



Joseph M. Ferguson
Inspector General

OFFICE OF INSPECTOR GENERAL *City of Chicago*

740 N. Sedgwick Street, Suite 200
Chicago, Illinois 60654
Telephone: (773) 478-7799
Fax: (773) 478-3949

March 28, 2013

To the Mayor, Members of the City Council, City Clerk, City Treasurer, and residents of the City of Chicago:

In September 2012, the Inspector General's Office (IGO) published findings and recommendations related to the Department of Building's (DOB) certificate of occupancy (C of O) acquisition process, together with DOB's response. The purpose of this letter is to summarize what additional actions DOB has taken pursuant to the IGO recommendations since that publication.

Original Findings and Recommendations

The IGO inquiry revealed that in recent years as many as 48% of the City properties that received building permits failed to subsequently obtain a C of O. The IGO also learned that DOB did not know what percentage of the properties that received building permits but did not subsequently obtain a C of O were being illegally (and potentially unsafely) occupied in violation of the Municipal Code of Chicago. In addition, the IGO determined that as of 2012, DOB no longer ran queries for properties whose building permits had been inactive for more than six months (i.e., properties for which there had been no DOB inspection activity). Previously, DOB ran, and subsequently disseminated, the reports to the DOB department chiefs, who could then provide the reports to DOB's building inspectors with instructions to check whether the identified properties were still in development. Finally, the IGO found that DOB's website does not have a searchable database for C of Os, meaning the public cannot input an address into a database and determine if DOB has issued a C of O for that property.

Based on the above findings, the IGO recommended that DOB:

- (1) Run regular, periodic inactive building permit queries and disseminate the resultant reports to inspectors for property checks;
- (2) Consider conducting an audit of the properties that received building permits in the last five years but never obtained C of Os, in order to determine how many of those properties are being occupied in violation of City ordinance;
- (3) Advise building permit holders when their permit has been inactive for at least six months (such a notice would remind permit holders of their obligations under the City ordinance and demonstrate to property owners that DOB closely monitors

property developments, thus encouraging compliance with pertinent rules and regulations); and

- (4) Consult with the City's Department of Innovation and Technology (DoIT) to explore the creation of a searchable, public database for C of Os so that members of the public considering buying a property could confirm that the building had been certified as suitable for occupancy.

In response, DOB stated that:

- (1) It had met with DoIT preliminarily to determine how to create a report that notifies all DOB bureaus when a building permit has not had an inspection after six months;
- (2) At DOB request, DoIT was creating a report of all building permits DOB issued from 2006 to 2011 that have no inspections on record so that DOB could conduct an audit of those properties and determine whether work had been performed and whether those buildings were occupied;
- (3) As DOB and DoIT design the system requirements for version eight of DOB's Hansen software, DOB would ensure that triggers are included that automatically void building permits that have had no inspection activity within 180 days and generate a letter to the property owners and contractors informing them that the permit is no longer valid, and;
- (4) Once hired, DOB's new Director of Information Systems would be made responsible for determining whether a searchable website for C of Os is feasible.

Current Status of DOB's Responsive Actions

In follow-up consultations between the IGO and DOB representatives in January and February 2013, DOB's Managing Deputy Commissioner stated that DOB had effectuated the following measures responsive to the IGO's findings:

- (1) DOB implemented a permit data review process that allows DOB to generate a report of all the properties that (a) were issued a building permit; (b) required a C of O; and (c) had not had an inspection in over 181 days.
- (2) DOB's Supervisor of Building assigns inspectors to conduct inspections of those properties.
- (3) In the 85 such inspections DOB conducted from September 20, 2012 to November 30, 2012 alone, DOB inspectors had yet to encounter a property that had been fully constructed and occupied.

DOB also provided the IGO a report of all the properties to which DOB issued a building permit from 2006 to 2011 that failed to obtain C of Os. DOB represented that it is reviewing that report to identify which of those properties actually required C of Os. Once DOB completes its review, the Department will send out inspectors to inspect the properties that the report indicated had failed to obtain a C of O. DOB expected the inspections to begin in March 2013.

In addition, DOB noted that it had hired a new Director of Information Systems, but that person had not yet had an opportunity to examine the possibility of creating a searchable C of O database. Finally, DOB indicated that it had not implemented the IGO-recommended 180-day notice to owners and contractors that their building permit is no longer valid because it had yet to install the latest version of the Hansen software, which should be capable of automatically generating such notices, and was unlikely to do so until 2014.

Based on DOB's original and follow-up responses, the IGO concludes that DOB has made significant progress in addressing the IGO's original findings respecting the C of O acquisition process. However, work still remains in implementing a number of systems and controls recommended by the IGO. Specifically, the IGO encourages DOB to complete its 2006 to 2011 building permit inspection audit, and continue working toward the creation of a searchable C of O database and the generation of a 180 day "void" notice that is automatically sent to property owners and contractors.

We thank the leadership of DOB for their cooperation during the original inquiry and responsiveness to our follow-up questions.

Respectfully,

A handwritten signature in blue ink, appearing to read "J. Ferguson", with a long horizontal flourish extending to the right.

Joseph M. Ferguson
Inspector General
City of Chicago