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OFFICE OF THE MAYOR
CITY OF CHICAGO

BRANDON JOHNSON
MAYOR

February 21, 2024

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 a loan restructuring agreement with Hollywood House Limited Partnership.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,

A handwritten signature in blue ink, appearing to be "BJ", with a horizontal line extending to the right.

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 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 programmed Community Development Block Grant funds 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 the City's Department of Housing ("DOH"); and

WHEREAS, the City Council, pursuant to an ordinance enacted on September 10, 2008, and published at pages 36156-36253 of the Journal of the Proceedings of the City Council (the "Journal") for such date (the "First Ordinance"), authorized DOH to provide Multi-Program Funds in the amount of \$4,500,000 (the "Loan") to pay a portion of the costs of acquiring and rehabilitating Hollywood House Apartments (the "Project"), a multi-family housing development for senior citizens consisting of 197 residential dwelling units and commercial space in one building located at 5700 North Sheridan Road, in Chicago, Illinois (the "Property"); and

WHEREAS, the City Council, pursuant to the First Ordinance, also authorized DOH to provide tax increment financing funds for the Project in an amount up to \$4,000,000 and issue a tax increment allocation revenue obligation in a maximum principal amount up to \$5,900,000 (the "City TIF Note"); and

WHEREAS, Hollywood House Limited Partnership, an Illinois limited partnership (the "Borrower"), the sole general partner of which is Hollywood Sheridan Neighborhood Development Corp, NFP, an Illinois not-for-profit corporation (the "General Partner"), the sole member of which is Heartland Housing, Inc., an Illinois not-for-profit corporation (the "Owner"), owns the Property and the Project; and

WHEREAS, pursuant to the First Ordinance and in connection with the Project, the City made the Loan in the principal amount of \$4,500,000 to the Borrower on December 1, 2008 with an interest rate of one percent per annum, which Loan is secured by, among other things, that certain Junior Mortgage, Security Agreement and Financing Statement dated December 1, 2008 and recorded on December 17, 2008 in the Office of the Recorder of Deeds of Cook County, Illinois (the "Recorder's Office") as document number 0835211109, made by the Borrower in favor of the City; and

WHEREAS, pursuant to the First Ordinance and in connection with the Project, the City provided tax increment financing funds in amounts up to (i) \$4,000,000 pursuant to the Hollywood House Apartments Redevelopment Agreement by and among the Borrower, the General Partner, the Owner and the City dated December 1, 2008 and recorded on December 17, 2008 in the Recorder's Office as document number 0925122081 and (ii) \$5,900,000 pursuant to the City TIF Note; and

WHEREAS, the City Council, pursuant to an ordinance adopted on June 3, 2009, and

published at pages 63091 through 63092 of the Journal for such date (the "Second Ordinance"), authorized DOH to increase the principal amount of the Loan to \$4,873,741; and

WHEREAS, pursuant to the Second Ordinance, the City and Borrower entered into that certain Amendment to City Loan Documents and Redevelopment Agreement, and Subordination Agreement dated September 8, 2009 to increase the principal amount of the Loan to \$4,873,741, among other things; and

WHEREAS, the Owner has met with certain financial difficulties, and the Borrower has requested that DOH consent to a proposed change to the Borrower's ownership structure that would replace the General Partner with FCC Hollywood House GP, LLC, an Illinois limited liability company, of which Full Circle Communities, 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 alter the maturity date of the Loan, (4) will not alter the repayment terms of the Loan, (5) will waive certain default interest and fees, and (6) 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 the implementation of the Restructuring. 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 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.