TIF Fund to make payments pursuant to the terms of the Redevelopment Agreement.

SECTION 6. The Mayor, the Chief Financial Officer, the City Comptroller, the City Clerk and the other officers of the City are authorized to execute and deliver on behalf of the City such other documents, agreements and certificates and to do such other things consistent with the terms of this ordinance as such officers and employees shall deem necessary or appropriate in order to effectuate the intent and purposes of this ordinance.

SECTION 7. The Project (as described on Exhibit A hereto) shall be deemed to qualify as "Affordable Housing" for purposes of Chapter 16-18 of the Municipal Code of Chicago (the Municipal Code").

SECTION 8. The Assignment and the Restructuring are hereby approved as described above. The Commissioner of Housing (the "Housing Commissioner") or a designee of the Housing Commissioner (collectively, an "Authorized DOH Officer"), are each hereby authorized, subject to approval by the Corporation Counsel, to negotiate any and all terms and provisions in connection with the Assignment and the Restructuring which do not substantially modify the Material Terms as described herein. The Authorized DOH 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 the implementation of the Assignment and the Restructuring. The Authorized DOH 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 Project, which do not substantially modify the Material Terms.

SECTION 9. 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 "Project Owner"), any legal entities which are direct owners in excess of 7.5% of the Project Owner, and all legal entities who constitute the direct or indirect controlling parties of the Project 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 10. 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 11. This ordinance shall be effective as of the date of its passage and approval.