



June 19, 2018

Item No. 11

RECOMENDATION TO (1) FORM PATRICK SULLIVAN HOUSING LLC, AND TO CLOSE THE TRANSACTION FOR THE REFINANCING OF PATRICK SULLIVAN APARTMENTS AND THE REIMBURSEMENT TO THE CHICAGO HOUSING AUTHORITY OF COSTS RELATED THERETO; (2) SECURE PERMANENT FINANCING IN AN AMOUNT NOT TO EXCEED \$32 MILLION; (3) TRANSFER THE PATRICK SULLIVAN APARTMENTS PROPERTY TO PATRICK SULLIVAN HOUSING LLC, GROUNDLEASE THE UNDERLYING PROPERTY AND FINANCE THE SALE THROUGH SELLER FINANCING TO PATRICK SULLIVAN HOUSING LLC; (4) EXECUTE A RENTAL ASSISTANCE DEMONSTRATION HOUSING ASSISTANCE PAYMENT CONTRACT WITH PATRICK SULLIVAN HOUSING LLC; AND (5) EXECUTE AND DELIVER SUCH OTHER DOCUMENTS AND PERFORM SUCH ACTIONS AS MAY BE NECESSARY OR APPROPRIATE TO IMPLEMENT THE FOREGOING.

Property Name: Patrick Sullivan Apartments

Address: 1633 W. Madison

Ward: 27th

Alderman: Walter Burnett, Jr.

Presenter: Ann McKenzie, Chief Development Officer

Recommendation

The Chief Executive Officer recommends that the Board of Commissioners of the Chicago Housing Authority (“CHA” or the “Authority”) authorize the: (1) Formation of Patrick Sullivan Housing LLC, and to close the transaction for the refinancing of Patrick Sullivan Apartments and the reimbursement to the Chicago Housing Authority of costs related thereto; (2) Secure permanent financing in an amount not to exceed \$32 Million; (3) Transfer the Patrick Sullivan Apartments property to Patrick Sullivan Housing LLC, ground lease the underlying property and finance the sale through seller financing to Patrick Sullivan Housing LLC; (4) Execute a Rental Assistance Demonstration Housing Assistance Payment contract with Patrick Sullivan Housing LLC; and (5) Execute and deliver such other documents and perform such actions as many be necessary or appropriate to implement the foregoing.

The requested actions in this item comply in all material respects with all applicable CHA Board of Commissioner’s policies and all applicable federal regulations. Staff have completed all necessary due diligence to support the submission of this initiative.

Property Summary

Building Name	Address	Residents Served	RAD Units
Patrick Sullivan Apts.	1633 W. Madison	Seniors	480

Funding

No additional CHA funding needed.

Background

Patrick Sullivan Apartments is a 22-story designated senior housing building located at 1633 W. Madison. The building, which contains 480 units, was built in 1963 and is located on an approximately 3.6-acre site.

Development Entities and the Plan

The attached resolution authorizes the formation of an Owner entity, with related documents needed for the formation of said entities and authorizes various significant actions which will be taken. Such actions include the execution and delivery of various financing, acquisition, and other development and/or management documents.

Finance

- Interest Rate:** The aggregate interest rate for the loan will be determined but will not exceed 5.5%
- Borrower:** Patrick Sullivan Housing LLC
- Maturity Date:** Seven to 40 years.
- Purpose:** To finance the costs of the limited renovation planned and to reimburse the Authority
- Permanent Financing:** In 2018, the permanent debt will commence with a loan not to exceed \$32 Million.

This property is part of the CHA’s wider portfolio of properties to be converted to RAD.

Respectfully Submitted:

Ann McKenzie
Chief Development Officer

RESOLUTION NO. 2018-CHA-

WHEREAS, the Chicago Housing Authority proposes to finance Patrick Sullivan Apartments consisting of 480 rental units in Chicago, Illinois; and

WHEREAS, the Board of Commissioners of the Chicago Housing Authority has reviewed the Board Letter dated June 19, 2018 entitled "Recommendation to (1) Form Patrick Sullivan Housing LLC, and to close the transaction for the refinancing of Patrick Sullivan Apartments and the reimbursement to the Chicago Housing Authority of costs related thereto; (2) Secure permanent financing in an amount not to exceed \$32 Million; (3) Transfer the Patrick Sullivan Apartments property to Patrick Sullivan Housing LLC, ground lease the underlying property and finance the sale through seller financing to Patrick Sullivan Housing LLC; (4) Execute a Rental Assistance Demonstration Housing Assistance Payment contract with Patrick Sullivan Housing LLC; and (5) Execute and deliver such other documents and perform such actions as many be necessary or appropriate to implement the foregoing."

THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE CHICAGO HOUSING AUTHORITY:

THAT, the Chief Executive Officer, or his designee, is authorized to: (1) Form Patrick Sullivan Housing LLC, and to close the transaction for the refinancing of Patrick Sullivan Apartments and the reimbursement to the Chicago Housing Authority of costs related thereto; (2) Secure permanent financing in an amount not to exceed \$32 Million; (3) Transfer the Patrick Sullivan Apartments property to Patrick Sullivan Housing LLC, ground lease the underlying property and finance the sale through seller financing to Patrick Sullivan Housing LLC; (4) Execute a Rental Assistance Demonstration Housing Assistance Payment contract with Patrick Sullivan Housing LLC; and (5) Execute and deliver such other documents and perform such actions as many be necessary or appropriate to implement the foregoing.

This award is not subject to compliance with CHA's MBE/WBE/DBE/Section 3 hiring and insurance requirements.

Eugene E. Jones, Jr.
Chief Executive Officer
Chicago Housing Authority