

An Ordinance of the City of Chicago, establishing a Proactive Rental Housing Registration and Inspection Ordinance and adding Chapter [??\_] to the City Municipal Code.

The City does ordain as follows:

**SECTION ONE. Findings.**

The City hereby finds and declares as follows:

- (a) The City Council of Chicago recognizes that the preservation of existing rental housing stock is of tremendous importance. There are more than 575,000 units of rental housing units within the City. Rental housing provides needed, affordable housing for many and is a valuable asset that must be preserved and maintained. The City has a significant interest in ensuring that rental housing remains a safe and desirable housing option for its residents.
- (b) There exists in Chicago substandard and unsanitary residential buildings and rental housing units whose conditions violate state and local building, housing, and safety Codes and ordinances. Property owners may be unaware of some hazardous conditions, or may choose not to make the necessary repairs due to costs.
- (c) Substandard and deficient rental housing units are unfit or unsafe for human occupancy and their conditions jeopardize the health, safety, and welfare of their occupants and of the public. Substandard housing conditions pose a particularly acute risk to young children (from lead poisoning or asthma attacks due to mold and other airborne irritants, among other health concerns), seniors, and people with chronic illnesses.
- (d) Relying on a complaint-based enforcement program is inadequate to ensure that rental properties are safely and adequately maintained.
- (e) Deteriorating and substandard buildings and dwelling units threaten the physical, social, and economic stability of neighboring structures and surrounding neighborhoods and the community as a whole. By ensuring that landlords are aware of poor conditions before they worsen, proactive inspections encourage preventative maintenance, which is more cost effective than deferred maintenance, thereby helping landlords to maintain their properties. Proactive rental inspection programs can decrease the likelihood that properties become blighted, thereby preserving neighboring property values and the local tax base.
- (f) Public interest demands that all rental housing properties comply with the best standards regarding the health and safety of the public. The most effective way to seek universal compliance with at least minimal standards is through routine, periodic inspections of all rental-housing properties. Accordingly, it is the intent of the City Council to enact the provisions of this Chapter to establish a rental housing registration and inspection program to secure city-wide compliance of rental housing properties with established and best standards. City-wide compliance reduces blight and ensures that all persons living in rental housing units are provided decent, safe, and sanitary housing.

**SECTION TWO.** [Chapter] of the City Municipal Code is hereby added to read as follows:

**Article I. General**

June 15, 2016

**Article II. Registration and Fees**

**Article III. Inspections**

**Article IV. Enforcement**

**Article V. Program Review**

**Article VI. Severability**

**Article I. General**

\_\_\_-1. Title.

This article shall be known as the “Chicago Healthy Homes Inspection Program,” herein as “CHHIP” or “the Program”.

\_\_\_-2. Authority.

The Department of Buildings for the City of Chicago and/or the Department of Health are hereby authorized to enforce all the provisions of the program.

\_\_\_-3. Purpose.

The City Council has deemed that establishing a proactive rental registration and inspection ordinance is necessary to protect the health, safety, and welfare of the public; and to prevent deterioration and blight conditions that adversely impact the quality of life in the City. This shall be accomplished by requiring rental housing to be registered with the City and properly maintained and substandard housing conditions to be identified and corrected.

\_\_\_-4. Definitions.

For the purpose of this Ordinance, the following definitions shall apply:

- a) “Affordable Housing Unit” means a rental dwelling unit for tenants in which the rent is affordable for tenants making 30% of Area Median Income for Chicago, as defined in the annual schedule published by the Secretary of Housing and Urban Development, or receiving affordable housing assistance from the U.S. Department of Housing and Urban Development, Chicago Housing Authority, Chicago Department of Housing and Economic Development, Illinois Housing Development Authority..... “Affordable” means 30% of the gross annual income is at or below the annual rental rate for the unit.
- b) “Code Enforcement Officer” means a sworn or non-sworn inspector, officer, or investigator, who possesses specialized training in and whose primary duties are the prevention, detection, investigation, and enforcement of violations of laws regulating public nuisance, public health, safety, and welfare, public works, business activities and consumer protection, building standards, land-use or municipal affairs.
- c) “Commissioner” means the Commissioner of the Department of Buildings or successor Department or the Commissioner’s designee,
- d) “Common Areas” means the area on a property that are accessible to all occupants of the property, including but not limited to, lobbies, laundry rooms, recreation areas, common kitchens, hallways, stairs, courtyards, light wells garbage areas, boiler rooms, storage rooms, basements, roof areas, or parking garages or areas.

- e) "Dwelling Unit" means a structure or the part of a structure that is used as a home, residence or sleeping place by one or more persons who maintain a household, together with the common areas, land and appurtenant buildings thereto, and all housing services, privileges, furnishings and facilities supplied in connection with the use or occupancy thereof, including garage and parking facilities; except that this ordinance shall not govern dwelling units described in Article I Subsection 5 of this Code.
- f) "Inspection" means an examination of the premises by an inspector, for the purposes of validating compliance with the terms set forth in Article III of this Chapter.
- g) "Inspector" means any person authorized by the City of Chicago to conduct an inspection under this Chapter.
- h) "Landlord" means the owner, agent, lessor or sublessor, or the successor in interest of any of the provided, of a dwelling unit or the building of which it is part, as defined by the Chicago Residential Landlord Tenant Ordinance ("RLTO") in Section 5-12-030 of the Chicago Municipal Code.
- i) "Owner" means one or more persons, corporations, partnerships, limited liability company, or any other entity jointly or severally, in whom is vested all or part of the legal title to property, or all or part of the beneficial ownership and a right to present use and enjoyment of the premises, including a mortgagee in possession, as defined by the RLTO in Section 5-12-030 of the Chicago Municipal Code.
- j) "Person" means an individual, corporation, government, governmental subdivision or agency, business trust, estate, trust, partnership or association or any other legal or commercial entity as defined by the RLTO in Section 5-12-030 of the Chicago Municipal Code.
- k) "Premises" means the dwelling unit and the structure of which it is a part, and facilities and appurtenances therein, and grounds, areas and facilities held out for the use of tenants, as defined by the Chicago Residential Landlord Tenant Ordinance ("RLTO") in Section 5-12-030 of the Chicago Municipal Code.
- l) "Rent" means any consideration, including any payment, bonus, benefits or gratuity, demanded or received by a landlord for or in connection with the use or occupancy of a dwelling unit, as defined by the RLTO in Section 5-12-030 of the Chicago Municipal Code.
- m) "Rental Agreement" means all written or oral agreements embodying the terms and conditions concerning the use and occupancy of a dwelling unit, as defined by the RLTO in Section 5-12-030 of the Chicago Municipal Code.
- n) "Rental Housing Registration" means a registration issued under this Chapter.
- o) "Rental Housing Unit" means a single unit providing living facilities for one or more persons that has permanent provisions for living, sleeping, and sanitation and is rented or available for rent to tenants.
- p) "Tenant" means a person entitled by written or oral agreement, sub-tenancy approved by the landlord or by sufferance, to occupy a dwelling unit to the exclusion of others, as defined by the RLTO in Section 5-12-030 of the Chicago Municipal Code.

    -5. Exemptions. All Rental Housing Units shall be subject to the requirements of this Chapter, except for the following:

- a) Rental Housing Units for transient lodging, including hotels, motels, inns, and tourist homes. This exemption does not apply to residential hotels and single-room occupancy buildings as defined in Section 13-4-010 of the Municipal Code of Chicago. Rental Housing Units in a state licensed hospital, hospice, community care facility or nursing home; convent, monastery, or other facility occupied exclusively by members of a religious order; or on-campus housing accommodations owned, operated, or managed by an institution of higher education or secondary school for occupancy by its students.

## **ARTICLE II. Registration and Fees.**

### **—6. Fees.**

- a) Registration and Inspection Fee. An Owner of any rental housing units subject to this Chapter shall pay a fee of \$40 per unit each year to finance the costs of inspection and enforcement by the City of Chicago under CHHIP.
- b) Registration Period. Initial registration (Phase 1) requires rental housing properties with five (5) or more units to pay their registration fees no later than January 31, 2017; rental housing properties with four (4) units or less must have paid their registration fees no later than June 1, 2017. After the initial registration period (Phase 2), all fees must be paid on or before December 31st of each year.
- c) Change in Ownership. Whenever there is a change in ownership, the new owner must file updated paperwork with the City within 14 days, including any changes to information required in Section 8(d), but is not required to pay a new registration fee until January 1 of the following year.
- d) Fees for filing after the registration deadline. A late fee of \$20 will be applied to all units registered after January 1 each year. Any building owner whose property falls under the provisions of this Code and who fails to register with the Department by January 31 shall be fined, in addition to the ordinary registration fees contained in this code: \$100 for the first offense, and \$250 per unit for subsequent offenses.
- e) Penalties for failure to register. Landlords that have unregistered Rental Housing Unit may not file evictions for unregistered units. Any eviction action filed for an unregistered unit shall be void *ab initio*. The court file relating to a forcible entry and detainer action brought against a Tenant in an unregistered Rental Housing Unit shall be placed under seal.
- f) Re-scheduling Fee. Should a Landlord or Owner of a Rental Housing Unit fail to reschedule an inspection under Section 11(a), the landlord shall incur a rescheduling fee of \$40 per unit that was to be inspected. Rescheduling fees are due within 30 days of the missed inspection.
- g) Re-Inspection Fee. Whenever a re-inspection is scheduled under Section 11(a), the landlord shall incur a re-inspection fee of \$40 per unit that will be inspected, Re-inspection fees are due within 30 days of the initial missed inspection.
- h) Self-Certification Fee. An Owner or Landlord of a Rental Housing Unit shall pay a fee of \$80 per unit in the Self-Certification Program as provided under section 14(a)(i). Whenever a rental property unit is subject to Self Certification under Section 14, the Landlord may pay the alternative Self-Certification registration fee of \$40 for each unit so covered.
- i) All Rental Housing Registration fees collected shall be used exclusively by the Department of Buildings. Such designated funds shall be used exclusively for the purpose

of conducting and administering building inspections, or other purposes specifically laid out in this chapter as part of Chicago Healthy Housing Inspection Program.

—7. Registration and Fee required

- a) It shall be unlawful for any Owner to engage in the business of rental housing, unless:
  - (i.) Each Rental Housing Unit is registered with the City and
  - (ii.) The Proactive Rental Inspection Program fee is paid for each Rental Housing Unit.
- b) A Rental Housing Unit is registered with the City when the Owner of the rental property submits a completed registration form, made available by the City, signed under penalty of perjury to the Department of Buildings. The registration form must contain the following information:
  - (i) Description of the rental housing property, including, but not limited to the street address and Assessor's Property Identification Number (PIN);
  - (ii) Name and current contact information for the Owner of the rental housing property;
  - (iii) Name and current contact information for the Owner's Agent.
    - (a.) Each Owner of a rental housing property shall designate a local agent with full authority to act on behalf of the Owner for all purposes under this chapter, including the acceptance of all service notices from Cook County. The Owner of the rental housing property may act as the Agent.
    - (b.) An agent shall establish and maintain a local telephone number, email address, and a residence or business address within the jurisdiction of Cook County. All official notices served on the Agent shall be deemed to have been served on the owner.
  - (iv) Any other information reasonably required by the Commissioner to carry out this Chapter
  - (v) The Department of Building shall make available for public inspection a list of all registered residential housing units, including the date of the last inspection for each unit and the results of that inspection.

—8. Issuance of Registration by City to Owner

- a) The rental housing registration shall be issued to the Owner identified on the registration application filed with the department.
- b) Within 30 days after application, the Department shall issue a rental housing registration.
- c) A copy of the current registration shall be delivered by the Owner or Agent to the Tenant(s) in each Rental Housing Unit, or shall be posted by the property Owner or Agent, and remain posted in one or more places readily visible to all Tenants. A copy of the current registration shall be provided by the Owner or Agent to all new Tenants at or before the time they take possession of the Rental Housing Unit.

- d) In the event of a sale, the new owner of a registered rental property shall, within 30 days after closing on the Rental Housing Unit, update all current registration information. Failure to timely register with the City will result in fees laid out in Article II.

### **ARTICLE III. Inspections.**

- 9. Inspections and Certificates of Compliance Required
  - a) The Department shall conduct periodic inspections of rental properties in order to ensure that the rental housing complies with all applicable building, housing, health, lead hazard, including dust, paint, soil, and water, and sanitation Codes and ordinances. The Department shall ensure that all properties registered under this Chapter will be inspected at least once every five (5) years, or as otherwise allowed or required by any federal, state, or city code. Properties with no violations are subject to inspection once every seven (7) years. If the Rental Housing Unit is covered under Section 14, after the initial period the unit will be subject to inspection once every seven (7) years, unless a complaint is received. Notwithstanding these inspections, an inspection shall be conducted if the Department receives a complaint with regard to a rental-housing unit.
  - b) To identify the presence of lead hazards, the Department shall conduct period risk assessment of rental properties constructed prior to 1978. Risk assessment means:
    - (i.) An on-site investigation by a certified individual or firm to determine and report the existence, nature, severity, and location of lead-based paint hazards; including
      - i. Information gathering regarding the age and history of the housing and occupancy by children under age 6;
      - ii. Visual inspection;
      - iii. Limited wipe sampling and other environmental sampling of dusty, soil, water, and paint;
      - iv. Other activity as may be appropriate; and
      - v. The provision of a report by the certified individual of firm conducting the risk assessment explaining the result of the investigation and options for reducing lead-based paint hazards.
  - c) If there are multiple Rental Housing Units on a single rental housing property, the Code Enforcement Officer shall inspect the exterior of the property, all Common Areas, and a random sampling, selected by the Code Enforcement Officer, of not fewer than Twenty Percent (20%) of the rental dwelling units, so long as the Code Enforcement Officer inspects at least one (1) rental dwelling unit on each floor and each tier of the building. If a Tenant's unit is not selected, a Tenant may request that the tenant's unit be inspected. If the Code Enforcement Officer determines that one or more violations exist on the property, the Code Enforcement Officer may conduct an inspection of additional units up to one hundred percent (100%) of the units.
  - d) All rental housing properties shall be inspected once every five (5) years, or more frequently if the Commissioner determines the property poses a risk of harm to tenants based on the following factors:
    - (i.) The current condition of the premises, including the number, nature, and severity of violations found;
    - (ii.) (ii.) Whether, within the five (5) years prior:

- (a.) A Code Enforcement Officer has found violations on the property;
- (c.) The owner or manager of the property has other properties found in violation
- (d.) Delinquent fees have been assessed on the property
- (e.) The Owner is delinquent in paying property taxes or utility bills; or
- (f.) Other criteria determined by the Commissioner that indicates the presence of health or safety violations

\_\_\_-10. Notice of Inspection.

The Commissioner shall serve written notice of the date and time of any inspection to be conducted under this Chapter, by mailing such notice by first class mail at least thirty (30) calendar days prior to the date of inspection. The Commissioner shall mail the notice to the occupants of each Rental Housing Unit, the Owner, and the Agent to the address provided on the registration application in commonly spoken languages, including English, Spanish, Polish, and Chinese. The notice shall instruct the Owner to post official notice of the inspection in a common area of the rental property in commonly spoken languages, including English, Spanish, Polish, and Chinese. In the case of multiple Owners of the same property, written notice to any one of the Owners shall comply with notice under this section.

\_\_\_-11. Rescheduling Inspection.

- a) The Owner or Agent may reschedule an inspection once by contacting the Commissioner's office at least fourteen (14) calendar days prior to the scheduled inspection date. A rescheduled inspection must occur within thirty (30) calendar days of the original inspection date. Failure to reschedule an inspection within fourteen (14) calendar days of the inspection date, or other violation of this section shall result in the imposition of a rescheduling fee of forty dollars (\$40) per unit.

\_\_\_-12. Entry.

- a) The Owner or Agent shall provide the Code Enforcement Officer with access to all common areas and vacant Rental Housing Units on the rental housing property.
- b) The Owner or Agent is responsible for obtaining the consent of the tenant of the Rental Housing Unit for the Code Enforcement Officer's entry to inspect the unit. If the Tenant does not consent to the entry for inspection, the Director is authorized to seek an inspection warrant from a court of competent jurisdiction. If a Tenant or occupant of a Rental Housing Unit refuses to allow the inspection, the Owner or Agent is not in violation of this section.
- c) If the Code Enforcement Officer has reasonable cause to believe that the rental housing unit is so unsafe, hazardous, or dangerous as to require immediate inspection to safeguard the public health or safety, the Code Enforcement Officer shall have the right to immediately enter and inspect the premises and may use any reasonable means required to effect the entry and make an inspection.

\_\_\_-13. Results of Inspection

- a) The Code Enforcement Officer shall provide information to the Owner or Agent and the Tenant(s) with written directions on how and when to obtain results of the inspection. If

the Tenant(s) is/are not present at the inspection, the Code Enforcement Officer shall leave the written directions in the unit.

- b) If the Code Enforcement Officer finds no code violations, the Code Enforcement Officer shall issue a notice of compliance that shall state in plain language that the property is in compliance with all applicable laws. The Code Enforcement Officer shall mail the notice to the occupants of each rental-housing unit, the Owner, and the Agent to the addresses provided on the registration application.
- c) If upon inspection, the Code Enforcement Officer discovers one (1) or more violations of this Code and any other applicable law, the Commissioner shall cause to be issued a notice and order to the Owner and Agent to correct the violation. The order shall state in plain language the violations of law found and the sections of law with which the property is not in compliance. The order shall also state that failure to correct the violations may result in additional inspection fees and other enforcement action. The Directions shall mail the notice and order to the occupants of each Rental Housing Unit, the Owner, and the Agent to the addresses provided on the registration application.
- d) If the Commissioner determines that one (1) or more violations that pose a present, imminent, extreme and immediate hazard to health or safety, he or she shall order abatement of the violations within 24 hours. Within 24 hours after the time to abate, the Commissioner shall conduct a re-inspection of the property or rental housing unit to determine compliance with the order. If the violations have not been abated, the Commissioner is authorized to make the necessary repairs to ensure immediate repair of dangerous, life-threatening conditions.
- e) Except as provided for in subsection (c), the Commissioner shall order within a reasonable time period for the correction of violations, depending on the severity of the condition, between 48 hours and 30 days from receipt of the order to correct the violations. The Commissioner shall schedule a re-inspection of the property and impose a fee for the additional inspection required under this subsection, unless the residential housing unit is part of the Self-Certification Program.

\_\_\_\_-14. Self-Certification Program

- a) Qualification. A rental housing property shall be placed in the Self-Certification Program if all of the following circumstances exist:
  - (i.) The Owner pays an additional self-certification fee of \$40;
  - (ii.) The Owner has not been previously terminated from the Self-Certification Program;
  - (iii.) After the last inspection conducted pursuant to this Chapter, the Code Enforcement Officer determines that no violations exist on the property which constitute an immediate danger to the health and safety of the tenant, or constitute a failure to supply heat, running water, hot water, electricity, gas, or plumbing; and
  - (iv.) After the last inspection conducted pursuant to this Chapter, the Code Enforcement Officer determines that no violations exist on the property, or violations that were identified were abated within the ordered abatement period;
  - (v.) The Owner and Agent are in compliance with all applicable provisions of this Chapter; and

- (vi.) The Owner is not delinquent on any payments of the property or other taxes, fees, penalties, or any other monies related to the property;
- b) Effects of Self-Certification. The Commissioner shall not schedule a re-inspection of residential housing properties found in violation and also in the Self-Certification Program. Instead, Owners of rental housing properties in Self-Certification Programs shall bring into compliance no later than 30 days all code violations issued by the Code Enforcement Officer. Further, the Owners shall certify in writing, under penalty of perjury, that all code violations issued by the Code Enforcement Officer have been brought into compliance, and the owner shall mail this certification to the Department of Buildings no less than 30 days after the issuance of the notice of violations.
- c) Termination from Self-Certification Program. A Rental Housing Property may be removed from the Self-Certification Program if any of the following circumstances exists:
- d)
  - (i) The Rental Housing Property is in violation of this Chapter; or
  - (ii) Any of the requirements as set forth in subsection (a) of this section cease to exist.

#### **ARTICLE IV. Enforcement**

##### -15. Penalties

- a) If, after re-inspection of the property, the Owner fails to correct the conditions in violation of the law, the City may seek compliance by any remedy allowed under this Code or state law.
- b) Any person or entity that violates a provision of this chapter shall be liable for an administrative penalty of up to \$100 for each day the violation is committed or permitted to continue. The penalty shall be assessed and recovered in a civil action brought by the City attorney in a court of competent jurisdiction. The City shall be entitled to the costs of enforcing this chapter, pursuant to a court order.
- c) Any person who violates any of the provisions of this section shall be subject to an administrative penalty not to exceed \$100 per day for each violation. Administrative penalties authorized by this section shall be assessed, enforced, and collected in accordance with this Municipal Code.
- d) The City may collect any judgment, fee, cost or charge, including any fees, late charges, or interest, incurred under this Chapter that has not been paid within 45 days of notice thereof. Any Owner who fails to pay any judgment fee, cost or charge, will be subject to the placement of a lien against the rental housing property that is the subject of the fees, costs, or charges.
- e) The remedies provided in this Chapter shall be cumulative and not exclusive of any other remedies available under federal, state, or local laws.

##### -16. Tenant Protections

- a) Retaliatory Eviction. It is declared to be against public policy of the City of Chicago for an Owner, Agent or Landlord to take retaliatory action against a Tenant. An Owner, Agent, or Landlord may not knowingly terminate a tenancy, increase rent, decrease services, bring or threaten to bring a lawsuit against a Tenant for possession or refuse to renew a lease or tenancy because the Tenant has in good faith:

- Exercised his or her right to file a complaint with the City advising that a building, permit, housing, health, or sanitation code or ordinance violation may exist on the property,
  - Identified repair problems to the Inspector,
  - Participated in CHHIP.
- b) Rent Increase or other Retaliatory Actions. The Owner shall not:
- (i.) Increase the rent for the existing Tenants of any Rental Housing Unit that is the subject of an abatement order from the date of the order to a period of one year after the Commissioner determines that the Owner has complied with the order or
  - (ii.) Engage in other types of retaliatory conduct, including, but not limited to, depriving the Tenants use of the premises, decreasing services, or otherwise interfering with the tenants' rights under the lease.
  - (iii.) Relocation costs. If the Commissioner finds it is necessary to vacate any Rental Housing Unit because of a violations that cause an unsafe or unsanitary condition, or to correct any violations, the costs and expenses of any tenant shall be the responsibility of the Owner.

#### **ARTICLE V. Program Review**

Beginning on DATE and annually, thereafter, the Commissioner shall report on the activities of the Chicago Healthy Homes Inspection Program, including but not limited to: (1) the number of rental units registered (including details about any previously unidentified housing units that have been discovered); (2) the number of rental units inspected; (3) Owner's compliance in allowing inspections to be completed within the timeframe; (4) the number of inspections finding violations; (5) the types of violations found; (6) the number of units not brought into compliance within the timeframe; (7) the number of inspections that have resulted from complaints; (8) fines levied from the Program; (9) fines collected by the City; (10) an evaluation of whether the program fees reflect the program costs and recommendations for any changes to the fee structure; (11) a description of the number of cases requiring enforcement measures used; (12) number of cases appointing receivers; (13) a comparison of this year's activities to prior years; (14) the number and types of referrals to other agencies (e.g. Chicago Department of Public Health) and (15) any recommendations for modifications to the program.

#### **ARTICLE VI. Severability**

If any provision, clause, sentence, paragraph, section, or part of this chapter or application thereof to any person or circumstance, shall for any reason be adjudged by a court of competent jurisdiction to be unconstitutional or invalid, said judgment shall not affect, impair or invalidate the remainder of this chapter and the application of such provision to other persons or circumstances, but shall be confined in its operation to the provision, clause, sentence, paragraph, section, or part thereof directly involved in the controversy in which such judgment shall have been rendered and to the person and circumstances affected thereby.