

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 Council of the City (the "City Council") has determined that the continuance of a shortage of rental housing affordable 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 received from the United States Department of Housing and Urban Development ("HUD") an allocation of HOME Investment Partnerships Program ("HOME Program") grant funds, pursuant to the Cranston-Gonzalez National Affordable Housing Act, 42 U.S.C. Section 12701 et seq., which grant funds 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

WHEREAS, the City Council, pursuant to an ordinance enacted on October 31, 2018, and published at pages 86543-86558 of the Journal of the Proceedings of the City Council (the "Journal") for such date (the "First Ordinance"), authorized the City's Department of Planning and Development ("DPD") to provide Multi-Program Funds in the amount of \$4,250,000 (the "Loan") to pay a portion of the costs of acquisition of land and construction of two (2) buildings located at 1533 W. Warren Boulevard, 3 N. Ashland and 11 N. Ashland Avenue, Chicago, Illinois (the "Property") containing seventy-five (75) units of housing, of which sixty (60) units are affordable to low income households, together with certain common areas, outdoor community spaces and parking commonly known as "Warren Apartments"(the "Project"); and

WHEREAS, Warren Ashland, LP, an Illinois limited partnership (the "Borrower"), owns the Property and the Project; and

WHEREAS, prior to its removal for cause as described below, the general partner of the Borrower was Warren Ashland GP, LLC, an Illinois limited liability company (the "Prior General Partner"), the sole member of which is Heartland Housing, Inc., an Illinois not-for-profit corporation (the "Heartland"); and

WHEREAS, pursuant to the First Ordinance and in connection with the Project, the City made the Loan in the principal amount of \$4,250,000 to the Borrower on April 22, 2019 with an interest rate of three percent per annum, which Loan is secured by, among other things, that certain Junior Mortgage, Security Agreement and Financing Statement dated April 22, 2019 and recorded on April 23, 2019 in the Office of the Recorder of Deeds of Cook County, Illinois (the "Recorder's Office") as document number 1911334088, made by the Borrower in favor of the City; and

WHEREAS, the Heartland has met with certain financial difficulties, whereby the Prior General Partner was determined by the limited partner to be in default under the terms of the Borrower's limited partnership agreement, resulting in the Prior General Partner's removal as general partner of the Borrower pursuant to a Notice of Event of Bankruptcy, Removal Default, Removal and Redemption of General Partner dated May 31, 2023 (the "Default Notice"); and

WHEREAS, pursuant to the Default Notice and a First Amendment to the First Amended

and Restated Agreement of Warren Ashland, LP, the Prior General Partner was replaced as the Borrower's general partner with AHS Warren Ashland, LLC, an Illinois limited liability company ("the Current General Partner"), the sole member of which is Affordable Housing Solutions, Inc., a Maryland not-for-profit corporation; and

WHEREAS, the Multi-Program Funds are now administered by the City's Department of Housing ("DOH") and the Borrower has requested that DOH consent to a proposed change to the Borrower's ownership structure that would replace the Current General Partner with POAH Warren Ashland LLC, an Illinois limited liability company, of which Preservation of Affordable Housing, Inc., an Illinois not-for-profit corporation, is its sole member (the "General Partner Replacement"); and

WHEREAS, DOH has approved a restructuring of the Project (the "Restructuring") in a manner which (1) will not alter the principal amount 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 lien position of the Loan, and (5) will allow the General Partner Replacement (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 (collectively, an "Authorized Officer"), are each hereby authorized, subject to approval by the Corporation Counsel, to negotiate any and all terms and provisions in connection with the Restructuring which do not substantially modify the Material Terms as described herein. The 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: (a) the implementation of the Restructuring; and (b) any future restructuring of the Project 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 "Project Owner"), any legal entities which are direct owners in excess of 7.5% of the Project Owner which changed in connection with the Restructuring, 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 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. Sections 2-44-080, 2-44-085, 2-44-090, 2-44-100 and 2-44-105 of the Municipal Code shall not apply to the Property or the Project in connection with the Restructuring.

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