

## **FACT SHEET: PROPOSED AMENDMENTS TO CHICAGO RESIDENTIAL LANDLORD AND TENANT ORDINANCE**

- The City has proposed an amendment to the Chicago Residential Landlord and Tenant Ordinance (RLTO) that would expand the definition of “successor landlord” to include a lien holder in cases of foreclosure. Thus all successors-in-interest of a foreclosed building would be responsible for the return of the tenants’ security deposit. This addresses the onerous issue of innocent tenants losing their security deposits when a landlord disappears during a foreclosure action.
- At the Building Committee meeting on 4/22, the City’s amendment was deferred, in spite of apparent unanimous support, because Chairman Stone linked its passage to an unrelated amendment put forward at the meeting by the Chicagoland Apartment Association (CAA) on behalf of realtors and landlords. Tenant advocates did not know this amendment was being introduced and do not believe that the City’s amendment should be held hostage to the realtors’ attempt to significantly change the RLTO.
- The CAA is inaccurately portraying the City’s amendment as a provision giving tenants something to the detriment of landlords, which it does not, in order to argue that landlords must receive something in return. In proposing that tenants must deliver a written notice for any violation of the five security deposit provisions of Section 5-12-080, the CAA is attempting to bootstrap an overly-broad and unnecessary provision to the City’s proposed amendment. The City’s amendment simply removes the language exempting lien holders from the obligation of a successor landlord to return security deposits to tenants who owe no rent and have caused no damage.
- The CAA’s proposed amendment would unfairly and unnecessarily shift the burden of enforcement of all of the current security deposit provisions from the landlord to tenants and gut the protections provided for tenants for almost 25 years. Tenants should not have to give landlords a notice and 14-day cure period for 1) failing to segregate security deposits in separate accounts, 2) not providing the required receipt for payment of a security deposit, 3) failing to pay annual interest, or 4) failing to return the security deposit within 45 days of move out. Such a provision provides a disincentive for a landlord to follow the law until called to account by each and every tenant in their building.
- Tenant advocates agree that one provision in the security deposit section could be addressed: landlords should not be taken to court and be subject to the full spectrum of ordinance fines, costs, and fees if they make an unintentional calculation error on interest so long as they attempted to return the required annual interest in a timely manner.
- Alderman Shiller will introduce an alternate amendment at next week’s Building Committee meeting that deals with this specific issue.
- Tenant advocates are willing to participate in a task force to examine other measures to fine tune the RLTO. However, CAA’s current proposed amendment would deny tenants rights that have been in place for almost 25 years.

***Lawyers’ Committee for Better Housing urges the members of the Building Committee to: 1) approve the amendment proposed by the City to ensure that tenants in a foreclosed building receive return of their security deposit; 2) approve the amendment proposed by Alderman Shiller to eliminate the provision subjecting landlords to fines, costs, and fees for innocent mistakes in the otherwise compliant payment of annual security deposit interest; and 3) to vote against the amendment drafted by the CAA that would shift the burden to tenants for enforcement of the law.***

**The Building Committee will consider these issues at its meeting on Tuesday, April 27, 2010 at 10:30 am in City Hall, Room 201a.**