



CITY OF CHICAGO • OFFICE OF THE MAYOR



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CITY COUNCILS PASSES NEW ORDINANCE PRESERVING 406 UNITS OF AFFORDABLE HOUSING AT HISTORIC ART DECO LAWSON HOUSE

City Council today approved an ordinance to issue up to \$17,587,937 in Multi-Family Housing Loan Funds and \$4,697,656 in 9% tax credits to finance the preservation of 406 units of affordable units for a minimum of 50 years at Lawson House on the North Side. The Art Deco 22-story, limestone-clad building, listed on the National Register of Historic Places, was originally constructed in 1931 at 30 West Chicago Avenue by the YMCA of Chicago with 583 units. The building was acquired by Lawson Partners, LLC from the YMCA for \$1.00 in December 2014 to preserve it as affordable housing for low-income Chicago residents.

All of the units are studios and affordable to tenants with incomes at 60% of the area median income (AMI) or below. After rehabilitation, each unit will be equipped with private kitchens and bathrooms. Existing building amenities, including the community room, laundry, will be retained and plans the remaining historic gymnasium will become an exercise/fitness room. Current tenants can choose to be temporarily relocated during the estimated 30-month construction period or instead choose to be permanently relocated elsewhere based on the terms of the Uniform Relocation Act.

The total project cost is approximately \$122,435,082. In addition to the \$17,587,937 in Multi-Family Housing Loan Funds and \$4,697,656 in 9% tax credits from the City, the complicated rehabilitation is being financed with an approximately \$79,375,316 bridge loan from JPMorgan Chase, a \$17,200,000 Risk Sharing Loan from IHDA, a subordinate \$1,757,682 loan and \$2,443,760 in Donation Tax Credits also from IHDA, and \$14,579,232 in Historic Tax Credits from the National Park Service.

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CITY COUNCIL PASSES MULTIFAMILY LOAN AGREEMENT FOR CASA DURANGO, LP

City Council today approved the authorization to execute a multi-family loan agreement with Casa Durango LP, and designate Casa Durango LP as the developer for the new construction of two elevator buildings in the Pilsen neighborhood. Together, the new developments will house a total of 53 affordable, rental one- to three-bedroom units, tenant community space and tenant storage, 37 parking spots and space for bicycle storage.

The building to be located at 1850-54 S. Racine will be a five-story elevator structure that will house 37 units, tenant community space and interior storage, laundry facilities, bike racks and 31 parking spaces. The building on Ashland will be located at 2008-12 S. Ashland Avenue and will consist of a three-story elevator structure that will house 16 units, tenant community space and interior storage, laundry facilities, six parking spaces and bicycle storage. Additionally, this location is considered a transit site location (TSL), as the CTA's Pink line elevated train is approximately 1,400 feet west of the proposed site.

The total development costs are approximately \$27,514,809 and in addition to the City's \$5,573,580 multi-family loan and 9% Low Income Housing Tax Credits, which will generate approximately \$17,294,270 of equity for the benefit of the transaction, other funding will consist of a private loan of \$1,650,000, an Illinois Housing Development Authority (IHDA) loan of \$2,650,000, sponsor loan of \$100,000 to The Resurrection Project, a seller's note of \$658,483 and a deferred developer fee of \$518,044. The City will have a mortgage lien position on the properties.

The Resurrection Project (TRP) is a non-profit housing developer and social services organization that began as a grassroots advocacy organization with a mission to create community ownership and build community wealth. TRP started with an initial investment of \$30,000 collected from concerned neighbors and area churches. Since its inception 31 years ago, TRP has developed and operates 500 for-sale and rental homes/apartments, manages two daycare centers, a senior center, and various commercial spaces.

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CITY COUNCIL PASSES AMENDMENTS TO KEEP CHICAGO RENTING ORDINANCE

City Council today passed amendments to the Keep Chicago Renting Ordinance (KCRO), first passed in 2013. In the aftermath of the 2008 foreclosure crisis, KCRO was enacted as a means to protect Chicago renters and stabilize rental housing by



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keeping tenants in foreclosed buildings safely housed. The 2013 KCRO required that banks or other owners of foreclosed rentals either allow renters in good standing to renew or extend their current lease with an annual rent that did not exceed 102% of current annual rent; or required that banks pay tenants relocation funds of \$10,600 to leave the building to enable an easier transition. Unfortunately, a court ruling earlier this year rendered the entire KCRO unenforceable due to the rent restriction provision.

In April 2021 (*Rivera v. Bank of New York Mellon*), an Illinois Appeals court held that the Illinois Rent Control Preemption Act preempts the KCRO due to the provisions regulating the rental amount in the lease a bank is required to offer to avoid paying a relocation fee. (The court held that removing references to rent limits would allow a bank, after obtaining property as a result of foreclosure, the ability to avoid paying a relocation fee and still remove tenants by offering to extend a qualified tenant's lease at a prohibitive rental rate, knowing that the tenant is likely to refuse.

The amendment removes all language requiring banks that acquire buildings with renters to provide those tenants the option to renew or extend their current lease with an annual rent that does not exceed 102% of the current annual rent, which was found to be unenforceable in the April 2021 Illinois Appeals Court ruling. The revised ordinance will allow tenants to elect between any lease renewal offered by the new owner and relocation assistance; include buyers of short sale rental properties; require KCRO notice to be given to all occupants in additional languages; create definitions of "good faith" negotiation; increase the amount of time for owners to register the property; and shift responsibility for managing registration to the Department of Housing (DOH) from the Department of Buildings (DOB).

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**CITY COUNCIL AUTHORIZES ADDITIONAL FEDERAL FUNDING TO SUPPORT
EMERGENCY RENTAL ASSISTANCE PROGRAM 2 (ERAP2)**

Today, City Council passed an ordinance amending the 2021 Annual Appropriation for Fund 925 grants for \$102 million of federal funding for Chicago's Emergency Rental Assistance Program (ERAP). The funding will be used for a fourth round of rental assistance, ERAP2, through the Department of Housing (DOH). Fifty percent of the total amount must be obligated by March 31, 2022.

Up to 10% of the total funds can be used for housing stabilization services, and assistance does not have to be associated with financial impacts due to COVID-19, as with ERAP1. DOH will have through September 2025 to issue grants.



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ERAP1, DOH's third round of emergency rental assistance program since the onset of the COVID-19 pandemic resulted in a total of 26,843 applications during the three-week open application period. ERAP1 includes nearly \$80 million funded through the Coronavirus Response and Relief Supplemental Appropriation Act signed into law by Congress in December 2020 to provide up to 15 months of rental assistance, 12 months of past due payments and three months of future payments, and utility payment assistance for impacted renters. DOH, The Resurrection Project, and other community partners are currently processing applications and distributing funds to applicants.

In March 2020, DOH opened its first rental assistance program funded with \$2 million from its Affordable Housing Opportunity Fund and provided 2,000 one-time grants of \$1,000 to assist renters. The department received over 83,000 applications in the first round, illustrating the deep need across the city. Ahead of the second round, the Chicago Housing Assistance program, launched with the Department of Family and Support Services (DFSS) supported by funds from the Coronavirus Aid, Relief and Economic Security (CARES) Act and Chicago's philanthropic community. Through this second round, DOH and DFSS provided over \$33 million in assistance to over 10,000 households. In addition to direct financial relief, DOH has funded pro-bono eviction counseling for low-and moderate-income Chicagoans and authored and passed several ordinances, including the COVID-19 Eviction Protection Ordinance and the Fair Notice Act, to protect renters.

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