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# CITY OF CHICAGO

## RULES

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### **Tenant Opportunity to Purchase Block (606) District Pilot Program Rules**

Last Updated: February 2025



**TENANT OPPORTUNITY TO PURCHASE RULES AUTHORITY**

BY THE AUTHORITY VESTED IN THE COMMISSIONER OF HOUSING PURSUANT TO SECTION 5-11-140 OF THE MUNICIPAL CODE OF CHICAGO, THE FOLLOWING RULES ARE ADOPTED.

Signed:   
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Lissette Castañeda  
Commissioner

Signed February 28, 2025,  
Effective March 1, 2025.

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# Article 1: Applicability

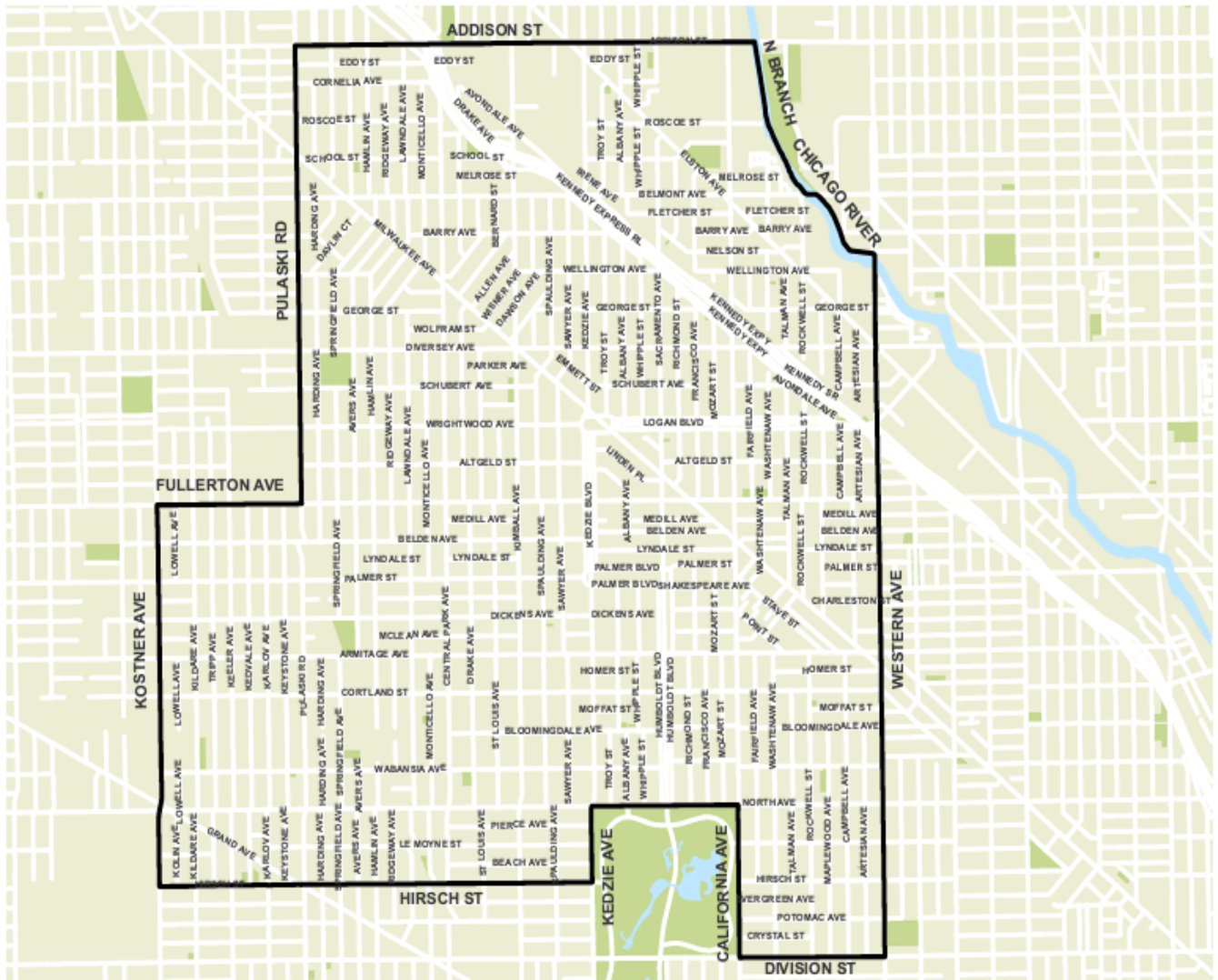
The Tenant Opportunity to Purchase Block (606) District Pilot Program, Chapter 5-11 (“ordinance”) of the Municipal Code of Chicago (“Code” or “MCC”), sets out requirements for how tenants may exercise their right of first refusal and opportunity to purchase the rental property that they live in within the Predominance of the Block (606) District. This chapter is effective as of March 1, 2025.

## 1.1 606 District Pilot Program Covered Properties (§5-11-030)

The Tenant Opportunity to Purchase Block (606) Pilot Program applies to residential rental buildings or group of residential buildings located within the Predominance of the Block (606) District, see Section 17-7-0590, with at least one occupied rental unit as defined in the ordinance.

## 1.2 606 Predominance of the Block (606) District Map

This map, Figure 17-7-0590 of the Code, is reprinted for convenience.



# Article 2: Required Notices - Owner

## 2.1 Notice of Intent to Sell (§5-11-050)

The owner, or an authorized representative, must provide both (a) the tenant association for the rental property, or each individual tenant if no association exists, and (b) the Department of Housing (DOH) with a copy of the [Notice of Intent to Sell](#) as listed on the DOH website no less than:

- (i) 60 days prior to listing the rental property for sale for properties of 5 or more rental units, or;
- (ii) 30 days prior to listing the rental property for sale for properties with 1-4 rental units.

To comply with this requirement, owners of covered properties must email [DOH@cityofchicago.gov](mailto:DOH@cityofchicago.gov) with the Subject Line: *Notice of Intent to Sell: [Rental property Address] (606 District)*.



The submission to DOH must include a completed copy (or copies) of the notice form and evidence of delivery to all tenants on the rental property in the form of

- (i) certified mail receipt(s) or;
- (ii) signed acknowledgement(s) from each tenant of receipt of notice or;
- (iii) formal written communication from each tenant of receipt of notice.

Submissions that do not include the above documents will be deemed incomplete, not in compliance with the ordinance, and subject to any applicable penalties as outlined in Article 7.

DOH will provide confirmation of receipt and a statement of owner compliance within 7 business days of receiving the necessary submissions.

### 2.1.1 Public Notice of Intent to Sell (§5-11-050)

The owner is responsible for posting the [Public Notice of Intent to Sell](#) in accordance with the time frames in Article 2.1. The Public Notice of Intent to Sell must be posted in a high-traffic, easy-to-see, shared or common space. This can include the main entrance to the building, lobby posting/bulletin boards, mail rooms, etc.

The owner does not need to provide a copy of the Public Notice of Intent to Sell to DOH or to individual tenants.

## 2.2 Notice of Third-Party Purchase Offer (§5-11-060)

The owner, or an authorized representative, must provide both the tenant association for the rental property, or to each tenant if no association exists, and the DOH with a copy of the [Notice of Third-Party Purchase Offer](#) as listed on the DOH website and all associated disclosures no more than:

- (i) 10 business days from the execution of the third-party purchase agreement for of 5 or more rental units, or;

- (ii) 5 days from the execution of the third-party purchase agreement for properties with 1-4 rental units.

The Notice of Third-Party Purchase Offer must include a copy of the original executed third-party purchase agreement, and the disclosures set forth in Section 5-11-050(b) of the Code, unless the owner has previously made such disclosures, and the disclosures remain accurate and complete. These include:

- The most recent rent roll, including each unit number and the monthly rent charged for each unit.
- A list of vacant units.
- A statement of the rental property's vacancy rate during the preceding 12 months.
- The income and expense reports for the 12 months preceding the notice, including capital improvements, real property taxes, other municipal charges, and any fees, fines, or other monies due and owing to a government agency.
- Any information regarding the rental property's financial condition.
- Architectural and engineering plans and specifications.
- A list of any alleged Building Code violations, a list of any litigation regarding the building including alleged Building Code violations, and the status of any Building Code violations closed or addressed over the 12 months preceding the notice.

To comply with this requirement, owners of covered properties must email [DOH@cityofchicago.gov](mailto:DOH@cityofchicago.gov) with the Subject Line: *Notice of Third-Party Purchase Offer: [Rental property Address] (606 District)*.



This submission must include a completed copy of the Notice of Third-Party Purchase Offer, associated disclosures, and evidence of delivery to all rental property tenants. Evidence of delivery will be accepted in the form of:

- (i) certified mail receipt, or;
- (ii) signed acknowledgement from each tenant of receipt of notice, or;
- (iii) formal written communication from each tenant of receipt of notice.

Submissions that do not include the above documents will be deemed incomplete, not in compliance with the ordinance, and subject to any applicable penalties as outlined in Article 7.

DOH will provide confirmation of receipt and statement of owner compliance within 7 business days of receiving the necessary submissions.

# Article 3: Creating a Tenant Association

## 3.1 Creating a Tenant Association in the Predominance of the Block (606) District

Tenants may establish a tenant association at any time. After the receipt of a Notice of Third-Party Purchase Offer, tenants are granted a limited period to establish a tenant association to exercise their right of first refusal. The amount of time granted to tenants to create and register a tenant association is dependent on the total number of rental units on the rental property. Tenants with 3 or more rental units must form a tenant association to exercise their right of first refusal. Tenants in rental properties with 1-2 rental units do not need a tenant association in order to exercise their right of first refusal.

Number of Rental Units in the Rental Property	Time to Form and Register an Association	Percent of Rental Units Represented by Association
1-2 rental units	not applicable	Single tenant; no TA required
3-4 rental units	30 days	at least 50% of tenants
5+ rental units	90 days	at least 75% of tenants

Any tenant association wishing to exercise its right of first refusal in the Predominance of the Block (606) District must represent at least:

- (i) 50% of the current tenants for properties of three or four rental units;
- (ii) 75% of current tenants for properties with five or more rental units.

The tenant association must be properly registered with the Department of Housing prior to exercising its right of first refusal.

## 3.2 Registering a Tenant Association in the Predominance of the Block (606) District

To register a tenant organization with DOH, the tenants must fill out and submit the [Tenant Association Registration Form](#) to DOH at least 7 business days prior to the end of the period granted in Section 5-11-060(b) of the Code.

To comply with this requirement, owners of covered properties must email [DOH@cityofchicago.gov](mailto:DOH@cityofchicago.gov) with the Subject Line: *Tenant Association Registration Form: [Rental Property Address] (606 District)*. This submission must include a completed copy of the registration form, including the names and addresses of all members and names and contact information for authorized officers.

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To [doh@cityofchicago.org](mailto:doh@cityofchicago.org) Bcc

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Cc

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Tenant Association Registration Form: 123 Main St. (606 District) Draft saved at 11:08 AM



Tenants may register a tenant association with DOH at any time. Pending listing or sale of the rental property is not a requirement for residents to formally register a tenant association with DOH. Once registered with DOH, the Department will issue a certificate that the tenant association has provided all the necessary documentation and is in compliance with this chapter. The DOH certification will be valid for 12 months from the date printed on the certificate. The tenant association must update its registration with DOH every 12 months.

In order to comply with the ordinance, the tenant association must identify a minimum of:

- (i) one officer in the case of properties with nine or fewer rental units or;
- (ii) two officers in the case of properties with ten or more rental units authorized by the association to act on their behalf.

### 3.3 Notifying Owner of Tenant Association

To notify the owner of the tenant association's registration, the authorized officer shall send a copy of the [Tenant Association Notice Form](#) and a copy of the DOH registration certificate within 10 business days from the registration date printed on the certificate. In order to for an existing tenant association to exercise the right of first refusal on behalf of the tenants, the owner must be notified of the association's existence and registration in compliance with this rule and by the deadlines articulated in the ordinance.

## Article 4: Exercising Right of First Refusal

### 4.1 Right of First Refusal Conferred (§5-11-060)

The Tenant Opportunity to Purchase Block (606) District Pilot Program grants the right of first refusal to tenants in the Predominance of the Block (606) District. Unless otherwise waived by the tenants, an owner may not deny the tenants' right of first refusal. Any attempt to prevent or deny the tenants from exercising their rights under this chapter shall be considered a violation.

Tenants who wish to exercise their right of first refusal are granted time to form an association, if necessary (see Article 3), register the association with DOH and notify the owner, conduct due diligence, secure financing, and close on the rental property. A breakdown of the time provided to tenants to exercise their right of first refusal is provided in Article 4.3 of these rules.

### 4.2 Tenant Waiver of the Right of First Refusal (§5-11-090)

If a tenant wishes to waive the right of first refusal, the tenant may do so at any time during the negotiation, including, but not limited to, upon receiving any of the notices outlined above, or at any time during any of the periods granted through the ordinance for (i) forming and registering a tenant association or (ii) time for closing.

So long as the tenants meet all the requirements in the ordinance, an owner shall not:

- require a preemptive waiver of the right of first refusal as a condition of offering, maintaining, or renewing a lease;



- request a waiver of rights during the time for tenants to form an association;
- otherwise demand a waiver of the right of first refusal under threat of harassment or retaliation;
- attempt to deny a tenant's ability to exercise the tenant's right of first refusal.

An owner may request, and a tenant may grant, a waiver of the right of first refusal through the Notice of Intent to Sell or Notice of Third-Party Purchase Offer forms. An owner may request the waiver to be in writing or by any other formal communication with the tenant.

If the tenant association, or tenant in the case of a rental property with 1-2 rental units, fails to exercise its right of first refusal on or before the deadline set forth in Section 5-11-060(d)(1), or terminates the contract to purchase pursuant to the contract's terms, or defaults, unless there is a mutual default, then such right of first refusal will be deemed waived and the owner may sell the rental property to the third-party purchaser identified in the Notice of Third-Party Purchase Offer on the terms specified in the third-party purchase agreement provided to the tenants.

In the case of a rental property with 5+ rental units, if fifty percent of the tenants in the rental property waive their right of first refusal through the Notice of Intent to Sell, Notice of Third-Party Purchase Offer, or another authorized means, then the right of first refusal shall be considered waived and the owner will not need to wait for the duration of the timeframes required under Section 5-11-060(b)(1) of the Code.

Beyond what is permitted in these rules, any request to waive a tenant's right or any denial of a tenant's ability to exercise the right of first refusal as described in this article is a violation of the Tenant Opportunity to Purchase Block (606) District Pilot Program.

### 4.3 Time to Exercise Right of First Refusal (§5-11-060(d))

In order for tenants to exercise their right of first refusal, the ordinance grants time for:

- (i) tenants to form a tenant association and;
- (ii) conducting due diligence and closing on the rental property.

The amount of time granted to tenants in the Predominance of the Block (606) District to form a tenant association and notify the owner and DOH varies depending on the number of rental units in the rental property. From the date that the owner distributes the Notice of Third-Party Purchase Offer to the date at the end of a tenant or tenant association's right to exercise its right of first refusal is as follows:

- Properties with 5+ rental units- No less than 90 days
- Properties with 3-4 rental units- No less than 30 days
- Properties with 1-2 rental units- No less than 15 days

Should the tenants form and register a tenant association to exercise the right of first refusal, the tenant association, or its third-party representative, shall have a guaranteed period to conduct due diligence and secure financing to purchase the rental property based on the number of rental units on the rental property. The tenant association will have the right to request and receive any of the disclosures listed in Section 2.2 of these rules.

- Properties with 5+ rental units- No less than 120 days

- Properties with 4 or fewer rental units- No less than 60 days

## 4.4 Financial Assurances and Deposits (§5-11-070)

### 4.4.1 Financial Assurances

In order for a tenant or tenant association to exercise its right of first refusal, it will need to provide the owner with evidence that it is able to or is in the process of securing proper financing to close on the purchase of the rental property.

In the case of properties with four units or fewer, the authorized purchaser must provide the owner with an assurance, in the form of a pre-approval letter or other financial statement from a lender, to serve as evidence of the purchaser's ability to close on the rental property. This letter must be provided to the owner within 3 business days of the authorized purchaser exercising the right of first refusal. For the purposes of these rules, "authorized purchaser" means any individual tenant, tenant association, or third-party designee in accordance with Section 5-11-080 exercising the right of first refusal.

In the case of properties consisting of five or more units, this assurance must be a letter of interest or letter of intent from a public or private lender, a community-based organization, or a community development financial institution. This letter must serve as evidence that the authorized purchaser, exercising the right of first refusal, has begun the process of securing financing. This letter must be provided to the owner within 5 business days of the authorized purchaser exercising the right of first refusal.

### 4.4.2 Deposits

An owner shall have the right to collect a deposit from any authorized purchaser exercising the right of first refusal. This deposit shall not be more than five percent of the contract sales price. The owner shall refund the deposit in the event of a good faith failure to close on the contract on the part of the authorized purchaser. Authorized purchasers who do not comply with the "good faith negotiation" definition in the ordinance shall forfeit their deposit if they fail to close on the contract within the allowed timeframes. An owner shall not collect a deposit prior to receiving the financial assurances in Article 4.4.1.

### 4.4.3 Failure to Provide Financial Assurances or Deposits

If an authorized purchaser fails to provide the necessary financial assurances or deposits within the allowed timeframes the right of first refusal shall be considered waived. If any authorized purchaser is unable to or fails to comply with Article 4 of these rules the owner will be allowed to execute the sale to an authorized third party.

## Article 5: Assignment of Rights to Third-Party Representatives (§5-11-080)

Any tenant association, or individual tenant in the case of a rental property with one or two units, may elect to exercise its rights under the Tenant Opportunity to Purchase Block (606) District Pilot Program in

conjunction with, or by assigning those rights to a third-party representative, whether private or governmental. The tenant or tenant association shall have full discretion as to whether to appoint a third-party representative to act on its behalf, and over the structure of such agreement.

The conferring of rights to a third-party representative may happen at any time during the process outlined in the program ordinance and rules. An authorized third-party representative shall have all the same rights conferred to tenants and Tenant Associations through this chapter. Any authorized third-party representative is conferred the right of first refusal in accordance with this chapter and all the timeframes necessary to execute a purchase contract with the owner. Any authorized third-party representative is subject to all the timeframes, requirements, and penalties as described in the ordinance and these rules.

The tenant association, or individual tenant in the case of properties with one or two rental units, must give the owner, or its authorized representative, written notice within ten days of entering into a written agreement with a third-party representative.

## Article 6: Penalties for Non-Compliance

Failure to comply with this chapter may result in fines assessed against the non-compliant party.

Examples of violations and non-compliance with this chapter include, but may not be limited to, the following:

- Failure to provide complete, accurate, and timely disclosures, notices, and other relevant information.
- Delaying or preventing access to the rental property for the purpose of inspections or other due diligence processes.
- Purposely withholding information from another party in the negotiation.
- Mischaracterizing the terms of a deal or agreement with a third party.
- Early termination of tenancy by the property owner in violation of Section 5-11-130.
- Any other violation of good faith negotiations, as that term is defined in Section 5-11-020 of the Code.

### 6.1 Tenant Relocation after Sale of Property to Third-Party Purchaser (§5-11-130)

If the tenant agrees to a unit relocation as described in §5-11-130, then they shall be entitled to reasonable relocation reimbursement for moving costs, including:

- i. First and last month's rent;
- ii. Security deposits or move-in fees;
- iii. Costs of moving and/or storage of personal belongings for up to 30 days.
- iv. Any other reasonable expense incurred as a result of the relocation.

## Article 7: Rent-Restricted Affordable Housing

If an authorized purchaser uses any public funds to acquire a rental property under the ordinance, the rental property shall be maintained as rent-restricted affordable housing for no less than 30 years.

Public funds include any loans, grants, or other monetary support received directly from the Department of Housing, any other City of Chicago department, office, or sister agency, or from any privately administered program that disburses City funds.

Properties subject to this article must notify the Department of Housing of the acquisition no more than 30 days from closing on the sale contract and assuming control of the rental property. Any rental property maintained as rent restricted affordable housing must enter into an affordable housing restrictive covenant with the Department of Housing and is subject to ongoing monitoring by DOH.

## Article 8: Changes to the Rules

These Rules may be updated at any time at the discretion of the Commissioner of Housing.

The current version of the Rules will be dated and published on the Northwest Side Housing Preservation Ordinance website at [Chicago.gov/NWSPreservation](http://Chicago.gov/NWSPreservation)

## Article 9: Pilot Program Contacts

Questions about the Tenant Opportunity to Purchase Pilot Programs can be directed to [DOH@cityofchicago.org](mailto:DOH@cityofchicago.org) with the subject line ***Tenant Opportunity to Purchase (606 District)***.

Department of Housing  
121 N LaSalle St, Room 1000  
Chicago, IL 60602  
Phone: 312-744-3653

## Appendix:

### Appendix A: Timelines

- i. [5+ Rental Units](#)
- ii. [3-4 Rental Units](#)
- iii. [1-2 Rental Units](#)