

TO: Alderman Stone, Chair, Committee on Buildings, Chicago City Council

FROM: Kevin Jackson, Chicago Rehab Network

DATE: April 29, 2008

RE: Proposed Vacant Buildings Ordinance – Section 13-12-125

This proposed amended ordinance makes several important policy determinations that will serve to direct the City's response to the foreclosure crisis.

1. Time period for registration of building changed to every six months with fee of \$250 at inception and per renewal.
2. Owner agrees to provide access to City for compliance with interior and exterior requirements.
3. Violation fees increased to \$500 per day up to \$1000 for each offense.
4. Standards of maintenance established for the lot, exterior, and interior, and overall building security.

We commend the city in its effort to assure that vacant properties don't blight communities. If the intent of this ordinance is to protect from blight, there are powers the city already uses to accomplish this. How does this ordinance fit with 1) the existing vacant buildings ordinance 2) the troubled buildings initiative and 3) nuisance abatement laws.

Our concerns fall around two areas – how this ordinance aligns with other city programs – like the green initiatives; and the consequences of the high cost of these maintenance standards.

These requirements will make the rehab and reuse of these properties difficult and unlikely. Requirements for lighting, securing entryways, active security systems together will discourage reuse of these properties. More costs for reuse and rehab pushes up redevelopment costs – that will be passed onto the consumer.

We agree that a system is needed for transfer of properties from financial institutions/servicers to nonprofit developers at/or prior to foreclosure. However, this mechanism will discourage new local owners from being part of a solution. Financial institutions need to be incentivized to both conduct mortgage workouts and/or to transfer properties at a reduced price to developers with a vested interest in the community.

This ordinance, however, increases costs for all parties, creates a disincentive for reusing the properties, and puts them at risk of ultimate demolition. At a time when there is a growing need for affordable housing – rental and for sale – and the city needs to maintain and increase population and revenues – this ordinance will have the consequence of working against those goals.