



# City of Chicago



O2015-806

Office of the City Clerk

## Document Tracking Sheet

**Meeting Date:** 1/21/2015

**Sponsor(s):** Dept./Agency

**Type:** Ordinance

**Title:** Amendment of Municipal Code Titles 1, 2, 4 and 13  
establishing The Eri'ana Patton Smith and Coleman/Clark  
Kids Tenant Protection Ordinance and authorization for  
publication of list of building scofflaws

**Committee(s) Assignment:** Joint Committee: Budget and Government Operations;  
Zoning, Landmarks and Building Standards

## ORDINANCE

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

**SECTION 1.** This ordinance shall be known as "The Eri'ana Patton Smith and Coleman/Clark Kids Tenant Protection Ordinance."

**SECTION 2.** Section 1-23-400 of the Municipal Code of Chicago is hereby amended by inserting the language underscored, as follows:

**1-23-400 Issuance of licenses and permits – Acceptance of application – Prohibited when.**

(a) *License and permit issuance prohibited when.* (1) No person shall be eligible to obtain any license or permit of any type issued under this Code, and no such license or permit shall be issued by the applicable department, if the applicant for such license or permit or the property owner identified in the applicable application or any person owning, directly or indirectly, 25 percent or more of the interest in the applicant or property owner has any debt, as defined in Section 2-32-094(a), unless and until each applicable person owing such debt satisfies or otherwise resolves the debt within the meaning of Section 2-32-094(a).

For purposes of this subsection (a)(1), the term "25 percent or more of the interest in the applicant or property owner" shall mean 25 percent or more of the combined voting power or fair market value of all stock, partnership interests or other ownership interests in the applicant or property owner, or the right to receive at any time the distribution of 25 percent or more of the income or profits of the applicant or property owner. Provided, however, that with respect to those licenses or permits for which disclosure of a lesser percentage of ownership interest is required under this Code, including, but not limited to, licenses issued under Chapter 4-60 (Liquor Dealers), the percentage of ownership set forth in the specific ordinance establishing such license or permit shall be substituted for the term "25 percent" in the above definition.

(2) (A) No person shall be eligible to obtain any license issued under Title 4 or Title 9 of this Code or any permit issued under the building provisions of this Code, and no such license or permit shall be issued by the applicable department, if the applicant for such license or permit or any person owning, directly or indirectly, 25 percent or more of the interest in the applicant, at the time of application for such license or permit, has been identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of this Code. Except as otherwise specified by rule, the prohibition in this subparagraph (2)(A) shall apply at all times such applicant or person remains on the city's building code scofflaw or problem landlord list.

(B) Any applicant for any license issued under Title 4 or Title 9 of this Code or any permit issued under the building code shall certify to the city with his application whether or not such applicant or any person owning, directly or indirectly, 25 percent or more of the interest in the applicant is, at the time of application for such license or permit, identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of this Code.

For purposes of this subsection (a)(2), the term "25 percent or more of the interest in the applicant" shall have the meaning ascribed to the term in Section 4-4-150 (b) of this Code.

(b) *Exceptions.* This section shall not apply to any permit or license sought by any local, state or federal government agency. Nor shall this section apply to (1) any permit issued by the department of buildings for emergency repairs as determined by the building commissioner, or (2) any license or permit issued by any department if the applicable department head determines that immediate issuance of the applicable license or permit is necessary to protect the public health, safety or welfare, or otherwise necessary to comply with mandatory state or federal laws that preempt the city's home rule authority, and all other applicable requirements for issuance of such license or permit have been met.

**SECTION 3.** Section 2-92-416 of the Municipal Code of Chicago is hereby amended by deleting the language struck through and by inserting the language underscored, as follows:

**2-92-416 Compliance with building code.**

(A) ~~No person shall be awarded any city contract by the department of procurement services or the department of planning and development~~ eligible to do business with the city, if the person is identified pursuant to ~~subsection (D)~~ of this section as a building code scofflaw or a problem landlord; ~~nor shall any such contract be awarded to any entity in which such a person has a substantial ownership interest be eligible to do business with the city.~~ Provided, however, that ~~this the prohibition on doing business with the city in this subsection~~ shall not apply for a specific city contract if the head of the city department administering the contract determines that (i) the city is unable to acquire the goods or services provided by the person at comparable price and quality, and in sufficient quantity, from other sources; or (ii) the public health, safety and welfare requires it. Except as otherwise specified by rule, the prohibition in this subsection (A) shall apply at all times such person remains on the city's building code scofflaw or problem landlord list.

(B) ~~{Reserved.}~~ The commissioner, in consultation with the corporation counsel, is authorized to create and publish a list of building code scofflaws and a list of problem landlords in accordance with rules and regulations promulgated pursuant to this section.

(C) (1) Any person identified as a building code scofflaw or problem landlord pursuant to this section shall, in a form prescribed by the commissioner, attest to the accuracy of the information by affidavit and provide to the commissioner within 14 days of notice by the department of the person being identified as a building code scofflaw or problem landlord pursuant to this Section: (i) the name, address and contact information of all tenants who reside in any building subject to enforcement proceedings by the city and that are owned by such person; and (ii) the name of all properties in the city in which such person has a substantial ownership interest.

(2) Any person who violates subsection (C)(1) shall be subject to a fine of not less than \$500.00 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.

(CD) Nothing in the section shall be construed to prohibit any city department from adopting requirements for doing business with the city stricter than the requirements set forth in

this section for any city contract, city funds, certification, project or program administered by such department.

(DE) As used in this section:

“Building code scofflaw” means any residential building owner whose uncorrected and habitual or extensive or serious violations of the building provisions of this code, as described by rule, has created a threat to the health, safety or welfare of the building's tenants or the neighboring community.

“Building provisions of this code” shall have the meaning ascribed to the term in Section 2-14-151.

“Commissioner” means the city’s commissioner of buildings.

~~“Doing business with the city” means to obtain any new city contract, and/or grants or any other form of funding, from the department of procurement services or the department of planning and development~~ means: (i) being awarded a city contract, or (ii) receiving a grant, loan or other form of financial assistance from any city department, or (iii) having an application for any of the following accepted and processed by the relevant department: (A) an acquisition of city real property, (B) a lease, (C) a real property tax reclassification, (D) a zoning change request that requires verifying that the applicant is not on the city’s building code scofflaw list, or (E) a street or alley vacation.

“Problem landlord” means any person who owns a residential building in the city and who has repeatedly been subject to enforcement proceedings that resulted in a finding of liability, as specified by rule, for serious violations of the building provisions of this Code.

“Residential building” has the meaning ascribed to the term in Section 17-17-02146 of the Chicago Zoning Ordinance.

“Substantial ownership interest” means greater than 7-1/2 percent ownership interest; provided, however, that if an entity is publicly traded on an exchange, the term “substantial ownership interest” means any officer or director of the entity.

“Tenant” means any person entitled, by a written or oral agreement or by a subtenancy approved by a landlord or by sufferance, to occupy a dwelling unit in a building to the exclusion of others.

(F) If a person identified as a problem landlord maintains that he has corrected the violations of building provisions of this Code that led the person's name to be included on the city's problem landlord list, the commissioner before granting any relief that such person may request, as provided by rule, shall require the inspection of the building or buildings that contained such violations to determine whether the person has cured the violations. The person shall be responsible for the costs of such inspections. The fee for such inspection shall be \$250.00 per building for residential buildings with 12 or less units; and \$500.00 per building for

residential buildings with more than 12 units. Furthermore, no person shall be removed from the problem landlord list until they have paid in-full any and all fines and inspection fees associated with such building or buildings.

(G) The commissioner is authorized to: (i) conduct investigations or hearings or other actions or proceedings, consistent with the requirements of due process of law and equal protection under the law, to accomplish the purposes of this section; (ii) promulgate rules and regulations for the proper administration and enforcement of this section, including rules for including a person on the city's building code scofflaw or problem landlord list and hearing process regarding removal of a person from such list; and (iii) delegate to a designee the commissioner's authority to conduct hearings under this section.

**SECTION 4.** Section 2-154-010 of the Municipal Code of Chicago is hereby amended by inserting the language underscored, as follows:

**2-154-010 Actions requiring city approval – Disclosure information required when.**

(a) Whenever any corporation; partnership; association; business trust; estate; two or more persons having a joint or common interest; other commercial or legal entity; trustee of a land trust; or any beneficiary or beneficiaries thereof (for purposes of this section, collectively "applicant") makes application to the City of Chicago for action requiring an ordinance, or ordinance amendment, city council approval, or other city agency approval (for purposes of this section, collectively "city action"), with respect to sale or purchase of real estate, real property tax reclassification, zoning, vacation of streets and alleys, leases, and contracts, the following disclosures and information shall be certified and attached to the application:

(1) the name, address and percentage of ownership interest of each individual or entity having a beneficial interest of more than 7.5 percent in the applicant (for purposes of this section, "owner"). Any owner required by law to file a statement providing substantially the information required by this paragraph with any other government agency may file a duplicate of such statement;

(2) whenever any interest required to be disclosed in paragraph (1) is held by an agent or agents, or a nominee or nominees, the principals for whom such agents or nominees hold such interest shall also be disclosed. The application of a spouse or any other party, if constructively controlled by another person, or legal entity as set forth above, shall state the name and address and percentage of beneficial interest of such person or entity possessing such constructive control and the relationship under which such control is being or may be exercised. Whenever a stock or beneficial interest is held by a corporation or other legal entity, such shareholder or beneficiary shall also make disclosure as required by paragraph (1) above;

(3) a statement under oath that the applicant has withheld no disclosures as to economic interests in the undertaking nor reserved any information, data or plan as to the intended use or purpose for which it seeks city action.

(4) a statement under oath disclosing whether or not the applicant or any owner, at the time of application for city action, is identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of this Code.

(b) The disclosure requirements of this section shall apply to actual and prospective applicants and owners. For purposes of this section, the term "prospective" shall refer to an individual or entity in existence at the time application is made, which is not an applicant or owner at such time, but which the applicant expects to assume a legal status, within six months of the time the city action occurs, that would render such individual or entity an applicant or owner if they had held such legal status at the time application was made.

**SECTION 5.** Section 4-4-150 of the Municipal Code of Chicago is hereby amended by deleting the language struck through and by inserting the language underscored, as follows:

**4-4-150 Indebtedness – License ineligibility.**

*(Omitted text is not affected by this ordinance)*

(b) (1) No initial or renewal license shall be issued under this Title to any license applicant or person owning, either directly or indirectly, 25 percent or more of the interest in such applicant, if (1) such applicant or person has any debt, as defined in subsection (a) of this section, and (2) notice of such debt has been provided to such applicant or person in accordance with the requirements set forth in Section 2-32-094(c); and (3) such debt has not been satisfied or otherwise resolved within the meaning of Section 2-32-094(a).

(2) (i) No initial or renewal license shall be issued under this Title to any license applicant or person owning either directly or indirectly, 25 percent or more of the interest in such applicant, if such applicant or person, at the time of application for such initial or renewal license, has been identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of this Code. Except as otherwise specified by rule, the prohibition in this subsection (b)(2)(i) shall apply at all times such applicant or person remains on the city's building code scofflaw or problem landlord list.

(ii) Any applicant for any initial or renewal license issued under this Title shall certify to the city with his application whether or not such applicant or any person owning, directly or indirectly, 25 percent or more of the interest in the applicant is, at the time of application for such license or permit, identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416.

For purposes of this subsection (b), the following definition shall apply: The term "25 percent or more of the interest in the applicant" shall mean 25 percent or more of the combined voting power or fair market value of all stock, partnership interests or other ownership interests in the applicant or the right to receive at any time the distribution of 25 percent or more of the income or profits of the applicant. Provided, however, that with respect to those licenses for which a lesser percentage of ownership interest is required to be disclosed, including, but not limited to, licenses issued under Chapter 4-60 (Liquor Dealers), the percentage of ownership set

forth in the specific licensing ordinance shall be substituted for the term "25 percent" in the above definition.

(ed) A late fee and interest shall be assessed in connection with a license renewal if the license cannot be issued or renewed in a timely manner due to outstanding debt.

**SECTION 6.** Section 13-12-145 of the Municipal Code of Chicago is hereby amended by deleting the language struck through and by inserting the language underscored, as follows:

**13-12-145 Improperly maintained buildings and structures subject to nuisance abatement proceedings.**

(a) The following buildings and structures are hereby declared to be public nuisances subject to abatement proceedings under this section:

(1) a building or structure found to be vacant and open after the effective date of an order to secure and enclose issued by a court of competent jurisdiction or the department of administrative hearings within the previous 12 months, unless stayed by a court of competent jurisdiction;

(2) a building or structure that contains any violation of a health, fire, electrical, plumbing, building or zoning provision of this code which is imminently dangerous and hazardous;

(3) a building or structure for which the costs of the repairs necessary to bring the building or structure into compliance with applicable laws would exceed the market value of the building or structure after the repairs would have been made, or when the owner cannot show that it has readily available and sufficient assets to make such repairs or where such repairs otherwise are economically infeasible; or

(4) a building or structure where an owner has failed to correct the code violation(s) that form the basis of an adverse order or judgment involving that building or structure, issued by a court of competent jurisdiction or a hearing officer of the department of administrative hearings, within 60 days of entry, unless such adverse order or judgment has been stayed by a court of competent jurisdiction;

(5) a building or structure subject to enforcement proceedings by the city, and whose owner, or any person owning, directly or indirectly, 25 percent or more interest in the building or structure, is identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of this Code because of violations that caused such enforcement proceedings.

For purposes of this section "vacant" shall be defined as provided in Section 13-12-125; and "open" refers to a building that has any door, window or wall missing or unsecured, or has any other opening so as to allow entry by a human being.

*(Omitted text is not affected by this ordinance)*

(d) There shall be a rebuttable presumption that the issuance of an order of forfeiture or assignment of all of the defendant's rights, title and interest in the real estate shall be appropriate for any property that is determined to be a nuisance under subparagraphs (a)(1), (a)(2), ~~or (a)(4)~~ or (a)(5) of this section. Whenever such an order of forfeiture or assignment issues under this section with respect to a vacant building or a building containing four or fewer residential units, the holder of the first or senior mortgage or lien on the property, disregarding any more senior mortgages or liens held by a unit of government, shall, beginning 60 days after the date the order is issued, be liable for any code violations on the property on and after that date, unless the holder has waived its rights under the mortgage or lien; provided that the 60 day period after which liability attaches may be extended by an administrative law officer or court upon a showing that the mortgage or lienholder has exercised reasonable diligence in abating the nuisance and that additional time is needed to complete the abatement. The holder of such a mortgage or lien shall have the right to take possession of the property in order to effect necessary repairs beginning on the date that an order of forfeiture or assignment issues. In any case in which an order of forfeiture or assignment is sought for property involving a vacant building or a building containing four or fewer residential units, the holder of any first or senior mortgage or lien, disregarding any more senior mortgage or lien held by a unit of government, shall be given notice and an opportunity to intervene as a party.

*(Omitted text is not affected by this ordinance)*

**SECTION 7.** That portion of SECTION 2 of this ordinance that inserts a new subsection (C)(2) in Section 2-92-416 of the Municipal Code of Chicago, and that portion of SECTION 5 of this ordinance that amends Section 13-12-145 of the Municipal Code of Chicago, shall take effect 10 days after passage and publication. The remainder of this ordinance shall take effect upon passage and approval.



CHICAGO, January 21, 2015

To the President and Members of the City Council:

Your Joint Committee on the Budget and Government Operations, and the Committee on Zoning, Landmarks and Building Standards having had under consideration an Ordinance authorizing an amendment to various sections of the Municipal Code of Chicago necessary to protect tenants from problem landlords not in compliance with the building code and to authorize the publication of a list of building code scofflaws, having had the same under advisement, begs leave to report and recommend that Your Honorable Body pass the Ordinance transmitted herewith.

This recommendation was concurred in by a viva voce vote of the members of the Joint Committee.

~~\_\_\_\_\_ members of the Committee with \_\_\_\_\_ dissenting vote(s).~~

(Signed) *Daniel Solis*  
Daniel Solis  
Chairman

(Signed) *Carrie M. Austin*  
Carrie M. Austin  
Chairman