


**SUMMARY OF REPORTS OF
THE COMMITTEE ON HOUSING AND REAL ESTATE
TO BE SUBMITTED TO THE CITY COUNCIL
AT THE MEETING OF
NOVEMBER 12, 2014**

Committee Meeting held November 10, 2014:

RECOMMENDED:

DEPARTMENT OF PLANNING AND DEVELOPMENT

1. A **Substitute** ordinance, introduced together with Alderman Walter Burnett Jr. (27th Ward), Alderman Ameya Pawar (47th Ward) and others, amending the Municipal Code regarding Single-Room Occupancy and affordable housing preservation. (SO2014-6997)

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SUBSTITUTE
ORDINANCE

WHEREAS, The City of Chicago is a home-rule unit of government under Article VII, Section 6(a) 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; and

WHEREAS, The City's home-rule authority includes the power to enact ordinances and regulations aimed at preserving safe, decent, and affordable housing in Chicago; and

WHEREAS, The City Council has determined that single-room occupancy buildings (SROs) are an essential component of the City's affordable housing stock, and that this form of housing is increasingly scarce due to sale and other market forces; and

WHEREAS, For this reason, the City has a vital interest in maintaining existing affordable housing by discouraging the conversion and demolition of SROs; and

WHEREAS, The City therefore expresses a firm commitment to make resources available, between now and the end of the year 2018, to preserve no less than 700 SRO units for very and extremely low-income Chicagoans by implementing an aggressive strategy centered on encouraging owners to participate in a variety of incentive programs and to cooperate in the efforts of preservation buyers to acquire SROs; and

WHEREAS, In addition to this commitment on its own behalf, the City recognizes the need to enact new legal requirements tailored to preserve Chicago's existing SROs; now, therefore,

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

SECTION 1. The recitals set forth above are incorporated herein by reference and made a part hereof.

SECTION 2. Title 5 of the Municipal Code of Chicago is hereby amended by adding a new chapter 5-15, as follows:

CHAPTER 5-15

SINGLE-ROOM OCCUPANCY PRESERVATION ORDINANCE

5-15-010 Title and purpose.

This chapter shall be known and may be cited as the "Single-Room Occupancy Preservation Ordinance," and shall be liberally construed and applied to achieve its purpose, which is to promote the public welfare by preserving single-room occupancy buildings, thereby sustaining the availability of affordable housing in neighborhoods throughout Chicago. The legislative intent of this chapter is to advance the City's vital interests in reducing homelessness and maintaining an economically diverse population.

5-15-020 Definitions.

For purposes of this chapter, the following definitions apply:

region, as determined by the Secretary of the United States Department of Housing and Urban Development, with adjustments for smaller and larger families.

5-15-030 Preservation fees.

Any preservation fee remitted pursuant to this chapter shall be calculated by the commissioner of planning and development. The formula for determining such fees may be adjusted annually based upon the United States Bureau of Labor Statistics's Consumer Price Index for all Urban Consumers for the Chicago metropolitan area, or, if this index no longer exists, some other comparable index, selected by the commissioner of planning and development in his reasonable discretion.

5-15-040 SRO Improvement and Stabilization Program.

(a) The commissioner of planning and development is authorized and instructed to establish an SRO Improvement and Stabilization Program to incentivize the preservation of well-maintained SRO units. All preservation fees collected pursuant to this chapter shall be utilized solely for purposes related to the operation of the SRO Improvement and Stabilization Program.

(b) Subject to appropriations and the availability of funds from other sources, the SRO Improvement and Stabilization Program shall provide incentives such as forgivable loans for the purpose of rehabilitating SROs; grants to make up the difference between offers to purchase tendered by prospective buyers intending to maintain affordable housing at SROs and larger offers tendered by prospective buyers intending to convert those SROs to other uses; on-site, City-funded social and case management services; and/or other comparable measures.

(c) As part of the SRO Improvement and Stabilization Program, the commissioner of planning and development shall investigate the possibility of securing incentives that are outside the authority of the City to provide, including, but not limited to, property tax credits from Cook County for owners of SROs who maintain affordable housing.

5-15-050 Sales and transfers of SROs.

(a) Unless exempt pursuant to subsection 5-15-050(b), before selling or otherwise transferring ownership of an SRO, the owner shall meet the requirements described in either subsection 5-15-050(a)(1) or subsection 5-15-050(a)(2).

(1) (A) The owner may choose to:

(i) provide to the department of planning and development by first class mail, and to the residents of the SRO by hand delivery and first class mail, at least 180 days' notice of the proposed sale or transfer of the property;

(ii) allow 180 days following the date of notice for a buyer intending to maintain affordable housing at the location, including, but not limited to, current residents and their representatives, to tender an offer to purchase the property; and

(iii) upon receiving such offer, engage in good-faith negotiations, during the remaining portion of the 180-day period described in subsection 5-15-

(a) Long-term Residents. Each resident of an SRO that is scheduled to be demolished, converted, or sold or otherwise transferred, who has resided at the property for at least 32 consecutive days immediately preceding the date the owner initiates, as applicable, either the demolition or conversion, or the sales process described in Section 5-15-050(a), shall be considered a long-term resident. Each owner of an SRO who intends to convert, demolish, or sell or otherwise transfer the property in a manner that will result in the displacement of residents shall submit a list of all long-term residents to the commissioner of planning and development and, where applicable, to the purchaser of the property.

(b) Requirements Related To Displaced Residents. In situations where an SRO is scheduled to be converted, demolished and replaced, or sold or otherwise transferred in a manner that results in the displacement of residents, the owner or purchaser, as applicable, shall determine which, if any, of the current income-eligible and lease-compliant long-term residents wish to return to the property. If the number of affordable units scheduled to be retained is more than zero but less than the number of such long-term residents wishing to return, then the owner or purchaser, as applicable, shall determine via lottery which of those residents to invite to return to the property.

(1) In situations where conversion or construction renders the SRO temporarily uninhabitable, the owner shall arrange for comparable temporary accommodations, as defined by the commissioner of planning and development, for each resident who is invited and intends to return to the property, as well as all reasonable moving and related expenses, not to exceed one month's rent (or the amount of rent the resident has paid over the most recent 30 days, if rent is not paid on a monthly basis).

(2) In all cases under this subsection 5-15-060(b), the owner or purchaser, as applicable, shall refund to each resident who is not invited to return to the property any security deposit, any interest due on the security deposit, and all prepaid rent. In addition, the owner or purchaser, as applicable, shall pay each such resident who qualifies as a long-term resident a one-time relocation assistance fee in the amount of the greater of \$2,000.00 or three months' rent (or three times the amount of rent the resident has paid over the most recent 30 days, if rent is not paid on a monthly basis). If any affordable housing units will be maintained or created at the property, the owner or purchaser, as applicable, shall also give each displaced long-term resident the option of placement on a waitlist for such a unit. This subsection 5-15-060(b)(2) does not apply to any owner or purchaser subject the Uniform Relocation Act, 42 U.S.C. § 4601 et seq.

(c) Higher Relocation Fee Required Where Owners Proceed Under Subsection 5-15-050(a)(2). In situations where an SRO is scheduled to be sold or otherwise transferred pursuant to the terms described in subsection 5-15-050(a)(2), in addition to complying with the requirements described in subsection 5-15-060(b), the owner shall pay each displaced long-term resident a supplemental one-time relocation assistance fee in the amount of \$8,600.00.

(d) Higher Relocation Fee Required if Property Vacated Due to Unsafe Conditions. In the event the City vacates an SRO due to unsafe building conditions, or a court orders an SRO vacated due to unsafe building conditions: (1) the owner shall provide, within 14 days, a one-time relocation assistance fee of \$10,600.00 to each person who was a resident of the SRO at the time of the execution of the order to vacate; and (2) if the owner subsequently transfers or sells the property, he shall be required to fulfill the requirements of Section 5-15-050(a), regardless of how much time passes between the execution of the order to vacate and the sale

(8) exercised any other right or sought any other remedy provided by law.

(b) If an owner is found to have violated subsection 5-15-090(a), the aggrieved resident shall have both a cause of action and a defense in any retaliatory action for possession, and shall be entitled to either recovery of possession or termination of the rental or occupancy agreement, as applicable. The resident shall also be entitled to an amount equal to either twice his monthly rent, or twice the amount of rent he has paid over the most recent 30 days (if he does not pay rent on a monthly basis). Upon the termination of a rental or occupancy agreement pursuant to this subsection 5-15-090(b), the owner shall return to the resident any security deposit, any interest due on the security deposit, and all prepaid rent.

(c) In an action by or against a resident, evidence that the resident undertook conduct protected under subsection 5-15-090(a) within one year prior to the alleged act of retaliation shall create a rebuttable presumption that the owner's conduct was retaliatory.

5-15-100 Enforcement.

(a) Any resident of an SRO who is injured by a violation of this chapter may institute injunctive, mandamus, or other appropriate legal action seeking enforcement. A resident who institutes a legal action pursuant to this chapter and is adjudged to be a prevailing party may be awarded attorney's fees and court costs. If the court finds that a plaintiff who brought a proceeding under this subsection 5-15-100(a) did not reasonably believe his action was well grounded in fact and warranted by this chapter, or that the action was brought for an improper purpose, such as harassment, unnecessary delay, or the imposition of needless litigation expenses, the defendant may be awarded attorney's fees and court costs.

(b) If the City initiates or joins any enforcement action against an owner who violates or resists enforcement of Section 5-15-050 or Section 5-15-060, the owner shall be fined not less than \$200.00 nor more than \$500.00 for each offense upon which a finding of liability is entered. Each day a violation continues shall constitute a separate offense.

(c) If the owner of an SRO sells or otherwise transfers the property before remitting to the City a preservation fee required under this chapter, the owner and purchaser shall be jointly and severally liable for the payment of such fee.

SECTION 3. Section 17-14-0200 of the Municipal Code of Chicago is hereby amended by inserting the language underscored, as follows:

17-14-0200 Department of Planning and Development.

17-14-0201 Creation. The Department of Planning and Development is created under Chapter 2-45 of the Municipal Code of Chicago and is under the direction of the Commissioner of Planning and Development. The Commissioner of Planning and Development is authorized to administer Sec. 17-17-02164. This authority includes the power to promulgate any rules, regulations, and procedures necessary to administer that section.

(Omitted text is not affected by this ordinance)

SECTION 4. Section 17-17-0200 of the Municipal Code of Chicago is hereby amended by deleting the language stricken and inserting the language underscored, as follows:

Chicago City Council Co-Sponsor Addition/Change

Document No.: 02014-6997

Subject: SRO

Please Add Or Change The Co-Sponsor As Shown Below.

Alderman George Cardenas (12 Ward)

Alderman _____ (____ Ward)

Alderman _____ (____ Ward)

Alderman _____ (____ Ward)

Alderman _____ (____ Ward)

Please Remove Or Change The Co-Sponsor As Shown Below.

Alderman _____ (____ Ward)

Alderman _____ (____ Ward)

Alderman _____ (____ Ward)

Alderman _____ (____ Ward)

Alderman _____ (____ Ward)

Date Filed 11-10-14

Signature 
Principal Sponsor

Final copies to be filed with:

- Chairman of Committee to which legislation was referred
- City Clerk

Chicago City Council Co-Sponsor Addition/Change

Document No.: 02014-6997

Subject: SRO

Please Add Or Change The Co-Sponsor As Shown Below.

Alderman  (4 Ward)

Alderman _____ (____ Ward)

Alderman _____ (____ Ward)

Alderman _____ (____ Ward)

Alderman _____ (____ Ward)

Please Remove Or Change The Co-Sponsor As Shown Below.

Alderman _____ (____ Ward)

Alderman _____ (____ Ward)

Alderman _____ (____ Ward)

Alderman _____ (____ Ward)

Alderman _____ (____ Ward)

Date Filed 11-10-14

Signature 
Principal Sponsor

Final copies to be filed with:

- Chairman of Committee to which legislation was referred
- City Clerk

Chicago City Council Co-Sponsor Addition/Change

Document No.: 02014-6997

Subject: SRO

Please Add Or Change The Co-Sponsor As Shown Below.

Alderman Willie B. Cochran (20 Ward)

Alderman _____ (_____ Ward)

Alderman _____ (_____ Ward)

Alderman _____ (_____ Ward)

Alderman _____ (_____ Ward)

Please Remove Or Change The Co-Sponsor As Shown Below.

Alderman _____ (_____ Ward)

Alderman _____ (_____ Ward)

Alderman _____ (_____ Ward)

Alderman _____ (_____ Ward)

Alderman _____ (_____ Ward)

Date Filed 11-10-14

Signature 
Principal Sponsor

Final copies to be filed with:

- Chairman of Committee to which legislation was referred
- City Clerk