

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, the City Council of the City (the "**City Council**"), pursuant to an ordinance passed on June 28, 2000, and published at pages 36217 to 36537 of the Journal of the Proceedings of the City Council for such date, authorized the City to provide financial assistance to Hearts United Phase II Limited Partnership ("**Hearts II**") in the form of a loan in the amount of four million five hundred forty-one thousand eight hundred eighteen and no/100 dollars (\$4,541,818) consisting of (i) HOME Investment Partnerships Program ("**HOME Program**") grant funds the City received pursuant to the Cranston-Gonzalez National Affordable Housing Act, 42 U.S.C. Section 12701 et. Seq.; (ii) Empowerment Zone Funds; (iii) funds in the City Corporate Fund No. 100 and (iv) funds derived from repayments to the City of HOME funds and/or other returns from the investment of HOME funds; and

WHEREAS, the above-referenced loan was made pursuant to that certain housing loan agreement, and evidenced pursuant to that certain promissory note, each entered into as of December 1, 2000 which financial assistance was provided for the construction of a multi-building affordable housing project commonly known as the Quincy (the "**Quincy Project**") which rental housing project is located in the Bronzeville community area and comprised of the parcels of improved real property listed on Exhibit A to this ordinance and made a part hereof (collectively, the "**Quincy Properties**"); and

WHEREAS, the Quincy Properties include a total of seventeen (17) parcels presently improved with sixteen (16) residential buildings having, in aggregate, one hundred seven (107) rental units, including twenty-seven (27) public housing units (the "**Public Housing Units**"); and

WHEREAS, the United States Department of Housing and Urban Development ("**HUD**"), was the insurer of that certain loan made to Hearts II by the Prairie Mortgage Company in the amount of six million two hundred seventy three thousand dollars (\$6,273,000) for the development of the Quincy Properties which was secured by a mortgage (the "**HUD Mortgage**") on that certain loan (the "**HUD Mortgage Loan**"); and

WHEREAS, Hearts II has defaulted under the terms of the HUD Mortgage Loan and as a result of which default the HUD Mortgage Loan has been assigned to HUD; and

WHEREAS, HUD now intends to initiate foreclosure of the HUD Mortgage and HUD, through foreclosure, will attempt to acquire title to the Quincy Properties; and

WHEREAS, applicable federal law under 24 CFR Part 290 permits HUD to offer the City the option to serve as the Unit of Local Government (the "**ULG**") to purchase the Quincy Properties

and permits HUD to make a non-competitive sale of the Quincy Properties to the City in the event HUD acquires the Quincy Properties through foreclosure; and

WHEREAS, the City, acting by and through its Department of Housing ("**DOH**"), has determined that it is in the best interest of the City to serve as the ULG, which will give the City local control (i) to acquire the Quincy Properties, and (ii) to ensure that the Quincy Properties are transferred to responsible parties; and

WHEREAS, DOH has further determined that in the event the City acquires the Quincy Properties, the City will immediately convey the Quincy Properties to a qualified private developer to facilitate repair, rehabilitation and, if required, reconstruction of the Quincy Project in order to maintain the Public Housing Units and any other affordable housing therein; and

WHEREAS, HUD has agreed that if HUD acquires the Quincy Properties, HUD will sell the Quincy Properties to the City for the sum of Ten and no/100 Dollars (\$10.00); and

WHEREAS, such sale of the Quincy Properties by HUD to the City will be pursuant to a purchase and sale agreement to be negotiated and agreed to by HUD and the City (the "**HUD Contract**"); and

WHEREAS, due to the impending winter season and the need to redevelop the Quincy Properties, HUD has mandated that any such sale to the City must occur as soon as possible; and

WHEREAS, in order to address the critical need to preserve and increase affordable housing in the City and to assure that the Quincy Properties are transferred to responsible parties, DOH has determined that it is in the best interest of the City to exercise the option to enter into the HUD Contract; and

WHEREAS, such exercise of the City's option to enter into the HUD Contract shall be subject to, and may only be exercised, so long as the City is able to immediately reconvey the Quincy Properties to qualified private developers for rehabilitation and redevelopment and, upon completion of any such rehabilitation and redevelopment, operation of such units as affordable rental housing; and

WHEREAS, DOH has previously issued a request for qualifications (the "**RFQ**") for qualified private developers to acquire the Quincy Properties, perform such rehabilitation work (and new construction, if applicable) and operate such affordable housing; and

WHEREAS, as a result of the RFQ and the respondents' subsequent provision of information to and meetings with DOH, the City has identified Ventus Quincy LLC, an Illinois limited liability company ("**Ventus**"), as the most qualified private developer for the Quincy Properties, subject to the City's right to select another developer as hereinafter described; and

WHEREAS, the City, upon acquiring the Quincy Properties, will immediately sell and convey all of the Quincy Properties to Ventus (whose corporate purpose includes the development of

affordable housing) pursuant to a purchase and sale agreement to be negotiated by and between the City and Ventus (the "**City/Ventus Contract**"); and

WHEREAS, the City will sell and convey the Quincy Properties to Ventus for the sum of Ten and no/100 Dollars (\$10.00) pursuant to the City/Ventus Contract which shall be based on a form similar to the HUD Contract with such revisions and other negotiated terms as may be acceptable to the Commissioner of Housing (the "**Commissioner**") and Ventus; and

WHEREAS, in consideration of and as a condition to HUD's sale of the Quincy Properties to the City for nominal value, HUD will impose certain rehabilitation, affordability, tenancy and operational requirements against the Quincy Properties, as shall be negotiated and set forth in the HUD Contract (such requirements, the "**HUD Obligations**") which HUD Obligations shall be included in any conveyance of title by the City to Ventus or any other approved developer; and

WHEREAS, in connection with the City's conveyance of the Quincy Properties to Ventus, the City and Ventus (or any other subsequent approved developer, as applicable) shall negotiate and enter into an agreement pursuant to which Ventus (and/or any such other subsequent approved developers, as applicable) shall enforce the affordability requirements included in the HUD Obligations (the "**Affordability Agreements**") which Affordability Agreements shall be binding upon, and run with title to, the Quincy Properties; now, therefore,

Be It Ordained by the City Council of the City of Chicago:

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

SECTION 2. The Commissioner is authorized to execute and deliver on behalf of the City: (a) the HUD Contract and, pursuant thereto, is authorized to purchase the Quincy Properties from HUD for the sum of Ten and no/100 Dollars (\$10.00) and cause the City to perform its other obligations thereunder; (b) to enter into the City/Ventus Contract and, pursuant thereto, to cause the City to sell and convey the Properties to Ventus for the sum of Ten and no/100 Dollars (\$10.00) and to perform its other obligations thereunder; and (c) any and all other documents required by HUD (the "**HUD Documents**"), or otherwise necessary or appropriate to consummate the transactions described in the recitals of this ordinance and reasonably contemplated under the HUD Documents, the HUD Contract, and the City/Ventus Contract, subject to the review and approval of the Corporation Counsel. Subject to the express limiting terms and conditions of this ordinance, it is the intent of the City Council that the grant of authority contained in the immediately preceding sentence shall be broadly construed to permit the Commissioner to take all necessary or appropriate actions to consummate the transactions contemplated by this ordinance without further City Council action or approval, time being of the essence. Without limiting the generality of the foregoing, in the event that Ventus either (a) defaults under the City/Ventus Contract and fails to perform its obligations and needs to be replaced, or (b) lawfully chooses not to complete its obligations under the City/Ventus Contract, the Commissioner shall have the discretion to replace

Ventus by causing the Quincy Properties to be conveyed to another developer otherwise approved by DOH (an "**Approved Developer**") for the required redevelopment (or new construction) work without further action of the City Council. The Commissioner shall also be authorized to accept and to hold in trust reconveyance deeds from Ventus (and any other Approved Developer, if applicable) and, in the event of a default by Ventus (or another such Approved Developer, if applicable) in the performance of their obligations that would entitle the City to do so, to record any such reconveyance deeds if necessary to assist the City in transferring title to any of the Quincy Properties to another such Approved Developer, if applicable or, at HUD's request, to deliver any such reconveyance deeds to HUD.

SECTION 3. The authority granted in Section 2 shall require (a) the City's purchase of the Quincy Properties from HUD pursuant to the HUD Contract, and (b) the City's sale and conveyance of the Quincy Properties to Ventus pursuant to the City/Ventus Contract, to occur all at substantially the same time, so that the City is assured that it does not acquire title to the Quincy Properties without an assurance that Ventus will acquire the Quincy Properties pursuant to the City/Ventus Contract.

SECTION 4. The Mayor is authorized to execute, and the City Clerk is authorized to attest, quitclaim deeds conveying the Quincy Properties to Ventus for the sum of Ten and no/100 (\$10.00), each subject to the approval of the Corporation Counsel. The Mayor is also authorized to execute, and the City Clerk is authorized to attest, quitclaim deeds reconveying the Quincy Properties, or a portion thereof, as may be required by HUD, under the HUD Documents due to a default under such documents, subject to the approval of the Corporation Counsel.

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 take effect upon its passage and approval