

SUBSTITUTE
ORDINANCE

WHEREAS, the City of Chicago (the "City") is a home rule unit of government pursuant to Article VII, Section 6(a) of the 1970 State of Illinois Constitution and, as such, may exercise any power and perform any function pertaining to its government and affairs; and

WHEREAS, the City has determined that a shortage of affordable housing available to low- and moderate-income households is harmful to the health, prosperity, economic stability, and general welfare of the City; and

WHEREAS, many areas in the City are experiencing high levels of gentrification and displacement of vulnerable households; and

WHEREAS, data from the Chicago Department of Planning and Development's Citywide Affordable Rental Housing Analysis demonstrates that a substantially larger percentage of the City's affordable housing stock is in "naturally occurring affordable housing," totaling 26 percent of all units, compared to "legally restricted affordable housing," which totals 10 percent of all units; and

WHEREAS, the Chicago Department of Planning and Development's Citywide Affordable Rental Housing Analysis identified the number of rental housing units in each community area using the U.S. Census Bureau's 2013-2017 American Community Survey data; and

WHEREAS, the Citywide Affordable Rental Housing Analysis, which incorporated programmatic data on affordable housing developments from the U.S. Department of Housing and Urban Development, the Illinois Housing Development Authority, and the Chicago Housing Authority, indicates that naturally occurring affordable housing comprises the following percentages of housing units in the following community areas: 18 percent of housing units in Logan Square; 31 percent of housing units in Avondale; 39 percent of housing units in Humboldt Park; 45 percent of housing units in Hermosa; 54 percent of housing units in Lower West Side; and 12 percent of housing units in West Town; and

WHEREAS, the community areas of Logan Square, Avondale, Humboldt Park, and Hermosa comprise one of the largest uninterrupted geographic areas of naturally occurring affordable housing as evidenced by Chicago Department of Planning and Development maps of affordable housing, and each of these community areas has substantially more naturally occurring affordable housing units than legally restricted affordable housing units; and

WHEREAS, the Lower West Side community area is also part of one of the largest uninterrupted geographic areas of naturally occurring affordable housing, as evidenced by Chicago Department of Planning and Development maps of affordable housing; and

WHEREAS, the Lower West Side faces disproportionate gentrification pressures due to its proximity to downtown Chicago and the Cook County Assessor's office found the Lower West

Side experienced the most extreme total assessed value increase of any community area from 2018 to 2021 with a total assessed value change of 91% compared to the citywide average of 31 percent, and the highest tax levy increase on residential properties in 2021 with total taxes increasing 44.7 percent compared to the Citywide total tax increase of 7.97 percent; and

WHEREAS, rising property taxes are an indicator of raising housing costs and a precursor to gentrification and displacement pressure, especially in communities with high rates of naturally occurring affordable housing and low- and moderate-income residents; and

WHEREAS, additionally, the Institute for Housing Studies at DePaul University ("IHS") published a report entitled *The State of Rental Housing in Chicago* in 2023 which examined the change in the supply of affordable rental housing for every United States Census Bureau-designated Public-Use Microdata Area ("PUMA") in the City during the period between 2012-2014 and 2019-2021; and

WHEREAS, this IHS report found that the Logan Square-Avondale PUMA saw a 15.3 percent decrease in the share of affordable rental housing—the greatest loss of affordable rental housing of any PUMA in the City during this period—and the West Town-Near West Side PUMA, which includes Pilsen, saw a 14.6 percent decline in the share of affordable rental housing; and

WHEREAS, this loss of affordable rental housing coincided with an 18.9 percent decrease in the share of lower-income renters in the Logan Square-Avondale PUMA—the largest decrease in lower-income rental households of any PUMA in the City during this period, and the West Town-Near West Side PUMA saw a 14 percent decrease in the share of lower-income renters—the second largest decrease; and

WHEREAS, the existing demolition and deconversion surcharge has resulted in a decrease in yearly demolition permit requests of 81 percent in the Predominance of the Block (606) District and 66 percent in the Pilsen pilot area respectively since its creation in 2021; and

WHEREAS, the revenue collected through the demolition and deconversion surcharge fees has funded the creation or preservation of affordable housing in the Predominance of the Block (606) District and in Pilsen; and

WHEREAS, protecting such naturally occurring affordable housing is critical to protecting low- and moderate-income households from displacement; and

WHEREAS, the City can protect affordable housing by expanding the demolition surcharge and the predominance of the block in Avondale, Hermosa, Humboldt Park, Lower West Side, West Town, and Logan Square; now, therefore,

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

SECTION 1. Section 2-44-135 of the Municipal Code of Chicago is hereby amended by adding the language underscored, and by deleting the language struck through, as follows:

2-44-135 Demolition permit surcharge ordinance.

(a) *Title.* This section shall be known as the Demolition Permit Surcharge Ordinance. The surcharge imposed by this section shall be known as the Demolition Permit Surcharge and is imposed in addition to all other fees, surcharges, and taxes imposed by the City of Chicago, the State of Illinois, or any other municipal corporation or political subdivision of the State of Illinois.

(b) *Definitions.* As used in this section:

"Area Median Income" has the meaning ascribed to that term in Section 2-44-080(B).

"Building" has the meaning ascribed to that term in Section 17-17-0223.

"CCLT" means the Chicago Community Land Trust, as defined in Section 2-44-080(B).

"Coach house" has the meaning ascribed to that term in Section 17-17-0234.6.

"Demolition" means any activity requiring a permit pursuant to Section 14A-4-407.

"Demolition Permit Surcharge" or "surcharge" means the Demolition Permit Surcharge established under subsection (c) of this section.

"Detached house" has the meaning ascribed to that term in Section 17-17-0246.

" Dwelling unit" has the meaning ascribed to that term in Section 17-17-0248.

"Multi-unit residential" has the meaning ascribed to that term in Section 17-17-0299.

"Permit" has the meaning ascribed to that term in Section 14A-2-202.

"Pilot area" means:

A. All parcels located in the boundaries identified in Section 17-7-0580; and

B. All parcels located in the boundaries identified in Section 17-7-0590.

"Townhouse" has the meaning ascribed to that term in Section 17-17-02179.

"Two-flat" has the meaning ascribed to that term in Section 17-17-02184.

(c) *Demolition permit surcharge imposed.* Pursuant to 65 ILCS 5/11-42-1, the following Demolition Permit Surcharge is hereby imposed on the issuance of any permit for demolition that includes one or more dwelling units located in either of the pilot areas, except as otherwise provided in subsection (e):

(1) ~~\$15,000~~ 60,000 for the demolition of a detached house, townhouse, or two-flat; and

(2) ~~\$5,000~~ 20,000 per dwelling unit for the demolition of a coach house or multi-unit residential building.

(Omitted text is unaffected by this ordinance)

(f) *Deposit and use of revenue.* The revenue generated by the surcharge shall be deposited in the Affordable Housing Opportunity Fund described in Section ~~2-44-080(G)~~ 2-44-085(I) unless such revenue is required to be deposited into another fund pursuant to federal or state law. Such revenue shall be reserved and utilized to pay the administrative costs and expenses of implementing this section and, after subtracting such costs and expenses, transferred ~~by~~ to the Department of Housing ~~to the~~ and allocated to the CCLT. The CCLT shall apply such revenue toward the construction, rehabilitation, or preservation of affordable housing in direct proportion to the revenue collected in each pilot area.

(g) *Duration.* The surcharge required under this section shall be in effect through December 31, ~~2024~~ 2029. At least 150 days prior to such date, the Department of Housing shall submit to the City Council Committee on Housing and Real Estate a written report identifying the amount of revenue generated under this section; its observed effect on development activity in the applicable pilot area; and any other information that the Committee may require.

(Omitted text is unaffected by this ordinance)

SECTION 2. Section 17-7-0590 of the Municipal Code of Chicago is hereby amended by adding the language underscored, and by deleting the language struck through, as follows:

17-7-0590 Predominance of the Block District.

17-7-0591 Boundaries. The Predominance of the Block (606) District consists of all parcels zoned RS3 and RT3.5 and within the area bounded by: ~~Armitage Avenue, Western Avenue, North Avenue, Kedzie Avenue, Hirsch Street and Kostner Avenue~~ Addison Street, the North Branch of the Chicago River, Western Avenue, Division Street, California Avenue, North Avenue, Kedzie Avenue, Hirsch Street, Kostner Avenue, Fullerton Avenue, Pulaski Road.

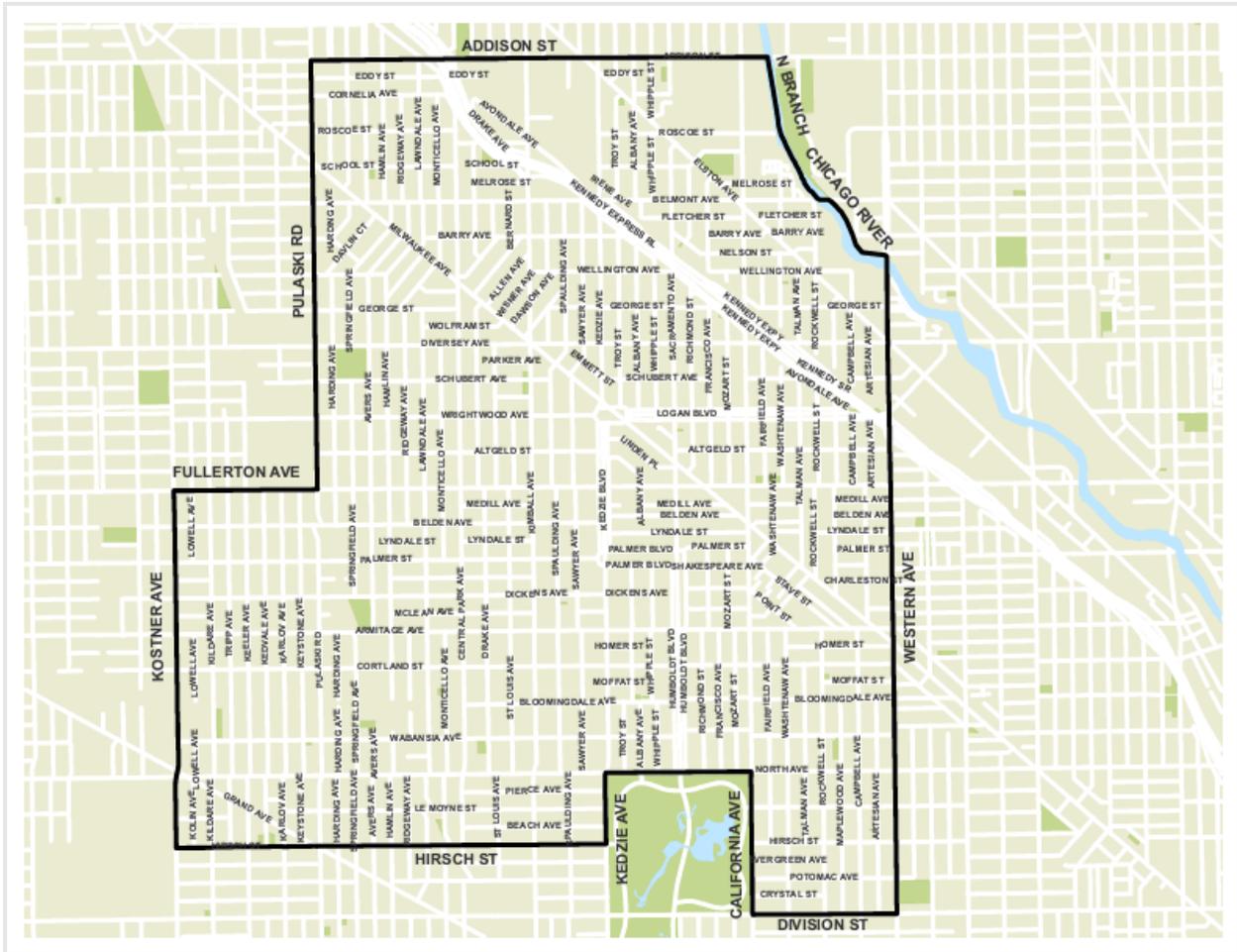
17-7-0592 Purpose. To reduce displacement of low- and moderate-income residents and maintain contextual density of housing typologies that often provide naturally occurring affordable housing.

17-7-0593 Predominance of the Block.

17-7-0593-A In the RS3 district, located in boundaries as identified in Section 17-7-0591, a detached house may not be established when more than 50% of the zoning lots fronting on the same side of the street between the two nearest intersecting streets have been lawfully improved with buildings containing more than one dwelling unit. In those instances, the minimum lot area per dwelling unit may be reduced to 1,500 square feet to allow construction of a two-flat. Notwithstanding the foregoing, in cases where a two-flat is required, pursuant to the block characteristic standards of this ordinance, a detached house may be established, if no two-flat can be provided pursuant to the applicable bulk and density standards including the aforementioned reduction of the required minimum lot area to 1,500 square feet. Open land or zoning lots unimproved with principal buildings shall be considered as either detached houses or multi-unit residential buildings, at the discretion of the applicant, for purposes of the calculation described in this Section 17-7-0593-A only.

17-7-0593-B In the RT3.5 district, located in boundaries as identified in Section 17-7-0591, a detached house may not be established when more than 40% of the zoning lots fronting on the same side of the street between the two nearest intersecting streets have been lawfully improved with buildings containing more than one dwelling unit. Notwithstanding the foregoing, in cases where a multi-unit residential building or two-flat is required, pursuant to the block characteristic standards of this ordinance, a detached house may be established, if no multi-unit residential building or two-flat can be provided pursuant to the applicable bulk and density standards. Open land or zoning lots unimproved with principal buildings shall be considered as either detached houses or multi-unit residential buildings, at the discretion of the applicant, for purposes of the calculation described in this Section 17-7-0593-B only.

Figure 17-7-0590



(Note: This map is for illustrative purposes only; the Predominance of the Block (606) District boundaries may be amended only through text amendment procedures)

SECTION 3. Title 5 of the Municipal Code of Chicago is hereby amended by adding a new Chapter 5-11, as follows:

**CHAPTER 5-11
TENANT OPPORTUNITY TO PURCHASE BLOCK (606) DISTRICT PILOT PROGRAM**

5-11-010 Title, purpose, and scope.

This chapter shall be known and may be cited as the "Tenant Opportunity to Purchase Block (606) District Pilot Program", and shall be liberally construed and applied to promote its purposes and policies.

It is the purpose of this chapter and the policy of the City, in order to protect and promote the public health, safety, and welfare of its residents, to empower tenants to purchase multi-family rental properties, at market prices, within a reasonable period of time and to thereby minimize tenant displacement, stabilize households facing displacement pressures, and promote the preservation of affordable rental housing in neighborhoods at risk of gentrification.

5-11-020 Definitions.

For purposes of this chapter, the following definitions apply:

"Affordable housing restrictive covenant" means an agreement between the purchaser and the City in which the purchaser agrees to affordability restrictions memorialized in an affordability covenant, in a form approved by the Commissioner, enforceable by the City as a third party beneficiary. The affordability restrictions in each affordable housing restrictive covenant shall extend for a period of not less than thirty years from the sale, subject to such exceptions as the Commissioner may provide for by rule.

"Affordability restrictions" means limits on rents and income for persons or families seeking to qualify as tenants in the rental property.

"Affordable housing" means that the value of rents paid by tenants are restricted based on the Department's formula for affordability for a 60 percent area median income limit, and that the gross household income of new tenants in the rental property shall not exceed 80 percent of the area median income.

"Commissioner" means the Commissioner of Housing, or the Commissioner's designee.

"Department" means the Department of Housing or any successor agency.

"Good faith negotiations" means:

(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 engaged in any other conduct that would constitute a lack of good faith under the standard imposed by the Uniform Commercial Code; and

(e) whether the party or any of its agents engaged in any other conduct that displays a price adjustment(s) that would substantially interfere with the tenants or tenants association rights under this chapter.

"Just cause eviction" means any eviction for serious or repeated violations of the terms and conditions of a lease or occupancy agreement, or for violation of applicable federal, state, or local laws or for other good cause.

"Owner" means the person(s), firm, partnership, corporation, trust, organization, limited liability company or other entity, or its successors or assigns, that holds title to a rental property.

"Public funds" means any financial support in the form of loans, grants, or other funds provided directly by the City of Chicago or by an authorized community partner using City funds.

"Purchaser" means a party who has entered into a purchase contract with an owner and who will, upon performance of the purchase contract, become the new owner of the rental property.

"Rental property" means any occupied residential rental building, or a group of residential rental buildings operated as one entity, within the boundaries identified in Section 17-7-0590. Rental property does not include:

(a) "assisted housing" or an "assisted housing development" or "development", as those terms are defined in the Affordable Housing Preservation Ordinance, Section 2-44-120;

(b) housing accommodations in any hospital, convent, monastery, extended care facility, asylum or not-for-profit home for the aged, temporary overnight shelter, transitional shelter, or in a dormitory owned and operated by an elementary school, high school or institution of higher learning; student housing accommodations wherein a housing agreement or housing contract is entered into between the student and an institution of higher learning or student

housing wherein the institution exercises control or supervision of the students; or student housing owned and operated by a tax exempt organization affiliated with an institution of higher learning;

(c) public housing units managed by the Chicago Housing Authority.

"Rental unit" or "unit" means a room or suite of rooms designed, occupied or intended for occupancy as a separate living quarter with cooking, sleeping, and sanitary facilities provided within the unit for the exclusive use of the occupants of the unit.

"Sale" or "sell" means an act by which an owner conveys, transfers or disposes of rental property by deed or otherwise, whether through a single transaction or a series of transactions, including: (i) transfer of title to rental property; (ii) transfer of a majority interest in owner; or (iii) lease of rental property for more than 7 years.

"Tenant" means a natural person entitled by written or oral agreement or by sufferance to occupy a rental unit to the exclusion of others, and who is residing in a rental unit at the time of a notification under Section 5-11-060(a). If more than one tenant is listed on a lease any such tenants may exercise the rights granted under this chapter.

"Tenant association" means an association of tenants, whether incorporated or not, for which (a) written consent to forming a tenant association has been given by tenants representing (i) at least 75 percent of the occupied units in a rental property with five or more units, or (ii) at least 50 percent of the occupied units in a rental property with four or fewer units and (b) the tenants agreeing to participate in the tenant association shall signify their consent to form a tenant association by signing a form provided by the Department. The percentage shall be calculated based on the number of occupied rental units in a rental property rather than the number of individuals listed on leases as tenants. Any reference to a "tenant association" in this chapter shall be deemed to include any third party or assignee under Section 5-11-080.

"Third-party purchase agreement" means an arm's length third-party agreement whereby an owner agrees to sell a rental property, including, without limitation, a purchase and sale agreement, contract of sale, purchase option, or other similar instrument.

"Title" means a legal or equitable ownership interest in a rental property; or a legal, equitable, or beneficial interest in a partnership, limited partnership, corporation, trust, or other entity that has a legal or equitable ownership interest in a rental property.

5-11-030 Right of first refusal conferred.

This chapter shall be construed to confer a right of first refusal to purchase any rental property for sale within the boundaries identified in Section 17-7-0590, pursuant to the terms set forth herein upon each tenant association or tenant(s) under Section 5-11-070(b)(3),.

5-11-040 Exceptions.

The requirements of this chapter shall not apply to the transfers identified below, but shall apply to any subsequent transfer to a non-exempt party:

(a) a transfer of legal title or an interest in an entity holding legal title to a rental property pursuant to a deed of trust or mortgage, and thereafter any transfer by foreclosure sale or deed in lieu of foreclosure pursuant to a deed of trust or mortgage to an entity not affiliated with the owner; or

(b) a transfer made in connection with any bankruptcy proceeding (including, but not limited to, any transfer made by a bankruptcy trustee); or

(c) a tax sale or transfer pursuant to tax foreclosure; or

(d) a transfer by devise or intestacy, or any other transfer made in connection with a bona fide effort to pass an interest in real property to one's devisees or heirs (including, but not limited to, such transfers made in connection with a living trust); or

(e) a transfer between or among spouses, domestic partners, siblings (including, but not limited to, half-siblings, step-siblings, and adoptive siblings), parents (including, but not

limited to, step-parents and adoptive parents) or guardians and their children, grandparents, and their grandchildren, aunts or uncles and their nieces or nephews, great-aunts or great-uncles and their grand-nieces or grand-nephews, or first cousins, or any combination thereof; or

(f) a transfer of bare legal title into a revocable trust, without actual consideration for the transfer, where the transferor is the current beneficiary of the trust; or

(g) a transfer to a named beneficiary of a revocable trust by reason of the death of the grantor of the revocable trust; or

(h) a transfer by the trustee of a revocable trust if the transfer would otherwise be excluded under this chapter if made by the grantor of the revocable trust; or

(i) a transfer pursuant to court order or court-approved settlement; or

(j) a transfer by eminent domain or negotiated purchase under threat of eminent domain; or

(k) a transfer directly caused by a change in the form of the entity owning the rental property, provided that the transfer is without consideration.

5-11-050 Notice of intent to sell.

(a) *Notice prior to listing required.* The owner shall provide notice to the Department and to the tenant association, or if no tenant association exists, to each tenant, of the owner's intent to sell (i) no less than 60 days prior to listing or otherwise offering a rental property for sale for a multi-unit residential building with five or more dwelling units, or (ii) no less than 30 days prior to listing or otherwise offering a rental property for sale for a multi-unit residential building with four or fewer dwelling units. The notice required by this subsection shall be delivered in person or mailed, by certified or registered mail, return receipt requested, on a form provided by the Department, and shall contain the following information: (1) the name, address, and telephone number of each owner of the rental property; (2) the address of the rental property; (3) a description of the rental property, including the number of units and the number of bedrooms within each unit; (4) the proposed asking price for the rental property; (5) a statement that the owner intends to sell the rental property; and (6) a summary of tenant rights under this chapter. The owner shall also post a notice of intent to sell in a form provided by the Department at all public entrances to the rental property. The owner shall keep all return receipts required by this subsection (a) for a period of three years after the sale of the rental property and make such receipts available for inspection by the Commissioner at all times during the owner's business hours.

(b) *Additional disclosures.* The tenant association, or if no tenant association exists, any tenant in the rental property, or the Department, may in writing, at any time after receipt of the owner's notice of intent to sell, request the following additional information:

(1) the most recent rent roll, including each unit number and the monthly rent charged for each unit;

(2) a list of vacant apartments, and a statement of the rental property's vacancy rate during the preceding 12 months;

(3) the income and expense report for the 12-month period prior to the notice, including capital improvements, real property taxes and other municipal charges; and

(4) any other information the Commissioner may specify by rule.

The owner shall have a period of 30 calendar days from receipt of such request to provide the information.

5-11-060 Right of first refusal.

(a) *Notice of offer.* If the owner receives and accepts a bona fide offer from a third party to purchase the rental property, then the owner shall promptly provide written notice of such offer ("Notice of Sale"), to the Department and to the tenant association, or if no tenant association exists, to each tenant in the rental property. Any such third-party purchase

agreement shall be contingent upon the right of first refusal set forth in this chapter. The Notice of Sale must include an executed duplicate original of the third-party purchase agreement, and the disclosures set forth in Section 5-11-050(b), unless the owner has previously made such disclosures and the disclosures remain accurate and complete.

(b) *Time for tenants to form organization.* In order to exercise its right of first refusal to purchase a rental property:

(1) the tenants of a rental property consisting of five or more dwelling units shall have a period of 90 calendar days from receipt of the Notice of Sale to

(A) form a tenant association,

(B) inform the owner and the Department of its existence, and

(C) provide to the owner and the Department the names, addresses, and telephone numbers of at least two of the officers or representatives of such association.

(2) the tenants of a rental property consisting of four or three dwelling units shall have a period of 30 calendar days from receipt of the Notice of Sale to form a tenant association and inform the owner and the Department of its existence.

(3) at least one tenant of a rental property consisting of one or two dwelling units shall have 15 calendar days to inform the owner of its intent to exercise its right of first refusal.

(c) *Negotiation.* Any negotiations between the owner, or the owner's agents, and a tenant association or, in the case of a rental property consisting of one or two dwelling units, one or both tenants, shall require a continuing duty of good faith negotiations on the part of the owner.

(d) *Exercise right of first refusal.*

(1) A tenant association or, in the case of a rental property consisting of one or two dwelling units, at least one tenant, shall exercise its right of first refusal by delivering written notice to the owner prior to the expiration of the period required in subsection (b) that the tenant association or tenant(s), as applicable, elects to purchase the rental property pursuant to this chapter.

(2) Any such subsection (d)(1) notice shall be accompanied by any earnest money required under the terms of the third-party purchase agreement, subject to the cap set forth in Section 5-11-070.

(3) The contract formed by exercise of the right of first refusal shall be on the same terms and conditions as those set forth in the third-party purchase agreement, as modified by the terms of this chapter.

(4) Notwithstanding this general requirement or any term of the third-party purchase agreement, any such acceptance shall be presumed to be contingent upon the tenant association's, or tenant's, ability to conduct due diligence and secure financing before the deadline in subsection (c) for completing the sale.

(5) Nothing in this section shall be construed to require any owner to extend any form of owner financing to tenants or a tenant association.

(c) *Time for closing.*

(1) If a tenant association, or tenant(s) under subsection (b)(3), exercises its right of first refusal in accordance with subsection (b), then the tenant association or tenant(s) shall have a period of either:

(A) 120 calendar days from the date of such notice in rental properties consisting of five or more dwelling units, or

(B) 60 calendar days in rental properties consisting of four or fewer dwelling units,

to conduct due diligence and secure financing, unless the owner and the tenant association, or tenant(s), have expressly agreed otherwise in writing.

(2) The owner must give the tenant association or tenant(s) any information about the rental property that the tenant association or tenant(s) reasonably requests, such as architectural and engineering plans and specifications, if available, and access to the rental property to inspect the same and conduct reasonable tests at reasonable times after reasonable notice.

(3) At the end of this 120-day period, 60-day period, or any other period which has been agreed upon in writing, as applicable, the owner shall sell the rental property to the tenant association or tenant(s) upon those terms. If the applicable closing period ends on a Saturday, Sunday, or other legal holiday in the City, then the closing shall occur on the first business day thereafter. If the rental property is conveyed to the tenant association or tenant(s) under this right of first refusal, any prepaid rent shall be apportioned as of the closing date and applied on account of the purchase price.

(d) *Tenant association's rejection of offer.* If the tenant association or tenant(s) fails to exercise its right of first refusal on or before the deadline set forth in subsection (b), or terminate the contract pursuant to its terms, or defaults (unless there is a mutual default), then such right will be deemed waived and the owner may sell the rental property to the third-party purchaser identified in the third-party purchase agreement on the terms specified therein. If the sale to such third-party purchaser fails for any reason to close, or if there is any material change in the terms of sale from those set forth in the third-party purchase agreement, then the tenant association's, or tenant's, right of first refusal under this chapter shall be reinstated. Any sale of the rental property by the owner to a different party or on any materially different terms shall be null and void.

(e) *Third-party rights.* The right of a third-party to purchase a rental property is subject to the right of first refusal conferred by this chapter. Upon exercise of the right of first refusal, the third-party purchase agreement between the owner and the third-party purchaser shall automatically terminate, and neither the owner nor the tenant association or tenant(s), as applicable, nor the rental building shall be bound or in anyway affected by any such agreement and such third-party purchaser shall not have any interest in the contract between the owner and the tenant association or tenant(s) formed by exercise of the right of first refusal. Without limiting the generality of the foregoing, the owner and the tenant association or tenant(s) may freely modify the terms and conditions on which the sale from the owner to the tenant association or tenant(s) may be made. For example, the time periods for exercising the right of first refusal under subsection (b) and for closing under subsection (c) are minimum periods, and the owner may grant the tenants a reasonable extension of such period, without liability under a third-party agreement. Third-party purchasers are presumed to act with full knowledge of tenant rights and public policy under this chapter.

(f) *Continuing right.* The right of first refusal is a continuing right and shall apply as often as the owner shall sell the rental property. The right of first refusal applies to all owners of the rental property including, but not limited to, any owner that acquired its interest in a sale to which the right of first refusal applied but was not exercised.

5-11-070 Financial assurances; deposit.

The owner may not require the tenant association to prove financial ability to perform as a prerequisite to entering into a contract. The owner shall not require the tenant association or tenant(s) under Section 5-11-070(b)(3), to pay a deposit of more than 5 percent of the contract sales price in order to make a contract. The owner must refund the deposit in the event of a good faith failure of the tenant association or tenant(s) to perform under the contract.

5-11-080 Exercise or assignment of rights.

A tenant association or tenant(s) under Section 5-11-070(b)(3) may exercise the rights established under this chapter in conjunction with a third party or by assigning those rights to

any party, whether private or governmental. Such an exercise or assignment may occur at any time in the process provided in this chapter and may be structured in any way the tenant association or tenant(s) under Section 5-11-070(b)(3), in its sole discretion, finds acceptable. The tenant association or tenant(s) under Section 5-11-070(b)(3) shall give the owner written notice of such third party or assignee within ten business days of entering into a written agreement. Any rights conferred upon tenant associations or tenant(s) under Section 5-11-070(b)(3) under this chapter shall extend to any such third parties or assignees, and, upon receipt of notice of such third parties or assignees under this Section 5-11-080, owners shall treat such third parties or assignees in the same manner as tenant associations or tenant(s) under Section 5-11-070(b)(3) under this chapter.

5-11-090 Waiver of rights.

An owner shall not request a waiver of the right of first refusal conferred by this chapter. An owner shall not require waiver of any other right under this chapter.

5-11-100 Notice.

Any notice required by this chapter shall be deemed to have been provided when delivered in person or mailed by certified or registered mail, return receipt requested, to the party to whom notice is required.

5-11-110 Preservation as rent-restricted affordable housing.

If a purchaser purchases a rental property and uses any public funds in the purchase, then the rental property shall be maintained as affordable housing for no less than 30 years. The Commissioner shall establish procedures to ensure that each rental property acquired under this chapter is subject to an affordable housing restrictive covenant that sets forth the manner in which the rental property shall be preserved as rent-restricted affordable housing.

5-11-120 Duties of owner relative to existing tenancies.

No owner shall disturb any tenancy, other than for a just cause eviction, during the time periods set forth in this chapter.

5-11-130 Sale of property to third-party purchaser.

If a tenant association or tenant(s) under Section 5-11-070(b)(3) waives its right of first refusal, and the owner sells the rental property to a bona fide third-party purchaser, such purchaser shall allow the current tenants to remain in their respective dwelling units for the longer of six months from the effective date of the sale or until each tenant's lease expires, at the same terms and conditions as before such sale. Such purchaser may, with the agreement of the tenants, relocate such tenants to comparable units with comparable rents in accordance with procedures to be established by the rules of the Department.

5-11-140 Rules.

The Commissioner shall have the authority to promulgate rules necessary to implement the requirements of this chapter.

5-11-150 Penalties.

Any person who violates this chapter shall be fined not less than \$200.00 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.

5-11-160 Private right of action.

Any aggrieved person, including but not limited to any tenant or tenant association, may enforce the provisions of this chapter by means of a civil action in which the court may provide injunctive relief or award treble damages and the plaintiffs' court costs and reasonable attorneys' fees.

5-11-170 Remedies cumulative.

The penalties and remedies provided in this chapter shall be in addition to any other penalty or remedy provided by law.

SECTION 4. Section 17-2-0303-B of the Municipal Code of Chicago is hereby amended by adding the language underscored as follows:

17-2-0303-B Exemptions.

1. In the RS3 district the minimum *lot area* per *dwelling unit* may be reduced to 1,500 square feet when 60% or more of the *zoning lots* fronting on the same side of the *street* between the two nearest intersecting *streets* have been lawfully improved with *buildings* containing more than one *dwelling unit* or (ii) when the property is located within the "Predominance of the Block" boundaries as defined by Section 17-7-0591. This exemption will only allow for the establishment of a two-unit *building*.

(Omitted text is unaffected by this ordinance)

SECTION 5. This ordinance shall be in full force and effect upon passage and publication.