



Office of City Clerk

City Council Document Tracking Sheet

City Hall
121 North LaSalle Street
Room 107
Chicago, IL 60602
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Matter ID: O2023-0005047

Meeting Date: 10/4/2023

Sponsor(s): Johnson (Mayor) *

Type: Ordinance

Title: Restructuring and Redevelopment Agreement with Tax Increment Financing (TIF) assistance and additional City funds to Austin United Alliance LP, Austin United Alliance GP LLC for multi-family, mixed-use development at 5206 W Chicago Ave, 5200 through 5224 W Chicago 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 issuance of financial assistance for the Austin United Alliance project.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,

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

Mayor

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, the City has certain funds available from a variety of funding sources ("Multi-Family Program Funds") to make loans and grants for the development of multi-family residential housing to increase the number of families served with decent, safe, sanitary and affordable housing and to expand the long-term supply of affordable housing, and such Multi-Family Program Funds are administered by the City's Department of Housing ("DOH"); and

WHEREAS, pursuant to an ordinance adopted on October 27, 2021, and published at pages 40213-40503 of the Journal of the proceedings of the City Council (the "Journal") of such date, the City Council of the City (the "City Council") authorized the issuance of general obligation bonds in one or more series, in an aggregate principal amount not to exceed \$660,000,000 for the Chicago Recovery Plan ("CRP") to finance the costs of the Recovery Purposes (as defined therein); and

WHEREAS, pursuant to an ordinance (the "Original Ordinance") adopted by the City Council on September 21, 2022, and published at pages 51732-51800 of the Journal, DOH was authorized to make a loan to Austin United Alliance, LP, an Illinois limited partnership (the "Borrower"), of which Austin United Alliance GP, LLC, an Illinois limited liability company, is the general partner, in an amount not to exceed \$14,450,000, to be funded from Multi-Family Program Funds and/or CRP proceeds, pursuant to the terms and conditions set forth in Exhibit A attached hereto and made a part hereof; and

WHEREAS, pursuant to an ordinance adopted by the City Council on September 27, 2007 and published at pages 8741-8849 of the Journal of such date, a certain redevelopment plan and project (the "Plan") for the Austin Commercial 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 September 27, 2007 and published at pages 8850-8862 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 September 27, 2007 and published at pages 8863-8874 of the Journal of such date, (the "TIF Ordinance"), tax increment allocation financing was adopted pursuant to the Act as a means of financing certain Area redevelopment project costs (as defined in the Act) incurred pursuant to the Plan; and

WHEREAS, pursuant to Section 5/11-74.4-8(b) of the Act and the TIF Ordinance,

incremental taxes ("Incremental Taxes") are deposited from time to time in the "Austin Commercial Redevelopment Project Area Special Tax Allocation Fund" (the "TIF Fund") established pursuant to the TIF Ordinance; and

WHEREAS, the City is the owner of that certain real property located in the Area, commonly known as 5206 West Chicago Avenue, Chicago, Illinois (Permanent Index No. 16-04-331-037-0000) (the "Disposition Parcel"); and

WHEREAS, pursuant to the Original Ordinance, the City was authorized to sell the Disposition Parcel, which has an appraised fair market value of \$28,000, for \$1, to the Borrower or an affiliated entity approved by the Authorized Officer (as defined below) to redevelop the Disposition Parcel into a facility with approximately 78 rental units, all in accordance with the Plan (as further defined on Exhibit A, the "Project"); and

WHEREAS, the Project is consistent with the goals and objectives of the Plan; and

WHEREAS, by Resolution No. 20-CDC-09, adopted by the Community Development Commission ("CDC") on August 11, 2020, the CDC authorized the advertisement and issuance of a Request for Proposals ("RFP") for the redevelopment of properties located at 5200 through 5224 West Chicago Avenue for the development of a mixed-use project; and

WHEREAS, the advertisement appeared in the August 26 and September 12, 2020 issues of the Chicago Sun-Times; and

WHEREAS, pursuant to the Selection Process provisions of the RFP, the Department of Planning and Development ("DPD") determined that the proposal of the Borrower and its affiliates best satisfies the goals and objectives of the RFP and the Plan; and

WHEREAS, pursuant to the Original Ordinance, the City was authorized to enter into a redevelopment agreement with the Borrower and Heartland Housing Inc., an Illinois not-for-profit corporation ("Heartland"), for the Borrower and Heartland to undertake the Project to be financed in part by a portion of Incremental Taxes, if any, deposited in the TIF Fund pursuant to Section 5/11-74.4-8(b) of the Act; and

WHEREAS, by Resolution No. 22-CDC-20 adopted on June 14, 2022 ("CDC Resolution"), the CDC has recommended that the City sell the Disposition Parcel to the Borrower, that the Borrower be designated as the developer for the Project (as defined in such resolution), and that the City, through DPD, be authorized to negotiate, execute and deliver on behalf of the City a redevelopment agreement with Borrower for the Project; and

WHEREAS, subsequent to the passage of the Original Ordinance, Heartland has become unable to participate in the Project, and the Project costs have increased, necessitating an amendment to the Original Ordinance to increase the authorized amount of the City's loan to the Borrower, and authorize a replacement developer party to the redevelopment agreement; 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. Sections 2 through 12 and Exhibits A and B of the Original Ordinance are hereby amended in their entirety to read as follows:

“SECTION 2. Upon the approval and availability of the Additional Financing as shown in Exhibit A hereto, the Commissioner of DOH (the "Commissioner") and a designee of the Commissioner (collectively, the "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 a loan (the "Loan") to Borrower in an amount not to exceed \$14,450,000, to be funded from Multi-Family Program Funds and/or CRP proceeds, pursuant to the terms and conditions set forth in Exhibit A attached hereto and made a part hereof. The Authorized Officer is hereby authorized, subject to the approval of the Corporation Counsel, to negotiate any and all terms and provisions in connection with the Loan which do not substantially modify the terms described in Exhibit A hereto. Upon the execution and receipt of proper documentation, the Authorized Officer is hereby authorized to disburse the proceeds of the Loan to the Borrower.

SECTION 3. 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. Section 2-44-080 of the Municipal Code of Chicago shall not apply to the Project or the Property (as defined on Exhibit A hereto).

SECTION 4. The Borrower is hereby designated as the developer for the Project pursuant to Section 5/11-74.4-4 of the Act.

SECTION 5. The Commissioner of DPD or a designee of the Commissioner of DPD are each hereby authorized, with the approval of the Corporation Counsel as to form and legality, to negotiate, execute and deliver a redevelopment agreement between the Borrower, Oak Park Regional Housing Center, an Illinois not-for-profit corporation ("OPRHC") and the City substantially in the form attached hereto as Exhibit B 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.

SECTION 6. The City Council hereby finds that the City is authorized to pay \$12,900,000 ("City Funds") from Incremental Taxes deposited in the general account of the TIF Fund (the "General Account") to the Borrower to finance a portion of the eligible costs included within the Project. The proceeds of the City Funds are hereby appropriated for the purposes set forth in this Section 6.

SECTION 7. Pursuant to the TIF Ordinance, the City has created the TIF Fund. The Chief Financial Officer (or his or her designee) of the City 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 8. 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 9. The sale of the Disposition Parcel to the Borrower in the amount of \$1 is hereby approved. This approval is expressly conditioned upon the City entering into the Redevelopment Agreement with the Borrower and OPRHC.

SECTION 10. The Mayor or a proxy of the Mayor is authorized to execute, and the City Clerk or Deputy City Clerk is authorized to attest, a quitclaim deed conveying the Disposition Parcel to the Borrower, or to a land trust of which the Borrower is the sole beneficiary, or to an entity of which the Borrower is the sole owner and the controlling party, subject to those covenants, conditions and restrictions set forth in this ordinance.

SECTION 11. To the extent that any ordinance, resolution, rule, order or provision of the Municipal Code of Chicago, 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 12. This ordinance shall be effective as of the date of its passage and approval.”