



## **CLASS 2 SRO ELIGIBILITY BULLETIN**

### ***Definitions and Eligibility***

A building that meets the Class 3-SRO eligibility requirements and:

- A. At least one-third of the SRO units are leased at no more than 80% of the current "Fair Market Rent Schedule for Existing Housing for single room occupancy units as set by the United States Department of Housing and Urban Development. The most current HUD rent levels are attached as "Bulletin Appendix: Class 2-SRO Rent Level Requirements"; and
- B. No SRO unit rent exceeds 100% of the current HUD Rent Schedule for SROs; and
- C. The overall maximum average rent per unit for all SRO units in the building does not exceed 90% of the current HUD Rent Schedule for SROs; and
- D. The subject property is in substantial compliance with all local building, safety and health code requirements.

### ***Assessment Level***

10 percent of fair market value

### ***Required Information and Documentation***

To effect a change in classification to Class 2-SRO, a Real Estate Valuation Appeal and a Class 2-SRO Eligibility Application must be filed. The eligibility application shall require certain information from the applicant including, but not limited to, the following:

- A. Completion of the Assessor's "SRO Occupancy and Rent Information Form" for each month of the twelve months immediately prior to date of application. (see Exhibit A for sample)
  - 1. If rents have been reduced prior to application in order to qualify for Class 2-SRO status, the owner of the building must submit copies of written notices to tenants that indicate the new rent levels and beginning date of the rent change.
  - 2. Buildings must be in operation at the time of application. For buildings having no occupancy or rent level history for the full twelve months preceding application, the Assessor's SRO Occupancy and Rent Information Form must be submitted to the Assessor's Office on a monthly basis for each month of the first year that the building is in operation.

- B. A drawing of the layout of each floor of the building. If a general architectural plan is not available, your own drawings of the floor plans are acceptable. (Note: Newly constructed, rehabilitated or converted buildings require architect's drawings.)
- C. Income and expense statements for the past three years of operation, accompanied by the Assessor's form affidavit verifying the accuracy of the information. (Note: It is preferred that the statements be certified by an independent Certified Public Accountant or be comprised of copies of the Federal Income Tax return relating to the property. It is also acceptable, however, to file income and expense statements prepared in the ordinary course of business.)
- D. Documentation that the property is in substantial compliance with all local building, safety and health code requirements.
- E. A sworn statement attesting that rents for the next year will not exceed the rent level requirements set forth above.

### ***Maintenance of Class 2-SRO Status***

The owner must file an annual affidavit attesting to continuous compliance with Class 2-SRO requirements for SRO buildings. The affidavit, which is provided by the Assessor, must be filed annually, no later than April 30<sup>th</sup>.

### ***Termination of Class 2-SRO Status***

The Class 2-SRO classification may be terminated under any of the following circumstances:

- A. Failure to file the annual affidavit prior to the filing deadline;
- B. Failure to meet requirements for percentage of SRO units within the building;
- C. Failure to comply with the SRO occupancy standards;
- D. Failure to comply with the rent level requirements;
- E. Failure to maintain the property in substantial compliance with all local building, safety and health code requirements.

IF YOU ALSO WISH TO CHALLENGE THE MARKET VALUE PLACED ON THE PROPERTY, THIS MUST BE SUBMITTED ON THE SAME APPEAL FORM. PLEASE CONSULT THE ASSESSOR'S CLASS 3 BULLETIN FOR INFORMATION THAT THE ASSESSOR'S OFFICE CONSIDERS RELEVANT TO THE DETERMINATION OF A FAIR ESTIMATE OF MARKET VALUE.

***SRO reclassifications are administered by the Assessor's Specific Properties Department. Please direct all communication to: Office of the Assessor of Cook County, Specific Properties Department, 118 North Clark Street, Chicago, IL 60602 (312) 603-7529.***

## **2012 SRO FAIR MARKET RENTS (FMR)**

SRO rent level requirements are:

- At least one-third of the SRO units are leased at no more than 80% of the current Fair Market Rent Schedule for Existing Housing for single room occupancy units as set by the United States Department of Housing and Urban Development.
- The overall maximum average rent per unit for all SRO units in the building does not exceed 90% of the current HUD Rent Schedule for SROs.
- No SRO unit rent exceeds 100% of the current HUD Rent Schedule for SROs.

The allowable rents for Class 2-SRO for 2011 and 2012 are:

<b><u>% of FMR</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>
100%	\$ 593	\$ 558
90%	\$ 534	\$ 502
80%	\$ 474	\$ 446