

SUBSTITUTE ORDINANCE

WHEREAS, the City of Chicago (the "City") is a home rule municipality as described in Section 6(a), Article VII of the 1970 Constitution of the State of Illinois and, as such, may exercise any power and perform any function pertaining to its government and affairs, including protecting the public health, safety and welfare of its citizens; and

WHEREAS, the Department of Housing ("DOH") is an executive department of the City established pursuant to Chapter 2-44 of the Municipal Code of Chicago (the "Municipal Code") that supervises and coordinates the formulation and execution of projects and programs to create safe, decent, and affordable housing for residents of the City; and

WHEREAS, one of Chicago's strengths is its diverse housing stock; and

WHEREAS, the City Council has determined that single-room occupancy buildings ("SROs"; each, an "SRO"), as defined on Exhibit A attached hereto, are essential to maintaining Chicago's diverse housing stock by providing affordable housing opportunities for extremely low-income Chicago residents, who without SROs are at risk of homelessness; and

WHEREAS, SROs are at risk of being lost due to deterioration or conversion to apartment housing and the City has a vital interest in maintaining the existing SRO housing stock; and

WHEREAS, the City Council therefore expresses a firm commitment to preserving existing SRO Buildings and their affordability characteristics; and

WHEREAS, Community Investment Corporation ("CIC"), an Illinois not-for-profit corporation, is a lender that provides financing for the acquisition, rehabilitation, and preservation of affordable rental housing within Chicago neighborhoods and suburban communities; and

WHEREAS, the City had funds available to its Multi-Family Program; and

WHEREAS, on April 27, 2022, the City Council enacted an ordinance authorizing the "SRO Preservation Loan Program," consisting of assistance to existing and future owners of SROs to rehabilitate their SROs with loans ("Loans"), the proceeds of which will pay some of the rehabilitation costs, and which Loans will then be converted to long-term debt, provided that such owners make a written commitment to maintain their buildings as SROs that include long-term Affordability Covenants (as defined below), and which ordinance also authorized the City's Commissioner of Housing to utilize Multi-Family Program funds to enter into grant agreements with CIC during a three-year period for use in creating a pass-through grant reserve that will partially pre-pay the Loans at the time of their conversion to long-term debt (the "City Pass-Through Grant Reserve"); and

WHEREAS, DOH desires to extend the authorization of the SRO Preservation Loan Program and to rename it the "SRO Preservation Fund;" and

WHEREAS, utilizing Multi-Family Program funds, DOH entered into various grant agreements with CIC totaling not to exceed \$5,000,000 per year for a three-year period, the last of which grants terminated on February 11, 2025; and

WHEREAS, pursuant to an ordinance passed by the City Council on October 27, 2021 and published in the Journal for such date at pages 40214 to 40290, inclusive, as amended, the City was authorized to issue bonds (the "CRP Bonds"); and

WHEREAS, pursuant to an ordinance passed by the City Council on April 19, 2024 and published in the Journal for such date at pages 11493 through 11568, inclusive, the City was authorized to issue bonds (the "HED Bonds"); and

WHEREAS, the proceeds of CRP Bonds and/or HED Bonds, when issued, may reimburse appropriated funds from Fund Number 100 (the "Corporate Funds" and, collectively with Multi-Family Program funds and the proceeds of the CRP Bonds and/or the HED Bonds, the "City Funds") for, among other things, improving the quality of housing through various rehabilitation and housing redevelopment programs; and

WHEREAS, DOH desires to continue to engage CIC pursuant to one or more grant agreements (each, a "Grant"), each such Grant totaling not to exceed \$5,000,000 per year for not to exceed a five-year period, each Grant to be funded from City Funds to the extent such funds are available and appropriated, to fund the continuation of the City Pass-Through Grant Reserve for use in connection with the continuation of the SRO Preservation Fund, pursuant to the terms and conditions set forth in Exhibit A hereto and made a part hereof; now, therefore,

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

SECTION 1. The above recitals are expressly adopted herein as the legislative findings of the City Council and incorporated herein and made a part of this ordinance.

SECTION 2. The SRO Preservation Fund is hereby authorized to continue until the later to occur of five years after the effective date of this ordinance or the termination of the last Grant to CIC.

SECTION 3. The Commissioner of Housing or a designee or successor thereof (the "Authorized DOH 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 one or more Grants to CIC, totaling not to exceed \$5,000,000 per year for not to exceed a five-year period, to fund the continuation of the City Pass-Through Grant Reserve Fund. The Authorized DOH Officer is hereby authorized, subject to the approval of the Corporation Counsel, to negotiate any and all terms and provisions in connection with the Grants which do not substantially modify the terms described in Exhibit A hereto. Upon the execution and receipt of proper documentation, the Authorized DOH Officer is hereby authorized to disburse Grant funds to CIC, subject to the availability and appropriation of such funds.

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.

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

Exhibit A
Affordability Terms

1. A borrower under the SRO Preservation Fund must be the owner of an SRO in the City of Chicago. "SRO" has the meaning it has in Section 5-15-020 of the Municipal Code. "Owner" has the meaning it has in Section 14A-2-202 of the Municipal Code.
2. "Area Median Income" or "AMI" has the meaning given in Section 2-44-085(B) of the Municipal Code. "AMI Rent" means the maximum rent at a given AMI as determined by the City of Chicago Maximum Affordable Rents Tables, published yearly by the City and available upon request to DOH.
3. In connection with the Loan, the borrower must enter into a mortgage and a regulatory agreement that keeps a minimum of 30% of the units in the SRO (the "Affordable Units") restricted to any combination of the following:
 - (a) the rent for the unit is capped at a maximum of 50% AMI Rent;
 - (b) the rent for the unit is capped at a maximum of 80% AMI Rent for each offsetting unit with a rent cap at 30% AMI Rent; or
 - (c) the rent for the unit is capped at a maximum of 80% AMI Rent if the tenant concurrently receives a rental subsidy from the Chicago Housing Authority (or a similar transferable subsidy) such that the tenant's portion of the total rent constitutes no more than 30% of the tenant's adjusted gross monthly household income or, in the alternative, no more than 30% of the rent at 80% AMI Rent.
4. The amount of the Grant per unit shall determine the percentage of Affordable Units in an SRO as follows:

Level of Program Assistance Per Unit	% of Units That Must Remain Affordable Units
\$1 – \$5,000 per unit	30% of the units in the SRO
\$5,001 – \$10,000 per unit	40% of the units in the SRO
\$10,001 – \$15,000 per unit	50% of the units in the SRO
Over \$15,000 per unit	Determined on deal-by-deal basis

5. The restrictions set forth in 3 and 4 above are the "Affordability Covenants."
6. The SRO owner must maintain the Affordability Covenants for the Affordable Units for a minimum of fifteen years from the closing date of the Loan.
7. The Affordability Covenants shall be made to run with the land.



CITY OF CHICAGO

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COMMITTEE ON FINANCE
CITY COUNCIL
CITY HALL - ROOM 302
121 NORTH LASALLE STREET
CHICAGO, ILLINOIS 60602

ALDERMAN PAT DOWELL
CHAIRMAN

PHONE: 312-744-3380

April 16, 2025
CHICAGO, ILLINOIS

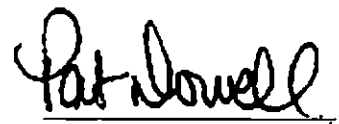
TO THE PRESIDENT AND MEMBERS OF THE CITY COUNCIL:

Your Committee on Finance which was referred a substitute ordinance authorizing the continuation of the Single Room Occupancy (SRO) Loan Program, the continuation of the grant agreement with Community Investment Corporation (CIC) and renaming the program to the SRO Preservation Fund.
(SO2025-0015982)

Having the same under advisement, begs leave to report and recommend that Your Honorable Body **Pass** the proposed substitute ordinance transmitted herewith.

This recommendation was concurred in by a voice vote of the members of the committee present with no dissenting votes on **April 11, 2025**.

(signed)


Pat Dowell, Chairman
Committee on Finance

APPROVED


CORPORATION COUNSEL

DATED: 4/23/25

APPROVED


MAYOR

DATED: April 23, 2025