

**The Latest Amendments to the City of Chicago Municipal Code Regarding
Condominium Conversion
(Effective January 2, 2012)**

by

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From 2000 until 2007, the City of Chicago experienced a significant increase in the development of new condominiums and the conversion of apartment buildings to condominiums. The condominium “boom” contributed to increased home ownership rates in the City of Chicago and offered new opportunities for first time buyers to purchase a home. This situation proved to be a double edged sword as some condominium conversions resulted in existing tenants being displaced and caused a reduction of available rental housing in the City. Additionally, many of the new condominium buyers lacked knowledge of their rights, responsibilities and obligations.

In 2007, then City of Chicago Mayor Richard M. Daley’s Office convened a Condominium Conversion Task Force focusing on the following: tracking condominium development, protecting existing tenants in condominium conversions, developing potential controls on condominium conversions, and educating consumers.

In the years since the Task Force was originally convened, the Chicago real estate market experienced a sharp downturn, resulting in a growing stock of unsold and foreclosed condominium units, which no doubt had an effect on the Task Force’s policy recommendations. After holding 10 meetings over three years, the Task Force made its recommendations public on September 2, 2010. These recommendations were incorporated into proposed Amendments to Title 13 (Building and Construction), Chapter 72 (Condominiums) of the Municipal Code of Chicago.

On May 4, 2011, the Amendments to Title 13, Chapter 72 were passed and will go into effect on January 1, 2012. However, note that on November 2, 2011, Additional Amendments (“Additional Amendments”) to Title 13, Chapter 72 were also passed and will become effective January 2, 2012

In summary, the Amendments make the following NOTEWORTHY changes:

1. A Condominium Registration Program is established for condominium projects being initiated in 2012 onward. The Amendments originally required that a condominium registration form was to be filed by developers and an accompanying filing fee was to be paid by them, or penalties would have been imposed; however, the Additional Amendments to the Ordinance deleted the condominium registration form and the filing fees and deleted any penalties for failure to file the form. The Additional Amendments likewise eliminated the authority of the Director of Revenue to refuse to issue tax stamps in connection with the initial sale of a condominium unit if the developer failed to produce a

certificate from the Commissioner of Housing and Economic Development showing compliance with the condominium registration provisions of the Ordinance;

2. Tenants are entitled to greater notice of condominium conversion, with the notice period being increased from 120 days (4 months) to 180 days (6 months); or for tenants over 65 years of age, deaf or blind or unable to walk without assistance to 210 days (7 months). While these updated notice provisions remain intact, the Additional Amendments eliminated the authority of the Director of Revenue to refuse to issue tax stamps in connection with the initial sale of a condominium unit if the developer failed to produce a certificate from the Commissioner of Housing and Economic Development showing compliance with the notice of intent provisions of the Ordinance;
3. Tenants are entitled to a lease extension from 120 days (4 months) to 180 days (6 months); or for tenants over 65 years of age, deaf or blind or unable to walk without assistance to 210 days (7 months);
4. The landlord of a building being converted to condominiums must provide relocation assistance to qualified tenants by way of a one-time relocation fee of up to \$2,500.00 which must be paid within seven days of the tenant vacating the property. An affidavit of compliance from the landlord attesting that the landlord is in compliance with the relocation assistance provision was originally required under the Amendments; however, the Additional Amendments eliminated that requirement;
5. The Developer must provide a detailed Condominium Disclosure Summary for every condominium project for which a declaration is recorded on or after January 1, 2012, including a description of the following information: (a) The condominium property; (b) Parking; (c) Appliances, heating, air conditioning, and hot water equipment, including warranties; (d) Amenities and recreational facilities; (e) Estimated operating expenses, reserves and assessments; (f) If the project is a conversion condominium, a description of the renovation of the property, if any; (g) Limitations and restrictions on sale, lease or use of units; (h) Waste removal; (i) Telecommunications services; (j) Construction warranties; (k) Windows; (l) Type of masonry; (m) Elevators, if any; (n) Security Systems, if any; (o) A list of all contractors and subcontractors, including the state and city license or registration numbers of the contractors or subcontractors who worked on any party of the building for conversion or construction as a condominium project; and (p) Any other pertinent information required by the commissioner of housing and economic development.
6. The Developer shall also attach to each Condominium Disclosure Summary a statement that notifies a prospective purchaser that, pursuant to the Municipal Code of Chicago, a certificate of occupancy that certifies that the unit complies

with all applicable zoning or building code requirements may be required to be obtained, prior to occupying the residential condominium unit.

7. Any property report for a condominium project for which a declaration is recorded on or after January 1, 2012, shall include the following: (a) If a partnership or limited partnership, the names and addresses of all general partners; and (b) If a corporation, the names and addresses of all principal executive officers and directors, or if a limited liability company, the names and addresses of all members and managers; provided further that whenever a stock or beneficial interest is held by a corporation, partnership, limited partnership, limited liability company or any other legal entity, other than a natural person, such shareholder or beneficiary shall also make such disclosures as required by the ordinance.
8. The property report for all condominium projects which are not a condominium conversion and for which a declaration is recorded on or after January 1, 2012, must be signed and sealed either by a licensed architect or engineer that certifies that that building plans are in compliance with the requirements of the applicable provisions of the building code, and that estimates the expected useful life of the roof foundation, external and supporting walls, mechanical, electrical, plumbing, heating, and structural elements and all other common facilities.

In sum, the new amendments are an aggressive attempt to safeguard the rights of tenants and new unit owners in both newly developed condominiums and newly converted condominiums. While the solution may be perceived as coming a bit late since development has been very slow during the last few years, the legislation contemplates a time the housing market may rebound and development may again be on the rise; at which time, tenants and unit purchasers will have increased protection against irresponsible developers.

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