



# City of Chicago



O2015-1485

Office of the City Clerk

## Document Tracking Sheet

<b>Meeting Date:</b>	3/18/2015
<b>Sponsor(s):</b>	Suarez (31)
<b>Type:</b>	Ordinance
<b>Title:</b>	Amendment of Municipal Code Chapter 5-14 concerning Tenant Information Disclosure Form
<b>Committee(s) Assignment:</b>	Committee on Housing and Real Estate

*Housing*

**ORDINANCE**

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

**SECTION 1.** Chapter 5-14 of the Municipal Code of Chicago is hereby amended by adding a new section 5-14-045, by deleting the language struck through and by adding the language underscored, as follows:

**5-14-020 Definitions.**

For purposes of this chapter, the following definitions apply:

*(Omitted text is unaffected by this ordinance)*

“Qualified tenant” means a person who: (1) is a tenant in a foreclosed rental property on the day that a person becomes the owner of that property; and (2) has a bona fide rental agreement to occupy the rental unit as the tenant's principal residence. For purposes of this definition:

- (1) a lease shall be considered bona fide only if:
  - (i) the mortgagor, ~~or the~~ any child, spouse, or parent of the mortgagor residing in the same dwelling unit with the mortgagor, is not the tenant;
  - (ii) the lease was a result of an arms- length transaction; and
  - (iii) the lease requires the receipt of rent that is not substantially less than fair market rent for the property, or the rental unit's rent is reduced or subsidized due to a government subsidy.

*(Omitted text is unaffected by this ordinance)*

**5-14-040 Notice to tenants.**

(a) (1) No later than 21 days after a person becomes the owner of a foreclosed rental property, the owner shall make a good faith effort to ascertain the identities and addresses of all tenants of the rental units in the foreclosed rental property and notify, in writing, all known tenants of such rental units that, under certain circumstances, the tenant may be eligible for relocation assistance. The notice shall be given in English, Spanish, Polish and Chinese and be as follows:

“This Is Not A Notice To Vacate The Premises. You may wish to contact a lawyer or your local legal aid or housing counseling agency to discuss any right that you may have.

“Pursuant to the City of Chicago's Protecting Tenants in Foreclosed Rental Property Ordinance, if you are a qualified tenant you may be eligible for relocation assistance in the amount of \$10,600 unless the owner offers you the option to renew or extend your current written or oral rental agreement with an annual rent that: (1) for the first 12 months, does not exceed 102 percent of your current annual rent; and (2) for any 12-month period thereafter, does not exceed 102 percent of the immediate prior 12-month period's annual rent. The option to renew or extend your lease shall continue until the property is sold to a bona fide third-party purchaser.

“If you are eligible as a qualified tenant and the owner fails to pay you the relocation assistance that is due, you may bring a private cause of action in a court of competent jurisdiction seeking compliance with the Protecting Tenants in Foreclosure Rental Property

Ordinance, Chapter 5-14 of the Municipal Code of Chicago, and the prevailing plaintiff shall be entitled to recover, in addition to any other remedy available, his damages and reasonable attorney's fees."

You may go to the City of Chicago Department of Business Affairs and Consumer Protection's website for additional information regarding your rights and obligations under the Ordinance or phone the City of Chicago's 311 Service Center to file a complaint."

The notice shall also include the name, address and telephone number of the owner, property manager or owner's agent who is responsible for the foreclosed rental property and the date the notice was sent.

*(Omitted text is unaffected by this ordinance)*

**5-14-045 Notice to pay relocation assistance or offer of rental agreement extension.**

(a) The owner shall attach to each notice required in section 5-14-040(a) a Tenant Information Disclosure Form, in a form prescribed by the commissioner of business affairs and consumer protection by rule.

(b) No later than 21 days after receipt of the notice, the tenant shall complete and return the Tenant Information Disclosure Form to the person and address indicated on the Form. The failure of a tenant to return the Tenant Information Disclosure Form does not relieve the owner of any obligation to either: (i) extend or renew the tenant's rental agreement or provide a replacement rental unit, whichever is applicable; or (ii) pay the relocation assistance fee.

(c) No later than 21 days after the date upon which the tenant returns or should have returned the Tenant Information Disclosure Form, the owner shall send a written notice to a qualified tenant advising the qualified tenant that the owner is paying the required relocation fee, unless the owner sends a written offer to the tenant to extend or renew the qualified tenant's rental agreement or provide a rental agreement for a replacement rental unit, whichever is applicable, with an annual rental rate in an amount that complies with section 5-14-050(a). All notices or offers shall clearly show the date the offer or notice was sent.

(d) If a qualified tenant fails to accept the owner's offer to extend or renew the tenant's rental agreement, or to accept a rental agreement for a replacement rental unit, whichever is applicable, within 21 days of receipt of the offer, or if the qualified tenant meets the criteria for an extended response time, as established by the commissioner of business affairs and consumer protection by rule, within 42 days of the offer, the owner shall not be liable to such tenant for the extension or renewal of the tenant's rental agreement, or to provide a rental agreement for a replacement rental unit.

**5-14-050 Tenant relocation assistance.**

(a) (1) Except as provided in subsection (a)(2), the owner of a foreclosed rental property shall pay a one-time relocation assistance fee of \$10,600 to a qualified tenant unless the owner offers such tenant the option to renew or extend the tenant's current rental agreement with an annual rental rate that: (1i) for the first 12 months of the renewed or extended lease, does not exceed 102 percent of the qualified tenant's current annual rental rate; and (2ii) for any 12-month period thereafter, does not exceed 102 percent of the immediate prior year's annual rental rate.

(2) For any rental unit that is not lawful or legal under this code occupied by a qualified tenant, the owner shall pay a one-time relocation assistance fee of \$10,600 to the qualified tenant unless the owner offers, and the tenant accepts the owner's offer of, a rental agreement at a replacement rental unit with an annual rental rate that does not exceed 102 percent of the qualified tenant's current annual rental rate; and (2) for any 12-month period thereafter, does not exceed 102 percent of the immediate prior year's annual rental rate. The replacement rental unit may be located either in the same foreclosed rental property or at another location.

~~(3) If Provided that~~ if a rental unit is occupied by two or more qualified tenants, the owner's total liability to all the qualified tenants of the rental unit shall be no more than if the rental unit was occupied by one qualified tenant.

*(Omitted text is unaffected by this ordinance)*

(e) The owner shall not be liable to pay the relocation fee to any qualified tenant:

(1) who does not enter into a rental agreement after being offered a renewal or extension of the tenant's rental agreement pursuant to subsection (a)(1) with a rent in an amount that complies with that subsection ~~(a)~~;

(2) against whom the owner has obtained a judgment for possession of the rental unit.

*(Omitted text is unaffected by this ordinance)*

#### **5-14-090 Administration and enforcement of chapter.**

*(Omitted text is unaffected by this ordinance)*

The commissioner or the commissioner of business affairs and consumer protection shall enforce any provision of this chapter 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.

The commissioner of business affairs and consumer protection shall prescribe by rule a Tenant Information Disclosure Form and develop a summary which clearly explains a tenant's rights and obligations under this chapter. The summary shall be posted on the department of business affairs and consumer protection's website.

*(Omitted text is unaffected by this ordinance)*

**SECTION 2.** This ordinance shall take effect 90 days after its passage and publication.

  
Ray Suarez  
Alderman, 31<sup>st</sup> Ward