

S U B S T I T U T E
O R D I N A N C E

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

SECTION 1. Section 2-44-140 of the Municipal Code of Chicago is hereby repealed and replaced in its entirety, as follows:

2-44-140 Debt and lien waiver, release, or assignment.

(a) *Definitions.* In this section:

(1) The term "debt" means a sum of money owed to the City, including any water or sewer assessment, any obligation or payment of a sum of money owed to the City pursuant to a court order or an order of the Department of Administrative Hearings, and any demolition lien. The term "debt" does not include property tax debt.

(b) *Waiver, Release, or Assignment.* Notwithstanding any other inconsistent or contrary provision of this Code, the Commissioner is authorized to waive or assign any City debt and release or assign any associated City liens encumbering any residential or mixed-use building, or vacant lot regardless of zoning classification, where the encumbered property:

(1) Is in a low-moderate income area as that term is defined in Section 2-44-085;

(2) Has been vacant, abandoned, or not in productive use for not less than a continuous period of six months;

(3) Will be transferred to a new owner unrelated or unaffiliated with the current owner; and

(4) Will be developed, redeveloped, or maintained in a manner that promotes the redevelopment and re-occupancy of a specific vacant or abandoned property, supports neighborhood development and stabilization efforts, improves the health, safety, and welfare of the surrounding community, and encourages City revitalization.

(c) *Consultation.* The Commissioner shall consult with the Budget Director, the Commissioner of Buildings, the Commissioner of Planning and Development, the Comptroller, the Corporation Counsel, and the alderman of the ward in which the encumbered property is located before waiving, releasing, or assigning any debt or lien under this section.

(d) *Agreement Conditions.* No debt or lien may be waived, released, or assigned under this Section unless the party taking or developing the property executes an agreement with the Department providing that:

(1) Such party will develop, redevelop, or maintain the property pursuant to plans approved by the Department;

(2) Such party will not resell the property for at least two years;

(3) Such party will comply with the requirements of this section;

(4) The debt is fully guaranteed by at least one natural person; and

(5) If the property will be developed or redeveloped:

(A) The project will be completed within three years of taking ownership of the property, unless the Commissioner authorizes an extension;

(B) Such party has obtained or applied for all applicable permits and licenses;

(C) Such party has financing or funds available to complete the development or redevelopment; and

(D) All City liens remain on the property and are fully enforceable, or a replacement lien of the same value be placed on the property, until the development or redevelopment is complete.

(e) *Enforcement of Agreements.* Failure to comply with the terms of any agreement executed under this section shall be unlawful. There shall be imposed a fine of \$500 on each party to any agreement, including any guarantor, under this section for each day that the agreement is out of compliance. If the party that executed the agreement is not a natural person, the fine under this section shall be jointly and severally imposed on all natural persons with control over the entity that executed the agreement, including the officers of any corporation, the members and managers of any limited liability company, the partners of any partnership, and the trustees and beneficiaries of any trust. Any agreement executed under this section shall include a provision essentially similar to this subsection (e).

(f) *Prohibited Transactions.* Any party that transfers encumbered property to a new owner as part of a transaction involving a waiver, release, or assignment of City debt or liens under this section shall be ineligible for a period of three years following the date of the transfer to acquire any real property from the City or to receive any financial assistance, including grants, loans, or subsidies, from the City.

(g) *Foreclosure Rights.* Notwithstanding any other inconsistent or contrary provision of this Code, during a foreclosure, supplementary proceeding, bankruptcy proceeding, or similar proceeding involving property encumbered by City debt, the Corporation Counsel is authorized to bid City debt to acquire the property or assign the bid or bid right to a third party for the purpose of allowing that third party to acquire the property.

(h) *Reporting.* Each quarter, the Commissioner shall submit to the Chair of the Committee on Finance a report regarding all debts or liens waived, released, or assigned pursuant to this section during the applicable quarter, including the amount of debt waived, released, or assigned.

(i) *Rules.* The Commissioner is authorized to promulgate rules for the proper administration and enforcement of this section.

SECTION 2. Chapter 2-45 of the Municipal Code of Chicago is hereby amended by inserting a new Section 2-45-110, as follows:

2-45-110 Debt and lien waiver, release, or assignment.

(a) *Definitions.* In this section:

(1) The term "debt" means a sum of money owed to the City, including any water or sewer assessment, any obligation or payment of a sum of money owed to the City pursuant to a court order or an order of the Department of Administrative Hearings, and any demolition lien. The term "debt" does not include property tax debt.

(b) *Waiver, Release, or Assignment.* Notwithstanding any other inconsistent or contrary provision of this Code, the Commissioner is authorized to waive or assign any City debt and release or assign any associated City liens encumbering any residential or mixed-use building, or vacant lot regardless of zoning classification, where the encumbered property:

(1) Is in a low-moderate income area as that term is defined in Section 2-44-085;

(2) Has been vacant, abandoned, or not in productive use for not less than a continuous period of six months;

(3) Will be transferred to a new owner unrelated or unaffiliated with the current owner; and

(4) Will be developed, redeveloped, or maintained in a manner that promotes the redevelopment and re-occupancy of a specific vacant or abandoned property, supports neighborhood development and stabilization efforts, improves the health, safety, and welfare of the surrounding community, and encourages City revitalization.

(c) *Consultation.* The Commissioner shall consult with the Budget Director, the Commissioner of Buildings, the Commissioner of Housing, the Comptroller, the Corporation Counsel, and the alderman of the ward in which the encumbered property is located before waiving, releasing, or assigning any debt or lien under this section.

(d) *Agreement Conditions.* No debt or lien may be waived, released, or assigned under this Section unless the party taking or developing the property executes an agreement with the Department providing that:

(1) Such party will develop, redevelop, or maintain the property pursuant to plans approved by the Department;

(2) Such party will not resell the property for at least two years;

(3) Such party will comply with the requirements of this section;

(4) The debt is fully guaranteed by at least one natural person; and

(5) If the property will be developed or redeveloped:

(A) The project will be completed within three years of taking ownership of the property, unless the Commissioner authorizes an extension;

(B) Such party has obtained or applied for all applicable permits and licenses;

(C) Such party has financing or funds available to complete the development or redevelopment; and

(D) All City liens remain on the property and are fully enforceable, or a replacement lien of the same value be placed on the property, until the development or redevelopment is complete.

(e) *Enforcement of Agreements.* Failure to comply with the terms of any agreement executed under this section shall be unlawful. There shall be imposed a fine of \$500 on each party to any agreement, including any guarantor, under this section for each day that the agreement is out of compliance. If the party that executed the agreement is not a natural person, the fine under this section shall be jointly and severally imposed on all natural persons with control over the entity that executed the agreement, including the officers of any corporation, the members and managers of any limited liability company, the partners of any partnership, and the trustees and beneficiaries of any trust. Any agreement executed under this section shall include a provision essentially similar to this subsection (e).

(f) *Prohibited Transactions.* Any party that transfers encumbered property to a new owner as part of a transaction involving a waiver, release, or assignment of City debt or liens under this section shall be ineligible for a period of three years following the date of the transfer to acquire any real property from the City or to receive any financial assistance, including grants, loans, or subsidies, from the City.

(g) *Foreclosure Rights.* Notwithstanding any other inconsistent or contrary provision of this Code, during a foreclosure, supplementary proceeding, bankruptcy proceeding, or similar proceeding involving property encumbered by City debt, the Corporation Counsel is authorized to bid City debt to acquire the property or assign the bid or bid right to a third party for the purpose of allowing that third party to acquire the property.

(h) *Reporting.* Each quarter, the Commissioner shall submit to the Chair of the Committee on Finance a report regarding all debts or liens waived, released, or assigned pursuant to this section during the applicable quarter, including the amount of debt waived, released, or assigned.

(i) *Rules.* The Commissioner is authorized to promulgate rules for the proper administration and enforcement of this section.

SECTION 3. This ordinance shall take effect ten days after passage and publication.