



City of Chicago Office of the City Clerk

City Hall
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Legislation Referred to Committees at the Chicago City Council Meeting 3/16/2016 Section 4 - Re-Referred Legislation

File #	Title	Sponsor(s)	Committee Referral	
Municipal Code Amendment(s)				
1	O2016-709	Amendment of Municipal Code Titles 3, 4 and 17 concerning requirements for shared housing units	O'Connor (40) Laurino (39) Napolitano (41)	Joint License/Housing
2	O2016-341	Amendment of Municipal Code Titles 3, 4 and 17 concerning regulation of hotel accommodations, short term residential rental intermediaries and shared housing units	Emanuel (Mayor)	Joint License/Housing



City of Chicago



O2016-709

Office of the City Clerk

Document Tracking Sheet

Meeting Date:	2/10/2016
Sponsor(s):	O'Connor (40) Laurino (39) Napolitano (41)
Type:	Ordinance
Title:	Amendment of Municipal Code Titles 3, 4 and 17 concerning requirements for shared housing units
Committee(s) Assignment:	Joint Committee: License & Consumer Protection; Housing & Real Estate

Chicago, March 16, 2016

To the President and Members of the City Council:

Your Committee on License and Consumer Protection, having under consideration an ordinance introduced by Aldermen O'Connor, Laurino and Napolitano (which was referred on February 10, 2016), to amend Titles 3, 4 and 17 of the Municipal Code of Chicago concerning requirements for shared housing units, begs leave to recommend that Your Honorable Body **Re-refer** the ordinance which is transmitted herewith to a Joint Committee on License and Consumer Protection and Housing and Real Estate.

This recommendation was concurred in by a viva voce vote of the members of the committee on March 8, 2016.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Emma Mitts", is written over a horizontal line.

EMMA MITTS
CHAIRMAN, COMMITTEE ON
LICENSE AND CONSUMER
PROTECTION

ORDINANCE

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. Chapter 3-24 of the Municipal Code of Chicago is hereby amended by adding a new section 3-4-035, by deleting the language stricken through and by inserting the language underscored, as follows:

3-24-020 Definitions – Construction.

A. For the purpose of this chapter, whenever any of the following words, terms or definitions are used herein, they shall have the meaning ascribed in this section:

(Omitted text is unaffected by this ordinance)

4. "Hotel accommodations" means, ~~except as otherwise provided in this paragraph, a room or rooms in any building or structure kept, used or maintained as or advertised or held out to the public to be an inn, motel, hotel, apartment hotel, lodging house, bed-and-breakfast establishment, vacation rental, as defined in Section 4-6-300, shared housing unit as defined in Section 4-9-010, dormitory or similar place, where sleeping, rooming, office, conference or exhibition accommodations are furnished for lease or rent, whether with or without meals. The term "hotel accommodations" shall not include (i) an accommodation which a person occupies, or has the right to occupy, as his domicile and permanent residence; (ii) any temporary accommodation provided in any building or structure owned or operated, directly or indirectly, by or on behalf of a not-for-profit medical institution, hospital, or allied educational institution; or (iii) an accommodation in a bed and breakfast establishment that is licensed under Section 4-6-290.~~

(Omitted text is unaffected by this ordinance)

3-24-030 Tax imposed.

A. There is hereby imposed and shall immediately accrue and be collected a tax, as herein provided, upon the rental or leasing of any hotel accommodations in the City of Chicago, at the rate of four and one-half percent of the gross rental or leasing charge.

B. In addition to the tax imposed under subsection A of this section, there is hereby imposed and shall immediately accrue and be collected a surcharge, as herein provided, upon the rental or leasing of any hotel accommodations at any vacation rental, shared housing unit or bed-and-breakfast establishment in the City of Chicago, at the rate of two percent of the gross rental or leasing charge. The purpose of this surcharge is to help fund initiatives intended to increase access to affordable housing and alleviate homelessness in Chicago. The surcharge is a part of the tax imposed by this Chapter, and all references to the tax shall be deemed to include the surcharge.

(Omitted text is unaffected by this ordinance)

3-24-035 Exemptions.

The tax imposed by this Chapter shall not apply to:

- A. an accommodation which the lessee or tenant (as the term "lessee or tenant" is used in Sections 3-24-040 and 3-24-050) occupies, or has the right to occupy, as his domicile and permanent residence;
- B. any temporary accommodation provided in any building or structure owned or operated, directly or indirectly, by or on behalf of a not-for-profit medical institution, hospital, or allied educational institution; or
- C. an accommodation in a bed-and-breakfast establishment that, as of January 1, 2016, was licensed under Section 4-6-290.

(Omitted text is unaffected by this ordinance)

SECTION 2. Section 4-5-010 of the Municipal Code of Chicago is hereby amended by deleting the language stricken through and by inserting the language underscored, as follows:

4-5-010 Establishment of license fees.

(Omitted text is unaffected by this ordinance)

- | | |
|--|--|
| (1) Limited business (4-4) | \$250.00 |
| (2) Regulated Business License (4-6) — Other Than Hotels | \$250.00 |
| <u>Hotels (4-6).</u> | <u>\$250.00 plus \$2.20 per room</u> |
| <u>Short Term Residential Rental Intermediary (4-6).</u> | <u>\$10,000.00, if the intermediary has 1,000 or more short term residential rentals listed on its platform; or \$5,000.00, if the intermediary has 999 or fewer short term residential rentals listed on its platform</u> |
| <u>All Other Regulated Businesses (4-6).</u> | <u>\$250.00</u> |
| (3) <u>[Reserved]</u> . Regulated Business License (4-6) Hotels | \$250.00 |

(Omitted text is unaffected by this ordinance)

SECTION 3. Section 4-6-010 of the Municipal Code of Chicago is hereby amended by deleting the language stricken through and by inserting the language underscored, as follows:

4-6-010 Regulated business license.

(Omitted text is unaffected by this ordinance)

(c) Business activities requiring a regulated business license under this chapter shall include the following: (1) health club; (2) clothing alteration; (3) laundry service; (4) residential real estate developer; (5) tattooing, body piercing or tanning facility; (6) day labor agency; (7) adult family care center; (8) assisted living establishment; (9) long-term care facility; (10) adult family care home; (11) automatic amusement operator; (12) private scavenger; (13) secondhand dealer in children's clothing and children's products only; (14) junk peddler; (15) debt collectors; (16) hospital; (17) hotel; (18) board-up company; (19) dry cleaner; (20) hazardous materials; (21) single-room occupancy buildings; (22) booting of motor vehicles; (23) immigration assistance; (24) expediter company; (25) expediter/natural person; (26) home occupation; (27) home repair; (28) bed-and-breakfast establishment; and (29) vacation rentals; and (30) short term residential rental intermediary.

SECTION 4. Section 4-6-180 of the Municipal Code of Chicago is hereby amended by deleting the language stricken through and by inserting the language underscored, as follows:

4-6-180 Hotel.

(a) *Definitions.* As used in this section:

"Hotel" means any building or structure kept, used, maintained as, advertised or held out to the public to be an inn, hotel, motel, family hotel, apartment hotel, lodging house, dormitory or other place, where sleeping or rooming accommodations are furnished for hire or rent, and in which seven or more sleeping rooms are used or maintained for the accommodation of guests, lodgers or roomers. The term "hotel" shall not include "single-room occupancy buildings," or "bed-and-breakfast establishments," "vacation rentals," or "shared housing units" licensed or registered, or required to be licensed or registered, by the city as defined in Section 13-4-010.

(Omitted text is unaffected by this ordinance)

SECTION 5. Section 4-6-290 of the Municipal Code of Chicago is hereby amended by inserting the language underscored, as follows:

4-6-290 Bed-and-breakfast establishment.

(a) *Definitions.* As used in this section:

(Omitted text is unaffected by this ordinance)

"Bed-and-breakfast establishment" or "establishment" means an owner-occupied single-family residential building, an owner-occupied, multiple-family dwelling building, or an owner-occupied condominium, townhouse or cooperative, in which 11 or fewer sleeping rooms are available for rent or for hire for transient occupancy by registered guests. The term "bed-and-breakfast establishment" does not include single-room occupancy buildings as that term is defined in Section 13-4-010; shared housing units registered pursuant to Chapter 4-9 of this Code; or vacation rentals licensed pursuant to Section 4-6-300. If the bed-and-breakfast establishment is a single-family residential building located on a lot that includes a principal house and an accessory building that was being used for residential purposes as of January 16, 2003, the accessory building shall be considered to be part of the establishment. The term "guests" does not include members of the owner's family within the meaning of the Chicago Zoning Ordinance; nor does it include persons who have signed a lease to use and occupy

residential property unless the leased residential property is held out by its owner, or by any person acting on the owner's behalf, to be a bed-and-breakfast establishment.

(Omitted text is unaffected by this ordinance)

SECTION 6. Section 4-6-300 of the Municipal Code of Chicago is hereby amended by deleting the language stricken through and by inserting the language underscored, as follows:

4-6-300 Vacation rentals.

(a) *Definitions.* As used in this section:

(Omitted text is unaffected by this ordinance)

"Dwelling unit" has the meaning ascribed to that term in section 17-17-0248.

"Guest" means any person who rents a vacation rental for transient occupancy by such person. The term "guest" does not include members of the owner's household, as that term is defined in section 17-17-0270.

"Homeowners association" means the association of all the unit owners, acting pursuant to bylaws through its duly elected board of managers. For purposes of this definition "unit owner" means the person or persons whose estates or interest, individually or collectively, aggregate fee simple absolute ownership of a unit, or in the case of a leasehold condominium, the lessee or lessees of a unit whose leasehold of the unit expires simultaneously with the lease.

(Omitted text is unaffected by this ordinance)

"Transient occupancy" has the same meaning ascribed to that term in section 4-6-290
~~means any occupancy on a daily or nightly basis, or any part thereof, for a period of 30 or fewer consecutive days.~~

"Vacation rental" means a dwelling unit that is not an owner-occupied dwelling unit and contains 6 or fewer sleeping rooms that are available for rent or for hire for transient occupancy by guests. ~~The term "guests" does not include members of the owner's household, as that term is defined in section 17-17-0270.~~ The term "vacation rental" shall not include: (i) single-room occupancy buildings or bed-and-breakfast establishments, as those terms are defined in Section 13-4-010; (ii) hotels, as that term is defined in Section 4-6-180; (iii) a dwelling unit for which a tenant has a month-to-month rental agreement and the rental payments are paid on a monthly basis; (iv) a shared housing unit registered pursuant to Chapter 4-9 of this Code; or ~~(iv)~~ corporate housing. For purposes of this definition:

(Omitted text is unaffected by this ordinance)

(g) *Prohibited acts.* It shall be unlawful for any licensee engaged in the business of vacation rental to:

(Omitted text is unaffected by this ordinance)

(6) serve or otherwise provide alcohol to any guest;

(7) rent less than the whole vacation rental to guests during a single transaction;

(8) rent the vacation rental in multiple transactions for the same or overlapping time periods.

(Omitted text is unaffected by this ordinance)

SECTION 7. Chapter 4-6 of the Municipal Code of Chicago is hereby amended by inserting a new Article XXXI and Section 4-6-400, as follows:

ARTICLE XXXI. SHORT TERM RESIDENTIAL RENTAL INTERMEDIARY.

4-6-400 Short term residential rental intermediary.

(a) *Definitions.* As used in this section, the following definitions shall apply:

"Bed-and-breakfast establishment" has the meaning ascribed to that term in Section 4-6-290.

"Cooperative building" has the meaning ascribed to that term in Section 4-6-300.

"Dwelling unit" has the meaning ascribed to that term in Section 17-17-0248.

"Guest" has the meaning ascribed to that term in Sections 4-6-290, 4-6-300 or 4-9-010, whichever is applicable.

"Homeowners association" has the meaning ascribed to that term in Section 4-6-300.

"Local contact person" means any person authorized as an agent of the short term residential rental intermediary who: (1) is designated for service of process; (2) is authorized by the short term residential rental intermediary to take remedial action and to respond to any violation of this Code; and (3) maintains a residence or office located in the city.

"Platform" means an internet-enabled application, mobile application, or any other digital platform used by a short term residential rental intermediary to connect guests with a short term residential rental provider.

"Short term residential rental" means a dwelling unit located within the city that is rented as, or held out as being used as, a shared housing unit, vacation rental or bed-and-breakfast establishment.

"Short term residential rental intermediary" means any person, who for compensation or a fee, uses a platform to connect guests with a short term residential rental provider for the purpose of renting a short term residential rental.

"Short term residential rental provider" or "provider" means any person who offers for rent a short term residential rental unit.

"Shared housing host" has the meaning ascribed to that term in Section 4-9-010.

"Shared housing unit" has the meaning ascribed to that term in Section 4-9-010.

"Transient occupancy" has the meaning ascribed to that term in Section 4-6-290.

"Vacation rental" has the meaning ascribed to that term in Section 4-6-300.

(b) *License – Required.* No person shall engage in the business of short term residential rental intermediary without first having obtained a license under this section.

(c) *Application – Additional information required.* In addition to the requirements set forth in Section 4-4-050, an application for, and, if requested, renewal of, a regulated business license to engage in the business of short term residential rental intermediary shall be accompanied by the following information:

- (1) the name, address and contact information of a local contact person;
- (2) an affidavit from the local contact person identified in the license application attesting that such local contact person: (i) is designated for service of process; (ii) is authorized by the applicant or licensee to take remedial action and to respond to any violation of this Code; and (iii) maintains a residence or office located in the city;
- (3) proof of all insurance required by this section;
- (4) a written plan, subject to the approval of the commissioner, describing the applicant's procedures, processes and policies that will ensure that the applicant and any short term residential rental provider that utilizes the platform are, or will remain, in compliance with this section; and
- (5) any other information that the commissioner may reasonably require in connection with issuance or renewal of the license.

(d) *Legal duties.* Each licensee shall have the following duties:

- (1) obtain commercial general liability insurance, with limits of not less than \$1,000,000 per occurrence, for bodily injury, personal injury and property damage arising in any way from the issuance of the short term residential rental intermediary license or activities conducted pursuant to that license. Each policy of insurance shall: (i) be issued by an insurer authorized to insure in the State of Illinois; (ii) name the City of Chicago as an additional insured on a primary, noncontributory basis for any liability arising directly or indirectly from the issuance of the license; (iii) be maintained in full force and effect for the duration of the license period; and (iv) include a provision requiring 30 days' advance notice to the commissioner prior to cancellation or lapse of the policy;
- (2) provide commercial general liability insurance, with limits of not less than \$1,000,000 per occurrence for bodily injury, personal injury and property damage arising in any way from activities conducted pursuant to a registration or issuance of license for a short term residential rental. Such insurance shall cover any bodily injury, personal injury or property damage sustained by any guest arising in any way from activities related to the rental of the short term residential rental. Each policy of insurance provided shall have policy limits as set forth in this subsection that apply separately for each short term residential rental, and if the policy has an aggregate limit, the aggregate limit shall apply separately to each short term

residential rental. Each policy of insurance shall: (i) be issued by an insurer authorized to insure in the State of Illinois; (ii) be maintained in full force and effect for as long as the short term residential rental is registered or licensed, whichever is applicable; and (iii) include a provision requiring 30 days' advance notice to the commissioner and the short term rental provider prior to cancellation or lapse of the policy;

(3) include on its platform the name of, and contact information for, the licensee's local contact person;

(4) comply with all applicable federal, state and local laws and regulations regarding collection and payment of taxes, including hotel accommodation taxes; and

(5) do not list, or permit any person to list, any short term residential rental on its platform, unless the licensee has:

(A) ascertained whether a short term residential rental provider is licensed under Section 4-6-290 or Section 4-6-300, or registered under Section 4-9-020, whichever is applicable. All listings for short term residential rentals shall include the short term residential rental provider's city license or registration number, as applicable. The licensee and short term residential rental provider shall be jointly and severally liable for any rental of a short term residential rental listed on the licensee's platform which is not properly licensed or registered with the City;

(B) advised the provider that the provider must comply with all existing applicable rental agreements, or homeowners association or cooperative building rules or restrictions, regarding the rental for transient occupancy of the short term residential rental;

(C) advised the short term residential rental provider that every listing shall include the following information:

- (i) the short term residential rental provider's cancellation and check-in and check-out policies;
- (ii) a statement on: (1) on whether the short term residential rental is wheelchair or ADA accessible; (2) whether the short term residential rental has any parking availability or restrictions; and (3) the availability of, or restrictions on, the use of any recreational facilities or other amenities applicable to guests;
- (iii) a description of the short term residential rental, including the address, the number of sleeping rooms and bathrooms, and whether the entire dwelling unit, or only a portion thereof, is available for rent; and
- (iv) the short term residential rental provider's city license or registration number.

(e) *Monitoring complaints.* The licensee shall monitor complaints from guests or local residents regarding nuisance activity in, or sanitary, health or life safety conditions of, a

short term residential rental. Such complaints shall be made available to the commissioner upon request.

The licensee shall immediately notify and cooperate with the police department if the licensee knows or suspects that any criminal activity or public nuisance is taking place in the short term residential rental.

(f) *Records and Reports.* The licensee shall keep accurate books and records and maintain such books and records for a period of three years.

Each licensee shall provide reports and data to the City as provided by the commissioner in rules.

(g) *Registration information.* All registration information for a shared housing unit registration under chapter 4-9 of this code made on a licensee's platform shall be forwarded to the commissioner as prescribed in rules. Prior to forwarding such information to the commissioner, the licensee shall ensure that all registration information required to be submitted by a shared housing host is complete.

(h) *Prohibited Acts.* It shall be unlawful for any person engaged in the business of short term residential rental intermediary to list on its platform any shared housing unit:

- (1) when the data on its platform indicate that the number of nights that the shared housing unit has been rented by guests exceeds 90 nights in a calendar year;
- (2) that: (i) rents, or offers to rent, any shared housing unit, or any portion thereof, by the hour or for any period of fewer than ten consecutive hours; (ii) rents, or offers to rent, any shared housing unit, or any portion thereof, more than once within any consecutive ten hour period measured from the commencement of one rental to the commencement of the next; (iii) advertises an hourly rate or any other rate for any shared housing unit, or any portion thereof, based on a rental period of fewer than ten consecutive hours; or (iv) rents, or offers for rent, a shared housing unit for multiple bookings or rentals for the same or overlapping time periods.

(i) *Ineligibility for listing.* A short term residential rental shall be ineligible for listing on a licensee's platform under the following conditions:

- (1) (A) when, in the determination of the commissioner, the rental of the short term residential rental creates a nuisance because, within any consecutive 12-month period, at least three separate incidents involving illegal acts, as that term is defined in Section 4-4-313(h), occurred: (i) in the short term residential rental; (ii) in or on the premises in which the short term residential rental is located; (iii) in the short term residential rental's parking facility, or (iv) on adjacent property. For purposes of determining whether three or more illegal acts occurred during a 12-month period, illegal acts occurring shall be limited to acts of the guests, or of

invitees of the guests, or to acts otherwise involving circumstances having a nexus to the operation of the short term residential rental while rented to a guest;

- (B) a short term residential rental is listed on, or located in a building that is listed on, the city's Building Code Scofflaw List or Problem Landlord List pursuant to Section 2-92-416;
- (C) a shared housing unit has been rented in excess of 90 nights in a calendar year; or
- (D) a short term residential rental was found to be in violation of any applicable licensing or registration chapter of this Code, and the condition that gave rise to the violation has not been corrected.

(2) The commissioner shall prepare and maintain a list of all short term residential rentals that are ineligible to be listed on a short term residential rental intermediary's platform. The list shall be made available by the commissioner to all licensed short term residential rental intermediaries in a form and manner prescribed by the commissioner.

(3) Upon determining that a short term residential rental is ineligible under this subsection to be listed, the commissioner shall notify the short term residential rental provider, in writing, of such fact and of the basis for the determination of ineligibility. Such notice shall include a statement informing the short term residential rental provider that such provider may, within 10 days of the date on which the notice was sent, request, in a form and manner prescribed by the commissioner in rules, a hearing before the commissioner to contest the determination of ineligibility for listing. The notice shall also advise the short term residential rental provider that the provider is entitled to present to the commissioner any document, including affidavits, related to the commissioner's determination. If requested, a hearing before the commissioner shall be held within 10 business days of receipt of such request. Within 60 days of the hearing the commissioner shall either affirm or reverse such determination based upon the evidence presented. The commissioner's decision shall be final and may be appealed in the manner provided by law. If a short term rental provider fails to request a hearing within the prescribed time, the short term residential rental shall be deemed to be ineligible to be listed on the platform.

(4) It shall be a violation of this subsection for any licensee to list, or permit to be listed, on its platform any short term residential rental that has been determined to be ineligible to be listed on such platform pursuant to this subsection.

(j) *Departmental duties.* The commissioner shall maintain a list, by address, of all short term residential rentals currently licensed or registered under the applicable provisions of this Code.

(k) *Rules.* The commissioner is authorized to promulgate rules necessary to implement this section.

(l) *Penalty.* In addition to any other penalty provided by law, any person who violates this section or any rule promulgated thereunder shall be subject to a fine of not less than \$1,500.00 nor more than \$3,000.00 for each offense, or incarceration for a period not to

exceed six months, or both. Each day that a violation continues shall constitute a separate and distinct offense.

SECTION 8. Title 4 of the Municipal Code of Chicago is hereby amended by adding a new chapter 4-9, sections 4-9-010 through and including 4-9-090, as follows:

Chapter 4-9 SHARED HOUSING UNITS.

4-9-010 Shared housing host.

For purposes of this chapter, the following definitions shall apply:

“Board of directors” has the meaning ascribed to the term in Section 4-6-300.

“Homeowners association” has the meaning ascribed to that term in Section 4-6-300.

“Guest” means a person who rents a shared housing unit for transient occupancy. The term “guest” does not include members of the owner's or tenant's household, as that term is defined in Section 17-17-0270.

“Local contact person” means a person authorized as an agent of the shared housing host who: (1) is designated for service of process; (2) is authorized by the short term residential rental host to take remedial action and to respond to any violation of this Code; and (3) maintains a residence or office located in the city.

“Permanent Occupancy” has the meaning ascribed to that term in Section 4-6-290.

“Rental Agreement” has the meaning ascribed to that term in Section 5-4-030.

“Shared housing unit” means a dwelling unit containing 6 or fewer sleeping rooms and that is, or any portion therein is, rented for 90 nights or less within a calendar year for transient occupancy by guests. The term “shared housing unit” shall not include: (1) single-room occupancy buildings; (2) hotels, as that term is defined in Section 4-6-180; (3) corporate housing; or (4) bed-and-breakfast establishments or vacation rentals licensed or required to be licensed by the city. For purposes of this definition, (i) “corporate housing” means a dwelling unit owned or leased by a business entity that is available for rent for transient occupancy solely by the business entity's officers, employees, family members of the officers or employees, consultants, vendors or contractors; and (ii) “family members” means an officer's or employee's (i) mother, father, spouse, brother or sister (including blood, step or half), son or daughter (including blood, step or half), father-in-law, mother-in-law, daughter-in-law, son-in-law, brother-in-law, sister-in-law, grandparents or grandchildren; (ii) court-appointed legal guardian or person for whom the employee or officer is a court-appointed legal guardian; or (iii) domestic partner or the domestic partner's mother, father, brother or sister (including blood, step, or half), or son or daughter (including blood, step or half).

“Shared housing host” means an owner or tenant of a shared housing unit who rents such unit to guests.

“Tenant” means a person who has a rental agreement for a dwelling unit in which the rental payments are paid on a monthly basis for permanent occupancy of the dwelling unit.

“Transient Occupancy” has the meaning ascribed to that term in Section 4-6-290.

4-9-020 Shared housing unit registration-required.

(a) No dwelling unit shall be rented as a shared housing unit until the owner or tenant of the dwelling unit registers such unit with the department, in a form and manner prescribed by the commissioner. The registration shall include such pertinent information reasonably required by the commissioner, as provided in rules.

(b) In addition to the information required by subsection (a), the registration shall include an attestation by the shared housing host that:

(1) the shared housing host has a local contact person who: (i) is designated for service of process; (ii) is authorized by the shared housing host to take remedial action and to respond to any violation of this Code; and (iii) maintains a residence or office located in the city;

(2) if the shared housing unit is subject to restrictions imposed by a homeowners association or board of directors, the homeowners association or board of directors has approved the dwelling unit for use as a shared housing unit;

(3) if the shared housing unit is subject to a rental agreement, the owner has approved the dwelling unit for use as a shared housing unit; and

(4) the shared housing unit will not be rented for more than 90 nights in any calendar year, unless the host obtains a vacation rental or bed and breakfast license, whichever is applicable.

(c) The registration application shall include a zoning review, as provided by the commissioner in rules, to ensure that the location of the shared housing unit is in compliance with the Zoning Code.

(d) The commissioner shall assign a unique registration number to each registered shared housing unit.

(e) After the initial registration, the shared housing unit’s registration shall be renewed annually thereafter in a manner prescribed by the commissioner in rules. The registration for a shared housing unit transferred to a new shared housing host shall be reviewed in a manner prescribed by the commissioner in rules.

(f) When in the determination of the commissioner, a shared housing unit fails to meet eligibility requirements for registration or renewal of registration, the commissioner shall notify the shared housing host, in writing, of such fact and of the basis for such indication of ineligibility. Such notice shall include a statement informing the shared housing host that the shared housing host may, within 10 days of the date on which the notice was sent, request, in a form and manner prescribed by the commissioner in rules, a hearing before the commissioner to review the determination of ineligibility for registration under Chapter 4-9 of this Code. The notice shall also advise that such shared housing host is entitled to present to the commissioner any document, including affidavits, related to the shared housing unit's eligibility. If requested, a hearing before the commissioner shall be held within 10 business days of receipt of such request. Within 60 days of the hearing the commissioner shall make a determination of the shared housing unit’s eligibility based upon the evidence presented. The commissioner’s

decision shall be final and may be appealed in the manner provided by law. If a shared housing host fails to request a hearing within the prescribed time, the shared housing unit shall be deemed ineligible for registration.

4-9-030 Registration – Eligibility.

Any shared housing unit that is listed on, or is located in a building that is listed on, the city's Building Code Scofflaw List or Problem Landlord List pursuant to Section 2-92-416 shall not be eligible to be registered with the department.

4-9-040 Limitation on the number of nights a shared housing unit can be rented.

(a) No shared housing unit shall be rented to guests for a total of more than 90 nights within a calendar year. The 90-night restriction shall apply to the shared housing unit, regardless of whether the shared housing unit is transferred to a new shared housing host during the calendar year.

(b) For purposes of determining the number of nights that a shared housing unit has been rented in a calendar year, the following requirements shall apply:

- (1) every night a guest stays overnight shall be counted as one night; and
- (2) if a guest checks-in and checks-out on the same day, such day shall be counted as one night.

4-9-050 Operating requirements.

- (a) Each shared housing host shall:
- (1) provide guests with soap, clean individual bath cloths and towels, and clean linen. All linens, bath cloths and towels shall be kept in good repair and changed between guests;
 - (2) clean and sanitize the shared housing unit and all dishes, utensils, pots, pans and other cooking utensils between guests, and dispose of all food, beverages and alcohol left by the previous guests;
 - (3) immediately notify and cooperate with the police department if a shared housing host knows or suspects that any criminal activity or public nuisance is taking place in the shared housing unit. If the local contact person is a person other than the licensee, the local contact person shall also immediately notify and cooperate with the police department if the local contact person knows or suspects that any criminal activity or public nuisance is taking place in the shared housing unit;
 - (4) ensure that the shared housing unit's registration number is conspicuously displayed in every advertisement of any type in connection with the rental of the shared housing unit. Failure to comply with this requirement shall create a rebuttable presumption that the shared housing unit is being operated without the proper registration;
 - (5) ensure that the shared housing unit is in compliance with applicable laws regarding the installation and maintenance of functioning smoke and carbon monoxide detectors; and
 - (6) post in a conspicuous place near the entrance of the shared housing unit:
 - (i) the name and telephone number of the local contact person; and
 - (ii) an evacuation diagram

identifying all means of egress from the shared housing unit and the building in which it is located.

(b) All bookings for the rental of a shared housing unit by a guest shall be made using a platform provided by a short term residential rental intermediary licensed under section 4-6-400.

4-9-060 Unlawful acts.

It shall be unlawful for any shared housing host to:

(a) permit any criminal activity or public nuisance to take place within the shared housing unit;

(b) exceed the maximum occupancy limit of no more than one person per 125 feet of floor area of the shared housing unit. The occupancy limitation set forth in this subsection is the absolute maximum limitation. The actual allowed capacity shall be based on the applicable provisions of the building code;

(c) misrepresent any material fact regarding the shared housing on any listing;

(d) serve or otherwise provide alcohol to any guest, or invitees of a guest, under the age of 21 years; or

(e) (1) rent any shared housing unit, or any portion thereof, by the hour or for any period of fewer than ten consecutive hours; or

(2) rent any shared housing unit, or any portion thereof, more than once within any consecutive ten hour period measured from the commencement of one rental to the commencement of the next; or

(3) advertise an hourly rate or any other rate for any shared housing unit, or any portion thereof, based on a rental period of fewer than ten consecutive hours; or

(4) allow multiple bookings or rentals of any shared housing unit for the same or overlapping time periods.

4-9-070 Rules.

The commissioner is authorized to promulgate rules necessary to implement this chapter.

4-9-080 Registration- suspension or revocation.

(a) In addition to any other fine or penalty provided, a registration under this chapter may be suspended or revoked by the commissioner for a violation of this chapter. No registration shall be revoked or suspended except in accordance with subsection (c); provided, however, that if the commissioner has good cause to believe that continued rental of a shared housing unit causes an imminent threat to public health, safety or welfare, the commissioner may, upon issuance of a written order stating the reason for such conclusion and without notice or hearing, suspend or revoke the shared housing unit's registration and prohibit the shared housing host from renting the shared housing unit to guests for a period of time not to exceed ten calendar days; provided, however, that the shared housing host shall be afforded an

opportunity to be heard during such period. If the shared housing host fails to request a hearing with the prescribed time, the shared housing unit's registration shall be deemed revoked.

(b) In addition to any other applicable reason, a shared housing unit registration may be revoked or suspended in accordance with this section when:

(1) in the determination of the commissioner, the rental of the shared housing unit creates a nuisance because, within any consecutive 12-month period, at least three separate incidents involving illegal acts, as that term is defined in Section 4-4-313(h), occurred: (i) in the shared housing unit; (ii) in or on the premises in which the shared housing unit is located; (iii) in the shared housing unit's parking facility, or (iv) on adjacent property. For purposes of determining whether three or more illegal acts occurred during a 12-month period, illegal acts occurring shall be limited to acts of the guests, or of invitees of the guests, or to acts otherwise involving circumstances having a nexus to the operation of the shared housing unit while rented to a guest;

(2) a shared housing unit is listed on, or located in a building that is listed on, the city's Building Code Scofflaw List or Problem Landlord List pursuant to Section 2-92-416;

(3) a shared housing unit has been rented in excess of 90 nights in a calendar year; or

(4) the commissioner determines that the continued rental of a shared housing unit poses a threat to the public health, safety or welfare.

(c) Upon determining that a shared housing unit's registration is subject to suspension or revocation under this section, the commissioner shall notify the shared housing host, in writing, of such fact and of the basis for the suspension or revocation of the registration. Such notice shall include a statement informing the shared housing host that the shared housing host may, within 10 days of the date on which the notice was sent, request, in a form and manner prescribed by the commissioner in rules, a hearing before the commissioner to contest the suspension or revocation. The notice shall also advise the shared housing host that the shared housing host is entitled to present to the commissioner any document, including affidavits, related to the commissioner's determination for suspension or revocation. If requested, a hearing before the commissioner shall be held within 10 business days of receipt of such request. Within 60 days of the hearing the commissioner shall either affirm or reverse such determination based upon the evidence presented. The commissioner's decision shall be final and may be appealed in the manner provided by law. If a shared housing host fails to request a hearing within the prescribed time, the shared housing unit registration shall be deemed suspended or revoked.

4-9-090 Violations-Penalties.

In addition to any other penalty provided by law, any person who violates any provision of this chapter or any rule promulgated thereunder shall be subject to a fine of not less than \$1,500.00 nor more than \$3,000.00 for each offense, or incarceration for a period not to exceed six months, or both. Each day that a violation continues shall constitute a separate and distinct offense.

SECTION 9. Section 17-2-0207 of the Municipal Code of Chicago is hereby amended by inserting the language underscored, as follows:

17-2-0207 Use Table and Standards.

USE GROUP		Zoning Districts								Use Standard	Parking Standard
Use Category		RS	RS	RS	RT	RT	RM	RM	RM		
	Specific Use Type	1	2	3	3.5	4	4.5	5-5.5	6-6.5		

P= permitted by-right S = special use approval req'd PD = planned development approval req'd - = Not allowed

(Omitted text is unaffected by this ordinance)

P. Lodging											
1.	Bed and Breakfast	-	-	-	-	P	P	P	P	§ 17-9-0103	§ 17-10-0207-S
2.	Vacation Rental	-	-	-	-	-	S	S	S		
3.	<u>Shared Housing Unit</u>				<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>		

SECTION 10. Section 17-3-0207 of the Municipal Code of Chicago is hereby amended by adding the language underscored, as follows:

17-3-0207 Use Table and Standards.

USE GROUP		Zoning Districts						Use Standard	Parking Standard
Use Category		B1	B2	B3	C1	C2	C3		
	Specific Use Type								

P= permitted by-right S = special use approval required PD = planned development approval required - = Not allowed

(Omitted text is unaffected by this ordinance)

II. Lodging									
1.	Bed and Breakfast	P	P	P	P	P	-	§ 17-9-0103	§ 17-10-0207-S
2.	Hotel/Motel	-	-	S	S	S	S		§ 17-10-0207-S
3.	Vacation Rental	P	P	P	P	P	-		
4.	<u>Shared Housing Unit</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>-</u>		

SECTION 11. Section 17-4-0207 of the Municipal Code of Chicago is hereby amended by inserting the language underscored, as follows:

17-4-0207 Use Table and Standards.

USE GROUP		Zoning Districts				Use Standard	Parking Standard
Use Category		DC	DX	DR	DS		
	Specific Use Type						
P= permitted by-right S = special use approval required PD = planned development approval required - = Not allowed							

(Omitted text is unaffected by this ordinance)

II. Lodging							
1.	Bed and Breakfast	P	P	P	P	§ 17-9-0103	§ 17-10-0208
2.	Hotel/Motel	P	P	-	P		§ 17-10-0208
3.	Vacation Rental	S	S	S	S		
4.	Shared Housing Unit	P	P	P	-		

SECTION 12. Section 17-17-0104-S of the Municipal Code of Chicago is hereby amended by inserting the language underscored, as follows:

17-17-0104-S Lodging. Provision of lodging services on a temporary basis with incidental food, drink, and other sales and services intended for the convenience of guests. The following are lodging use types:

(Omitted text is unaffected by this ordinance)

4. "Shared housing unit" means a dwelling unit located within the city that contains 6 or fewer sleeping rooms and is, or any portion therein is, rented for 90 nights or less within a calendar year for transient occupancy by guests. The 90-night restriction applies to the shared housing unit, regardless of whether the shared housing unit is transferred to a new shared housing host. The calculation of the number of allowable nights shall be as set forth section 4-9-040. The term "shared housing unit" shall not include: (1) single-room occupancy buildings; (2) hotels, as that term is defined in Section 4-6-180; (3) corporate housing; or (4) bed-and-breakfast establishments or vacation rentals licensed or required to be licensed by the city. For purposes of this definition:

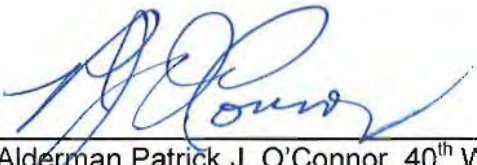
(i) "Corporate housing" means a dwelling unit owned or leased by a business entity that is available for rent for transient occupancy solely by the business entity's officers, employees, family members of the officers or employees, consultants, vendors or contractors:

(ii) "Family members" means an officer's or employee's (i) mother, father, spouse, brother or sister (including blood, step or half), son or daughter (including blood, step or half), father-in-law, mother-in-law, daughter-in-law, son-in-law, brother-in-law, sister-in-law, grandparents or grandchildren; (ii) court-appointed legal guardian or a person for whom the employee or officer is a court-appointed legal guardian; or (iii) domestic partner or the domestic partner's mother, father, brother or sister (including blood, step, or half), or son or daughter (including blood, step or half);

(iii) "Guest," "shared housing host," and "transient occupancy" have the meaning ascribed to those words in section 4-9-010.

SECTION 13. Section 3-24-030 of Section 1 of this ordinance shall take effect on July 1, 2016, the remainder of this ordinance shall be in full force and effect 120 days after its passage and publication.

Margaret Lawrence 39
JUL 4/15


Alderman Patrick J. O'Connor, 40th Ward



City of Chicago



O2016-341

Office of the City Clerk

Document Tracking Sheet

Meeting Date:	1/13/2016
Sponsor(s):	Emanuel (Mayor)
Type:	Ordinance
Title:	Amendment of Municipal Code Titles 3, 4 and 17 concerning regulation of hotel accommodations, short term residential rental intermediaries and shared housing units
Committee(s) Assignment:	Joint Committee: License & Consumer Protection; Housing & Real Estate

Chicago, March 16, 2016

To the President and Members of the City Council:

Your Committee on License and Consumer Protection, having under consideration an ordinance introduced by Mayor Emanuel and the Commissioner of Business Affairs and Consumer Protection (which was referred on January 13, 2016), to amend Titles 3, 4 and 17 of the Municipal Code of Chicago concerning hotel accommodations, short term residential rental intermediaries, shared housing units, lodging types, begs leave to recommend that Your Honorable Body ***Re-refer*** the ordinance which is transmitted herewith to a Joint Committee on License and Consumer Protection and Housing and Real Estate.

This recommendation was concurred in by a viva voce vote of the members of the committee on March 8, 2016.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Emma Mitts", is written over a horizontal line.

EMMA MITTS
CHAIRMAN, COMMITTEE ON
LICENSE AND CONSUMER
PROTECTION



OFFICE OF THE MAYOR
CITY OF CHICAGO

RAHM EMANUEL
MAYOR

January 13, 2016

TO THE HONORABLE, THE CITY COUNCIL
OF THE CITY OF CHICAGO

Ladies and Gentlemen:

At the request of the Commissioner of Business Affairs and Consumer Protection,
I transmit herewith an ordinance authorizing a shared housing registry.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,

A handwritten signature in blue ink that reads "Rahm Emanuel".

Mayor

ORDINANCE

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. Chapter 3-24 of the Municipal Code of Chicago is hereby amended by adding a new section 3-4-035, by deleting the language stricken through and by inserting the language underscored, as follows:

3-24-020 Definitions – Construction.

A. For the purpose of this chapter, whenever any of the following words, terms or definitions are used herein, they shall have the meaning ascribed in this section:

(Omitted text is unaffected by this ordinance)

4. “Hotel accommodations” means, ~~except as otherwise provided in this paragraph,~~ a room or rooms in any building or structure kept, used or maintained as or advertised or held out to the public to be an inn, motel, hotel, apartment hotel, lodging house, bed-and-breakfast establishment, vacation rental, as defined in Section 4-6-300, shared housing unit as defined in Section 4-9-010, dormitory or similar place, where sleeping, rooming, office, conference or exhibition accommodations are furnished for lease or rent, whether with or without meals. The term “hotel accommodations” shall not include (i) an accommodation which a person occupies, or has the right to occupy, as his domicile and permanent residence; (ii) any temporary accommodation provided in any building or structure owned or operated, directly or indirectly, by or on behalf of a not-for-profit medical institution, hospital, or allied educational institution; or (iii) an accommodation in a bed-and-breakfast establishment that is licensed under Section 4-6-290.

(Omitted text is unaffected by this ordinance)

3-24-030 Tax imposed.

A. There is hereby imposed and shall immediately accrue and be collected a tax, as herein provided, upon the rental or leasing of any hotel accommodations in the City of Chicago, at the rate of four and one-half percent of the gross rental or leasing charge.

B. In addition to the tax imposed under subsection A of this section, there is hereby imposed and shall immediately accrue and be collected a surcharge, as herein provided, upon the rental or leasing of any hotel accommodations at any vacation rental, shared housing unit or bed-and-breakfast establishment in the City of Chicago, at the rate of two percent of the gross rental or leasing charge. The purpose of this surcharge is to help fund initiatives intended to increase access to affordable housing and alleviate homelessness in Chicago. The surcharge is a part of the tax imposed by this Chapter, and all references to the tax shall be deemed to include the surcharge.

(Omitted text is unaffected by this ordinance)

3-24-035 Exemptions.

The tax imposed by this Chapter shall not apply to:

- A. an accommodation which the lessee or tenant (as the term "lessee or tenant" is used in Sections 3-24-040 and 3-24-050) occupies, or has the right to occupy, as his domicile and permanent residence;
- B. any temporary accommodation provided in any building or structure owned or operated, directly or indirectly, by or on behalf of a not-for-profit medical institution, hospital, or allied educational institution; or
- C. an accommodation in a bed-and-breakfast establishment that, as of January 1, 2016, was licensed under Section 4-6-290.

(Omitted text is unaffected by this ordinance)

SECTION 2. Section 4-5-010 of the Municipal Code of Chicago is hereby amended by deleting the language stricken through and by inserting the language underscored, as follows:

4-5-010 Establishment of license fees.

(Omitted text is unaffected by this ordinance)

- | | |
|--|--|
| (1) Limited business (4-4) | \$250.00 |
| (2) Regulated Business License (4-6) — Other Than Hotels | \$250.00 |
| <u>Hotels (4-6)</u> | <u>\$250.00 plus \$2.20 per room</u> |
| <u>Short Term Residential Rental Intermediary (4-6)</u> | <u>\$10,000.00, if the intermediary has 1,000 or more short term residential rentals listed on its platform; or \$5,000.00, if the intermediary has 999 or fewer short term residential rentals listed on its platform</u> |
| <u>All Other Regulated Businesses (4-6)</u> | <u>\$250.00</u> |
| (3) <u>[Reserved]</u> , Regulated Business License (4-6) Hotels | \$250.00 |

(Omitted text is unaffected by this ordinance)

SECTION 3. Section 4-6-010 of the Municipal Code of Chicago is hereby amended by deleting the language stricken through and by inserting the language underscored, as follows:

4-6-010 Regulated business license.

(Omitted text is unaffected by this ordinance)

(c) Business activities requiring a regulated business license under this chapter shall include the following: (1) health club; (2) clothing alteration; (3) laundry service; (4) residential real estate developer; (5) tattooing, body piercing or tanning facility; (6) day labor agency; (7) adult family care center; (8) assisted living establishment; (9) long-term care facility; (10) adult family care home; (11) automatic amusement operator; (12) private scavenger; (13) secondhand dealer in children's clothing and children's products only; (14) junk peddler; (15) debt collectors; (16) hospital; (17) hotel; (18) board-up company; (19) dry cleaner; (20) hazardous materials; (21) single-room occupancy buildings; (22) booting of motor vehicles; (23) immigration assistance; (24) expediter company; (25) expediter/natural person; (26) home occupation; (27) home repair; (28) bed-and-breakfast establishment; and (29) vacation rentals; and (30) short term residential rental intermediary.

SECTION 4. Section 4-6-180 of the Municipal Code of Chicago is hereby amended by deleting the language stricken through and by inserting the language underscored, as follows:

4-6-180 Hotel.

(a) *Definitions.* As used in this section:

"Hotel" means any building or structure kept, used, maintained as, advertised or held out to the public to be an inn, hotel, motel, family hotel, apartment hotel, lodging house, dormitory or other place, where sleeping or rooming accommodations are furnished for hire or rent, and in which seven or more sleeping rooms are used or maintained for the accommodation of guests, lodgers or roomers. The term "hotel" shall not include "single-room occupancy buildings," or "bed-and-breakfast establishments," "vacation rentals," or "shared housing units" licensed or registered, or required to be licensed or registered, by the city as defined in Section 13-4-010.

(Omitted text is unaffected by this ordinance)

SECTION 5. Section 4-6-290 of the Municipal Code of Chicago is hereby amended by inserting the language underscored, as follows:

4-6-290 Bed-and-breakfast establishment.

(a) *Definitions.* As used in this section:

(Omitted text is unaffected by this ordinance)

"Bed-and-breakfast establishment" or "establishment" means an owner-occupied single-family residential building, an owner-occupied, multiple-family dwelling building, or an owner-occupied condominium, townhouse or cooperative, in which 11 or fewer sleeping rooms are available for rent or for hire for transient occupancy by registered guests. The term "bed-and-breakfast establishment" does not include single-room occupancy buildings as that term is defined in Section 13-4-010; shared housing units registered pursuant to Chapter 4-9 of this Code; or vacation rentals licensed pursuant to Section 4-6-300. If the bed-and-breakfast establishment is a single-family residential building located on a lot that includes a principal house and an accessory building that was being used for residential purposes as of January 16, 2003, the accessory building shall be considered to be part of the establishment. The term "guests" does not include members of the owner's family within the meaning of the Chicago Zoning Ordinance; nor does it include persons who have signed a lease to use and occupy

residential property unless the leased residential property is held out by its owner, or by any person acting on the owner's behalf, to be a bed-and-breakfast establishment.

(Omitted text is unaffected by this ordinance)

SECTION 6. Section 4-6-300 of the Municipal Code of Chicago is hereby amended by deleting the language stricken through and by inserting the language underscored, as follows:

4-6-300 Vacation rentals.

(a) *Definitions.* As used in this section:

(Omitted text is unaffected by this ordinance)

"Dwelling unit" has the meaning ascribed to that term in section 17-17-0248.

"Guest" means any person who rents a vacation rental for transient occupancy by such person. The term "guest" does not include members of the owner's household, as that term is defined in section 17-17-0270.

"Homeowners association" means the association of all the unit owners, acting pursuant to bylaws through its duly elected board of managers. For purposes of this definition "unit owner" means the person or persons whose estates or interest, individually or collectively, aggregate fee simple absolute ownership of a unit, or in the case of a leasehold condominium, the lessee or lessees of a unit whose leasehold of the unit expires simultaneously with the lease.

(Omitted text is unaffected by this ordinance)

"Transient occupancy" has the same meaning ascribed to that term in section 4-6-290
~~means any occupancy on a daily or nightly basis, or any part thereof, for a period of 30 or fewer consecutive days.~~

"Vacation rental" means a dwelling unit that is not an owner-occupied dwelling unit and contains 6 or fewer sleeping rooms that are available for rent or for hire for transient occupancy by guests. ~~The term "guests" does not include members of the owner's household, as that term is defined in section 17-17-0270.~~ The term "vacation rental" shall not include: (i) single-room occupancy buildings or bed-and-breakfast establishments, as those terms are defined in Section 13-4-010; (ii) hotels, as that term is defined in Section 4-6-180; (iii) a dwelling unit for which a tenant has a month-to-month rental agreement and the rental payments are paid on a monthly basis; (iv) a shared housing unit registered pursuant to Chapter 4-9 of this Code; or ~~(iv)~~ corporate housing. For purposes of this definition:

(Omitted text is unaffected by this ordinance)

(g) *Prohibited acts.* It shall be unlawful for any licensee engaged in the business of vacation rental to:
;

(Omitted text is unaffected by this ordinance)

(6) serve or otherwise provide alcohol to any guest;
;

(7) rent less than the whole vacation rental to guests during a single transaction;

(8) rent the vacation rental in multiple transactions for the same or overlapping time periods.

(Omitted text is unaffected by this ordinance)

SECTION 7. Chapter 4-6 of the Municipal Code of Chicago is hereby amended by inserting a new Article XXXI and Section 4-6-400, as follows:

ARTICLE XXXI. SHORT TERM RESIDENTIAL RENTAL INTERMEDIARY.

4-6-400 Short term residential rental intermediary.

(a) *Definitions.* As used in this section, the following definitions shall apply:

"Bed-and-breakfast establishment" has the meaning ascribed to that term in Section 4-6-290.

"Cooperative building" has the meaning ascribed to that term in Section 4-6-300.

"Dwelling unit" has the meaning ascribed to that term in Section 17-17-0248.

"Guest" has the meaning ascribed to that term in Sections 4-6-290, 4-6-300 or 4-9-010, whichever is applicable.

"Homeowners association" has the meaning ascribed to that term in Section 4-6-300.

"Local contact person" means any person authorized as an agent of the short term residential rental intermediary who: (1) is designated for service of process; (2) is authorized by the short term residential rental intermediary to take remedial action and to respond to any violation of this Code; and (3) maintains a residence or office located in the city.

"Platform" means an internet-enabled application, mobile application, or any other digital platform used by a short term residential rental intermediary to connect guests with a short term residential rental provider.

"Short term residential rental" means a dwelling unit located within the city that is rented as, or held out as being used as, a shared housing unit, vacation rental or bed-and-breakfast establishment.

"Short term residential rental intermediary" means any person, who for compensation or a fee, uses a platform to connect guests with a short term residential rental provider for the purpose of renting a short term residential rental.

"Short term residential rental provider" or "provider" means any person who offers for rent a short term residential rental unit.

"Shared housing host" has the meaning ascribed to that term in Section 4-9-010.

"Shared housing unit" has the meaning ascribed to that term in Section 4-9-010.

"Transient occupancy" has the meaning ascribed to that term in Section 4-6-290.

"Vacation rental" has the meaning ascribed to that term in Section 4-6-300.

(b) *License – Required.* No person shall engage in the business of short term residential rental intermediary without first having obtained a license under this section.

(c) *Application – Additional information required.* In addition to the requirements set forth in Section 4-4-050, an application for, and, if requested, renewal of, a regulated business license to engage in the business of short term residential rental intermediary shall be accompanied by the following information:

- (1) the name, address and contact information of a local contact person;
- (2) an affidavit from the local contact person identified in the license application attesting that such local contact person: (i) is designated for service of process; (ii) is authorized by the applicant or licensee to take remedial action and to respond to any violation of this Code; and (iii) maintains a residence or office located in the city;
- (3) proof of all insurance required by this section;
- (4) a written plan, subject to the approval of the commissioner, describing the applicant's procedures, processes and policies that will ensure that the applicant and any short term residential rental provider that utilizes the platform are, or will remain, in compliance with this section; and
- (5) any other information that the commissioner may reasonably require in connection with issuance or renewal of the license.

(d) *Legal duties.* Each licensee shall have the following duties:

- (1) obtain commercial general liability insurance, with limits of not less than \$1,000,000 per occurrence, for bodily injury, personal injury and property damage arising in any way from the issuance of the short term residential rental intermediary license or activities conducted pursuant to that license. Each policy of insurance shall: (i) be issued by an insurer authorized to insure in the State of Illinois; (ii) name the City of Chicago as an additional insured on a primary, noncontributory basis for any liability arising directly or indirectly from the issuance of the license; (iii) be maintained in full force and effect for the duration of the license period; and (iv) include a provision requiring 30 days' advance notice to the commissioner prior to cancellation or lapse of the policy;
- (2) provide commercial general liability insurance, with limits of not less than \$1,000,000 per occurrence for bodily injury, personal injury and property damage arising in any way from activities conducted pursuant to a registration or issuance of license for a short term residential rental. Such insurance shall cover any bodily injury, personal injury or property damage sustained by any guest arising in any way from activities related to the rental of the short term residential rental. Each policy of insurance provided shall have policy limits as set forth in this subsection that apply separately for each short term residential rental, and if the policy has an aggregate limit, the aggregate limit shall apply separately to each short term

residential rental. Each policy of insurance shall: (i) be issued by an insurer authorized to insure in the State of Illinois; (ii) be maintained in full force and effect for as long as the short term residential rental is registered or licensed, whichever is applicable; and (iii) include a provision requiring 30 days' advance notice to the commissioner and the short term rental provider prior to cancellation or lapse of the policy;

(3) include on its platform the name of, and contact information for, the licensee's local contact person;

(4) comply with all applicable federal, state and local laws and regulations regarding collection and payment of taxes, including hotel accommodation taxes; and

(5) do not list, or permit any person to list, any short term residential rental on its platform, unless the licensee has:

(A) ascertained whether a short term residential rental provider is licensed under Section 4-6-290 or Section 4-6-300, or registered under Section 4-9-020, whichever is applicable. All listings for short term residential rentals shall include the short term residential rental provider's city license or registration number, as applicable. The licensee and short term residential rental provider shall be jointly and severally liable for any rental of a short term residential rental listed on the licensee's platform which is not properly licensed or registered with the City;

(B) advised the provider that the provider must comply with all existing applicable rental agreements, or homeowners association or cooperative building rules or restrictions, regarding the rental for transient occupancy of the short term residential rental;

(C) advised the short term residential rental provider that every listing shall include the following information:

- (i) the short term residential rental provider's cancellation and check-in and check-out policies;
- (ii) a statement on: (1) on whether the short term residential rental is wheelchair or ADA accessible; (2) whether the short term residential rental has any parking availability or restrictions; and (3) the availability of, or restrictions on, the use of any recreational facilities or other amenities applicable to guests;
- (iii) a description of the short term residential rental, including the number of sleeping rooms and bathrooms, and whether the entire dwelling unit, or only a portion thereof, is available for rent; and
- (iv) the short term residential rental provider's city license or registration number.

(e) *Monitoring complaints.* The licensee shall monitor complaints from guests or local residents regarding nuisance activity in, or sanitary, health or life safety conditions of, a

short term residential rental. Such complaints shall be made available to the commissioner upon request.

The licensee shall immediately notify and cooperate with the police department if the licensee knows or suspects that any criminal activity or public nuisance is taking place in the short term residential rental.

(f) *Records and Reports.* The licensee shall keep accurate books and records and maintain such books and records for a period of three years.

Each licensee shall provide reports and data to the City as provided by the commissioner in rules.

(g) *Registration information.* All registration information for a shared housing unit registration under chapter 4-9 of this code made on a licensee's platform shall be forwarded to the commissioner as prescribed in rules. Prior to forwarding such information to the commissioner, the licensee shall ensure that all registration information required to be submitted by a shared housing host is complete.

(h) *Prohibited Acts.* It shall be unlawful for any person engaged in the business of short term residential rental intermediary to list on its platform any shared housing unit:

- (1) when the data on its platform indicate that the number of nights that the shared housing unit has been rented by guests exceeds 90 nights in a calendar year;
- (2) that: (i) rents, or offers to rent, any shared housing unit, or any portion thereof, by the hour or for any period of fewer than ten consecutive hours; (ii) rents, or offers to rent, any shared housing unit, or any portion thereof, more than once within any consecutive ten hour period measured from the commencement of one rental to the commencement of the next; (iii) advertises an hourly rate or any other rate for any shared housing unit, or any portion thereof, based on a rental period of fewer than ten consecutive hours; or (iv) rents, or offers for rent, a shared housing unit for multiple bookings or rentals for the same or overlapping time periods.

(i) *Ineligibility for listing.* A short term residential rental shall be ineligible for listing on a licensee's platform under the following conditions:

- (1) (A) when, in the determination of the commissioner, the rental of the short term residential rental creates a nuisance because, within any consecutive 12-month period, at least three separate incidents involving illegal acts, as that term is defined in Section 4-4-313(h), occurred: (i) in the short term residential rental; (ii) in or on the premises in which the short term residential rental is located; (iii) in the short term residential rental's parking facility, or (iv) on adjacent property. For purposes of determining whether three or more illegal acts occurred during a 12-month period, illegal acts occurring shall be limited to acts of the guests, or of

invitees of the guests, or to acts otherwise involving circumstances having a nexus to the operation of the short term residential rental while rented to a guest;

- (B) a short term residential rental is listed on, or located in a building that is listed on, the city's Building Code Scofflaw List or Problem Landlord List pursuant to Section 2-92-416;
- (C) a shared housing unit has been rented in excess of 90 nights in a calendar year; or
- (D) a short term residential rental was found to be in violation of any applicable licensing or registration chapter of this Code, and the condition that gave rise to the violation has not been corrected.

(2) The commissioner shall prepare and maintain a list of all short term residential rentals that are ineligible to be listed on a short term residential rental intermediary's platform. The list shall be made available by the commissioner to all licensed short term residential rental intermediaries in a form and manner prescribed by the commissioner.

(3) Upon determining that a short term residential rental is ineligible under this subsection to be listed, the commissioner shall notify the short term residential rental provider, in writing, of such fact and of the basis for the determination of ineligibility. Such notice shall include a statement informing the short term residential rental provider that such provider may, within 10 days of the date on which the notice was sent, request, in a form and manner prescribed by the commissioner in rules, a hearing before the commissioner to contest the determination of ineligibility for listing. The notice shall also advise the short term residential rental provider that the provider is entitled to present to the commissioner any document, including affidavits, related to the commissioner's determination. If requested, a hearing before the commissioner shall be held within 10 business days of receipt of such request. Within 60 days of the hearing the commissioner shall either affirm or reverse such determination based upon the evidence presented. The commissioner's decision shall be final and may be appealed in the manner provided by law. If a short term rental provider fails to request a hearing within the prescribed time, the short term residential rental shall be deemed to be ineligible to be listed on the platform.

(4) It shall be a violation of this subsection for any licensee to list, or permit to be listed, on its platform any short term residential rental that has been determined to be ineligible to be listed on such platform pursuant to this subsection.

(j) *Departmental duties.* The commissioner shall maintain a list, by address, of all short term residential rentals currently licensed or registered under the applicable provisions of this Code.

(k) *Rules.* The commissioner is authorized to promulgate rules necessary to implement this section.

(l) *Penalty.* In addition to any other penalty provided by law, any person who violates this section or any rule promulgated thereunder shall be subject to a fine of not less than \$1,500.00 nor more than \$3,000.00 for each offense, or incarceration for a period not to

exceed six months, or both. Each day that a violation continues shall constitute a separate and distinct offense.

SECTION 8. Title 4 of the Municipal Code of Chicago is hereby amended by adding a new chapter 4-9, sections 4-9-010 through and including 4-9-090, as follows:

Chapter 4-9 SHARED HOUSING UNITS.

4-9-010 Shared housing host.

For purposes of this chapter, the following definitions shall apply:

"Board of directors" has the meaning ascribed to the term in Section 4-6-300.

"Homeowners association" has the meaning ascribed to that term in Section 4-6-300.

"Guest" means a person who rents a shared housing unit for transient occupancy. The term "guest" does not include members of the owner's or tenant's household, as that term is defined in Section 17-17-0270.

"Local contact person" means a person authorized as an agent of the shared housing host who: (1) is designated for service of process; (2) is authorized by the short term residential rental host to take remedial action and to respond to any violation of this Code; and (3) maintains a residence or office located in the city.

"Permanent Occupancy" has the meaning ascribed to that term in Section 4-6-290.

"Rental Agreement" has the meaning ascribed to that term in Section 5-4-030.

"Shared housing unit" means a dwelling unit containing 6 or fewer sleeping rooms and that is, or any portion therein is, rented for 90 nights or less within a calendar year for transient occupancy by guests. The term "shared housing unit" shall not include: (1) single-room occupancy buildings; (2) hotels, as that term is defined in Section 4-6-180; (3) corporate housing; or (4) bed-and-breakfast establishments or vacation rentals licensed or required to be licensed by the city. For purposes of this definition, (i) "corporate housing" means a dwelling unit owned or leased by a business entity that is available for rent for transient occupancy solely by the business entity's officers, employees, family members of the officers or employees, consultants, vendors or contractors; and (ii) "family members" means an officer's or employee's (i) mother, father, spouse, brother or sister (including blood, step or half), son or daughter (including blood, step or half), father-in-law, mother-in-law, daughter-in-law, son-in-law, brother-in-law, sister-in-law, grandparents or grandchildren; (ii) court-appointed legal guardian or person for whom the employee or officer is a court-appointed legal guardian; or (iii) domestic partner or the domestic partner's mother, father, brother or sister (including blood, step, or half), or son or daughter (including blood, step or half).

"Shared housing host" means an owner or tenant of a shared housing unit who rents such unit to guests.

"Tenant" means a person who has a rental agreement for a dwelling unit in which the rental payments are paid on a monthly basis for permanent occupancy of the dwelling unit.

"Transient Occupancy" has the meaning ascribed to that term in Section 4-6-290.

4-9-020 Shared housing unit registration-required.

(a) No dwelling unit shall be rented as a shared housing unit until the owner or tenant of the dwelling unit registers such unit with the department, in a form and manner prescribed by the commissioner. The registration shall include such pertinent information reasonably required by the commissioner, as provided in rules.

(b) In addition to the information required by subsection (a), the registration shall include an attestation by the shared housing host that:

(1) the shared housing host has a local contact person who: (i) is designated for service of process; (ii) is authorized by the shared housing host to take remedial action and to respond to any violation of this Code; and (iii) maintains a residence or office located in the city;

(2) if the shared housing unit is subject to restrictions imposed by a homeowners association or board of directors, the homeowners association or board of directors has approved the dwelling unit for use as a shared housing unit;

(3) if the shared housing unit is subject to a rental agreement, the owner has approved the dwelling unit for use as a shared housing unit; and

(4) the shared housing unit will not be rented for more than 90 nights in any calendar year, unless the host obtains a vacation rental or bed and breakfast license, whichever is applicable.

(c) The registration application shall include a zoning review, as provided by the commissioner in rules, to ensure that the location of the shared housing unit is in compliance with the Zoning Code.

(d) The commissioner shall assign a unique registration number to each registered shared housing unit.

(e) After the initial registration, the shared housing unit's registration shall be renewed annually thereafter in a manner prescribed by the commissioner in rules. The registration for a shared housing unit transferred to a new shared housing host shall be reviewed in a manner prescribed by the commissioner in rules.

(f) When in the determination of the commissioner, a shared housing unit fails to meet eligibility requirements for registration or renewal of registration, the commissioner shall notify the shared housing host, in writing, of such fact and of the basis for such indication of ineligibility. Such notice shall include a statement informing the shared housing host that the shared housing host may, within 10 days of the date on which the notice was sent, request, in a form and manner prescribed by the commissioner in rules, a hearing before the commissioner to review the determination of ineligibility for registration under Chapter 4-9 of this Code. The notice shall also advise that such shared housing host is entitled to present to the commissioner any document, including affidavits, related to the shared housing unit's eligibility. If requested, a hearing before the commissioner shall be held within 10 business days of receipt of such request. Within 60 days of the hearing the commissioner shall make a determination of the shared housing unit's eligibility based upon the evidence presented. The commissioner's

decision shall be final and may be appealed in the manner provided by law. If a shared housing host fails to request a hearing within the prescribed time, the shared housing unit shall be deemed ineligible for registration.

4-9-030 Registration – Eligibility.

Any shared housing unit that is listed on, or is located in a building that is listed on, the city's Building Code Scofflaw List or Problem Landlord List pursuant to Section 2-92-416 shall not be eligible to be registered with the department.

4-9-040 Limitation on the number of nights a shared housing unit can be rented.

(a) No shared housing unit shall be rented to guests for a total of more than 90 nights within a calendar year. The 90-night restriction shall apply to the shared housing unit, regardless of whether the shared housing unit is transferred to a new shared housing host during the calendar year.

(b) For purposes of determining the number of nights that a shared housing unit has been rented in a calendar year, the following requirements shall apply:

- (1) every night a guest stays overnight shall be counted as one night; and
- (2) if a guest checks-in and checks-out on the same day, such day shall be counted as one night.

4-9-050 Operating requirements.

- (a) Each shared housing host shall:
 - (1) provide guests with soap, clean individual bath cloths and towels, and clean linen. All linens, bath cloths and towels shall be kept in good repair and changed between guests;
 - (2) clean and sanitize the shared housing unit and all dishes, utensils, pots, pans and other cooking utensils between guests, and dispose of all food, beverages and alcohol left by the previous guests;
 - (3) immediately notify and cooperate with the police department if a shared housing host knows or suspects that any criminal activity or public nuisance is taking place in the shared housing unit. If the local contact person is a person other than the licensee, the local contact person shall also immediately notify and cooperate with the police department if the local contact person knows or suspects that any criminal activity or public nuisance is taking place in the shared housing unit;
 - (4) ensure that the shared housing unit's registration number is conspicuously displayed in every advertisement of any type in connection with the rental of the shared housing unit. Failure to comply with this requirement shall create a rebuttable presumption that the shared housing unit is being operated without the proper registration;
 - (5) ensure that the shared housing unit is in compliance with applicable laws regarding the installation and maintenance of functioning smoke and carbon monoxide detectors; and
 - (6) post in a conspicuous place near the entrance of the shared housing unit:
 - (i) the name and telephone number of the local contact person; and
 - (ii) an evacuation diagram

identifying all means of egress from the shared housing unit and the building in which it is located.

(b) All bookings for the rental of a shared housing unit by a guest shall be made using a platform provided by a short term residential rental intermediary licensed under section 4-6-400.

4-9-060 Unlawful acts.

It shall be unlawful for any shared housing host to:

(a) permit any criminal activity or public nuisance to take place within the shared housing unit;

(b) exceed the maximum occupancy limit of no more than one person per 125 feet of floor area of the shared housing unit. The occupancy limitation set forth in this subsection is the absolute maximum limitation. The actual allowed capacity shall be based on the applicable provisions of the building code;

(c) misrepresent any material fact regarding the shared housing on any listing;

(d) serve or otherwise provide alcohol to any guest, or invitees of a guest, under the age of 21 years; or

(e) (1) rent any shared housing unit, or any portion thereof, by the hour or for any period of fewer than ten consecutive hours; or

(2) rent any shared housing unit, or any portion thereof, more than once within any consecutive ten hour period measured from the commencement of one rental to the commencement of the next; or

(3) advertise an hourly rate or any other rate for any shared housing unit, or any portion thereof, based on a rental period of fewer than ten consecutive hours; or

(4) allow multiple bookings or rentals of any shared housing unit for the same or overlapping time periods.

4-9-070 Rules.

The commissioner is authorized to promulgate rules necessary to implement this chapter.

4-9-080 Registration- suspension or revocation.

(a) In addition to any other fine or penalty provided, a registration under this chapter may be suspended or revoked by the commissioner for a violation of this chapter. No registration shall be revoked or suspended except in accordance with subsection (c); provided, however, that if the commissioner has good cause to believe that continued rental of a shared housing unit causes an imminent threat to public health, safety or welfare, the commissioner may, upon issuance of a written order stating the reason for such conclusion and without notice or hearing, suspend or revoke the shared housing unit's registration and prohibit the shared housing host from renting the shared housing unit to guests for a period of time not to exceed ten calendar days; provided, however, that the shared housing host shall be afforded an

opportunity to be heard during such period. If the shared housing host fails to request a hearing with the prescribed time, the shared housing unit's registration shall be deemed revoked.

(b) In addition to any other applicable reason, a shared housing unit registration may be revoked or suspended in accordance with this section when:

(1) in the determination of the commissioner, the rental of the shared housing unit creates a nuisance because, within any consecutive 12-month period, at least three separate incidents involving illegal acts, as that term is defined in Section 4-4-313(h), occurred: (i) in the shared housing unit; (ii) in or on the premises in which the shared housing unit is located; (iii) in the shared housing unit's parking facility, or (iv) on adjacent property. For purposes of determining whether three or more illegal acts occurred during a 12-month period, illegal acts occurring shall be limited to acts of the guests, or of invitees of the guests, or to acts otherwise involving circumstances having a nexus to the operation of the shared housing unit while rented to a guest;

(2) a shared housing unit is listed on, or located in a building that is listed on, the city's Building Code Scofflaw List or Problem Landlord List pursuant to Section 2-92-416;

(3) a shared housing unit has been rented in excess of 90 nights in a calendar year; or

(4) the commissioner determines that the continued rental of a shared housing unit poses a threat to the public health, safety or welfare.

(c) Upon determining that a shared housing unit's registration is subject to suspension or revocation under this section, the commissioner shall notify the shared housing host, in writing, of such fact and of the basis for the suspension or revocation of the registration. Such notice shall include a statement informing the shared housing host that the shared housing host may, within 10 days of the date on which the notice was sent, request, in a form and manner prescribed by the commissioner in rules, a hearing before the commissioner to contest the suspension or revocation. The notice shall also advise the shared housing host that the shared housing host is entitled to present to the commissioner any document, including affidavits, related to the commissioner's determination for suspension or revocation. If requested, a hearing before the commissioner shall be held within 10 business days of receipt of such request. Within 60 days of the hearing the commissioner shall either affirm or reverse such determination based upon the evidence presented. The commissioner's decision shall be final and may be appealed in the manner provided by law. If a shared housing host fails to request a hearing within the prescribed time, the shared housing unit registration shall be deemed suspended or revoked.

4-9-090 Violations-Penalties.

In addition to any other penalty provided by law, any person who violates any provision of this chapter or any rule promulgated thereunder shall be subject to a fine of not less than \$1,500.00 nor more than \$3,000.00 for each offense, or incarceration for a period not to exceed six months, or both. Each day that a violation continues shall constitute a separate and distinct offense.

SECTION 9. Section 17-2-0207 of the Municipal Code of Chicago is hereby amended by inserting the language underscored, as follows:

17-2-0207 Use Table and Standards.

USE GROUP		Zoning Districts								Use Standard	Parking Standard
Use Category		RS	RS	RS	RT	RT	RM	RM	RM		
	Specific Use Type	1	2	3	3.5	4	4.5	5-5.5	6-6.5		
P= permitted by-right S = special use approval req'd PD = planned development approval req'd - = Not allowed (Omitted text is unaffected by this ordinance)											

P. Lodging											
1.	Bed and Breakfast	-	-	-	-	P	P	P	P	§ 17-9-0103	§ 17-10-0207-S
2.	Vacation Rental	-	-	-	-	-	S	S	S		
3.	<u>Shared Housing Unit</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>		

SECTION 10. Section 17-3-0207 of the Municipal Code of Chicago is hereby amended by adding the language underscored, as follows:

17-3-0207 Use Table and Standards.

USE GROUP		Zoning Districts						Use Standard	Parking Standard
Use Category		B1	B2	B3	C1	C2	C3		
	<u>Specific Use Type</u>								
P= permitted by-right S = special use approval required PD = planned development approval required - = Not allowed (Omitted text is unaffected by this ordinance)									

II. Lodging									
1.	Bed and Breakfast	P	P	P	P	P	-	§ 17-9-0103	§ 17-10-0207-S
2.	Hotel/Motel	-	-	S	S	S	S		§ 17-10-0207-S
3.	Vacation Rental	P	P	P	P	P	-		
4.	<u>Shared Housing Unit</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>-</u>		

SECTION 11. Section 17-4-0207 of the Municipal Code of Chicago is hereby amended by inserting the language underscored, as follows:

17-4-0207 Use Table and Standards.

USE GROUP		Zoning Districts				Use Standard	Parking Standard
Use Category		DC	DX	DR	DS		
	Specific Use Type						
P= permitted by-right S = special use approval required PD = planned development approval required - = Not allowed							

(Omitted text is unaffected by this ordinance)

II. Lodging							
1.	Bed and Breakfast	P	P	P	P	§ 17-9-0103	§ 17-10-0208
2.	Hotel/Motel	P	P	-	P		§ 17-10-0208
3.	Vacation Rental	S	S	S	S		
4.	<u>Shared Housing Unit</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>-</u>		

SECTION 12. Section 17-17-0104-S of the Municipal Code of Chicago is hereby amended by inserting the language underscored, as follows:

17-17-0104-S Lodging. Provision of lodging services on a temporary basis with incidental food, drink, and other sales and services intended for the convenience of guests. The following are lodging use types:

(Omitted text is unaffected by this ordinance)

4. "Shared housing unit" means a dwelling unit located within the city that contains 6 or fewer sleeping rooms and is, or any portion therein is, rented for 90 nights or less within a calendar year for transient occupancy by guests. The 90-night restriction applies to the shared housing unit, regardless of whether the shared housing unit is transferred to a new shared housing host. The calculation of the number of allowable nights shall be as set forth section 4-9-040. The term "shared housing unit" shall not include: (1) single-room occupancy buildings; (2) hotels, as that term is defined in Section 4-6-180; (3) corporate housing; or (4) bed-and-breakfast establishments or vacation rentals licensed or required to be licensed by the city. For purposes of this definition:

(i) "Corporate housing" means a dwelling unit owned or leased by a business entity that is available for rent for transient occupancy solely by the business entity's officers, employees, family members of the officers or employees, consultants, vendors or contractors;

(ii) "Family members" means an officer's or employee's (i) mother, father, spouse, brother or sister (including blood, step or half), son or daughter (including blood, step or half), father-in-law, mother-in-law, daughter-in-law, son-in-law, brother-in-law, sister-in-law, grandparents or grandchildren; (ii) court-appointed legal guardian or a person for whom the employee or officer is a court-appointed legal guardian; or (iii) domestic partner or the domestic partner's mother, father, brother or sister (including blood, step, or half), or son or daughter (including blood, step or half);

(iii) "Guest," "shared housing host," and "transient occupancy" have the meaning ascribed to those words in section 4-9-010.

SECTION 13. Section 3-24-030 of Section 1 of this ordinance shall take effect on July 1, 2016, the remainder of this ordinance shall be in full force and effect 120 days after its passage and publication.