

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 potentially 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, DOH has preliminarily reviewed and approved the making of a loan to MPC Phase I 9%, LLC, an Illinois limited liability company (the "Borrower"), the managing member of which is MPC Phase I 9% MM, LLC, an Illinois limited liability company (the "Managing Member"), of which Preservation of Affordable Housing, Inc., an Illinois not-for-profit corporation ("POAH") and Far South CDC, an Illinois not-for-profit corporation ("Far South CDC"), are the members (the Borrower, the Managing Member, POAH, Far South CDC, and Preservation of Affordable Housing LLC, a Massachusetts limited liability company that is wholly owned by POAH, are referred to collectively as the "Developer Parties"); and

WHEREAS, Far South CDC intends to acquire from the City on or before the Closing Date certain property which, when combined with property currently owned by Far South CDC, is generally located at 11414-11420 S. Halsted Street, Chicago, Illinois 60628, as legally described on Exhibit B hereto and located wholly within the Redevelopment Area (the "Overall Property"); and

WHEREAS, Far South CDC intends to pursue a redevelopment project on the Overall Property (the "Overall Project") divided into multiple phases over multiple lots (A through E) across the Overall Property. The Overall Project will include residential units, commercial space, and parkland use. Phase 0 will involve demolition of the existing commercial building and site grading. The Developer Parties and MPC Phase I 4%, LLC, an Illinois limited liability company (the "4% Owner") will construct two four-story mixed-use buildings (A.1 and A.2), fronting S. Halsted St., with a total of 70 residential units, resident amenity spaces and approximately 1,975 square feet of ground floor retail space as a part of Phase 1. CHA will provide rental assistance to 17 of the units. Phase 1 will also involve the completion of infrastructure improvements at the Overall Property, including the construction of a stormwater detention basin within the northwest corner on lot B.1, and the dedication of a public right-of-way to construct new streets (S. Peoria St. and W. 114th Pl.), as well as the widening and improvement of W. 114th St by Far South CDC. Development plans for the Overall Project's future phases are conceptual at this time, and may include the construction of multi-family buildings on lots D and E, parkland space on lot B.2, and a performance arts center on lot C; and

WHEREAS, a portion of the Overall Property will be conveyed by the City to Far South CDC and divided into multiple separate parcels, including but not limited to: (i) parcel 1 (sub area

or lot A.1), as legally described on Exhibit B-1 hereof (the "4% Property"); and (ii) parcel 2 (sub area or Lot A.2), as legally described on Exhibit B-2 hereof (the "Property"). Far South CDC shall then transfer and convey the 4% Property to the 4% Owner and the Property to the Borrower. The Borrower shall construct or otherwise situate Building 2 and its related facilities (collectively, the "9% Facility") upon the Property, and Building 1 and its related facilities (the "4% Facility") shall be constructed or otherwise situated upon the 4% Property by the 4% Owner; and

WHEREAS, by and through two (2) separate but concurrent plans of financing that are to be implemented by the Developer Parties and the 4% Owner in two (2) separate transactions, a development commonly known as "Morgan Park Commons Phase 1" will provide approximately seventy (70) residential housing units within two separate elevator-serviced buildings on a portion of the Overall Property (the "Buildings"). One building will be generally located at 11414 S. Halsted in sub area A.1 and will contain thirty-five (35) residential housing units for low- and moderate-income households and related facilities within a new construction four-story structure ("Building 1"). The other building will be generally located at 11420 S. Halsted in sub area A.2 ("Building 2") and will contain thirty-five (35) residential housing units for low- and moderate- income households and related facilities within a new four-story construction structure. The ground floors of both buildings will include two (2) live/work residential units (4 total) serving neighborhood entrepreneurs. Building 1 will also have commercial retail and community amenity spaces on the ground floor while Building 2 will have the property management office, further residential amenities and community space; and

WHEREAS, the Borrower shall commence and complete construction of the 9% Facility, with the understanding being that the 4% Owner intends to commence and complete construction of the 4% Facility within the same general time frames. The 9% Facility will contain thirty-five (35) residential housing units of which 100 percent will be affordable for households earning no more than 80 percent of the area median income and further, will be a mix of three (3) studio units, seventeen (17) one-bedroom units (including two (2) live/work one-bedroom units), and fifteen (15) two-bedroom units. The 9% Facility and related improvements are collectively referred to herein as the "Phase I 9% Work"; and

WHEREAS, DOH has preliminarily reviewed and approved the making of a loan to the Borrower in an amount not to exceed \$1,856,027 (the "Loan"), which will be funded from Multi-Family Program Funds pursuant to the terms and conditions set forth in Exhibit A attached hereto and made a part hereof, which Loan proceeds will be used exclusively for the Phase I 9% Work and which Loan will be secured by a mortgage lien exclusively encumbering the Property and 9% Facility, among other security as further described in Exhibit A; and

WHEREAS, the use of federal financial assistance as part of the Multi-Family Program Funds for the Loan (described in Exhibit A attached hereto) is subject to federal review under the National Environmental Policy Act and is conditional upon federal approval and any terms and conditions resulting from such review; and

WHEREAS, DOH intends to make a separate loan to the 4% Owner for the construction of the 4% Facility pursuant to a separate ordinance, provided that the Loan for the Phase I 9% Work will not be cross-collateralized or cross-defaulted with the separate loan that DOH will make to the 4% Owner for the construction of the 4% Facility;

WHEREAS, on January 16, 2002, the City Council enacted an ordinance published in the Journal for such date at pages 77362 through 77366, inclusive, as amended by an ordinance adopted by the City Council on September 4, 2003 and published in the Journal for such date at

pages 6475 through 6626, inclusive, which authorized the establishment of a program (as supplemented, amended and restated from time to time, the "Donation Tax Credit Program") to be implemented by DOH in connection with the use of certain tax credits authorized by the Illinois General Assembly pursuant to Public Act 92-0491 (as supplemented, amended and restated from time to time) for donations made in connection with affordable housing projects; and

WHEREAS, the conveyance of a portion of the Overall Property by the City to one or more of the Developer Parties or another not-for-profit corporation approved by the Authorized Officer (as hereinafter defined) in connection with the Phase I 9% Work may qualify under the Donation Tax Credit Program as an eligible donation, and may generate certain additional proceeds for the 9% Facility, but the receipt of such donations and proceeds is not a condition to the making of the Loan; and

WHEREAS, the Borrower now desires to obtain financing from various sources (the "Additional Financing") including, but not limited to, the proceeds from the sale of the Donation Tax Credits and the Loan, all such financing as described in Exhibit A; 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. Upon the approval and availability of the Additional Financing as shown in Exhibit A hereto and of federal financial assistance as part of the Multi-Family Program Funds for the Loan, the Commissioner of Housing (the "Commissioner") and a designee of the Commissioner (collectively, the "Authorized Officer") are each hereby authorized, subject to approval by the Corporation Counsel, including requiring the terms and conditions of any such federal financial assistance, 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 Loan. The Authorized Officer is hereby authorized, subject to the approval of the Corporation Counsel and the terms and conditions of any federal financial assistance, 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 and/or its affiliated entity.

SECTION 3. The Mayor, the Chief Financial Officer, the City Comptroller, the City Clerk, the Authorized Officer, 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 4. The 9% Facility shall be deemed to qualify as "Affordable Housing" for purposes of Chapter 16-18 of the Municipal Code of Chicago (the "Municipal Code"). Sections 2-44-080 through 2-44-105, inclusive, of the Municipal Code shall not apply to the Phase I 9% Work or the Property.

SECTION 5. 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 6. This ordinance shall take effect upon its passage and approval.