



OFFICE OF THE MAYOR
CITY OF CHICAGO

BRANDON JOHNSON
MAYOR

June 21, 2023

TO THE HONORABLE, THE CITY COUNCIL
OF THE CITY OF CHICAGO

Ladies and Gentlemen:

At the request of the Commissioner of Public Health, I transmit herewith, together with Alderman Vasquez, an ordinance authorizing the acquisition of the former Diplomat Hotel to be used for the Stabilization Housing Pilot Program.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read "Brandon Johnson", written over a faint circular stamp.

Mayor

ORDINANCE

WHEREAS, the City of Chicago ("City") is a home rule unit of government by virtue of the provisions of the Constitution of the State of Illinois of 1970, and, as such, may exercise any power and perform any function pertaining to its government and affairs; and

WHEREAS, pursuant to ordinances adopted by the City Council of the City ("City Council") on November 3, 1999, and published at pages 13229 through 13333 of the Journal of the Proceedings of the City Council ("Journal") for such date, the City Council: (i) approved a certain redevelopment plan and project ("Original Redevelopment Plan") for a portion of the City known as the Lincoln Avenue Tax Increment Financing Redevelopment Project Area ("Redevelopment Area"), pursuant to the Illinois Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74.4-1 et seq.) ("Act"); (ii) designated the Redevelopment Area as a "conservation area" pursuant to the Act; and (iii) adopted tax increment allocation financing pursuant to the Act as a means of financing certain Redevelopment Area redevelopment project costs (as defined in the Act) incurred pursuant to the Original Redevelopment Plan; and

WHEREAS, the City Council amended the Original Redevelopment Plan by ordinance adopted on May 17, 2000, and published in the Journal for such date at pages 31902 through 31998 ("Amendment Number 1," and together with the Original Redevelopment Plan, the "Redevelopment Plan"); and

WHEREAS, conservation areas are those improved areas within a municipality which are deteriorating and declining and may become blighted if the deterioration is not abated (see 65 ILCS 5/11-74.4-3(b)); and

WHEREAS, the Redevelopment Plan and the use of tax increment financing provide a mechanism to support new growth through leveraging private investment, and helping to finance land acquisition, demolition, remediation, site preparation and infrastructure for new development in the Redevelopment Area; and

WHEREAS, in 2020, in response to the COVID pandemic, the Chicago Department of Public Health ("CDPH") and the Department of Housing ("DOH") implemented a hotel-based protective housing intervention program which provided shelter and healthcare to people experiencing homelessness; and

WHEREAS, CDPH and DOH wish to build upon the hotel shelter program's success and implement a non-congregate housing pilot program (the "Stabilization Housing Pilot Program"); and

WHEREAS, the goal of the Stabilization Housing Pilot Program is to provide transitional housing and wrap-around services to vulnerable Chicagoans experiencing homelessness within the community and surrounding areas; and

WHEREAS, CDPH and DOH initially assessed eight motel properties for use as non-congregate transitional housing, and ultimately selected the 46-room Diplomat Motel located at 5230 N. Lincoln Avenue for the Stabilization Housing Pilot Program; and

WHEREAS, the Diplomat Motel is located in the Redevelopment Area on the property legally described on Exhibit A attached hereto and made a part hereof (as improved, the “Acquisition Parcels”); and

WHEREAS, A.C. Motel, LLC, an Illinois limited liability company (“Owner”), is the owner of the Acquisition Parcels; and

WHEREAS, the appraised value of the Acquisition Parcels is \$2,900,000 based on an appraisal dated November 17, 2022 (date of value November 2, 2022); and

WHEREAS, the Owner has signed a letter of intent, attached hereto as Exhibit B, to sell the Acquisition Parcels to the City for the Appraised Value; and

WHEREAS, the letter of intent is nonbinding, but DOH and CDPH anticipate the preliminary terms of the letter will lead to the negotiation of a binding purchase agreement with the Owner; and

WHEREAS, CDPH intends to renovate the motel and create up to 40 rooms of transitional housing, including limited quarantine and isolation units (the “Stabilization Housing”); and

WHEREAS, CDPH and DOH anticipate that the average length of stay in the Stabilization Housing will be between 3 to 6 months, and that the facility will serve individuals experiencing homelessness on a cyclical basis who have been identified by partner agencies as needing integrated physical and behavioral healthcare services; and

WHEREAS, the Stabilization Housing will provide medical, mental health, substance use, and social service providers to meet the residents’ needs throughout their stay on site; and

WHEREAS, among its many benefits, non-congregate housing limits the spread of COVID-19 and other infectious diseases, improves the health status of residents, results in higher rates of engagement with service providers, and reduces use of city shelters; and

WHEREAS, CDPH and DOH held a community meeting on May 31, 2023, to inform neighborhood residents about the conversion of the Diplomat Motel into non-congregate housing for the Stabilization Housing Pilot Program; and

WHEREAS, CDPH and DOH have issued a Request for Proposals to select an operator for the Stabilization Housing; and

WHEREAS, under Section 2-124-030(a) of the Municipal Code of Chicago and Section 11-74.4-4(c) of the Act, the Community Development Commission of the City (“Commission”)

may recommend to the City Council that the City acquire by purchase or condemnation property reasonably necessary to achieve the objectives of a redevelopment project and plan; and

WHEREAS, by Resolution No. 23-CDC-25, adopted by the Commission on May 9, 2023, the Commission recommended the acquisition of the Acquisition Parcels; and

WHEREAS, the City has determined that it is useful, necessary and desirable to acquire for public ownership and control the Acquisition Parcels for the public purpose of establishing the Stabilization Housing, and to achieve the objectives of the Redevelopment Plan, which include, among other things, reducing or eliminating those conditions which qualify the Redevelopment Area as a conservation area; and providing sites for institutional public facilities needed to serve the area residents and the surrounding communities; and

WHEREAS, the City has determined that the acquisition of the Acquisition Parcels, free and clear of leases, agreements and encumbrances for the Stabilization Housing Pilot Program is useful, advantageous or desirable for municipal purposes and public welfare; and

WHEREAS, the City Council finds such acquisition to be for the same purposes as those set forth in Divisions 74.2 and 74.4 of the Illinois Municipal Code; and

WHEREAS, the City Council further finds that such acquisition and exercise of power of eminent domain shall be in furtherance of the Redevelopment Plan, which was first adopted in 1999 and amended in 2000 in accordance with the Act, as recited above, and was in existence prior to April 15, 2006; and

WHEREAS, the City Council further finds that prior to April 15, 2006, the Redevelopment Plan included an estimated \$4,500,000 in property assembly costs as a budget line item in Table 1 to the Redevelopment Plan, and also described property assembly as a part of the redevelopment project for the Redevelopment Area, including in Section V.C.2. of the Redevelopment Plan; and

WHEREAS, the City Council further finds that the Acquisition Parcels were included in the Redevelopment Area prior to April 15, 2006, that there has been no extension in the completion date of the Redevelopment Plan and that the Acquisition Parcels are not located in an industrial park conservation area; **now, therefore,**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. The foregoing recitals, findings and statements of fact are hereby adopted as the findings of the City Council.

SECTION 2. It is hereby determined and declared that it is useful, necessary and desirable that the City acquire the Acquisition Parcels for public purposes, including, without limitation, the establishment of the Stabilization Housing, and for purposes of implementing the goals and objectives of the Redevelopment Plan.

SECTION 3. The Commissioner of DOH and the Commissioner of CDPH (either, the “Commissioner”) are hereby authorized to negotiate with the Owner and any other interested parties (collectively, the “Owner(s)”) for the purchase of the Acquisition Parcels. If the Commissioner and the Owner(s) are able to agree on the terms of the purchase, the Commissioner is authorized to purchase the Acquisition Parcels on behalf of the City for the agreed price. If the Commissioner is unable to agree with the Owner(s) on the terms of the purchase, or if the Owner(s) are incapable of entering into such a transaction with the City, or if the Owner(s) cannot be located, then the Corporation Counsel is authorized, in furtherance of the findings and public purposes set forth in this ordinance and in accordance with the authority conferred by the Illinois Constitution of 1970, art. VII, sec. 6(a) and the Illinois Compiled Statutes, including specifically but without limitation the provisions of Section 5/11-74.4-4(c) of the Illinois Municipal Code, to institute and prosecute condemnation proceedings on behalf of the City in accordance with the Illinois Eminent Domain Act, 745 ILCS 30-1-1-1 et seq., for the purpose of acquiring fee simple title to or a lesser interest in some or all of the Acquisition Parcels under the City’s power of eminent domain. Such acquisition efforts shall commence with respect to the Acquisition Parcels, within four (4) years of the date of the publication of this ordinance. Commencement shall be deemed to have occurred upon the City’s delivery of an offer letter to the Owner(s) of the Acquisition Parcels.

SECTION 4. The Commissioner or a designee of the Commissioner is each hereby authorized to negotiate, execute and deliver such documents as may be necessary or appropriate to implement the provisions of this ordinance, subject to the approval of the Corporation Counsel, including indemnification.

SECTION 5. If any provision of this ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such provision shall not affect any of the other provisions of this ordinance.

SECTION 6. All ordinances, resolutions, motions or orders in conflict with this ordinance are hereby repealed to the extent of such conflict.

SECTION 7. This ordinance shall be effective upon its passage and approval.

EXHIBIT A

LEGAL DESCRIPTION OF ACQUISITION PARCELS

(SUBJECT TO FINAL SURVEY AND TITLE COMMITMENT)

LOTS 55, 56, 57, 58, 59, AND 60 IN OLIVER L. SALINGER AND COMPANY'S LINCOLN AVENUE SUBDIVISION, A SUBDIVISION OF PART OF THE SOUTH 1/2 OF THE WEST 1/2 OF THE EAST 1/2 OF THE NORTHEAST 1/4 OF SECTION 12, TOWNSHIP 40 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

ADDRESS: 5230 N. LINCOLN AVENUE
CHICAGO, ILLINOIS 60625

PINS: 13-12-229-016-0000
13-12-229-017-0000
13-12-229-018-0000
13-12-229-019-0000
13-12-229-020-0000
13-12-229-021-0000

EXHIBIT B

LETTER OF INTENT



CITY OF CHICAGO

DEPARTMENT OF HOUSING

March 8, 2023

A.C. Motel, LLC
Attn: Hok Lun Orn
5230 N. Lincoln Avenue
Chicago, Illinois 60625

A.C. Motel, LLC
Hok Lun Orn, Registered Agent
5230 N Lincoln Avenue
Chicago, IL 60625

Re: Letter of Intent to Purchase The Diplomat Motel (5230 N. Lincoln Avenue)

Dear Mr. Kusecek:

The purpose of this letter is to indicate the basis on which the City of Chicago ("Purchaser") is prepared to acquire the Property (as hereinafter defined). THIS IS A LETTER OF INTENT ONLY AND SHALL IN NO EVENT BE DEEMED TO BE A LEGALLY BINDING CONTRACT. In particular, Seller understands and agrees that the acquisition of the Property is contingent upon Chicago City Council approval of the transaction. This letter is, however, an indication of the intent of each party to negotiate the terms of a binding real estate purchase and sale agreement generally on the following terms:

1. Property. The Property consists of fee simple title to The Diplomat Motel located at 5230 N. Lincoln, Chicago, Illinois 60625.

2. Purchase Price. The Purchase Price for the Property shall be \$2,900,000.00, payable and allocated as follows:

(a) Earnest Money. Purchaser shall deliver to Greater Illinois Title Company (or such other title insurance company as is mutually acceptable to the parties) as escrowee ("Escrowee"), the sum of \$29,000.00 (1% of Purchase Price) as initial earnest money, within 45 business days after the full execution and delivery of a purchase and sale agreement by both parties. The initial earnest money shall be refundable at any time during the inspection period. If Purchaser does not terminate the purchase and sale agreement within the inspection period, the earnest money shall serve as liquidated damages to Seller in the event of default by Purchaser and as Seller's sole and exclusive remedy. The earnest money shall be held in an interest-bearing account with interest credited to Purchaser at closing. The earnest money shall be applied to the Purchase Price at closing.

(b) Cash Balance. Purchaser shall pay the balance of the Purchase Price in cash at closing.



CITY OF CHICAGO

DEPARTMENT OF HOUSING

3. **Delivery of Documents.** Promptly upon the execution of this letter of intent, Seller shall deliver to Purchaser any information in Seller's possession that could be pertinent to the ownership and operation of the Property, including, but not limited to, preliminary title reports and surveys; leases (if any); financial information from all accounting books and records, including income statements and current year-to-date budgets; real estate tax bills and special assessment bills for the last three years; environmental reports; physical reports (including architectural, environmental, and engineering reports); and "as built" plans and specifications.

4. **Authorization & Approval Period.** Purchaser shall have a period of 150 business days to seek the review and approval of an ordinance authorizing the acquisition of the Property by the City Council of the City of Chicago.

5. **Inspection Period.** Purchaser shall have a period of 60 business days after the passage and approval by the City Council of the City of Chicago of an ordinance authorizing the acquisition of the Property in which to conduct an inspection of the Property. During that period, Purchaser shall have the right to examine title and survey and to inspect the Property and perform studies and/or investigations with respect to the Property, including, without limitation, structural, mechanical, and environmental studies and investigations, and to perform any other due diligence that Purchaser deems reasonably necessary in connection with its acquisition of the Property. If, after such studies and/or investigations, Purchaser, in its sole discretion, determines that the Property is not satisfactory to Purchaser for any reason, Purchaser may terminate the purchase and sale agreement by written notice to Seller delivered prior to the expiration of the inspection period.

6. **Closing.** The closing would occur within 30 days after the expiration of the inspection period on a mutually agreeable date.

7. **Broker.** No broker, real estate agent, or finder is due any fee or commission in connection with this transaction.

8. **Contract.** Upon acceptance by Seller of this letter of intent, Purchaser shall prepare a purchase and sale agreement that incorporates the terms and conditions of this letter of intent, includes representations and warranties by Seller for the benefit of Purchaser as to the Property, and otherwise contains terms and conditions and is in a form customary for the Chicago area.

Purchaser and Seller hereby expressly acknowledge that (a) any action taken by Purchaser in connection with this letter of intent shall not be deemed to be an agreement of Purchaser to purchase the Property and that no such obligation shall be imputed unless and until a written agreement with respect thereto has been signed by both Seller and Purchaser; (b) the parties have not agreed on the material terms of any agreement relating to the purchase and sale of the Property; and (c) either Seller or Purchaser may determine,



DEPARTMENT OF HOUSING
CITY OF CHICAGO

MEMORANDUM

TO: Reshma Soni,
Comptroller

From: Marisa Novara
Marisa Novara, Commissioner- Housing

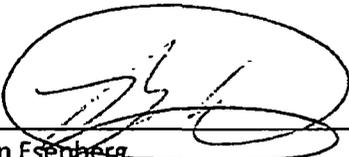
Re: **Delegation of Signature Authority** for the Following dates:
3/7/2023-3/17/2023

March 1, 2023

Please find attached a “**Delegation of Signature Authority form**”, executed by Commissioner Marisa Novara on March 1, 2023, the following dates that signature authority will be covered will be:
March 7, 2023, to March 17, 2023.

I hereby designate Bryan Esenberg with the power to sign, as proxy for the Commissioner of the Department of Housing the following categories of documents and matters during the period of my absence from the office.

- Payment Vouchers, subject to approval by Deputy Commissioner of Finance for DOH
- Redevelopment agreements and all related instruments, subject to approval by corporation council
- Other TIF related agreements, subject to approval by corporation council
- Intergovernmental agreements, subject to approval by corporation council
- Authorize loan agreements or related documents to the loans for MF development activity, subject to approval by corporation council.

Sign 

Bryan Esenberg
Managing Deputy Commissioner

Should you have any questions in my absence please feel free to contact Bryan Esenberg at Bryan.esenberg@cityofchicago.org



CITY OF CHICAGO

DEPARTMENT OF HOUSING

each in its sole discretion, to terminate all negotiations with respect to the purchase and sale of the Property at any time prior to the execution of a purchase and sale agreement.

If the terms outlined herein are acceptable, Seller should execute this letter where indicated below and return it to my attention no later than March 31, 2023. Signatures by electronic transmission shall have the same force and effect as original signatures. If you have questions, please feel free to contact Development Coordinator Michael Lofton at 312-744-7223.

Sincerely,

Bryan Eisenberg
Managing Deputy Commissioner
City of Chicago Department of Housing

ACKNOWLEDGED AND AGREED TO
THIS 19 DAY OF 3, 2023.

A.C. Motel, LLC

By: HOK ORN [Signature]

Its: MEMBER LLC