

Board Letter

**Agenda Date:** November 19, 2024

**Agenda #:** 6

Authorization for the Kenmore Apartments General Partner to accept the assignment of Limited Partner Interest from the Investor.

Development Address	Community Area	Target Population
<p><b>Kenmore Apartments</b> 5040 North Kenmore Avenue Chicago, IL 60640</p>	<p>Uptown</p>	<p>Senior</p>

Presenter: Ann McKenzie, Chief Development Officer

**Recommendation**

The Chief Executive Officer (“CEO”) of the Chicago Housing Authority (“CHA”) recommends that the CHA Board of Commissioners (“Board”) authorize the CEO or her designee to: 1) accept the assignment of Limited Partnership Interest from the Investor Limited Partner, Redstone Equity Holding, LLC and Red Stone Equity Manager, LLC in Kenmore Senior Housing Limited Partnership; and 2) execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

**Property Summary**

Kenmore Apartments is located in the Uptown community area at 5040 North Kenmore Avenue. The development is an 8-story, elevator, senior building containing 100 one-bedroom units.



The property was originally constructed in 1931 and acquired by the CHA in 1961. It was subsequently closed in 2005. CHA rehabilitated the building in 2009, bringing newly renovated senior units back online in the Edgewater neighborhood.

**Funding**

N/A

**Background and Approach**

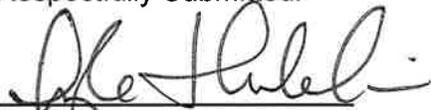
The rehabilitation of Kenmore Apartments was funded by tax-exempt bond/low-income housing tax credit financing. The capital came from marketing the tax-credit funds to outside investors and Red Stone Equity Holding, LLC was the Investor. Kenmore Senior Housing Limited Partnership is the single purpose entity established to rehabilitate and operate Kenmore Apartments and to admit Red Stone Equity LLC into the partnership as the limited partner and Red Stone Equity Manager, LLC as the Special Limited Partner (jointly the "Limited Partner"). CHA established Kenmore Housing Development LLC as the entity to serve as the general partner of the limited partnership and CHA is the only member of the general partner. As the sole member of the general partner, CHA is responsible for the property and engages a property manager to handle day to day management issues. The Limited Partner does not participate in the general operations or assume liability for the property.

As is customary, after about 15 years, a limited partner withdraws from a low-income housing tax credit limited partnership so the Limited Partner would like to withdraw this year. The Limited Partner has agreed to assign their interest in the partnership to CHA or a CHA-controlled entity and to exit the partnership in return for an \$85,000 exit payment to cover asset management fees and closing costs.

Once the Limited Partner's interest is transferred, CHA will be able to make long-term financial decisions regarding capital needs for the property without the consent of an investor partner. Through this action, Kenmore Apartments will continue to serve existing residents and the community as a CHA senior affordable housing asset.

The requested action complies in all material respects with all applicable federal, state and local laws, and CHA policies. CHA staff has completed all necessary due diligence to support the submission of this initiative.

Respectfully Submitted:



**Angela Hurlock**  
**Interim Chief Executive Officer**



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**RESOLUTION NO. 2024-CHA-55**

**WHEREAS,** The Board of Commissioners of the Chicago Housing Authority has reviewed the Board Letter dated November 19, 2024, entitled "Authorization for the Kenmore Apartments General Partner to accept the assignment of Limited Partner Interest from the Investor".

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

**THAT,** the Interim Chief Executive Officer or her designee may accept the assignment of Limited Partnership Interest from the Investor Limited Partner, Redstone Equity Holding, LLC and Red Stone Equity Manager, LLC in Kenmore Senior Housing Limited Partnership; and

**THAT,** the Interim Chief Executive Officer or her designee may execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.



A handwritten signature in black ink, appearing to read "Matthew Brewer".

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**Matthew Brewer**  
**Interim Chairperson**  
**Chicago Housing Authority**