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Legislation Text

File #: O2021-1193, **Version:** 1

OFFICE OF THE MAYOR

CITY OF CHICAGO

LORI E. LIGHTFOOT
MAYOR

March 24, 2021

TO THE HONORABLE, THE CITY COUNCIL OF THE CITY OF
CHICAGO

Ladies and Gentlemen:

At the request of the Commissioner of Buildings, I transmit herewith an ordinance amending the Municipal Code regarding a problem buildings and landlords list.

Your favorable consideration of this ordinance will be appreciated.

Mayor

Very truly yours,

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

SECTION 1. Section 1-23-400 of the Municipal Code of Chicago is hereby amended by deleting the language struck through and by inserting the language underscored, as follows:

1-23-400 Issuance of licenses and permits prohibited - ~~A~~acceptance of application- Prohibited when.

(a) Definitions. For purposes of this section:

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, 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.

(a b) 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 Title 14A 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 or property owner, 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-

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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 a building code scofflaw or problem landlord list.

(3) (S) Any applicant for any license issued under Title 4 or Title 9 of this Code or any permit issued under the building code Title 14A of this 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 or property owner 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 c) 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~~ Department of Buildings for a permit for a type of work described in Table 14A-12-1204.2 or emergency repairs as determined by the ~~building commissioner~~ 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 City's home rule authority, and all other applicable requirements for issuance of such license or permit have been met.

SECTION 2. Section 2-92-416 of the Municipal Code of Chicago is hereby repealed in its entirety and replaced, as follows:

2-92-416 Serious and chronic code violations.

(a) Definitions. As used in this section:

"Active enforcement proceedings" means court proceeding in which a subsequent court date has been established by the court and excludes court proceedings taken off call pursuant to a consent decree or similar agreement.

"Building code scofflaw" means a person subject to the prohibition in subsection (b).

"Building provisions of this Code" has the meaning ascribed to that term in Section 1-4-090.

"Commissioner" means the Commissioner of Buildings.

"Do business with the City" 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 map amendment, or (E) a street or alley vacation.

"Owner" has the meaning ascribed to that term in Section 14A-2-202, provided however that such term shall not include: (i) a unit of government; (ii) a person acting on behalf of a unit of government; or (iii) a court-appointed receiver.

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"Priority building with serious and chronic code violations" means a building that: (i) is occupied; (ii) is subject to proceedings initiated by the Corporation Counsel in the Circuit Court of Cook County to enforce the building provisions of this Code; (iii) remains subject to active enforcement proceedings more than eighteen months after the initial hearing date in such proceedings; and (iv) is a drug and gang house, house of prostitution, or other disorderly house pursuant to Section 8-4-090 or is being monitored pursuant to the Troubled Buildings Initiative Program established by an ordinance adopted by the City Council on July 9, 2003 (C.J. pp. 3547-3550), as amended. Provided, however, that this term shall not include residential buildings containing four or fewer dwelling units if the owner's primary residence is in the building or on the same premises.

"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.

b) Prohibition. No person shall be eligible to do business with the City if the person is identified pursuant to subsection (e) as an owner of a priority building with serious and chronic violations; nor shall any entity in which such a person has a substantial ownership interest be eligible to do business with the City. Provided, however, that the prohibition in this subsection shall not apply for a specific contract if the head of the 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.

c) Applicability. A person identified as an owner of a priority building with serious and chronic code violations pursuant to subsection (e) shall remain subject to the prohibition in subsection (b) until the person is dismissed as a defendant from the enforcement proceeding or the entire enforcement proceeding is dismissed or settled as evidenced by a certified copy of an order to such effect issued by the Circuit Court of Cook County.

d) Building List. On or before March 1 and September 1 of each year, the Commissioner, after consultation with the Corporation Counsel, shall create and publish a list of all priority buildings with serious and chronic code violations as of the date the list is created, provided, however, that the Commissioner and Corporation Counsel may omit from this list any building for which the owner has: (i) abated all immediate hazards, and (ii) entered into a binding agreement with the City to complete work necessary to remedy all other violations of the building provisions of this Code in accordance with a schedule acceptable to the City. In addition to any other penalties or remedies provided for in such an agreement, if the owner violates an agreement entered into pursuant to this subsection and fails to cure such violation, the Commissioner shall place the building on the next list issued pursuant to this subsection.

e) Owner List. On or before April 1 and October 1 of each year, the Corporation Counsel shall, with respect to each building identified pursuant to subsection (d), create and provide to the Commissioner a list of the owners who are named as defendants in the applicable enforcement proceedings as of the date the list is created. The Commissioner shall publish such list.

f) Disclosure Required. The Corporation Counsel shall require each person included on the list created pursuant to subsection (e) to disclose in writing the address of each property in the City of Chicago in which such person has a substantial ownership interest. The Corporation Counsel may provide such information to the Commissioner, and the Commissioner may publish such information.

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Failure to comply with this requirement within 14 days of the request 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.

(g) Rules. The Commissioner is authorized to adopt rules to implement this section, including procedures to challenge the inclusion of a building on the list created pursuant to subsection (d). The Corporation Counsel is authorized to adopt rules of procedure to challenge inclusion of a person on the list created pursuant to subsection (e).

SECTION 3. Section 2-154-010 of the Municipal Code of Chicago is hereby amended by deleting the language struck through, 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:

(omitted text is not affected by this ordinance)

(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.

(omitted text is not affected by this ordinance)

SECTION 4. 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~~ is a building code scofflaw or problem landlord pursuant to

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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.

(omitted text is not affected by this ordinance)

SECTION 5. Section 4-6-300 of the Municipal Code of Chicago is hereby amended by deleting the language struck through and by inserting the language underscored, as follows:

4-6-300 Vacation rentals.

(omitted text is not affected by this ordinance)

(j) License - Suspension or revocation.

(omitted text is not affected by this ordinance)

(2) Suspension or revocation - Pre-deprivation hearing - Authorized when. In addition to any other applicable reason, a vacation rental license may be suspended or revoked in accordance with Section 4-4-280 under the following circumstances:

(omitted text is not affected by this ordinance)

(iii) Scofflaw or problem landlord. When a vacation rental is listed on, or is located in a building that is listed on, the City's Building Code Scofflaw List or Problem Landlord List priority building with serious and chronic code violations listed pursuant to Section 2-92-416(d) or a building owned by a building code scofflaw and disclosed and published pursuant to Section 2-92-416(f); or

(omitted text is not affected by this ordinance)

SECTION 6. Section 4-13-260 of the Municipal Code of Chicago is hereby amended by deleting the language struck through and by inserting the language underscored, as follows:

4-13-260 Ineligibility - Listing on platform by a provider prohibited when.

(a) Conditions of ineligibility for listing. A short term residential rental shall be ineligible for listing by a provider on a licensee's platform under the following conditions:

(omitted text is not affected by this ordinance)

(3) Scofflaw or problem landlord. When a short term residential rental is listed on, or located in a building that is listed on, the City's Building Code Scofflaw List or Problem Landlord List priority building with serious and chronic code violations listed pursuant to Section

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2-92-416(d) or a building owned by a building code scoff law and disclosed and published pursuant to Section 2-92-416(f); or

(omitted text is not affected by this ordinance)

SECTION 7. Section 4-14-080 of the Municipal Code of Chicago is hereby amended by deleting the language struck through and by inserting the language underscored, as follows:

4-14-080 Registration - Suspension or revocation.

(omitted text is not affected by this ordinance)

(c) Suspension or revocation - Pre-deprivation hearing - Authorized when. In addition to any other applicable reason, a shared housing unit registration may be suspended or revoked in accordance with this section under the following circumstances:

(omitted text is not affected by this ordinance)

2) Situs of two or more nuisance conditions. When, in the determination of the commissioner, the rental of the shared housing unit creates a nuisance because at least two separate incidents involving illegal activity or objectionable conditions occurred during a 12-month period: (i) in the shared housing unit; or (ii) in or on the premises in which the shared housing unit is located; or (iii) in the shared housing unit's parking facility; or (iv) on adjacent property. For purposes of determining whether any nuisance occurred during a 12-month period, such illegal activity or objectionable conditions shall be limited to acts of the guests or invitees of the guests, or to acts otherwise involving circumstances having a nexus to the operation of the shared housing unit while rented to a guest. In a proceeding to suspend or revoke the registration of a shared housing unit that is or creates a nuisance under this subsection ~~(c)(3)~~ (c)(2), any evidence on which a reasonably prudent person would rely may be considered without regard to the formal or technical rules of evidence, and the commissioner may rely on police reports, official written reports, affidavits and business records submitted by authorized City officials or employees charged with inspection or enforcement responsibilities to determine whether such illegal activity or objectionable conditions occurred. If, during any 12-month period, two or more separate incidents of illegal activity or objectionable activity, in any combination, occur on the registered premises, or on or in the registered premises' parking facility, or on adjacent property, a rebuttable presumption shall exist that the shared housing unit is or creates a nuisance in violation of this subsection ~~(c)(3)~~ (c)(2); or

3) Scofflaw or problem landlord. When a shared housing unit is listed on, or is located in a building that is listed on, the City's Building Code Scofflaw List or Problem Landlord List priority building with serious and chronic code violations listed pursuant to Section 2-92-416(d) or a building owned by a building code scofflaw and disclosed and published pursuant to Section 2-92-416(f); or

(omitted text is not affected by this ordinance)

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SECTION 8. Section 14A-3-313.1 of the Municipal Code of Chicago is hereby amended by deleting the language struck through, as follows:

14A-3-313.1 Scope.

The following buildings and structures are declared to be public nuisances subject to abatement proceedings under Section 14A-3-313:

(omitted text is not affected by this ordinance)

~~5. A building or structure subject to enforcement proceedings by the City, and whose owner is identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code because of violations that caused such enforcement proceedings.~~

SECTION 9. Section 14A-4-401.3.1 of the Municipal Code of Chicago is hereby amended by deleting the language struck through and by inserting the language underscored, as follows:

14A-4-401.3.1 Debt Prohibition on issuance.

~~A permit may not be issued under this chapter if issuance is prohibited by Section 1-23-400 of the Municipal Code, the applicant for such permit or the property owner identified in the permit application or any person owning, directly or indirectly, more than 25 percent of the interest in such applicant or property owner has any outstanding debt, as defined in Section 2-32-094(a) of the Municipal Code, unless and until each applicable person owing such debt satisfies or otherwise resolves the debt within the meaning of Section 2-32-094(a) of the Municipal Code. For purposes of this section, "more than 25 percent" means more than 25 percent of the combined voting power or fair market value of all stock, partnership interests or other ownership interests in the applicant or owner of the real property or the right to receive at any time the distribution of more than 25 percent of the income or profits of the applicant or owner of the real property. Exceptions:~~

- ~~1. A permit application by any federal, state, or local government agency.~~
- ~~2. A permit application for emergency repairs.~~
- ~~3. A permit application to remediate an imminently unsafe condition, as determined by the building official, provided that outstanding debt to the City must be resolved before the inspection of such work.~~

SECTION 10. Section 14A-4-410.3 of the Municipal Code of Chicago is hereby amended by deleting the language struck through, as follows:

14A-4-410.3 Required information.

Each application for permit must:

(omitted text is not affected by this ordinance)

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~~5.3. If such applicant or owner of the real property is a corporation, partnership, limited liability company or other legal entity, each person owning, directly or indirectly, more than 25 percent of the interest in such applicant or owner of the real property. For purposes of this section, "more than 25 percent" means more than 25 percent of the combined voting power or fair market value of all stock, partnership interests or other ownership interests in the applicant or owner of the real property or the right to receive at any time the distribution of more than 25 percent of the income or profits of the applicant or owner of the real property.~~

(omitted text is not affected by this ordinance)

SECTION 11. Chapter 14A-6 of the Municipal Code of Chicago is hereby amended by inserting a new Section 607, as follows:

14A-6-607 PROBLEM BUILDINGS.

14A-6-607.1 General.

The building official is directed to inspect each building on the list of priority buildings with serious and chronic violations issued pursuant to Section 2-92-416(d) of the Municipal Code at least once within every twelve-month period. After a building is removed from the list, unless the building was placed on the list in error, this requirement continues until no serious violations of the Chicago Construction Codes are found during two consecutive inspections conducted at least six months apart.

SECTION 12. This ordinance shall take full force and effect on September 1, 2021, after passage and publication, provided, however, any existing list of building code scofflaws promulgated pursuant to language amended by this ordinance shall remain in effect until the first owner list is published pursuant to Section 2-92-416(e).