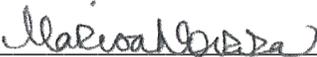


CHICAGO SINGLE-ROOM OCCUPANCY PRESERVATION ORDINANCE RULES

AUTHORITY AND USAGES

BY AUTHORITY VESTED IN THE COMMISSIONER OF HOUSING PURSUANT TO SECTION 5-15-110 OF THE MUNICIPAL CODE OF CHICAGO, THE FOLLOWING RULES AND REGULATIONS REGARDING THE CHICAGO SINGLE-ROOM OCCUPANCY PRESERVATION ORDINANCE ARE ADOPTED HEREIN.

Signed:  Date: 7/17/2020
Commissioner Date Signed by Commissioner

Published date: 9/29/2020

Effective date: 9/29/2020

CHICAGO SINGLE-ROOM OCCUPANCY PRESERVATION ORDINANCE RULES

Terms used in these rules that are defined in Chapter 15 of Title 5 of the Chicago Municipal Code shall bear those definitions.

Rule SRO 1. Meaning Of "Selling Or Otherwise Transferring Ownership."

The ordinance provides that the term "selling or otherwise transferring ownership" does not apply "to any transfer of an SRO where the new owner has committed to maintain at the property a number of units of subsidized affordable housing for low-, very low-, and extremely low-income individuals and families equal to at least 80 percent of the current number of units at the property."

To establish that a transfer is subject to this exception, the owner of an SRO must include in the contract a binding term that imposes the same standard imposed by subsection 5-15-050(a)(1)(B) of the ordinance. This means that the purchaser/transferee must commit to maintaining at the property a number of units of subsidized affordable housing for very low-income individuals and families equal to at least 80 percent of the current number of units at the property, with two exceptions: (a) for each unit the purchaser/transferee agrees to maintain as subsidized affordable housing for extremely low-income individuals and families, the purchaser/transferee may set aside one unit as subsidized affordable housing for low-income individuals and families; and (b) any unit that is subsidized such that the resident's portion of the rent constitutes not more than 30 percent of his adjusted gross monthly household income may be rented to a low-income individual or family. Unlike the requirement in subsection 5-15-050(a)(1)(B), this exception to the term "selling or otherwise transferring ownership" requires the new owner to maintain the affordable housing for the entire time he or she owns the property; it does not expire 15 years after the sale.

Rule SRO 2. Allocation Of SRO Improvement And Stabilization Program Funds.

In determining how to allocate funds available to the SRO Improvement and Stabilization Program described in Section 5-15-040 of the ordinance, the Commissioner of Housing may take into account whether and how a particular project will affect current SRO residents and prioritize funds for those projects that retain at least 80% of the current SRO residents, except to the extent any current SRO residents would be over income for the project's governmental or charitable rental assistance program.

Rule SRO 3. Form Of Notice Of Proposed Sale Or Transfer.

The notices to the City and SRO residents required by subsection 5-15-050(a)(1)(A)(i) of the ordinance shall take the form set out in Appendix A to these rules.

Rule SRO 4. "Good Faith" Standard.

The determination whether a party satisfied the "good faith negotiation" requirement in Section 5-15-050 of the ordinance shall take into account the following non-exclusive factors:

- (a) whether the party or any of its agents knowingly made any misrepresentations of material fact to the other party or of its agents during the negotiation period;
- (b) whether the party or any of its agents failed to provide in a timely fashion any information legitimately requested by the other party or any of its agents during the negotiation period;
- (c) whether the party or any of its agents failed to allow in a timely fashion any legitimate inspection of the property requested by the other party or any of its agents during the negotiation period;
- (d) whether the party or any of its agents treated the other party or any of its agents differently in negotiations than another party or any of its agents by providing less information, less access to the property, or less favorable terms during the negotiation period; and
- (e) whether the party or any of its agents engaged in any other conduct that would constitute a lack of good faith under the standard imposed by the Uniform Commercial Code.

Rule SRO 5. Process For Remitting Preservation Fee To The City.

The ordinance provides in subsection 5-15-050(a)(2) that the notice and negotiation requirements described in subsection 5-15-050(a)(1) do not apply if the owner "remits to the City, before selling or otherwise transferring his property, a preservation fee in the amount of the number of units at the property times \$20,000.00 (as adjusted pursuant to Section 5-15-030)."

The City will accept this payment upon the actual transfer of title in the property (i.e., the closing) from any title company escrow account. The payment must be delivered to the City within 24 hours after the closing. The payment should be made to the City of Chicago and delivered to the Commissioner of the Department of Housing, or his or her designee.

Rule SRO 6. Timing Of Submission Of Long-Term Residents List.

The ordinance provides in subsection 5-15-060(a) that "[e]ach owner of an SRO who intends to convert, demolish, or sell or otherwise transfer the property in a manner that will result in the displacement of residents shall submit a list of all long-term residents to the commissioner of planning and development and, where applicable, to the purchaser of the property."

An owner subject to this provision must submit the required list to the Commissioner of Housing and the purchaser/transferee (if any) on or before the date described in subsection 5- 15-050(a)(1)(A)(i) - i.e., at least 180 days before the sale or other transfer of the property.

Rule SRO 7. Meaning Of "Comparable Temporary Accommodations."

As used in subsection 5-15-060(b)(1) of the ordinance, the term "comparable temporary accommodations" means a substantially similar unit in terms of size of the unit, building facilities, costs, and location within the City.

Rule SRO 8. Plan for Displaced Residents.

Where Section 5-15-060 applies, the owner or purchaser/transferee, as applicable, must submit to the City and receive approval from the City for a written plan describing, in detail, how he or she will manage the permanent and/or temporary displacement of residents. The City will have discretion to review and approve the plan or require changes to bring it up to minimum standards. No tenant relocation, including issuance of notices of termination of tenancy (other than terminations for cause), may take place prior to approval of the relocation plan by the City and receipt of the tenant/lottery list. This plan shall include, as applicable: a description of how the owner or purchaser/transferee intends to manage the displacement and relocation process, including a timeline for making the payments required under subsections 5-15-060(b)(2), a date for all tenants to surrender possession of their unit and relocate (if any) not less than 60 days from the date the City approves the relocation plan, a plan for how communication about relocation with the residents will take place, a description of how the owner or purchaser/transferee intends to use governmental or charitable resources in the displacement and relocation process; and the name and contact information of any person or entity that the owner or purchaser/transferee engages to assist the residents in their relocation. The Relocation Plan shall be distributed to tenants by being clearly posted in common areas of the building, and in addition put beneath all unit doors or into all the unit mailboxes.

The Relocation Plan and all other communications and posted notices to tenants shall include the relocation coordinator's name, office address and contact information such as phone number. Furthermore, it is advised but not required that relocation staff includes individuals with a social work or similar background, who can facilitate the relocation of tenants in a trauma-informed manner given the vulnerability of the tenant population. Relocation staff must include tenant's external case managers or any other supportive individuals in meetings and other communications if the tenant requests these individuals be included. Residents shall be offered relocation and other benefits on a non-discriminatory basis without regard to race, color, religion, national origin, disability, age, familial status, sex, sexual preference, sexual orientation or gender identity and in compliance with Federal, State and Local laws.

In order to ensure that involuntarily displaced residents receive proper information regarding their rights and responsibilities, the owner or its agents or the purchaser/transferee shall issue the notice attached in Appendix A upon remittance of the preservation fee to the City pursuant to Section 5-15-050(a)(2).

In order to facilitate the move of displaced residents pursuant to Section 5-15-050(a)(2), the owner or its agents or purchaser/transferee are permitted to split the \$10,600 in the following manner with the written consent of each resident:

- a. \$2,000 to the resident prior to vacating the unit;
- b. \$8,600 to the resident immediately upon vacating the unit

If applicable, the relocation fee cannot be offset by claims for unpaid rent, fees or unit damages, but none of these claims are waived by action of the SROPO. They can be pursued separately by the owner, in accordance with applicable law.

Rule SRO 9. Classification Of SROs For Zoning Purposes.

The ordinance provides that the Commissioner of Planning and Development may, in his or her discretion, determine that a government-subsidized building qualifies as an SRO for zoning purposes, despite the building's failure to comply with the size and room limits of Section 17-17-02164. This determination shall take into account the requirements associated with the specific source or sources of government subsidy.

- APPENDIX A -