

Protect **LOCAL** and **AFFORDABLE** Housing in Chicago



Oppose Ordinance “Protecting” Renters

Chicago’s rental market needs stability, not costly new mandates. This sweeping overhaul of the **Residential Landlord and Tenant Ordinance (RLTO)** will drive responsible housing providers out of the market at a time when Chicago urgently needs more affordable rental housing.

According to the Institute for Housing Studies at DePaul University, 2-to-4-unit buildings represent **26%** of Chicago’s housing stock and over **70%** in neighborhoods like South Lawndale and Brighton Park.

These properties are essential to low-income residents but are most endangered by costly provisions of this ordinance. **Already facing rising property taxes, insurance rates, and other operating costs, this would be “the thousandth cut” that forces neighborhood buildings to be sold to institutional investors.**

IMPACTS ON **RENTERS**:

- ▶ Exorbitant fees and noncompliance penalties are passed on in **higher rents**
- ▶ **Stricter** screening criteria
- ▶ **Less** maintenance and renovation
- ▶ **Fewer** local housing choices, **less** stability

IMPACTS ON THE **CITY**:

- ▶ Creation of new city department that coordinates with **SEVEN** existing departments
- ▶ **Increased** caseload for Law Department
- ▶ Potential state and federal **legal challenges**
- ▶ **More** institutionally owned housing

HERE’S HOW ONE ASPECT OF THE ORDINANCE WOULD WORK:

A lease is **not renewed** when a building is **repaired, converts to a condo, prepares to be sold, or for other reasons** - including the owner **or** a relative moving into the unit.



Triggers **tenant buyouts**



“Relocation assistance” paid to each tenant (examples on next page)

APPLIES TO ALL RENTAL BUILDINGS IN THE CITY INCLUDING
SINGLE CONDOS & 2-6 UNIT OWNER-OCCUPIED

VOTE **“NO”** ON **“PRO”**



RELOCATION COST FOR AN AVERAGE 3-FLAT

Bronzeville	\$29,550
Humboldt Park	\$22,950
Lincoln Park	\$40,050
Tri-Taylor	\$40,050
Uptown	\$39,600
West Englewood	\$19,800

Calculations based on 5-months' rent of non-owner-occupied 3-flats with 2-bedrooms using HUD's Small Area Fair Market Rent in ZIP codes 60607, 60613, 60614, 60616, 60636, and 60651.

Ranges do not assume separate tenants in each unit, like a roommate, meaning these fees could be far higher.



If a lease renewal IS offered, a tenant may reject the increase triggering a **mandatory payment from the landlord to the tenant equal to the sum of 10 months' rent or \$10,000**, whichever is greater.

WHAT ELSE WOULD THE ORDINANCE DO?

- **Caps Security Deposits & Bans Move-In Fees:** Security deposits would be capped at one month's rent and move-in fees are effectively prohibited.
 - Many landlords began charging move-in fees to avoid Chicago's highly punitive security deposit litigation environment.
 - Many tenants see move-in fees as a preferable choice to saving up to pay larger security deposit sums up-front.
- **Significantly Expands Legal Liability:** Establishes new standards governing landlord-tenant relationships while expanding damages, penalties, attorneys' fees, and injunctive relief. The result is increased legal exposure and a greater likelihood of litigation for housing providers of all sizes. This provision applies to all rental units in the City of Chicago, without exemptions.
- **Establish a Residential Rental Registry:** Per-unit registry would require costs and administrative work for both property owners and the City of Chicago. A targeted registry has not been fully explored. This provision applies to all rental units in the City of Chicago, without exemptions.

LEGAL IMPLICATIONS

- In nearby Evanston, Just Cause legislation was tabled, due in part to questions over whether Just Cause was constitutional or violated state law. These policies raise significant concerns over potential violations of the **"takings" clause of the 5th Amendment of the United States Constitution** and have spurred numerous lawsuits in recent years throughout the Country.
- At the time of lease renewal, a tenant has the right to reject a rent increase, leaving the housing provider in an impossible position: pay a lump sum of 10 months rent to the tenant, take the matter to court, or leave the neighborhood altogether.
 - This may be considered de facto "rent control" and in violation of the Rent Control Preemption Act (**50 ILCS 826/1 et seq.**)

The inability of landlords to exercise their contractual right of non-renewal or be penalized for minor infractions of a complicated process, will have a profound dampening effect on the rental market and will result in increased litigation and costs for all.

REALTORS® Stance

In its 40-year existence, the RLTO has historically reflected a balance between the rights and responsibilities of both landlords and tenants. This sweeping expansion of regulation abandons that balance entirely, increasing the cost of owning and operating housing in Chicago at the worst possible time. Each provision adds complexity, liability and costs that ultimately fall on renters.