

CBA: SOUTH SHORE & 63RD AND BLACKSTONE HOUSING PRESERVATION ORDINANCE

WHEREAS, the City Council finds that gentrification and displacement exacerbate historic patterns of racial and economic segregation, deepen concentrations of poverty and wealth, and widen disparities in access to good schools, jobs, healthcare and other amenities; and

WHEREAS, there are currently approximately 166 vacant City-owned lots in the area depicted on Exhibit A (the "South Shore Community Area"), of which about 95% are zoned residential and commercial; and

WHEREAS, the City's inventory of vacant land is a key resource which can be leveraged to ensure development of quality affordable housing for current and future residents of the South Shore Community Area; and

WHEREAS, the City Lots for Working Families ("CL4WF") program is an existing program established by ordinance adopted on November 8, 2017, and published in the Journal of Proceedings of the City Council ("Journal") for such date at pages 59287 through 59295, which allows the sale of vacant, City-owned land to developers for \$1 per parcel for the construction of affordable single-family homes and two-flats; and

WHEREAS, DOH wishes to modify the CL4WF program for the South Shore Community Area to allow construction of condominiums and townhouses (in addition to single-family homes and two-flats), and to permit DOH to impose long-term affordability restrictions on CL4WF homes (in addition to forgivable and low interest mortgages); and

WHEREAS, the first program DOH intends to establish is the South Shore Vacant Residential Building Acquisition and Rehabilitation Revolving Financing Facility Program (the "South Shore Loan Fund"), which will facilitate the acquisition and rehabilitation of vacant residential properties in South Shore for sale or rental as affordable housing by low-income households, as more specifically set forth in Exhibit B attached hereto; and

WHEREAS, the City anticipates the South Shore Loan Fund will be a collaborative effort between the City, CIC and participating lenders; and

WHEREAS, under the South Shore Loan Fund program, the City will fund a special-purpose loan loss reserve account to reimburse CIC and/or participating financial institutions for losses in connection with defaults on their loan portfolios for the program; and

WHEREAS, the City desires to appropriate \$1.5 million in AHOF Funds, or other legally appropriated funds, to fund the loan loss reserve and administration of the South Shore Loan Fund; and

WHEREAS, the Preservation of Existing Affordable Rentals ("PEAR") program is an existing program established by ordinance adopted on March 28, 2018, and published in the Journal for such date at pages 72208 through 72212, which provides funds to purchase or refinance multi-family rental buildings in appreciating neighborhoods in exchange for affordable rental covenants over a 30-year term to ensure that rents remain affordable for low and moderate income families; and

WHEREAS, the City desires to authorize the use of \$3 million in AHOF Funds, or other legally appropriated funds, to create a South Shore PEAR Program, as more specifically set forth on Exhibit C attached hereto, for the purpose of refinancing apartment buildings in the South Shore Community Area in order to preserve affordable rental housing; and

WHEREAS, the Chicago Low-Income Housing Trust Fund ("CLIHTF") is a City established, independent nonprofit organization that contracts with landlords to provide rental subsidies for tenants with household incomes at or below 30% of the area median income ("AMI"), to assist very-low-income households with access to quality affordable rental housing; and

WHEREAS, the CLIHTF has committed to making such subsidies available to assist in creating and preserving affordable rental units in the South Shore Community Area; and

WHEREAS, the City desires to appropriate \$5 million in AHOF Funds, or other legally appropriated funds, to fund the establishment of rental subsidies at buildings in the South Shore Community Area for tenants with household incomes at or below 30% of the area median income ("AMI"); and

WHEREAS, the Renew Woodlawn Homeownership Program is a rehabilitation and affordable homeownership initiative under the Choice Neighborhoods Initiative Grant program, which program was approved and authorized by the Chicago City Council by ordinance adopted on May 4, 2011, and published in the Journal for such date at pages 118448 - 118450, and is an existing partnership between the Community Investment Corporation ("CIC"), Neighborhood Housing Services of Chicago, Inc., an Illinois not-for-profit corporation ("NHS"), Preservation of Affordable Housing, Inc. ("POAH"), and Woodlawn residents to facilitate the rehabilitation of vacant homes in Woodlawn for sale to income-qualified, owner-occupant, homebuyers; and

WHEREAS, the Renew Woodlawn Homeownership Program has facilitated the acquisition and redevelopment of at least 45 residential units and created over 30 new homeowners in Woodlawn, and the City desires to expand this successful affordable homeownership initiative in the South Shore Community Area; and

WHEREAS, the City desires to appropriate \$12,000,000 in AHOF Funds, or other legally appropriated funds, to fund the creation of the Renew South Shore Program, and authorize DOH to execute such agreements with POAH, CIC and/or NHS for that purpose, as more specifically set forth in Exhibit D attached hereto; and

WHEREAS, DOH intends to establish the South Shore Long-Term Homeowner Home Improvement Grant Program ("South Shore Home Improvement Grant Program"), which will provide forgivable loans for home repairs and improvements to long-term, owner-occupants of single-family residential properties in the South Shore Community Area, as more specifically set forth on Exhibit E attached hereto; and

WHEREAS, under the South Shore Home Improvement Grant Program, the City will provide up to \$20,000 in assistance for home safety, exterior repair, and energy efficiency improvements to income-eligible homeowners (earning up to 120% of AMI) who have owned their homes as their principal residences for at least 5 years; and

WHEREAS, the City desires to appropriate \$20 million in AHOF Funds, or other legally appropriated funds, to fund the South Shore Home Improvement Grant Program; and

WHEREAS, DOH desires to enter into an agreement with NHS to administer the South Shore Home Improvement Grant Program (the "NHS Agreement"); and

WHEREAS, DOH intends to establish the South Shore Property Tax Debt Relief Grant Program, which will provide forgivable loans for property tax debt to long-term, owner-occupants of single-family residential properties in the South Shore Community Area, as more specifically set forth on Exhibit F attached hereto; and

WHEREAS, under the South Shore Property Tax Debt Relief Grant Program, the City will provide up to \$50,000 in assistance to income-eligible homeowners (earning up to 120% of AMI) who have owned their homes as their principal residences for at least 5 years and owe past due property taxes; and

WHEREAS, the City desires to appropriate \$2.7 million in AHOF Funds, or other legally appropriated funds, to fund the South Shore Property Tax Debt Relief Grant Program; and

WHEREAS, DOH desires to enter into an agreement with NHS to administer the South Shore Property Tax Debt Relief Grant Program (the "NHS Agreement"); and

WHEREAS, residents of the South Shore community have voiced hope that the Obama Presidential Center will lead to economic revitalization, but also fear that it will lead to real estate speculation, an influx of higher-income residents, rising land prices and real estate taxes, escalating rents and displacement of current, vulnerable neighborhood residents; and

WHEREAS, the City recognizes that major private and public capital investments may induce gentrification, and that early intervention is critical to prevent displacement of long-term residents; now, therefore

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

SECTION 1. The above recitals are expressly adopted herein as the legislative findings of the City Council and incorporated herein and made a part of this ordinance, which shall be known as the South Shore Housing Opportunity Ordinance.

SECTION 2. Disposition of City Land for the Development of Homeownership Units.

Except as provided in paragraph (f) below, whenever the City sells City Land in the South Shore Community Area for the development of owner-occupied units, the requirements of the CL4WF Program shall apply, subject to the following modifications:

- (a) Type of Housing. In addition to single-family homes and two-flats, developers may construct townhomes and condominiums.
- (b) Minimum Number of Lots Sold. When condominium units are developed through the CL4WF South Shore Program, the requirement that a minimum of eight (8) lots must be purchased shall be waived, but any condominiums developed under the CL4WF South Shore Program shall have a minimum of ten (10) condominium units.
- (c) Duration of Affordability Restrictions. In any single development, 75% of the units created through the CL4WF South Shore Program shall be sold to, and at prices affordable to households with household incomes at or below 30% of the AMI. The remaining 25% of units created shall be sold to, and at prices affordable to households with household incomes at or below 60% of the AMI. The development may be placed in or administered by the CCLT or other community land trust, subject to an affordable housing agreement in a form approved by the Commissioner and enforceable by the City as a third party beneficiary.
- (d) Neighborhood Developer Preference. Pursuant to Section 4(a) of this ordinance, the Department shall give preference to applications and proposals submitted under this section by South Shore Neighborhood Developers (as defined in Section 4(a)).
- (e) Local Resident Employment Plan. Pursuant to Section 4(b) of this ordinance, the Department shall require each applicant under the CL4WF South Shore Program to provide as part of their application, and implement as part of their development, a Neighborhood Hiring Plan (as defined in Section 4(b)).
- (f) Financial Assistance. The provisions of this Section 2 are the minimum requirements for the development of owner-occupied housing on City Land if the development receives city financial assistance as defined in the 2021 ARO, Section 2-44-085 of the Municipal Code.
- (g) Purchase Price Assistance. The Building Neighborhoods and Affordable Homes program is hereby expanded to include CL4WF homes created in the South Shore Community Area under the modified CL4WF program requirements set forth in this Section 2.

SECTION 3. Disposition of City Land for the Development of Rental Units.

Except as provided in Section 3(f) below, whenever the City sells City Land in the South Shore Community Area for the development of 6 or more rental housing units, the following requirements shall apply:

- (a) Affordable Rental Housing for Very Low-Income Households. For a period of ninety-nine (99) years from the effective date of this ordinance, the City shall reserve 166 City-owned vacant lots (the "Reserved Lots"), representing 95% of the lots comprising the City Land, for the development of rental projects in which at least seventy-five percent (75%) of the residential units are leased to households whose incomes do not exceed 30% of AMI, with the remaining twenty-five percent (25%) of units leased to households whose incomes do not exceed 60% of AMI. The rents for these units shall be affordable to households at the 30% and 60% AMI income levels, as applicable.
- (b) Density of Reserved Lots. The Reserved Lots shall include a minimum of 10 lots zoned at the highest allowable density in the area (B2-3) and a maximum of 42 zoned at RSI-2.
- (c) Percentages. Where the application of the percentage requirements of this section results in a fractional housing unit, the developer shall round up to the nearest whole number for any portion of 0.5 or above and round down to the nearest whole number for any portion less than 0.5.
- (d) Duration of Affordability Restrictions. The affordable units required by this section shall remain affordable for a minimum period of 99 years after the last affordable unit in the project has been leased. Prior to the issuance of a building permit for any project subject to the affordable housing requirements of this Section 3, including, without limitation, excavation or foundation permits, the developer shall execute and record an affordable housing agreement in a form approved by the Commissioner.
- (e) Neighborhood Developer Preference. Pursuant to Section 4(a) of this ordinance, the Department shall give preference to applications and proposals submitted under this section by South Shore Neighborhood Developers (as defined in Section 4(a)).
- (f) Local Resident Employment Plan. Pursuant to Section 4(b) of this ordinance, the Department shall require each applicant for City Land under this Section 3 to provide as part of their application, and implement as part of their development, a Neighborhood Hiring Plan (as defined in Section 4(b)).
- (g) Financial Assistance. The provisions of this Section 3 are the minimum requirements for the development of rental housing on City Land if the development receives city financial assistance as defined in the 2021 ARO, Section 2-44-085 of the Municipal Code.

SECTION 4. Community Economic Development.

- (a) **Neighborhood Developers.** Whenever the City sells City Land under this ordinance through a competitive selection process, the City shall give preference to applications and proposals submitted by qualified developers (i) that are majority-owned by one or more neighborhood residents, and whose management and daily business operations are controlled by one or more such neighborhood residents; or (ii) that have completed one or more projects within the South Shore Community Area, and whose principal business offices are located within the South Shore Community Area ("South Shore Neighborhood Developers"). As used in this ordinance, "neighborhood resident" means any person who has a primary residence in the South Shore Community Area for at least the preceding 12-month at the time the developer submits an application or proposal. DOH shall establish a process to verify the status of an applicant as a South Shore Neighborhood Developer.
- (b) **Neighborhood Hiring.** The Department shall require the developer of each project developed under this ordinance to include a specific plan for the hiring of residents in the South Shore Community Area, including employment outreach and/or training ("Neighborhood Hiring Plan").
- (c) **"Right to Return" Neighborhood Leasing.** In the leasing of affordable units developed under this ordinance, the City shall ensure that preference is given to applications submitted by current or former neighborhood residents. As used in this ordinance, "current or former neighborhood resident" means any person who had a primary residence in the South Shore Community Area on or after June 1, 2015. The Office of the Tenant Advocate shall establish a process to verify the status of an applicant as a South Shore Neighborhood Resident.

SECTION 5. South Shore ARO Pilot Area Ordinance

- (a) **Purpose.** The purpose of this section is to establish modified affordable housing requirements for designated neighborhoods affected by the development of the Obama Presidential Center that are experiencing gentrification. The goals of these modified requirements are to mitigate the displacement impacts associated with gentrification, better protect the interests of the area's economically vulnerable residents from demographic and housing market change, and preserve the economic diversity critical to a healthy economy.
- (b) **Relationship To 2021 ARO.** The requirements in this section supplement or modify the affordable housing requirements in Section 2-44-085. In the event of a conflict between

these requirements and the requirements in Section 2-44-085, the requirements in this section will control; provided, however, when a residential housing project receives financial assistance from TIF Funds, the requirements set forth in Section 2-44-085 will continue to apply and will control in the event of a conflict.

- (c) Definitions. Except as provided below, defined terms shall have the meanings given in Section 2-44-085.
- (d) Boundaries. A map of the South Shore Pilot Area is published in the Journal of the Proceedings of the City Council of the City of Chicago of July 19th 2023 , page 36, and on file in the Office of the City Clerk and made a part hereof. The boundary lines of the South Shore Pilot Area follow streets, and such boundary lines are to be construed as the centerlines of said streets.
- (e) Modified ARO requirements. The requirements of Section 2-44-085 shall apply in the South Shore Pilot Area, except as modified below:
 - (1) In lieu fees Prohibited. Payment of a fee in lieu of the establishment of affordable units shall not be permitted in the South Shore Pilot Area.
 - (2) Required percentage of affordable units. For any new residential housing project subject to the 2021 ARO in the South Shore Pilot Area, whether rental or for sale, 60 percent of units developed must be reserved for households at or below 30 percent of Area Median Income.
 - (3) Location requirements. In the South Shore Pilot Area, affordable units must be provided on-site.
- (f) Application. This section shall apply to all residential housing projects subject to the affordable housing requirements in Section 2-44-085.
- (g) Rules. The Commissioner is authorized to adopt such rules as the Commissioner may deem necessary for the proper implementation, administration and enforcement of this section. The Commissioner shall provide an annual report to the City Council Committee on Housing and Real Estate detailing the outcomes of the pilot program.

SECTION 6. South Shore Vacant Residential Building Acquisition and Rehabilitation Revolving Financing Facility Program (*\$5 Million*).

- (a) The South Shore Loan Fund program, as set forth in Exhibit B attached hereto and made a part hereof, is hereby authorized.
- (b) The Authorized Officer is hereby authorized, subject to approval by the Corporation Counsel, to enter into and execute such agreements and instruments and perform any and all acts as shall be necessary or advisable in connection with the implementation of the South Shore Loan Fund program.

- (c) The amount of \$5,000,000 is hereby appropriated for the South Shore Loan Fund program from AHOF Funds or other legally appropriated funds, and \$500,000 each year hereafter, subject to appropriation.

SECTION 7. *South Shore PEAR Program (\$3 Million).*

- (a) The South Shore PEAR Program, as set forth in Exhibit C attached hereto and made a part hereof, is hereby authorized.
- (b) The amount of \$3,000,000 is hereby appropriated for the South Shore PEAR Program from AHOF Funds or other legally appropriated funds, and \$3,000,000 each year hereafter, subject to appropriation.
- (c) The Commissioner and a designee of the Commissioner (collectively, the "Authorized Officer") are each hereby authorized, subject to approval by the Corporation Counsel, to enter into and execute such agreements and instruments, and perform any and all acts as shall be necessary or advisable in connection with the implementation of the South Shore PEAR Program.

SECTION 8. *CLIHTF South Shore Program (\$5 Million)*

- (a) The CLIHTF South Shore Program is hereby authorized.
- (b) The amount of \$5,000,000 is hereby appropriated for the CLIHTF South Shore Program from AHOF Funds or other legally appropriated funds.
- (c) The Commissioner and a designee of the Commissioner (collectively, the "Authorized Officer") are each hereby authorized, subject to approval by the Corporation Counsel, to enter into and execute such agreements and instruments, and perform any and all acts as shall be necessary or advisable in connection with the implementation of the CLIHTF South Shore Program.

SECTION 9. *Renew South Shore Homeownership Program (\$12 Million).*

- (a) The Renew South Shore Homeownership Program, as set forth in Exhibit D attached hereto and made a part hereof, is hereby authorized.
- (b) The amount of \$12,000,000 is hereby appropriated for the Renew South Shore Homeownership Program from AHOF Funds or other legally appropriated funds.
- (c) The Authorized Officer is hereby authorized, subject to approval by the Corporation Counsel, to enter into and execute such agreements and instruments and perform any and all acts as shall be necessary or advisable in connection with the implementation of the Renew South Shore Homeownership Program, including, without limitation, agreements with CIC, NHS and/or POAH to fund and administer the program.

SECTION 10. *South Shore Long-term Homeowner Home Improvement Grant Program (\$20 Million in Home Repair Assistance).*

- (a) The South Shore Long-term Homeowner Home Improvement Grant Program, as set forth in Exhibit E attached hereto and made a part hereof, is hereby authorized.
- (b) NHS is hereby designated to administer the South Shore Long-term Homeowner Home Improvement Grant Program, subject to the supervision of DOH.
- (c) The Authorized Officer is hereby authorized, subject to approval by the Corporation Counsel, to negotiate, execute and deliver the NHS Agreement with NHS to administer the South Shore Long-term Homeowner Home Improvement Grant Program, and such other supporting documents as may be necessary to carry out and comply with the provisions thereof with such changes, deletions and insertions as shall be approved by the Authorized Officer, and is also hereby authorized, subject to approval by the Corporation Counsel, to enter into and execute such other agreements and instruments, and perform any and all acts as shall be necessary or advisable in connection with the implementation of the South Shore Long-term Homeowner Home Improvement Grant Program.
- (d) The South Shore Long-term Homeowner Home Improvement Grant Program is an Eligible Program, and employees of the City who qualify for participation in the South Shore Long-term Homeowner Home Improvement Grant Program are Eligible Persons, as such terms are defined in Section 2-45-13Q of the Municipal Code.
- (e) The amount of \$20,000,000 is hereby appropriated for the South Shore Long-term Homeowner Home Improvement Grant Program from AHOF Funds or other legally appropriated funds.

SECTION 11. *South Shore Property Tax Debt Relief Grant Pilot Program (\$2.7m in Property Tax Debt Relief)*

- (f) The South Shore Property Tax Debt Relief Grant Program, as set forth in Exhibit F attached hereto and made a part hereof, is hereby authorized.
- (g) NHS is hereby designated to administer the South Shore Property Tax Debt Relief Grant Program, subject to the supervision of DOH.
- (h) The Authorized Officer is hereby authorized, subject to approval by the Corporation Counsel, to negotiate, execute and deliver the NHS Agreement with NHS to administer the South Shore Property Tax Debt Relief Grant Program, and such other supporting documents as may be necessary to carry out and comply with the provisions thereof with such changes, deletions and insertions as shall be approved by the Authorized Officer, and is also hereby authorized, subject to approval by the Corporation Counsel,

to enter into and execute such other agreements and instruments, and perform any and all acts as shall be necessary or advisable in connection with the implementation of the South Shore Property Tax Debt Relief Grant Program.

- (i) The South Shore Property Tax Debt Relief Grant Program is an Eligible Program, and employees of the City who qualify for participation in the South Shore Property Tax Debt Relief Grant Program are Eligible Persons, as such terms are defined in Section 2-45-13Q of the Municipal Code.
- (j) The amount of \$2,300,000 is hereby appropriated for the South Shore Property Tax Debt Relief Grant Program from AHOF Funds or other legally appropriated funds.

SECTION 13. Title 5 of the Municipal Code of Chicago is hereby amended by adding a new Chapter 5-17, as follows:

**CHAPTER 5-17
OFFICE OF THE TENANT ADVOCATE PILOT PROGRAM**

5-17-010. Purpose.

The purpose of this chapter is to establish the Office of the Tenant Advocate as an independent division of the Department of Housing. The Office will exist to advocate on behalf of the education of and outreach to tenants and the people of Chicago.

5-17-020. Establishment of the Office of the Tenant Advocate.

The Office of the Tenant Advocate is established as a division of the Department of Housing.

- (a) There shall be a Chief Tenant Advocate who shall be responsible for the administration of the Office and implementation of the duties of the Office.
- (b) Within 90 days of the passage of this ordinance, the Chief shall be appointed by the Mayor with the advice and consent of the Council for a term of 3 years, unless sooner removed by the Mayor for cause.
 - (i) A person appointed to fill a vacancy of this office shall be appointed only for the unexpired term of the Chief whose vacancy is being filled.
- (c) The Chief shall be a resident of Chicago or become a resident not more than 180 days after the date of appointment, and shall remain a resident.
- (d) The Office shall employ the staff necessary, including attorneys, to assist the Chief in carrying out his or her duties.
- (e) The Office shall operate as a pilot program in the South Shore Community Area for two years and subsequently expand to a citywide office.

5-17-030. Duties of the Office of the Tenant Advocate.

The Office of the Tenant Advocate shall:

- (a) Provide education and outreach to tenants and the community about laws, rules, and other policy matters involving rental housing, including tenant rights under City ordinances and formation of tenant organizations;
- (b) Represent the interests of tenants and tenant organizations in legislative, executive, and judicial issues, including advocating changes in laws and rules;
- (c) Advise tenants and tenant organizations on matters related to landlord-tenant law, including the filing of complaints and enforcement of tenants' rights;
- (d) Represent tenants, at its discretion and as it determines to be in the public interest, in judicial or administrative proceedings;
 - (i) Provide an annual report to City Council on or before February 1 of each year setting forth each tenant request for representation, a description of the circumstances surrounding each request, whether or not the Office provided representation, and the outcome of cases where representation was provided;
- (e) Coordinate with tenants and tenant organizations to seek participation in building-wide inspections;
- (f) Provide emergency housing and relocation assistance to qualified tenants, as determined by the Office and the Department of Housing, including payments for:
 - (i) The short-term relocation of tenants to hotels, motels, or other appropriate accommodations;
 - (ii) The moving and storage of personal property;
 - (iii) Rental application fees, security deposits, and utility deposits; and
 - (iv) Emergency rental assistance;
- (g) Operate a Tenant Phone Hotline and Tenant Center; and
- (h) Publish a Tenant Bill of Rights, which shall be updated periodically.

Section 5-17-040. Reimbursement of emergency housing and relocation expenses.

- (a) If the Office has provided emergency housing or relocation assistance, as authorized by the Chapter 5-18, the owner shall reimburse the City for the assistance, as described in subsection (b) of this section, and all reasonable administrative and incidental expenses incurred by the City in providing the assistance.
- (b) The District may seek reimbursement from an owner for emergency housing and relocation expenses for:
 - (i) Relocation assistance
 - (ii) The temporary relocation of tenants to hotels, motels, or other appropriate accommodations;
 - (iii) Actual moving costs; and
 - (iv) The storage of personal property for a period of up to 60 days.

5-17-050. Emergency Housing and Relocation Assistance Fund.

- (a) There is established as a special fund the Emergency Housing and Relocation Assistance Fund ("Fund"), which shall be administered by the Office of the Tenant Advocate in accordance with this Section.
- (b) The amount of \$15,000,000 is hereby appropriated for the Fund from AHOF Funds or other legally appropriated funds.
- (c) In addition, revenue from interest, costs, expenses, fees, fines, penalties, and other charges collected pursuant to this Section shall be deposited in the Fund, unless such revenue is required to be deposited into another fund pursuant to federal or state law.
- (d) Money deposited in the Fund shall be used to provide:
 - (i) Emergency rental assistance, including assistance with the cost of utilities;
 - (ii) Relocation assistance in accordance with the Chapter 5-18; and
 - (iii) Financial assistance for rental application fees, move-in fees, and security deposits.

5-17-060. Rulemaking Authority.

- (a) The Office of the Chief Tenant Advocate shall promulgate regulations, subject to Council approval, to implement the provisions of this chapter.
- (b) The Chief shall develop and publish for public comment proposed regulations implementing this chapter within six months of enactment of this Ordinance. The public comment period shall last no more than 30 days. The Chief shall finalize the regulations implementing this chapter within 60 days of the end of the public comment period.

SECTION 14. Title 5 of the Municipal Code of Chicago is hereby amended by adding a new Chapter 5-11, as follows:

**CHAPTER 5-11
TENANT OPPORTUNITY TO PURCHASE SOUTH SHORE PILOT PROGRAM**

5-11-010. Title, purpose and scope.

- (a) This chapter shall be known and may be cited as the "Tenant Opportunity to Purchase Ordinance," and shall be liberally construed and applied to promote its purposes and policies. It is the purpose of this chapter and the policy of the city, in order to protect and promote the public health, safety and welfare of its residents, to empower tenants to purchase multi-family rental properties, at market prices, within a reasonable period of time and to thereby minimize tenant displacement, stabilize households facing displacement pressures and promote the preservation of affordable rental housing in neighborhoods at risk of gentrification.

5-11-020. Definitions.

For purposes of this chapter, the following definitions apply:

"Affordability preservation agreement" means an agreement between the owner and a tenant association (i) in which the tenant association agrees to maintain the rental property in a manner that preserves the property's existing affordability restrictions, or (ii) that would qualify the property as affordable housing, and (iii) in which the affordability restrictions set forth in the agreement are memorialized in covenants running with the land, in a form approved by the commissioner, enforceable by the city as a third party beneficiary. The affordability restrictions in each affordability preservation agreement shall extend for a period of not less than thirty (30) years from the sale, subject to such exceptions as the commissioner may provide for by rule issued hereunder.

"Affordability restrictions" means limits on rents and income for persons or families seeking to qualify as tenants in the rental property.

"Affordable housing" means that the mean value of all rents paid by tenants in the rental property shall not exceed 60% of area median income, and that the gross household income of new tenants in the rental property shall not exceed 80% of area median income.

"Commissioner" means the commissioner of the department.

"Department" means the department of housing or any successor agency.

"Rental unit" or "unit" means a room or suite of rooms designed, occupied or intended for occupancy as a separate living quarter with cooking, sleeping and sanitary facilities provided within the unit for the exclusive use of the occupants of the unit.

"Just cause eviction" means any eviction for serious or repeated violations of the terms and conditions of a lease or occupancy agreement, or for violation of applicable federal, state or local laws or for other good cause.

"Owner" means the person(s), firm, partnership, corporation, trust, organization, limited liability company or other entity, or its successors or assigns, that holds title to a rental property.

"Purchaser" means a party who has entered into a purchase contract with an owner and who will, upon performance of the purchase contract, become the new owner of the rental property.

"Rental property" means any occupied residential rental building, or a group of residential rental buildings operated as one entity, within the South Shore Community Area. Rental property does not include:

- (1) "assisted housing" or an "assisted housing development" or a "development," as those terms are defined in the City of Chicago Affordable Housing Preservation Ordinance;
- (2) housing accommodations in any hospital, convent, monastery, extended care facility, asylum or not-for-profit home for the aged, temporary overnight shelter, transitional shelter, or in a dormitory owned and operated by an elementary school, high school or institution of higher learning; student housing accommodations wherein a housing agreement or housing contract is entered into between the student and an institution of higher learning or student housing wherein the institution exercises control or supervision of the students; or student housing owned and operated by a tax exempt organization affiliated with an institution of higher learning;
- (3) public housing units managed by the Chicago Housing Authority.

"Sale" or "sell" means an act by which an owner conveys, transfers or disposes of rental property by deed or otherwise, whether through a single transaction or a series of transactions, including: (i) transfer of title to rental property; (ii) transfer of a majority interest in owner; or (iii) lease of rental property for more than 7 years.

"Tenant" means a natural person entitled by written or oral agreement or by sufferance to occupy a rental unit to the exclusion of others, and who is residing in a rental unit at the time of a notification under Section 4(f)(1). If more than one tenant is listed on a lease any such tenants may exercise the rights granted under this chapter.

"Tenant association" means an association of tenants, whether incorporated or not, for which written consent to forming a tenant association has been given by tenants representing more than 50% of the occupied units in the rental property, and which association notifies the owner of the rental property and the department of its existence or establishment prior to the expiration of the 90-day period stated in subsection Section 4(f)(2) and has provided to the owner and the 10 department the names, addresses and telephone numbers of at least two of the officers or representatives of such association. The percentage shall be calculated based on the number of occupied rental units in a rental property rather than the number of individuals listed on leases as tenants. Tenants agreeing to participate in a tenant association shall signify their consent to form a tenant association by signing a form provided by the department. Any reference to a "tenant association" in this chapter shall be deemed to include any third party or assignee under section 4(h).

"Third party purchase agreement" means an arm's length third-party agreement whereby an owner agrees to sell a rental property, including, without limitation, a purchase and sale agreement, contract of sale, purchase option or other similar instrument.

"Title" means a legal or equitable ownership interest in a rental property; or a legal, equitable, or beneficial interest in a partnership, limited partnership, corporation, trust or other entity that has a legal or equitable ownership interest in a rental property.

5-11-030. Right of First Refusal Conferred.

This chapter shall be construed to confer upon each tenant association a right of first refusal to purchase any rental property for sale in the City of Chicago upon the terms set forth herein.

5-11-040. Exceptions.

The requirements of this chapter shall not apply to the transfers identified below, but shall apply to any subsequent transfer to a non-exempt party:

- (a) a transfer of legal title or an interest in an entity holding legal title to a rental property pursuant to a deed of trust or mortgage, and thereafter any transfer by foreclosure sale or deed in lieu of foreclosure pursuant to a deed of trust or mortgage to an entity not affiliated with the owner; or
- (b) a transfer made in connection with any bankruptcy proceeding (including, but not limited to, any transfer made by a bankruptcy trustee); or
- (c) a tax sale or transfer pursuant to tax foreclosure; or
- (d) a transfer by devise or intestacy, or any other transfer made in connection with a bona fide effort to pass an interest in real property to one's devisees or heirs (including, but not limited to, such transfers made in connection with a living trust); or
- (e) a transfer between or among spouses, domestic partners, siblings (including, but not limited to, half-siblings, step-siblings, and adoptive siblings), parents (including, but not limited to, step-parents and adoptive parents) or guardians and their children, grandparents and their grandchildren, aunts or uncles and their nieces or nephews, great-aunts or great-uncles and their grand-nieces or grand-nephews, or first cousins, or any combination thereof; or
- (f) a transfer of bare legal title into a revocable trust, without actual consideration for the transfer, where the transferor is the current beneficiary of the trust; or
- (g) a transfer to a named beneficiary of a revocable trust by reason of the death of the grantor of the revocable trust; or
- (h) a transfer by the trustee of a revocable trust if the transfer would otherwise be excluded under this chapter if made by the grantor of the revocable trust; or

- (i) a transfer pursuant to court order or court-approved settlement; or
- (j) a transfer by eminent domain or negotiated purchase under threat of eminent domain; or
- (k) a transfer directly caused by a change in the form of the entity owning the rental property, provided that the transfer is without consideration.

5-11-050. Notice of Intent to Sell.

- (a) Notice Prior to Listing Required. No less than 30 days prior to listing or otherwise offering a rental property for sale, the owner shall provide notice to the tenant association, or if no tenant association exists, to each tenant, and to the department, of the owner's intent to sell. The notice required by this subsection shall be delivered in person or mailed, by certified or registered mail, return receipt requested, on a form provided by the department, and shall contain the following information: (1) the name, address and telephone number of each owner of the rental property; (2) the address of the rental property; (3) a description of the rental property, including the number of units and the number of bedrooms within each unit; (4) the proposed asking price for the rental property; (5) a statement that the owner intends to sell the rental property; and (6) a summary of tenant rights under this chapter. The owner shall also post a notice of intent to sell in a form provided by the department at all public entrances to the rental property. The owner shall keep all return receipts required by this subsection for a period of three years after the sale of the rental property, and make such receipts available for inspection by the commissioner at all times during the owner's business hours.
- (b) Additional Disclosures. The tenant association, or if no tenant association exists, any tenant in the rental property, or the department, may in writing, at any time after receipt of the owner's notice of intent to sell, request the following additional information:
 - (1) the most recent rent roll, including each unit number and the monthly rent charged for each unit;
 - (2) a list of vacant apartments, and a statement of the rental property's vacancy rate during the preceding 12 months;
 - (3) the income and expense report for the twelve-month period prior to the notice, including capital improvements, real property taxes and other municipal charges; and
 - (4) any other information the commissioner may specify by rule. The owner shall have a period of 30 calendar days from receipt of such request to provide the information.

5-11-060. Right of First Refusal.

- (a) Notice of Offer. If the owner receives and accepts a bona fide offer from a third party to purchase the rental property, then the owner shall promptly provide written notice of such offer ("Notice of Sale"), to the tenant association, or if no tenant association exists, to

each tenant in the rental property, and to the department. Any such third-party purchase agreement shall be contingent upon the right of first refusal set forth in this chapter. The Notice of Sale must include an executed duplicate original of the third-party purchase agreement, and the disclosures set forth in subsection 5-11-050, unless the owner has previously made such disclosures and the disclosures remain accurate and complete.

- (b) Time for Tenants to Form Organization and Exercise Right of First Refusal. The tenants of the rental property shall have a period of 90 calendar days from receipt of the Notice of Sale to form a tenant association and exercise their right of first refusal to purchase the rental property. The tenant association shall exercise its right of first refusal by delivering written notice to the owner prior to the expiration of the 90-day period that the tenant association elects to purchase the rental property pursuant to this chapter. Any such notice from the tenant association shall be accompanied by any earnest money required under the terms of the third-party purchase agreement, subject to the cap set forth in section 5-11-070. The contract formed by exercise of the right of first refusal shall be on the same terms and conditions as those set forth in the third-party purchase agreement, as modified by the terms of this chapter. Notwithstanding this general requirement or any term of the third-party purchase agreement, any such acceptance shall be presumed to be contingent upon the tenant association's ability to conduct due diligence and secure financing before the deadline in subsection 5-11-060(c) for completing the sale. Nothing in this subsection shall be construed to require any owner to extend any form of owner financing to a tenant association.
- (c) Time for Closing. If the tenant association exercises its right of first refusal in accordance with subsection 5-11-060, the tenant association shall have a period of 120 calendar days from the date of such notice to conduct due diligence and secure financing, unless the owner and the tenant association have expressly agreed otherwise in writing. The owner must give the tenant association any information about the rental property that the tenant association reasonably requests, such as architectural and engineering plans and specifications (if available), and access to the rental property to inspect the same and conduct reasonable tests at reasonable times after reasonable notice. At the end of this 120-day period (or any other period to which the owner and the tenant association have expressly agreed in writing), the owner shall sell the rental property to the tenant association upon those terms. If the 120-day period (or any other period to which the owner and the tenant association have expressly agreed in writing) ends on a Saturday, Sunday or other legal holiday in the city of Chicago, then the closing shall occur on the first business day thereafter. If the rental property is conveyed to the tenant association under this right of first refusal, any prepaid rent shall be apportioned as of the closing date and applied on account of the purchase price.
- (d) Tenant Association's Rejection of Offer. If the tenant association fails to exercise its right of first refusal on or before the deadline set forth in subsection 5-11-060 or terminates the contract pursuant to its terms, or defaults (unless there is a mutual default), then such right will be deemed waived and the owner may sell the rental property to the third

party purchaser identified in the third party purchase agreement on the terms specified therein. If the sale to such third-party purchaser fails for any reason to close, or if there is any material change in the terms of sale from those set forth in the third-party purchase agreement, then the tenant association's right of first refusal under this chapter shall be reinstated. Any sale of the rental property by the owner to a different party or on any materially different terms shall be null and void.

- (e) **Third Party Rights.** The right of a third party to purchase a rental property is subject to the right of first refusal conferred by this chapter. Upon exercise of the right of first refusal, the third-party purchase agreement between the owner and the third party purchaser shall automatically terminate, and neither the owner nor the tenant association nor the rental building shall be bound or in any way affected by any such agreement and such third party purchaser shall not have any interest in the contract between the owner and the tenant association formed by exercise of the right of first refusal. Without limiting the generality of the foregoing, the owner and the tenant association may freely modify the terms and conditions on which the sale from the owner to the tenant association may be made. For example, the time periods for exercising the right of first refusal under subsection (b) and for closing under subsection (c) are minimum periods, and the owner may grant the tenants a reasonable extension of such period, without liability under a third-party agreement. Third party purchasers are presumed to act with full knowledge of tenant rights and public policy under this chapter.
- (f) **Continuing Right.** The right of first refusal is a continuing right and shall apply as often as the owner (including but not limited to any owner which acquired its interest in a sale to which the right of first refusal applied but was not exercised) shall sell the rental property.

5-11-070. Financial Assurances; Deposit.

The owner may not require the tenant association to prove financial ability to perform as a prerequisite to entering into a contract. The owner shall not require the tenant association to pay a deposit of more than 5% of the contract sales price in order to make a contract. The owner must refund the deposit in the event of a good faith failure of the tenant association to perform under the contract.

5-11-080. Exercise or Assignment of Rights.

A tenant association may exercise the rights established under this chapter in conjunction with a third party or by assigning those rights to any party, whether private or governmental. Such an exercise or assignment may occur at any time in the process provided in this chapter and may be structured in any way the tenant association, in the tenant association's sole discretion, finds acceptable. The tenant association shall give the owner written notice of such third party or assignee within ten (10) business days of entering into a written agreement. Any rights conferred upon tenant associations under this chapter shall extend to any such third parties or assignees, and, upon receipt of notice of such third parties or assignees under this section,

owners shall treat such third parties or assignees in the same manner as tenant associations under this chapter.

5-11-090. Waiver of Rights.

An owner shall not request, and a tenant may not grant, a waiver of the right of first refusal conferred by this chapter. An owner shall not require waiver of any other right under this chapter.

5-11-100. Notice.

Any notice required by this chapter shall be deemed to have been provided when delivered in person or mailed by certified or registered mail, return receipt requested, to the party to whom notice is required.

5-11-110. Preservation as Rent-Restricted Affordable Housing.

Any rental property purchased by a tenant association under the right of first refusal conferred by this chapter shall be maintained as rent-restricted affordable housing for no less than 30 years. The commissioner shall establish procedures to ensure that each rental property acquired under this chapter is subject to an affordability preservation agreement that sets forth the manner in which the rental property shall be preserved as rent-restricted affordable housing.

5-11-120. Duties of Owner Relative to Existing Tenancies.

No owner shall disturb any tenancy, other than for a just cause eviction, during the time periods set forth in this chapter.

5-11-130. Sale of Property to Third Party Purchaser.

If the tenant association waives its right of first refusal, and the owner sells the rental property to a bona fide third-party purchaser, such purchaser shall allow the current tenants to remain in their respective dwelling units for the longer of six months from the effective date of the sale or until each tenant's lease expires, at the same terms and conditions as before such sale. Such purchaser may, with the agreement of the tenants, relocate such tenants to comparable units with comparable rents in accordance with procedures to be established by the rules of the department.

5-10-140. Rules.

The commissioner shall have the authority to promulgate rules necessary to implement the requirements of this chapter.

5-10-150. Penalties.

Any person who violates this chapter shall be fined not less than \$200.00 nor more than \$1,000.00 for each offense. Each day that a violation continues shall constitute a separate and distinct offense to which a separate fine shall apply.

5-11-160. Private Right of Action.

Any aggrieved person, including but not limited to any tenant or tenant association, may enforce the provisions of this chapter by means of a civil action in which the court may provide injunctive relief or award treble damages and the plaintiffs' court costs and reasonable attorneys' fees.

5-11-170. Remedies Cumulative.

The penalties and remedies provided in this chapter shall be in addition to any other penalty or remedy provided by law.

SECTION 15. Chapter 5-12 of the Municipal Code of Chicago is hereby amended by adding a new Section 5-12-195, as follows:

5-12-195. Residential Rental Registry South Shore Pilot Program

- (a) Establishment. The City of Chicago hereby establishes a residential rental registry, and finds and declares that the rental of dwelling units constitutes a business or activity which impacts the public health, safety, and general welfare of the people of the city of Chicago. The intent of this section is to regulate the rental of and offering for rental of dwelling units to protect the public health, safety, and general welfare of the people of the city of Chicago and to further achieve the beneficial purposes of:
- (1) Protecting the character and stability of residential areas;
 - (2) Augmenting the correction, prevention, and enforcement of housing conditions that adversely affect or are likely to adversely affect the health, life, safety, and general welfare, including the physical, mental, and social well-being of persons occupying dwellings;
 - (3) Gathering information to enable the City, renters, and the public to have a better understanding of and transparency concerning Chicago's rental housing stock, its ownership, and condition;
 - (4) Further educating landlords regarding their obligations; and
 - (5) Creating a fund from which these and other residential rental housing-related purposes may be promoted or accomplished, including reimbursements of landlords under section 5-12-137(e).

- (b) Registration required. No person shall allow to be occupied, or rent to another for occupancy, or charge, accept or retain rent for any dwelling unit in the South Shore Community Area unless the owner has duly registered the dwelling unit with the Chicago Department of Housing (“Department”). All owners of one or more dwelling units, including condominium and cooperative units, in the South Shore Community Area shall register each dwelling unit by January 15th of each year with the Department. For condominiums and cooperatives, the property required to be registered shall be the individual dwelling unit being rented or offered for rent, and not the entire building or development. Within 15 days after a change in ownership of a dwelling unit, the new owner shall notify the Department of the change.
- (c) Registration form. The Department shall prepare and make available an internet registration web form, yielding searchable data for registry users, for owners to complete that collects information the Department deems desirable and fulfills the need of a publicly available database to accomplish its purposes, including, but not limited to:
- (1) The street address and property index number of the building within which any dwelling unit is located;
 - (2) The number of dwelling units in the building, the number of floors in the building, the floor number and unit number or letter designation for each dwelling unit that is or may be available for rent any time, and the number of bedrooms in each dwelling unit;
 - (3) The rental rate charged at the time of registration for the dwelling unit;
 - (4) The name, street address, electronic mail address, and telephone number of the owner;
 - (5) If the owner is a corporation, partnership, limited partnership, limited liability company, or other entity, it shall provide the name, title, street address, telephone number, associated website address (if any), and electronic mail address of a responsible individual partner, member, or officer, and of any partner, member, or officer holding a 20% or greater interest in the entity. In the event that no one person holds 20% or greater interest in the entity, the foregoing information for each of the five persons holding the most interest in the entity shall be disclosed;
 - (6) The name, street address, electronic mail address, associated website address (if any), and telephone number of the landlord, if different from the owner;
 - (7) If the owner and landlord do not reside or have a principal place of business in the City of Chicago, Illinois, then the owner shall designate a local contact representative, whose residence or principal place of business is in the City of Chicago, and having full authority to act on behalf of the owner, including the

acceptance of service of all notices from the City, and provide the name, street address, telephone number, and electronic mail address of the local contact representative in the registration; and

- (8) The name, street address, telephone number, and electronic mail address of the person or entity the tenant is to contact when requesting repairs be made to their dwelling unit, and the contact person's business relationship to the owner.

For purposes of this section, a post office box or commercial mail receiving service shall not be accepted as the owner's, landlord's, or local contact representative's address. Further, the building and dwelling units being registered shall not be accepted as the owner's address, unless it is the principal place of business or residence of the owner.

Failure to provide required information or to pay the registration fee shall be grounds for the Department to disallow registration.

(d) Registration Fees.

- (1) All owners of residential dwelling units shall pay an annual registration fee in the amount of \$100 per dwelling unit, except that:
 - (i) The Chicago Housing Authority shall be exempt from paying a registration fee for dwelling units it owns.
 - (ii) Owner-occupied buildings of one to three units shall be exempt from paying a registration fee.
 - (iii) Owner-occupied buildings of four to six dwelling units shall pay \$30 per dwelling unit.
- (2) Registration fees and fines collected under this section shall not become part of the general or corporate fund of the City, nor shall registration fees and fines be used to substitute, replace, or diminish funds to the Department of Housing or to other housing or homelessness programs, except as provided in this section.
- (3) Registration fees and fines collected under this section shall be first applied to the reimbursement of relocation assistance pursuant to section 5-12-137(e), then to the direct costs of establishing and administering the registry, and then, upon public notice and comment, to the augmentation of existing programs or the implementation of new programs designed to preserve or expand the stock of healthy, accessible, safe, affordable rental housing.

- (e) Failure to register, penalty. Unless otherwise provided, any person who violates this section, or provides false or misleading information to the Department of Housing, or violates any rule or regulation promulgated hereunder, shall be barred and prohibited from filing an eviction action or other action seeking possession of any dwelling unit within the building for which the false or misleading information was provided, and shall

be fined \$1,000 per dwelling unit. Each day that a violation exists shall constitute a separate and distinct offense. Further, where the failure of an owner to register a dwelling unit is willful or where an owner knowingly provides false information in a registration statement, then the City shall, in addition to other remedies, claw-back or recover any financial benefit given, awarded, or credited to the owner by the City for the seven years preceding the owner's act or omission. Liability for violations of this section shall be joint and several among owners. The remedies available to the City under this section are cumulative and not exclusive.

- (f) Administration and enforcement. The Commissioner of the Chicago Department of Housing shall administer this section and shall promulgate rules and regulations for the effective administration of this section within 90 days of passage. The Commissioner shall consult and cooperate with other pertinent City departments, including the Chicago Department of Public Health, in the implementation, administration, and enforcement of the provisions of this section.

The Commissioner of the Chicago Department of Housing shall establish and maintain the rental registry on a user-friendly, publicly accessible, searchable website, and shall include, in addition to the registration forms submitted by owners, records of registration violations, and the results and reports of inspections regarding the health, safety, habitability, and compliance and noncompliance with any building or housing code for each dwelling unit conducted by the Chicago Department of Public Health, the Chicago Department of Buildings, or other City department or office. This website shall maintain public access to these records for a period of 10 years.

The Commissioner of the Chicago Department of Housing shall enforce any provision of this section by instituting an action with the department of administrative hearings or by the corporation counsel through an injunction or any other suit, action, or proceeding at law or in equity in a court of competent jurisdiction.

SECTION 16. Section 5-12-080 of the Municipal Code of Chicago is hereby amended by inserting the text underscored, and by deleting the text struck through, as follows:
(Omitted text is unaffected by this ordinance)

5-12-083. Caps on fees associated with rental agreements.

- (a) Security Deposits.

(1) As used in this section, "security" or "security deposits" mean any payment, fee, deposit, or charge, that is imposed at any point before or during a tenancy, to be used for any purpose, including but not limited to, one or more of the following:

- (i) To prove the tenant's intent to move in;
- (ii) To compensate the landlord for a tenant's default in the payment of rent;
- (iii) To repair damages to the premises, exclusive of ordinary wear and tear, caused by the tenant or by a guest or licensee of the tenant.

- (iv) To clean the premises upon termination of the tenancy in a manner that returns the unit to the same level of cleanliness it was in at the inception of the tenancy.
 - (v) To remedy future defaults by the tenant in any obligation under the rental agreement to restore, replace, or return personal property or appurtenances, exclusive of ordinary wear and tear, if the security deposit is authorized to be applied thereto by the rental agreement.
- (2) A landlord may not demand or receive security, however denominated, in an amount or value in excess of an amount equal to one months' rent, in the case of unfurnished residential property, and an amount equal to two months' rent, in the case of furnished residential property.
- (b) Move-In Fees.
- (1) As used in this section, "move-in fee" means any payment, fee, deposit, or charge, that is imposed before the tenant takes possession, for any purpose, including but not limited to one or more of the following:
- (i) To reimburse the landlord for administrative costs associated with initiating a tenancy;
 - (ii) To reimburse the landlord for costs associated with the tenant's move-in process;
 - (iii) To make repairs, clean, or otherwise prepare the premises before the tenant takes possession;
- (2) A landlord may not demand or receive a move-in fee, however denominated, in an amount or value.
- (c) Application Fees.
- (1) As used in this section, "application fee" means any payment, fee, deposit, or charge, that is imposed at the time a prospective tenant submits a rental application, for any purpose, including but not limited to one or more of the following:
- (i) To reimburse the landlord for administrative costs associated with reviewing or processing a tenant's application;
 - (ii) To reimburse the landlord for the cost of conducting a background check or any other tenant screening service;
- (2) A landlord may not demand or receive an application fee, however denominated, in an amount or value in excess of CAP.
- (d) Violation this section
- (1) If the landlord fails to comply with any provision of this Section, 5-12-083, the tenant shall be awarded damages in an amount equal to three times the fee or deposit at issue, or \$5,000, whichever is greater, plus interest, as well as reasonable attorneys' fees. This subsection does not preclude the tenant from recovering other damages to which he may be entitled.

SECTION 17. Section Chapter 5-12 of the Municipal Code of Chicago is hereby amended by adding a new Section 5-12-165, as follows:

5-12-165. South Shore Expanded Fair Notice Pilot Area.

- (a) **Title.** This section shall be known and cited as the “South Shore Expanded Fair Notice Pilot Area Ordinance”.
- (b) **Purpose.** The purpose of this section is to establish modified notice requirements for designated neighborhoods affected by the development of the Obama Presidential Center that are experiencing gentrification. The goals of these modified requirements are to mitigate the displacement impacts associated with gentrification, better protect the interests of the area’s economically vulnerable residents from demographic and housing market change, and preserve the economic diversity critical to a healthy economy.
- (c) **Relationship To Residential Landlord Tenant Ordinance.** The requirements in this section supplement or modify the Residential Landlord and Tenant Ordinance in Section 5-12-130(j). In the event of a conflict between these requirements and the requirements in Section 5-12-130(j), the requirements in this subsection (d) of this section will control.
- (d) **Boundaries.** A map of the South Shore Pilot Area is published in the Journal of the Proceedings of the City Council of the City of Chicago of July 19th 2023 , page 36, and on file in the Office of the City Clerk and made a part hereof. The boundary lines of the South Shore Pilot Area follow streets, and such boundary lines are to be construed as the centerlines of said streets
- (e) **Notice or Refusal to Renew Rental Agreement.** Provided that the landlord has not terminated the rental agreement under Section [5-12-130\(a\)](#), (b), or (d), or that the dwelling unit has not been deemed abandoned under Section [5-12-130\(e\)](#) hereof, the following notice requirements shall apply:
 - (1) For any residential tenancy in the South Shore Pilot Area, the landlord shall notify the tenant in writing at least 180 days prior to the stated termination date of the rental agreement of the landlord's intent to terminate a periodic tenancy, not renew a fixed-term rental agreement or increase the rental rate. If the landlord fails to give the required written notice, the tenant may remain in the dwelling unit for up to 180 days after the date on which written notice is given to the tenant, regardless of the termination date specified in the notice or in an existing rental agreement. During such occupancy, the terms and conditions of the tenancy shall be the same as the terms and conditions during the month of tenancy immediately preceding the notice; provided, however, that if rent was waived or abated in the preceding month or months as part of the original rental agreement, the rental amount during such 180-day period shall be at the rate established on the last date that a full rent payment was made.

- (2) Relocation Assistance Required. For any residential tenancy in the South Shore Pilot Area that is terminated pursuant to subsection (e), the landlord shall be required to pay relocation assistance to the tenants in the amount of \$11,000.
- (1) The payment shall be divided equally among all tenants occupying the rental unit at the time of service on the tenants of the notice of termination of rental agreement.
 - (2) The owner must pay the tenant half of the relocation payment when the termination notice is given to the household and the remaining half when the tenants vacate the unit.
 - (3) If the landlord fails to make the relocation assistance payment as prescribed herein, the tenant may file an action against the landlord and, if the tenant is found eligible for the relocation assistance payment, the tenant will be entitled to recover the amount of the relocation payment plus an equal amount as damages, as well the tenant's reasonable attorney's fees.

SECTION 18. Title 5 of the Municipal Code of Chicago is hereby amended by adding a new Chapter 5-18, as follows:

**CHAPTER 5-18
CODE ENFORCEMENT RELOCATION ORDINANCE SOUTH SHORE PILOT PROGRAM**

5-18-010. Purpose.

The primary purpose of this Chapter is to provide for owner-paid relocation payments and assistance to residential tenants who are displaced due to compliance with building, housing and fire codes.

5-18-020. Findings.

This chapter is enacted in recognition of the following facts and for the following reasons:

- (a) Some residential rental units, single room occupancy buildings, live-work spaces, and unpermitted or "illegal" units in Chicago have been found to have severe code violations which threaten the life and safety of occupants. The hazardous living conditions often require that the tenant vacate the structure to allow for extensive repairs or demolition of the structure.
- (b) These code violations are often caused by the negligence, deferred maintenance, or the illegal use of the structure as a residence created or permitted by the property owner. Code violations may breach the owner's implied warranty of habitability, and could constitute constructive eviction of the tenant household from its residence.

- (c) The difficulty of finding affordable replacement housing and the burden of incurring moving-related expenses creates a financial hardship for tenant households, particularly those who are low-income.
- (d) Relocation benefits and assistance are necessary to ensure that displaced tenants secure safe, sanitary, and decent replacement housing. This policy is consistent with and in furtherance of city and state housing goals.
- (e) Property owners who fail to properly maintain residential rental properties, and/or create residential units illegally should bear responsibility for the hardships their actions (or lack of action) create for the tenant. Relocation is a necessary cost of code enforcement that should be the responsibility of the property owner, and the city should be reimbursed by the responsible owner for any of these costs that it incurs in the code enforcement process.
- (f) The requirement to pay relocation costs under this Chapter will encourage property owners to correct code violations and protect the public health, safety, and general welfare of the residents of the city.
- (g) The level of payments provided for in this Chapter is reflective of the actual costs of relocation likely to be incurred by displaced tenant households—in particular, moving costs and the cost of first and last months' rent, as well as other costs, both monetary and nonmonetary, associated with involuntary dislocation.

5-18-030. Definitions.

"Building Official" means the city official who is authorized and directed to administer and enforce the Chicago Construction Codes, as well as any designees of such person.

"City Administrator" means City Administrator or his or her designee.

"Code compliance activities" means activities initiated by the city to determine the condition of a building and require the property owner to make necessary repairs, to vacate the building, or to take other action as necessary to bring the property into compliance with applicable state or local zoning, building or housing standards.

"Declaration of substandard" means a declaration, notice, or order executed by the Building Official or his or her designee under the authority of the Chicago Construction Codes or other provision of law declaring that a property is substandard, unsafe, and/or a public nuisance.

"Elderly" means a person sixty-two (62) years old or older.

"Noncomplying building or unit" means a building, room, or rental unit in the city which has been found or determined by an authorized enforcement official of the city to be substandard, blighted, unsafe, a public nuisance, a drug nuisance, or otherwise not in conformance with applicable state or local zoning, building or housing standards; and "noncomplying condition" or

"noncompliance" means any physical condition or use with respect to the building, room or unit, including drug activity in the case of drug nuisance abatement actions, that contributes to such finding or determination.

"Notice to abate life-threatening condition" means a notice and/or order to abate a substandard or noncomplying condition issued by the city pursuant to its code enforcement activities, however such notice or order is denominated, that indicates on its face that a life-threatening condition is present.

"Notice to vacate" means a notice and/or order, however denominated, issued by the city or a court of competent jurisdiction to a property owner and/or a tenant household pursuant to the city's code enforcement activities requiring that a residential building, unit or room be vacated, either immediately or at some future specified time, as a result of a determination that such building, unit or room is substandard, blighted, unsafe, a public nuisance, a drug nuisance, or in noncompliance with applicable building, housing, zoning, or other code standards. For purposes of this Chapter, the term "notice to vacate" includes a complaint or action filed by the city with a court of competent jurisdiction and served on the property owner pursuant to the city's code enforcement activities in which the city asks for vacation of the property as requested relief.

"Chicago Construction Code" means that code codified at Title 13 and 14 of the Chicago Municipal Code, regulating maintenance, sanitation, ventilation, light, location, use or occupancy of residential buildings, as well as any amendments to or successor laws of such ordinance.

"Permanent displacement" means the vacating of a residential unit or room by a tenant household due to code enforcement activities when that unit or room (or an equivalent unit or room in the building) foreseeably will not be brought into code compliance or will not be available for reoccupancy by the tenant household within sixty days from the vacating.

"Property owner" or "Owner" means a person, persons, corporation, partnership, limited liability company, or any other entity holding fee title to the subject real property. In the case of multiple ownership of the subject real property, "property owner" refers to each entity holding any portion of the fee interest in the property, and the property owner's obligations in this Chapter shall be joint and several as to each property owner.

"Rental unit" means a dwelling space in the South Shore Community Area containing a separate bathroom, kitchen, and living area, including a single-family dwelling or unit in a multifamily or multipurpose dwelling, a unit in a condominium or cooperative housing project, or a unit in a structure that is being used for residential uses whether or not the residential use is a conforming use permitted under the Chicago Municipal Code, which is hired, rented, or leased to a household. This definition applies to any dwelling space that is actually used for residential purposes, including live-work spaces, whether or not the residential use is legally permitted.

"Room" means an unsubdivided portion of the interior of a residential building in the South Shore Community Area which is used for the purpose of sleeping, and is occupied by a tenant household for at least thirty (30) consecutive days. This includes, but is not limited to, a rooming

unit or efficiency unit located in a residential hotel. This definition applies to any space that is actually used for residential purposes whether or not the residential use is legally permitted. For purposes of determining the amount of relocation payments, a room is the equivalent of a studio apartment.

"Temporary displacement" means the vacating of a rental unit or room by a tenant household due to code enforcement activities when that unit or room (or an equivalent unit or room in the building) foreseeably will be brought into code compliance and be available for reoccupancy by the tenant household within sixty (60) days from the vacating; or when the tenant household and property owner have otherwise agreed that the displacement shall be considered temporary.

"Tenant" means a tenant as that term is defined in Chapter 5-12.

"Tenant household" means one or more tenants who rent or lease a rental unit or room as their primary residence and who share living expenses.

5-18-040. Tenant Eligibility.

- (a) A tenant household shall be eligible for relocation payments from a property owner under this Chapter if the tenant household is displaced from its rental unit or room due to the city or owner's code compliance activities. For purposes of this Chapter, a tenant household shall be deemed to be displaced from its rental unit or room due to code compliance activities if such household either:
- (1) Receives a notice to vacate from the property owner who, after having obtained all necessary permits from the City of Chicago on or before the date upon which the notice to vacate is given, seeks in good faith to undertake substantial repairs that cannot be completed while the unit is occupied, and that are necessary either to bring the property into compliance with applicable codes and laws affecting health and safety of tenants of the building, or under an outstanding notice of code violation affecting the health and safety of tenants of the building;
 - (2) Vacates its unit or room (whether or not the property owner requires vacation) after (a) the city or a court has issued by a notice to vacate, notice to abate life-threatening condition, or declaration of substandard covering that unit or room, and (b) the abatement period has expired without correction of the noncomplying condition (if a time period to abate the noncomplying condition is specified in such notice or declaration and the city or court does not order earlier vacation); or
 - (3) Vacates its unit or room because the property owner seeks to cause the unit or room to be vacated due to the existence of conditions for which the city or a court could issue a notice to vacate, notice to abate life-threatening condition, or declaration of substandard covering that unit or room, but the city or a court has not yet done so.

(b) Notwithstanding the above, a tenant household shall not be deemed to be displaced due to code compliance activities in any of the following cases:

- (1) The property owner can demonstrate by clear and convincing evidence that vacation of the unit or room was due primarily to a cause other than either (a) the noncomplying condition, (b) the city's or court's determination that the rental unit, room, or building was a noncomplying building or unit, or (c) the need to make repairs to rectify any noncomplying condition;
- (2) The property owner can demonstrate by clear and convincing evidence that the noncomplying condition was created by the tenant household or the tenant household's guests or invitees, and was not created by the property owner or the owner's agent, or the Department of Housing determines that the tenant household occupied the rental unit or room for the purpose of receiving relocation benefits;
- (3) The property owner can demonstrate by clear and convincing evidence that the tenant household unreasonably prevented the owner or the owner's agent from undertaking maintenance or repairs that would have prevented or rectified the noncomplying condition;
- (4) All noncomplying conditions are corrected, as determined by the city, prior to the time the tenant household has taken definitive steps to move;
- (5) The notice to vacate, notice to abate life-threatening condition, or declaration of substandard is rescinded or withdrawn by the city or the court or is overturned on appeal prior to the time the tenant household has taken definitive steps to move;
- (6) The property owner offers in writing to move the tenant household immediately at the property owner's expense into a replacement unit or room in the same building, and all of the following are true: (a) the replacement unit or room is at least substantially comparable in size, condition, and amenities as the former unit or room, (b) the replacement unit or room complies with all applicable zoning, building, and housing codes, (c) the replacement rent is no greater than the rent charged for the former unit or room, and (d) the offer was made prior to the time the tenant household had taken definitive steps to move; or
- (7) The tenant household is required to vacate the unit or room due solely to damage resulting from an earthquake, fire, flood, natural disaster, civil disturbance, or accident outside the control of the property owner, if (a) the vacation is required within six months of such event, and (b) the property owner can demonstrate that such damage was not caused by the acts or the negligence of the property owner

or by a preexisting condition in the building in violation of applicable building, housing, fire, or other health and safety codes.

- (c) Any provision of a lease or rental agreement for a rental unit or room in which the tenant household agrees to modify or waive any of its rights under this Chapter, including its rights to relocation payments, shall be void as contrary to public policy.
- (d) Property owners may not ask or require tenants to waive any other rights as a condition of receiving relocation payments.

5-18-050. City's Informational Notices.

- (a) The city's Building Official or other authorized official along with issuance of any notice to vacate, notice to abate life-threatening condition, or declaration of substandard to a property owner covering a rental unit or room shall inform the property owner that any tenant household who vacates said rental unit or room may be eligible for relocation payments from the property owner, that failure to make required payments to eligible tenant households before vacation may result in the city making payments on behalf of the owner, and that failure to reimburse the city for all payments made and other costs incurred shall result in a lien being placed on the property. Following issuance of any such notice or declaration and expiration of the period to abate the noncomplying condition (if an abatement period is specified in any such notice or declaration), the city shall also use reasonable efforts to deliver information to each affected tenant household in the building regarding the relocation benefits and assistance, if any, to which the tenant household may be entitled.
- (b) Failure by the city to supply or attempt to supply any of the information or notices provided for in this Chapter shall not affect the validity of any code enforcement notice, order, or action, nor shall any such failure diminish any property owner's obligation to abate any non complying conditions or provide relocation assistance as required under this Chapter.

5-18-060. Owner's Notice to Tenant.

- (a) Any notice from a property owner to an eligible tenant household to vacate or quit a rental unit or room following the issuance of a notice to vacate, notice to abate life-threatening condition, or declaration of substandard must set forth the reasons for the need to vacate, the tenant household's entitlement to relocation payments from the property owner, the tenant household's right to return following completion of repairs (if the property is to be repaired), and the estimated date for re occupancy.
- (b) The property owner's notice shall include a statement that the tenant should contact the city's Department of Housing for further information, along with the telephone number of that office, and the property owner shall attach a copy of the relocation program

summary. The property owner shall send a copy of all notices to the Building Official or the applicable official otherwise issuing the notice on behalf of the city.

5-18-070. Relocation Payments by Owner.

- (a) The property owner shall be responsible for providing relocation payments, in the amounts specified in 5-18-080, to an eligible tenant household in the form and manner prescribed under this Chapter and any rules and regulations adopted under this Chapter.
- (b) In the case of permanent displacement, the property owner shall make the payment directly to an eligible tenant household no later than ten days before the expected vacation date specified in either a city or court notice or order, the property owner's notice to vacate, or the tenant household's notice to the property owner of the tenant household's intent to vacate pursuant to Section 5-18-040(a)(2) whichever date is earliest in the event of multiple notices. If less than ten days' advance notice of vacation is given, or no vacation date is specified in such notice or order, then the payment by the property owner to the tenant household is due no later than the actual time of vacation.
- (c) If an eligible tenant household vacates its unit or room not in response to a notice to vacate by the city, a court, or the property owner, but on its own initiative pursuant to Section 5-18-040(a)(2), in response to a notice to abate life-threatening condition or declaration of substandard issued by the city, and if such tenant household has not given advance notice to the property owner of its intention to vacate, then the payment by the property owner to the tenant household is due no later than ten days after written demand for such payment is made by the tenant household to the property owner; however, in this case such a demand must be made by the tenant household no later than thirty (30) days following its actual vacation of the unit or room.
- (d) In the case of temporary displacement, the property owner shall make the payment directly to an eligible tenant household within five days after the tenant household has submitted reasonable documentation (such as bills, invoices, rental agreements, estimates, etc.) to the property owner of the actual moving and temporary housing expenses the tenant household will incur or has incurred as a result of the displacement during the expected displacement period.
- (e) Notwithstanding the above, an eligible tenant household shall not be required to vacate the rental unit or room until the required relocation payment has been made and any staff determination or appeal requested by the property owner has been concluded, unless either (1) the Building Official or other authorized city official has determined for health and safety reasons that vacation must take place sooner, or (2) the property owner intends to withdraw such unit or room from rent or lease. However, a property owner remains liable for payment of relocation payments to eligible tenant households under this Chapter notwithstanding the applicability of the exceptions above in clauses (1) and (2).

- (f) The property owner shall also be responsible for reimbursing the city for any relocation payments made and costs incurred by the city pursuant to the provisions of this Chapter.

5-18-080. Amount of Relocation Payments.

- (a) Permanent Displacement. An eligible Tenant Household who will experience permanent displacement as defined above shall receive a monetary relocation payment from the property Owner in the amounts outlined below:
- (b) Temporary displacement. An eligible tenant household who will experience temporary displacement as defined above shall receive monetary relocation payment or payments from the property owner to cover the tenant household's actual and reasonable moving expenses and temporary housing accommodations costs directly incurred as a result of the temporary displacement. "Moving expenses" shall include the cost of removing, transporting, and/or storing the tenant household's personal property during the displacement period, and "temporary housing accommodations costs" shall include the cost of rental payments and hotel or motel payments during the displacement period. In no event shall the property owner be liable for making payments in excess of the amount the tenant household would receive in the case of permanent displacement as set forth in subsection (a) of this Section.
- (c) Immediate Vacation. When the condition of a room or rental unit is a danger to the public health and safety such that the city requires immediate vacation, i.e., vacation with less than thirty (30) days advance notice either from the city or from the property owner to the tenant household of the need to vacate, an eligible tenant household displaced from such a room or unit shall be entitled to an additional payment from the property owner in the amount of five hundred dollars (\$500.00), in addition to the amounts set forth above. Such additional payment is intended to compensate the tenant household for the additional costs associated with short-notice moves and the added inconvenience of such moves.
- (d) Payments for relocation shall not be considered by the city as income or assets for any government benefits program.

5-18-090. Relocation Payments and Assistance by City.

- (a) The city shall use reasonable efforts, subject to budget staffing constraints, to assist tenant households displaced by its code enforcement activities by providing information, referrals, and other relocation advisory assistance aimed at facilitating the household's move. The tenant household should contact the Department of Housing for relocation information within ten days of receipt of information from either the city or the property owner that it may be eligible for assistance. Failure by the tenant household to contact

the city within the ten-day period will not relieve the property owner from his or her responsibility to provide relocation benefits.

- (b) The city, in the sole discretion of the Department of Housing and subject to funding availability, may make from city funds any of the payments required of a property owner under this Chapter. Such payments, as well as any administrative costs incurred by the city as a result of the failure of the property owner to make the required payments to an eligible tenant household, shall continue to be an obligation of the property owner and shall be reimbursed by the property owner to the city. In order for the city to consider making such payments, a request must be made by the tenant household to the Department of Housing following the property owner's failure to pay the required payments by the due date specified in this Chapter, but in no event later than sixty (60) days following the tenant household's vacation of the rental unit or room. Prior to any city payment to a tenant household, the Department of Housing shall make a determination with respect to the eligibility of the tenant household for relocation payments. The Department of Housing will make reasonable efforts to contact a representative of the property owner by telephone or written communication prior to making the determination or authorizing city payment. However, failure to give prior notice to the property owner shall not relieve the property owner of any obligations under this Chapter.
- (c) When the city makes any relocation payments from city funds that are the responsibility of the property owner under this Chapter, the city shall bill the property owner for reimbursement of the amount of payment, plus any administrative and other costs that it would not have incurred but for the failure of the owner to make the required payment. The property owner shall reimburse the city within five days of billing. If the owner does not make full and timely reimbursement of this amount to the city, the city may record a lien on the property with the County Recorder and shall provide notice of such lien to the property owner and to the County Assessor. The form of such lien and the manner of enforcement and collection shall be those specified or otherwise authorized by state or local law. Alternatively, the city may include the unreimbursed amount in any other lien placed on the property by the city to secure payment of enforcement costs.
- (d) Notwithstanding the above, the intent of this Chapter is to place responsibility for making relocation payments to displaced tenant households on those property owners who are responsible for code violations, and nothing in this Section is intended to relieve or release any such property owner from this responsibility.
- (e) The Department of Housing, in its sole discretion and on a case-by-case basis, may authorize city-paid relocation payments above the amounts specified in Section 5-18-080, if circumstances so warrant, subject to funding availability. Any such additional amounts shall not be subject to reimbursement by the property owner.

5-18-100. Right to Return.

- (a) An eligible tenant household who has experienced temporary or permanent displacement from its rental unit or room due to code enforcement activities shall have the option of moving back into that rental unit or room, or, if this is not possible, to move into an equivalent unit or room in the same building, if and when the unit or room is ready for occupancy. If a tenant household wishes to avail itself of this option, it must inform the property owner in writing of its current address at all times during the period of displacement.
- (b) The property owner shall notify the eligible relocated tenant household at least thirty (30) days in advance by certified mail of the availability of the unit or room. If a shorter notice is given and the tenant household indicates that it wishes to move back, the unit or room must be held vacant at no cost to the household for a period no less than thirty-five days after the mailing of the notice of availability. The notice shall provide that within seven days of receipt of notice of availability of the unit or room, a tenant household wishing to move back must notify the property owner in writing of this election.
- (c) This right to return option is in addition to an eligible tenant household's entitlement to monetary relocation payments from the property owner under this Chapter, and exercise of this option by a tenant household shall not affect that household's eligibility for such payments.
- (d) For eligible tenant households exercising this option, the rent upon return to the unit shall be the same as it was at the time the tenant household was required to vacate and pursuant to a rental agreement with materially the same terms and conditions. The property owner shall not charge any move-in fees or require that an additional security deposit be paid by the returning tenant household.

5-18-110. Violation—Penalties

- (a) Any person who violates this chapter shall be fined not less than \$200.00 nor more than \$1,000.00 for each offense. Each day that a violation continues shall constitute a separate and distinct offense to which a separate fine shall apply.
- (b) Violation includes attempted violation. In addition to failing to comply with this Chapter, it is also violation to attempt to have a tenant accept terms that fail to comply with this Chapter, including any of the following actions:
 - (1) Asking the tenant to accept an agreement that pays less than the required relocation payments;
 - (2) Asking the tenant to accept an agreement that waives the tenant's rights; or
 - (3) Upon a return to the unit, asking the tenant to pay a higher rent or sign a lease containing materially different terms.

5-18-120. Civil Remedies.

- (a) Any person or organization who believes that a property owner or tenant household has violated provisions of this Chapter or the program rules and regulations adopted pursuant to this Chapter shall have the right to file an action for injunctive relief and/or actual damages against such party. Whoever is found to have violated this Chapter shall be subject to appropriate injunctive relief and shall be liable for damages, costs and reasonable attorneys' fees. Treble damages shall be awarded for a property owner's willful failure to comply with the payment obligation established under this Chapter.
- (b) It shall be a germane affirmative defense and counterclaim in any eviction action that the Landlord has violated provisions of this Chapter.
- (c) Nothing herein shall be deemed to interfere with the right of a property owner to file an action against a tenant or non-tenant third party for the damage done to said owner's property. Nothing herein is intended to limit the damages recoverable by any party through a private action.
- (d) The Office of the Tenant Advocate may bring an action against a property owner that the department believes has violated provisions of this Chapter or any program rules and regulations adopted pursuant to this Chapter. Such an action may include injunctive relief and recovery of damages, penalties, treble damages, and costs and reasonable attorney's fees. The Office of the Tenant Advocate has sole discretion to determine whether to bring such an action, and shall prioritize any actions based on whether the property owner has committed multiple violations.

SECTION 19. City-Owned Lot at Intersection of East 63rd Street and Blackstone Avenue.

- (a) Application. This section applies to the city-owned vacant lot located at the intersection of East 63rd Street and Blackstone Avenue in the Woodlawn Community Area.
- (b) Affordability Restriction. Whenever the city sells the lot identified in subsection (a) for the development of rental housing, the following restrictions shall apply: 75% of the units created through the CL4WF Woodlawn Program shall be sold to, and at prices affordable to households with household incomes at or below 30% of the AMI.
 - (1) This restriction is intended to supersede the affordability restrictions established in Section 3 of the Woodlawn Housing Preservation Ordinance for the lot identified in subsection (a).
 - (2) All other subsections of Section 3 of the Woodlawn Housing Preservation Ordinance continue to apply.

EXHIBIT A

MAP OF SOUTH SHORE COMMUNITY AREA

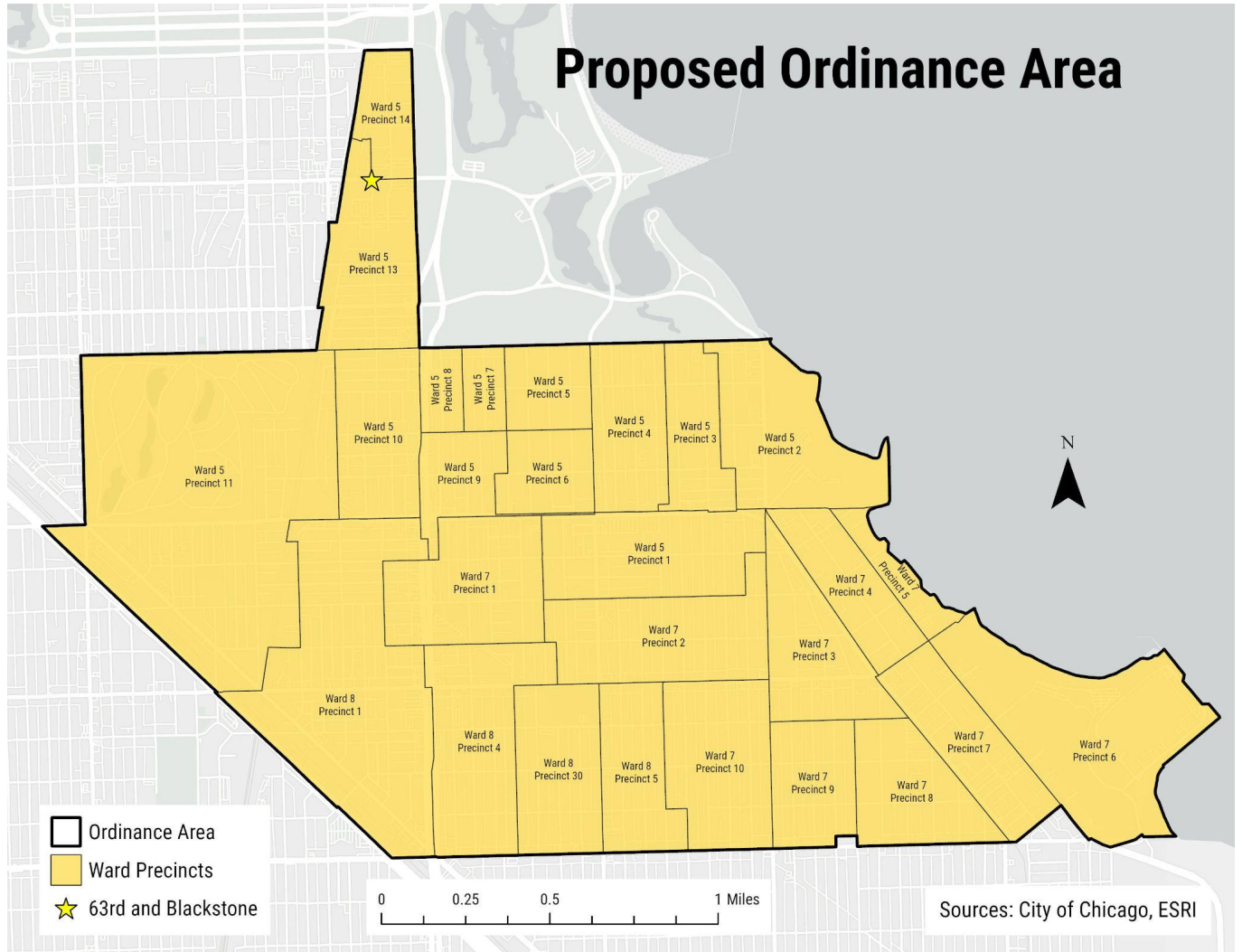


EXHIBIT B

SOUTH SHORE VACANT RESIDENTIAL BUILDING ACQUISITION AND REHABILITATION REVOLVING FINANCING FACILITY PROGRAM

("SOUTH SHORE LOAN FUND PROGRAM")

Community Investment Corporation ("CIC") is a certified Community Development Financial Institution community lender. CIC will provide the following **South Shore** Loan Fund Program administration and implementation services within the **South Shore** Community Area (the "Area").

1. Multi-Bank Participation Arrangement. CIC will create a pool of bank funds by entering into a master participation agreement with several banks for the purpose of creating a shared-risk loan fund for lending to projects in the **South Shore** Community Area ("Loan Fund") by CIC as described below.

The Arrangement will have the following features:

2. City Grant Funds. The City will make a grant to CIC of \$5,000,000 as follows: (a) Loan Loss Reserve. City will make a grant to CIC of not to exceed \$1,400,000 for the purpose of creating a loan loss reserve for the reimbursement of losses, if any, incurred by CIC in connection with defaults by housing loan borrowers (b) Program Administration. The City will make a grant to CIC of \$120,000 for the administration of the Loan Fund for the first year, and a grant of \$500,000 each year thereafter that the Loan Fund remains in operation and administered by CIC, subject to appropriation of funds by the Chicago City Council (c) The Loss Reserve will have the following features: CIC will deposit the grant money into a separate interest-bearing loan loss reserve account, controlled by CIC. The LLR Account, once opened, may not be transferred or assigned without the prior written permission of the City and may not be invested by CIC. LLR Account interest earned shall be re-invested into the LLR account during the Term. LLR Account funds shall be released from the account only to pay Allowed Claims for defaulted loans, or as otherwise allowed in the LLR documents. CIC will not receive a separate administrative fee from the City for operating the LLR Account Funds in the LLR Account will not be used to make direct loans to Borrowers at any time.

3. Housing Acquisition and Rehabilitation Loans. Using a pool of not less than \$23,000,000, CIC will lend directly to qualified developers for the acquisition and rehabilitation of 20 vacant single-family and multi-family within the **South Shore** Community. The loan program will have the following features: Long-term affordability requirements shall include:

- All for-sale single-family properties must be sold to owner-occupant homeowner households earning no more than 80% of AMI annually. If for-sale units are marketed in excess of 6 months, CIC may request approval for the property to be rented
- For not less than 30 years after a multi-family rental building is placed in service, 60% of units must be leased at 30% of AMI, and 40% of units leased at 60% AMI, as published annually by the city.

Multifamily construction and/or rehab loans provided to developers from the **South Shore** Loan Fund will not exceed 3.5% per annum interest. Multifamily loans may be repaid by a separate

permanent financing loan made by CIC or a separate lender. Single family construction or rehab loans will not exceed 3.5% per annum interest. CIC will have the power to foreclose on mortgages. CIC can receive an administration fee of not to exceed 1.5% (150 basis points) of the face value of each single-family acquisition and rehabilitation loan for CIC's application processing, due diligence, loan origination, draw inspections, servicing, reporting costs with respect to that loan, in addition to any applicable application and inspection fees. CIC can receive an administration fee of not to exceed 1.5% (150 basis points) of the face value of each single-family acquisition and rehabilitation loan for CIC's application processing, due diligence, loan origination, draw inspections, servicing, reporting costs with respect to that loan, in addition to any applicable application and inspection fees. Loan amount shall not exceed the reasonable cost of acquisition, holding, rehabilitation, and sale or lease up/stabilization of the subject property Equity requirement for each borrower shall not be less than 10%, which can be used to cover closing costs at CIC's discretion Loans must be evidenced by a mortgage lien recorded against the subject property, running in favor of CIC. CIC will maintain and document credit policy/processes, including meeting minimum financial reporting standards, delinquency based loan loss reserve calculations, delinquency and charge-off standards, and restructure and extension reporting. 4. Program Administration. Program administration work will include the following: CIC staffing, salaries, equipment, reporting, underwriting, travel, and the like.

EXHIBIT C

SOUTH SHORE PEAR PROGRAM

PROGRAM PARAMETERS

- Residential Rental Housing Projects located in the South Shore Community Area shall be eligible as determined under the South Shore PEAR Program rules and regulations. "Residential Housing Projects" shall mean one or more buildings that collectively contain six (6) or more Housing Units on one or more parcels or lots under common ownership or control, including contiguous parcels.
- To be eligible to participate in the PEAR Program, at least 20 percent of the on-site Housing Units in a Residential Rental Housing Project must qualify as affordable housing under the eligibility criteria for the PEAR Program upon provision of South Shore PEAR refinancing by the City/DOH.
- Of the on-site Housing Units that are set aside as affordable housing under the eligibility criteria for the PEAR Program, the following criteria will apply:

For half of said Housing Units:	For the other half of said Housing Units:
Shall be leased to households whose incomes do not exceed fifty percent (50%) of the Chicago Primary Metropolitan Statistical Area Median Income (AMI) at rents that do not exceed the maximum rents, adjusted for household size, for households with household incomes at 50% AMI , as published annually by the City of Chicago.	Shall be leased to households whose incomes do not exceed thirty percent (30%) of the Chicago Primary Metropolitan Statistical Area Median Income AMI at rents that do not exceed the maximum rents, adjusted for household size for households with household incomes at 30% AMI , as published annually by the City of Chicago.

- Residential Housing Projects which are subject to outstanding Financial Assistance or other outstanding governmental subsidies shall not be eligible to participate in the South Shore PEAR Program.
- Any loan made by DOH under the South Shore PEAR Program shall be for a term of not less than 15 years, and not to exceed 30 years after the closing date ("Closing Date") of said loan at an interest rate not to exceed three percent per annum.
- The duration of affordability restrictions for Affordable Housing shall be for a minimum period of 15 years after the Closing Date. Such restrictions shall be documented in affordable housing agreement which shall be recorded against the Residential Rental Housing Project receiving a PEAR Program loan.
- Underwriting guidelines for loans made under the PEAR Program shall be determined in accordance with the PEAR Program rules and regulations.

EXHIBIT D

RENEW SOUTH SHORE HOMEOWNERSHIP PROGRAM

- The Renew South Shore (RSS) homeownership program is designed to increase access to homeownership for low and moderate-income residents with household incomes at or below 120% of the area median income (**AMI**) of the South Shore Community Area, attract new moderate-income homeowners to South Shore, and address the problem of blight caused by vacant properties in South Shore.
- The City will grant to POAH \$12,000,000 to administer the RSS program.
- POAH will utilize the funds to identify, acquire, and transfer vacant, 1 - 4 unit, residential properties located in the South Shore Community Area to qualified developers for rehabilitation and resale to income qualified homebuyers, or directly to income qualified homebuyers who will purchase and rehabilitate the properties as their principal residence.
- The City grant funds may be used for acquisition and disposition, administration, marketing and homebuyer grants, but may not be used for construction.
- POAH may transfer properties to developers through a competitive solicitation process per property, or through a competitive process to solicit a pool of qualified developers experienced in the rehabilitation of residential properties in Chicago.
- Whenever POAH so transfers properties acquired for the RSS program to developers, the competitive selection process shall give preference to responsive developers (i) that are majority-owned by one or more South Shore Community Area residents, and whose management and daily business operations are controlled by one or more such neighborhood residents; or (ii) that have completed one or more residential development projects within the South Shore Community Area, and whose principal business offices are located within the South Shore Community Area ("South Shore Neighborhood Developers"). As used in this ordinance, "neighborhood resident" means any person who has a primary residence in the South Shore Community Area for at least the preceding twelve (12) months at the time the developer submits an application or proposal.
- POAH may provide prospective buyers with up to \$15,000 in subsidies towards the purchase, or up to \$50,000 in subsidies towards the purchase and rehab, of any one- to four-unit vacant property acquired by POAH or by RSS partners Community Investment Corporation (CIC) or Neighborhood Housing Services of Chicago (NHS) for the RSS program and located in the South Shore Community Area.
- POAH will endeavor to solicit the participation of diverse developers, contractors and brokers in the administration of the program, Program requirements and rules shall be subject to HUD Choice Neighborhood Initiative applicable requirements and City approval, pursuant to a grant agreement between POAH and the City of Chicago, through DOH.

EXHIBIT E

SOUTH SHORE LONG-TERM HOMEOWNER HOME IMPROVEMENT GRANT PROGRAM

The City shall make a grant to Neighborhood Housing Services of Chicago ("NHS") in an amount not to exceed \$20,000,000.00 for the administration of the South Shore Long-Term Homeowner Home Improvement Grant Program. NHS will provide the following South Shore Long Term Homeowner Home Improvement Grant Program administration and implementation services within the South Shore Community Area (the "Area"). NHS may use up to \$480,000 of grant funds for NHS program administration costs.

Definitions.

"Application" means an application from a potential Eligible Homeowner for a Grant hereunder, in a form prepared by NHS and approved by DOH.

"Corporation Counsel" means the Corporation Counsel of the City.

"Eligible Costs" means the following rehabilitation costs which are incurred by Eligible Homeowners pursuant to the Grant Documents and funded with Grant funds: exterior improvements including but not limited to roofs, windows, entryways, porches and masonry; up to 30% of the total Grant amount may be used for interior life/safety improvements, including specifically repairs to heating systems and related electrical and plumbing repairs, but only to the extent that such improvements are designed to address a current (rather than potential) health and safety risk; and related permit fees and architect's fees.

"Eligible Homeowner" means, collectively, all the persons who have continuously occupied a Qualified Housing Unit as their primary residence for at least five (5) years prior to the Application date, and which may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements, qualifying as a Qualified Family at the time the Eligible Homeowner submits an application to NHS, but shall not include any individual who is an employee of the City, or any individual who is an employee, agent, consultant, officer, elected official, or appointed official, of NHS (or any person who was an employee, agent, consultant, officer or elected or appointed official within one year prior to the date any Grant is made) if, in either case, the individual exercises or has exercised any functions or responsibilities with respect to activities assisted with Program Funds or who is or was in a position to participate in a decision-making process or gain inside information with regard to such activities, or has or will have any interest in any contract, subcontract or agreement with respect to the housing unit, either for himself or for those with whom he has family or business ties. The following shall not disqualify an otherwise eligible applicant from receiving funds through this program, except where required by federal law or regulation: 1) unpaid debt to the city or county, including

finances and fees related to civil or criminal offenses; 2) liens for any unpaid debts to the city or county; and 3) unpaid federal, state, or local taxes, including property taxes.

"Event of Default" means any event of default as set forth in Section 5.1 hereof.

"Grant" means any grant of funds, in an amount not to exceed the Maximum Program Assistance, made by NHS to an Eligible Homeowner from Program Funds. Each Grant is subject to recovery by NHS or the City if the grantee ceases to continuously occupy the Qualified Housing Unit for five years after the Grant date, pursuant to the following:

If grantee ceases occupancy:	Percent of Grant amount to be repaid by Grantee:
Within one year of Grant date	100%
Within two years of Grant date	80%
Within three years of Grant date	60%
Within four years of Grant date	40%
Within five years of Grant date	20%

"Grant Documents" means the agreements and instruments, including a Mortgage, entered into between NHS and an Eligible Homeowner in connection with a Grant, which documents shall be in substantially the form approved by Corporation Counsel.

"HUD" means the United States Department of Housing and Urban Development.

"Maximum Program Assistance" means \$20,000 for a Qualified Housing Unit.

"Median Income" means the median income of the Chicago area, adjusted for family size, as determined by HUD from time to time.

"Mortgage" means a mortgage lien on the Qualified Housing Unit, in favor of the City as mortgagee, recorded with the Cook County Recorder's Office, which mortgage may be junior

in lien to any prior mortgage on the Qualified Housing Unit, and which may be subordinated to any replacement senior mortgage that is undertaken during the Grant repayment period.

"NHS" means Neighborhood Housing Services of Chicago, Inc., an Illinois not-for-profit corporation, and its successors and assigns.

"Program Funds" means those funds which will be used by the City to implement the Program in accordance with this Agreement.

"Qualified Family" means a family whose annual household income does not exceed 120 percent of the Median Income.

"Qualified Housing Unit" means a one- to four-unit residence located within the South Shore Community Area which is used for residential purposes; provided, however, that the residence has not been assisted within the five years prior to the date of Application with a home improvement grant or subsidy under the City's Neighborhood Lending Program. In the case of a two- to four-unit residence, one unit shall be occupied by the Eligible Homeowner at the time the Application is made and the Grant Documents are executed.

"State" means the State of Illinois.

Application Processing

- (a) NHS shall accept and process Applications in the following manner (or as otherwise agreed to by DOH and NHS):
- (i) NHS shall make Application forms available for a period of four to six weeks;
 - (ii) NHS shall make applications available at certain locations within the South Shore Community Area such as community centers, aldermanic offices or libraries (as agreed to by DOH);
 - (iii) Applications shall also be available by calling NHS;
 - (iv) The Application will be approximately three (3) pages in length, from which NHS will be able to determine eligibility hereunder. NHS will require homeowners to provide more information if needed;
 - (v) All Applications shall be returned directly to NHS; the City will not accept Applications; and
 - (vi) All Applications received by a defined deadline of two weeks after the expiration of the period in (i) above.
- (b) NHS shall review all Applications for eligibility, completeness and compliance with the Agreement. NHS shall verify the initial eligibility of each applicant within five days after its receipt in the manner described in subsection (c) below. Only those Applications which meet such criteria will be approved. Applications so approved are to be numbered as they are received. Applications shall be approved for grants on a first come, first served basis ("Selected Applicants"). The amount of each Grant request from each Selected

Applicant, including the applicable fee to be paid to NHS hereunder, will be deemed to be for the Maximum Program Assistance. When the aggregate amount of approved grants reaches up to \$848,000, or such other amount as DOH shall in writing specify to NHS, then NHS shall stop accepting Applications.

To accommodate the possibility that additional Selected Applicants will need to be chosen from eligible Applications because some earlier Applications are not in compliance with this Agreement, or because Program Funds are still available to make Grants, NHS may establish a waiting list of up to 500 applicants by order of application receipt. Applicants on the waiting list for a given year shall roll over to the top of the applicant list for the following year in order of their position on the original waiting list..

- (c) "NHS shall obtain income and title information regarding the Eligible Homeowner and the Qualified Housing Unit, respectively, and shall verify information presented in the Application. NHS shall assure that an Eligible Homeowner qualifies as a Qualified Family at the time an Application is received by NHS. In determining whether an Eligible Homeowner qualifies as a Qualified Family, NHS calculates income in a manner determined by NHS and approved by DOH.

- (d) NHS shall securely forward the name, address and Social Security number of every Selected Applicant to the City's Department of Finance for a scofflaw check. NHS shall perform an initial site visit to verify that the property will qualify. NHS shall approve a scope of work. No building will qualify as a Qualified Housing Unit hereunder if the combination of the Grant funds, funds from the Eligible Homeowner and matching loan funds described herein hereof do not cover the cost of correcting the health and safety issues which have been identified by NHS inspectors. For any Qualified Housing Unit, no more than 30% of the Eligible Costs paid for from Program Funds can relate to interior life/safety improvements.

- (e) For applicants who do not meet the requirements of this Agreement, as determined by NHS after its initial review described in subsection (c) above, NHS shall provide notice to such applicants that their Application has been rejected within two weeks after the expiration of the period described in subsection (a)(vi) above. For all applicants whose Application is in compliance with the requirements of this Agreement (based on NHS's initial review described in subsection (c) above), NHS will notify each such applicant, within two weeks of the date of the approval of their application, as follows: those who are not Selected Applicants will be notified that their name has been placed on a waiting list; and Selected Applicants will be asked for further information to process their Application. The notice to Selected Applicants will also inform the applicant that, if requested materials are not supplied within 45 days in a form satisfactory to NHS, the applicants will forfeit their status as a Selected Applicant and will be placed at the bottom

of the waiting list. If the scofflaw check described in subsection (d) above reveals that any amounts are owed to the City, then the materials requested by NHS shall include evidence that all such amounts have been paid or that the applicant has entered into a payment plan with the City. Thereafter, NHS shall, within 90 days of the date of the approval of an application, complete its review of all information required hereunder and notify each such Selected Applicant whether they are eligible for a Grant, the amount of the Grant, and whether other funds need to be obtained by the Applicant. No Selected Applicant shall be eligible for a Grant hereunder until NHS has received the results of the scofflaw check described in (d) above and has received evidence either that all amounts owed to the City have been paid, or that the applicant has entered into a payment plan with the City. NHS shall provide the City with a copy of each such notice described above. All notices of rejection shall include the reasons for such rejection.

- (f) NHS shall enforce the following energy-efficiency requirements for the program:
 - (i) If a Qualified Housing Unit is having its roof replaced and the roof insulation is below R-49, then the project will be required to include R-49 insulation in the roof (except in the case that the roof cavity is not able to be insulated due to a finished attic) ("Insulation Requirement");
 - (ii) If the Eligible Homeowner plans to replace the heating system, such as a boiler or furnace, in the Qualified Housing Unit, then the heating system must meet the Energy Star standards for energy efficiency ("EE Heating System Requirement").

Procedures for Selected Applicants

- (a) Technical/Rehabilitation Services. For all Selected Applicants, NHS shall make an initial site visit to the Qualified Housing Unit and assist the Selected Applicant in the preparation of detailed plans and specifications for the renovation work. NHS shall monitor the process by which the Selected Applicant selects a contractor (or contractors) to do the renovation work to ensure that any contractor has been selected through a competitive bid process. NHS must approve the contractor selected, which must be licensed and properly insured; in its approval, NHS shall consider the financial strength of the contractor. NHS shall review the contract(s) between the Selected Applicant and the contractor(s) for the renovation work. NHS shall make available to each Selected Applicant (i) a current list of contractors and subcontractors which are certified by the City as Minority Business Enterprises or Women Business Enterprises, and (ii) a current list of contractors and subcontractors which have current insurance certificates and proof of City home repair and/or business licenses on file with NHS. While the requirements of Section 2-92-330 of the Municipal Code of the City of Chicago (City Resident Employment Requirement) will not apply to the renovation work done pursuant to the Program, NHS shall use its best efforts to recruit and encourage the use of qualified

contractors based in Chicago (particularly in the South Shore Community Area) for the renovation work being funded pursuant to this Agreement.

- (b) Requirements for Grants for Qualified Housing Units. After approving an Application, NHS shall promptly prepare and execute Grant Documents for each Grant. NHS shall assure that each Grant satisfies all applicable requirements of federal, State and local law, and that:
- (i) Program Funds finance only Eligible Costs;
 - (ii) [intentionally omitted];
 - (iii) [intentionally omitted]; and
 - (iv) one or more (up to four) units of the Qualified Housing Unit shall be occupied by the Eligible Homeowner.
- (c) Closing. NHS shall promptly close each Grant. Prior to disbursement of any Program Funds by NHS, NHS shall require each Eligible Homeowner to enter into the Grant Documents. NHS shall assure that the renovation of the Qualified Housing Unit commences within six months of the date on which a Grant closes. NHS shall provide in all Grant Documents that the City is a third-party beneficiary of the Grant Documents. NHS shall not provide Program Funds to any Eligible Homeowner in an amount in excess of the applicable Maximum Program Assistance; provided, that the maximum amount so provided may be adjusted by mutual agreement of DOH and NHS based on the availability of Program Funds and the projected need of a particular community.
- (d) Disbursement of Proceeds. NHS shall deposit the Program Funds into an interest bearing segregated or escrow account established by NHS for this purpose. Any income earned on amounts held in the account shall be used for Program Services and administration. NHS agrees that any disbursements from this account which are later determined to have been made in violation of this Agreement will be repaid to this account by NHS. Prior to disbursing any proceeds of a Grant, NHS shall determine the aggregate amount of Program Funds which have been provided or approved for a Qualified Housing Unit and shall not disburse any funds exceeding the Maximum Program Assistance. NHS shall also assure that no Program Funds shall be paid until such funds are needed to for the payment of Eligible Costs, and that the proceeds of a Grant do not exceed available Maximum Program Assistance with respect to the Qualified Housing Unit. NHS may pay Program Funds to the Eligible Homeowner when NHS receives evidence of prior payment to the contractor for the rehabilitation work (consisting of a copy of the check issued to the contractor, which is not required to be a canceled check, and/or a copy of the sworn statement), or directly to the contractor upon proof that the required construction work has been completed (sworn statement, lien

waivers, sign-off permits, etc., as applicable). There shall be no commingling of funds among Grants by NHS and each Grant shall be accounted for separately in the records maintained by NHS.

(e) Servicing: Monitoring.

- (i) NHS shall specify an employee directly responsible for the working on each Grant. NHS shall provide DPD with notice of the person(s) responsible for these duties and the respective Grants.
- (ii) If an Eligible Homeowner breaches any covenant or agreement under the applicable Grant Documents, NHS shall mail notice of such breach to the Eligible Homeowner as provided in the Grant Documents (with a copy to DOH) and shall take such further action consistent with the terms of this Agreement.
- (iii) NHS shall monitor the progress of the renovation work to confirm compliance with this Agreement and the Grant Documents. The Grant Documents shall provide that the Eligible Homeowner must approve of payment of funds from NHS to a contractor for the rehabilitation work, or that NHS may pay the contractor directly. NHS shall inspect the renovation work prior to providing payment. NHS shall make a final inspection of the renovation work at its completion to confirm compliance with this Agreement and the Grant Documents.

- (f) Reporting. On the seventh day of each month of each year during the term hereof, NHS shall submit to the City a monthly report in a form approved by DOH and containing the following information for each Grant closed during the previous month, and for each Eligible Homeowner whose Application has been approved: (i) the address (including zip code) and census tract of the Qualified Housing Unit; (ii) the name, address, income and race (if known) of each Eligible Homeowner for such Qualified Housing Unit; (iii) the amount of the applicable Grant and the date of the Grant; (iv) the amount of Program Funds, if any, provided to such Eligible Homeowner or on behalf thereof to the contractor by the end of the preceding month, and the use of such funds; (v) the status of the renovation work on such Qualified Housing Unit; and (vi) the names of any Eligible Homeowners who have defaulted on any matching loan provided through NHS. In addition, NHS shall also include the following in such report regarding the Program as of the end of the preceding month: (i) information about each matching loan made to an Eligible Homeowner, or matching funds provided by the Eligible Homeowner, including the amount of the loan or other funds, the address of the subject property and evidence that matching funds were provided; (ii) number of renovations in process; (iii) number of renovations completed; (iv) total number of applicants; (v) total number of Applications reviewed; (vi) total number of Applications approved; (vii) total amount of Grant funds disbursed hereunder; (viii) number of Qualified Housing Units; (ix) description of building style; (x) whether initial site visit indicated that a new roof was needed; (xi) whether initial site visit indicated that additional roof insulation was needed; (xii) whether initial site visit

indicated that air-sealing was needed; (xii) whether a new roof was installed; (xiii) whether roof insulation was installed; (xiv) whether air-sealing was performed; (xv) whether the heating system was replaced with an energy-efficient or non-energy-efficient replacement; (xvi) costs of any roof replacement; (xvii) cost of any air-sealing; (xviii) total project cost; and (xix) whether waiver for Electricity and Gas Data provided.

- (g) Marketing. NHS shall make information about the Program, including Applications, readily available to persons applying to become Eligible Homeowners. In connection therewith, NHS shall prepare and distribute brochures and other written materials describing the Program. NHS shall also make appropriate personnel available to speak at seminars to promote and explain the Program and shall conduct other affirmative outreach efforts (including organizing or participating in seminars, conferences and public meetings) to disseminate information about the Program to the public. NHS shall cooperate (and shall bind its contractors to cooperate) with DPD in any program which DOH may undertake to promote and explain the Program. NHS shall dedicate sufficient employee time and resources to respond promptly to inquiries from potential applicants.

Compliance with the City's Building Codes

Prior to each disbursement of proceeds in connection with a Qualified Housing Unit, NHS shall assure to its best efforts that the rehabilitation work performed by the contractor on that Qualified Housing Unit complies with the building codes of the City and required copies of applicable permits.

EXHIBIT F

SOUTH SHORE PROPERTY TAX DEBT RELIEF GRANT PROGRAM

The City shall make a grant to Neighborhood Housing Services of Chicago ("NHS") in an amount not to exceed \$2,300,000.00 for the administration of the South Shore Property Tax Debt Relief Grant Program. NHS will provide the following South Shore Property Tax Debt Relief Grant Program administration and implementation services within the South Shore Community Area (the "Area"). NHS may use up to \$100,000 of grant funds for NHS program administration costs.

Definitions.

"Application" means an application from a potential Eligible Homeowner for a Grant hereunder, in a form prepared by NHS and approved by DOH.

"Corporation Counsel" means the Corporation Counsel of the City.

"Eligible Homeowner" means, collectively, all the persons who have continuously occupied a Qualified Housing Unit as their primary residence for at least five (5) years prior to the Application date, and which may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements, qualifying as a Qualified Family at the time the Eligible Homeowner submits an application to NHS, but shall not include any individual who is an employee of the City, or any individual who is an employee, agent, consultant, officer, elected official, or appointed official, of NHS (or any person who was an employee, agent, consultant, officer or elected or appointed official within one year prior to the date any Grant is made) if, in either case, the individual exercises or has exercised any functions or responsibilities with respect to activities assisted with Program Funds or who is or was in a position to participate in a decision-making process or gain inside information with regard to such activities, or has or will have any interest in any contract, subcontract or agreement with respect to the housing unit, either for himself or for those with whom he has family or business ties.

"Event of Default" means any event of default as set forth in Section 5.1 hereof.

"Grant" means any grant of funds, in an amount not to exceed the Maximum Program Assistance, made by NHS to an Eligible Homeowner from Program Funds.

"HUD" means the United States Department of Housing and Urban Development.

"Maximum Program Assistance" means \$20,000 for a Qualified Housing Unit.

"Median Income" means the median income of the Chicago area, adjusted for family size, as determined by HUD from time to time.

"NHS" means Neighborhood Housing Services of Chicago, Inc., an Illinois not-for-profit corporation, and its successors and assigns.

"Program Funds" means those funds which will be used by the City to implement the Program in accordance with this Agreement.

"Qualified Family" means a family whose annual household income does not exceed 120 percent of the Median Income.

"Qualified Housing Unit" means a one- to four-unit residence located within the South Shore Community Area which is used for residential purposes. In the case of a two- to four-unit residence, one unit shall be occupied by the Eligible Homeowner at the time the Application is made and the Grant Documents are executed.

"State" means the State of Illinois.

Application Processing

- (g) NHS shall accept and process Applications in the following manner (or as otherwise agreed to by DOH and NHS):
 - (i) NHS shall make Application forms available for a period of four to six weeks;
 - (ii) NHS shall make applications available at certain locations within the South Shore Community Area such as community centers, aldermanic offices or libraries (as agreed to by DOH);
 - (iii) Applications shall also be available by calling NHS;
 - (iv) The Application will be approximately three (3) pages in length, from which NHS will be able to determine eligibility hereunder. NHS will require homeowners to provide more information if needed;
 - (v) All Applications shall be returned directly to NHS; the City will not accept Applications; and
 - (vi) All Applications received by a defined deadline of two weeks after the expiration of the period in (i) above.

- (h) NHS shall review all Applications for eligibility, completeness and compliance with the Agreement. NHS shall verify the initial eligibility of each applicant within five days after its receipt in the manner described in subsection (c) below. Only those Applications which meet such criteria will be approved. Applications so approved are to be numbered as they are received. Applications shall be approved for grants on a first come, first served basis ("Selected Applicants"). The amount of each Grant request from each Selected Applicant, including the applicable fee to be paid to NHS hereunder, will be deemed to be for the Maximum Program Assistance. When the aggregate amount of approved grants reaches up to \$848,000, or such other amount as DOH shall in writing specify to NHS, then NHS shall stop accepting Applications.

To accommodate the possibility that additional Selected Applicants will need to be chosen from eligible Applications because some earlier Applications are not in compliance with this Agreement, or because Program Funds are still available to make Grants, NHS may establish a waiting list of up to 500 applicants by order of application receipt. Applicants on the waiting list for a given year shall roll over to the top of the applicant list for the following year in order of their position on the original waiting list..

- (i) "NHS shall obtain income and title information regarding the Eligible Homeowner and the Qualified Housing Unit, respectively, and shall verify information presented in the Application. NHS shall assure that an Eligible Homeowner qualifies as a Qualified Family at the time an Application is received by NHS. In determining whether an Eligible Homeowner qualifies as a Qualified Family, NHS calculates income in a manner determined by NHS and approved by DOH.

- (j) NHS shall securely forward the name, address and Social Security number of every Selected Applicant to the City's Department of Finance for a scofflaw check.

- (k) For applicants who do not meet the requirements of this Agreement, as determined by NHS after its initial review described in subsection (c) above, NHS shall provide notice to such applicants that their Application has been rejected within two weeks after the expiration of the period described in subsection (a)(vi) above. For all applicants whose Application is in compliance with the requirements of this Agreement (based on NHS's initial review described in subsection (c) above), NHS will notify each such applicant, within two weeks of the date of the approval of their application, as follows: those who are not Selected Applicants will be notified that their name has been placed on a waiting list; and Selected Applicants will be asked for further information to process their Application. The notice to Selected Applicants will also inform the applicant that, if requested materials are not supplied within 45 days in a form satisfactory to NHS, the applicants will forfeit their status as a Selected Applicant and will be placed at the bottom of the waiting list. If the scofflaw check described in subsection (d) above reveals that any amounts are owed to the City, then the materials requested by NHS shall include evidence that all such amounts have been paid or that the applicant has entered into a payment plan with the City. Thereafter, NHS shall, within 90 days of the date of the approval of an application, complete its review of all information required hereunder and notify each such Selected Applicant whether they are eligible for a Grant, the amount of the Grant, and whether other funds need to be obtained by the Applicant. No Selected Applicant shall be eligible for a Grant hereunder until NHS has received the results of the scofflaw check described in (d) above and has received evidence either that all amounts owed to the City have been paid, or that the applicant has entered into a payment plan with the City. NHS shall provide the City with a copy of each such notice described above. All notices of rejection shall include the reasons for such rejection.

- (h) Requirements for Grants for Qualified Housing Units. After approving an Application, NHS shall promptly prepare and execute Grant Documents for each Grant. NHS shall assure that each Grant satisfies all applicable requirements of federal, State and local law, and that:
- (i) Program Funds finance only Eligible Costs;
 - (ii) [intentionally omitted];
 - (iii) [intentionally omitted]; and
 - (iv) one or more (up to four) units of the Qualified Housing Unit shall be occupied by the Eligible Homeowner.
- (i) Closing. NHS shall promptly close each Grant. Prior to disbursement of any Program Funds by NHS, NHS shall require each Eligible Homeowner to enter into the Grant Documents. NHS shall provide in all Grant Documents that the City is a third-party beneficiary of the Grant Documents. NHS shall not provide Program Funds to any Eligible Homeowner in an amount in excess of the applicable Maximum Program Assistance; provided, that the maximum amount so provided may be adjusted by mutual agreement of DOH and NHS based on the availability of Program Funds and the projected need of a particular community.
- (j) Disbursement of Proceeds. NHS shall deposit the Program Funds into an interest bearing segregated or escrow account established by NHS for this purpose. Any income earned on amounts held in the account shall be used for Program Services and administration. NHS agrees that any disbursements from this account which are later determined to have been made in violation of this Agreement will be repaid to this account by NHS. Prior to disbursing any proceeds of a Grant, NHS shall determine the aggregate amount of Program Funds which have been provided or approved for a Qualified Housing Unit and shall not disburse any funds exceeding the Maximum Program Assistance.
- (k) Servicing; Monitoring.
- (i) NHS shall specify an employee directly responsible for the working on each Grant. NHS shall provide DPD with notice of the person(s) responsible for these duties and the respective Grants.
 - (ii) If an Eligible Homeowner breaches any covenant or agreement under the applicable Grant Documents, NHS shall mail notice of such breach to the Eligible Homeowner as provided in the Grant Documents (with a copy to DOH) and shall take such further action consistent with the terms of this Agreement.

(l) Reporting. On the seventh day of each month of each year during the term hereof, NHS shall submit to the City a monthly report in a form approved by DOH and containing the following information for each Grant closed during the previous month, and for each Eligible Homeowner whose Application has been approved: (i) the address (including zip code) and census tract of the Qualified Housing Unit; (ii) the name, address, income and race (if known) of each Eligible Homeowner for such Qualified Housing Unit; (iii) the amount of the applicable Grant and the date of the Grant; (iv) the amount of Program Funds, if any, provided to such Eligible Homeowner.

(m) Marketing. NHS shall make information about the Program, including Applications, readily available to persons applying to become Eligible Homeowners. In connection therewith, NHS shall prepare and distribute brochures and other written materials describing the Program. NHS shall also make appropriate personnel available to speak at seminars to promote and explain the Program and shall conduct other affirmative outreach efforts (including organizing or participating in seminars, conferences and public meetings) to disseminate information about the Program to the public. NHS shall dedicate sufficient employee time and resources to respond promptly to inquiries from potential applicants.