
CITY OF CHICAGO

RULES



HEATING COST DISCLOSURE RULES

Last Updated: 1990



Mayor Rahm Emanuel

Commissioner Maria Guerra Lapacek

BY AUTHORITY VESTED IN THE COMMISSIONER OF THE DEPARTMENT OF BUSINESS AFFAIRS AND CONSUMER PROTECTION PURSUANT TO **CHAPTERS 2-25 AND 5-16-060**, THE FOLLOWING RULES REGARDING **HEATING COST DISCLOSURES** ARE ADOPTED HEREIN.

By Order of the Commissioner:

Signed: 
Commissioner Maria Guerra Lapacek

Date: July 30, 2015

These rules and regulations are promulgated by the Commissioner of Consumer Services under the authority granted in Section 5-16-060 of the Municipal Code of Chicago.

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HEATING COST DISCLOSURE RULES AND REGULATIONS

Overview

The provisions of Chapter 5-16 of the Municipal Code apply to:

1. Owners and agents of owners of rental dwelling units in which utility service for heat is individually metered to each dwelling unit and tenants are directly responsible to the utility company for paying the cost of energy to supply heat.
2. Owners of residential dwelling units and buildings (and their agents) who are selling said units and buildings.

Exemptions

1. Exempt are non-conventional heating systems in which the primary source of heat (steam, hot water, hot air, etc.) is provided centrally by the landlord or building management and the cost of which is not directly or indirectly billed to the occupant based on individual dwelling unit usage. The exemption remains even if the tenant bears the minor ancillary cost (of operating a fan distribution system, for example) for which the tenant is individually billed by an energy utility.
2. Not exempt are heating systems, conventional and non-conventional, in which the primary source of heat (steam, hot water, hot air, etc.) is provided centrally by the landlord or building management and the cost of which is directly or indirectly billed to the occupant through a sub metering or allocation or other calculation methodology directly related to individual dwelling unit usage. For the purposes of such a heating system the words "utility company" as used in Section 5-16-020(a) and "any utility or fuel supplier" as used in Section 5-16-050(a) shall be defined to include the landlord or building management which supplies and bills for the primary source of heat.
3. Notwithstanding the provisions of 2 (above), exempt from disclosure are condominium, cooperative, or other dwelling units in which the primary source of heat is provided centrally by the landlord or building management and the costs of energy for heating are shared and indirectly billed on some basis not directly related to individual dwelling unit usage such as an allocation based on floor space.

The Chicago Department of Consumer Services is responsible for enforcing the provisions of this ordinance and for publishing the Rules and Regulations as contained herein.

I. Heating Cost Disclosure--Rental Property

- A. A building owner/agent is required to provide a tenant, as part of his/her lease agreement, the projected annual and average monthly cost of utility service based on energy consumption during the most recent period of twelve months continuous occupancy by one or more occupants, current or estimated rates and normal weather.
- B. This information is required only when it is a first time lease between the building owner/agent and tenant on a particular unit. Renewal leases do not require this information.
- C. This information must be provided to the tenant prior to any written or verbal agreement to enter into the lease and prior to any exchange of money.
- D. When information is required to be disclosed under the ordinance, the information must be incorporated into every written lease agreement either through a specific provision of the lease detailing the estimated annual energy cost and the estimated average monthly energy cost or through a specific provision incorporating by reference the utility disclosure form which would be attached to the written lease.
- E. The tenant must be given a copy of the completed Heating Cost Disclosure Form and must complete and sign a Receipt For Disclosure to verify that the form was received.
- F. The completed Heating Cost Disclosure Form given to the tenant, and from which the lease information is taken, must be less than six (6) months old.
- G. To obtain a completed Heating Cost Disclosure Form, the building owner/agent must make a request in writing to the public utility company. It is required that a standard Heating Cost Request Form be used, one for each unit for which information is being requested. Copies of these forms will be made available through the Chicago Department of Consumer Services.
- H. Disclosure requests for more than five (5) units may be made on the same form if such form has been previously approved by the Commissioner of Consumer Services.

- I. The public utility company is required to send the building owner/agent a completed Heating Cost Disclosure Form within two weeks from the date the written request is received.
- J. If a disclosure request contains more than five (5) units on the same form, the utility company may send one disclosure form containing all the units for which information is requested to the building owner/agent. The building owner/ agent must transfer this information onto the approved Heating Cost Disclosure Forms before giving it to the tenant.

II. Heating Cost Disclosure - Sale of Property

- A. An owner/agent of a residential unit or building is required, at the time of any offering for sale or transfer of the beneficial interest in such property, (including contract sale), to provide the purchaser or prospective purchaser:
 - 1. Copies of bills or receipts for heating utility or fuel costs for the dwelling unit or building for the previous twelve months during which the dwelling unit or building was continuously occupied, or
 - 2. A Heating Cost Disclosure Form completed by the utility company.
- B. The written contract executing the sale or transfer of the property must include the heating cost disclosure information in the form described as follows:
 - 1. Single Family Dwelling: The monthly and total annual consumption and cost for the primary heating energy or fuel;
 - 2. For the entire building or for a dwelling unit in a multi-family building in which heating service for such dwelling is centrally metered and owner or tenant paid: Total cost and consumption for the primary heating energy or fuel for the entire building and the amounts thereof allocated to any particular dwelling unit in question, if applicable;
 - 3. For the entire building or for a dwelling unit in a multi-family building in which the heating service

for such dwelling units are individually metered to each dwelling unit and owner or tenant paid: The total cost and consumption of the primary heating energy or fuel for the entire building and the amounts billed to any particular dwelling unit in question, if applicable.

III. Disclosure Exception for New Heating Systems--Rentals and Sales

- A. For any dwelling unit which has been newly converted to a natural gas or electric individually metered heating system or for new construction of a property primarily heated by natural gas or electricity which does not have any energy consumption history for the individually metered system, the owner/agent shall provide estimates of the unit's energy consumption for the utility service used for primary heating to a lessee, prospective tenant, purchaser or prospective purchaser.
- B. Such estimates may be supplied by a utility company, a registered professional engineer, or architect and must be performed by the "degree day method" prescribed in the most recent Handbook of the American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAM).

IV. Public Education

- A. The Chicago Department of Consumer Services will work with the Chicago Board of Realtors and the utility companies to inform building owners and their agents about the provisions and requirements of this ordinance.
- B. The Chicago Department of Consumer Services will work with the utility companies, community organizations, and other public and private agencies to inform the public of their right to obtain heating cost information prior to leasing or purchasing residential units or buildings.

V. Enforcement

- A. Complaints should be lodged with the Chicago Department of Consumer Services.
- B. If a complaint is received stating that a disclosure was not made, the Department will send the landlord or seller a letter informing him/her of the obligation to disclose. It is expected that the landlord or seller will then make a truthful disclosure. Failure to comply or failure to truthfully disclose will result in prosecution.

If a truthful disclosure is made and the tenant/buyer is dissatisfied, the Department will attempt to mediate between the parties to reach a satisfactory compromise.

- C. If a complaint is received stating that the disclosure is inaccurate, a personal interview will be scheduled with the complainant. An examination of the documents will be made and the utility company will be contacted to confirm authenticity.

If the disclosure is found to be authentic, the complainant will be questioned as to whether the unit or building has a new heating system. If this appears to be the case, the matter will be referred to the Department of Buildings for an inspection. If a new heating system is found, the landlord or seller will be contacted and asked to revise the heating cost estimates as provided for in Chapter 5-16 of the Municipal Code of Chicago.