

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 the language underscored and by deleting the language struck through, 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 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 that term is defined in section 4-207-010, dormitory or place, where sleeping, rooming, office, conference or exhibition accommodations are furnished for lease or rent, whether with or without meals, in which building or structure seven or more such accommodations are licensed or required to be licensed to be used or maintained for guests, lodgers or roomers. The term "hotel accommodations" shall not include: (i) an accommodation, which a ~~person~~ tenant or lessee occupies, or has the right to occupy, as his domicile and permanent residence; or (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.

(omitted text is unaffected by this ordinance)

3-24-050 Hotel to secure tax from tenant.

The tax herein levied shall be secured by the hotel accommodations owner, manager or operator from the lessee or tenant when collecting the price, charge or rent to which it applies. Every lessee or tenant shall be given a bill, invoice, receipt or other statement or memorandum of the price, charge or rent payable upon which the hotel accommodations tax shall be stated, charged and shown separately. The hotel accommodations tax shall be paid to the person required to collect it as trustee for and on behalf of the City of Chicago.

SECTION 2: Section 4-5-010 of the Municipal Code of Chicago is hereby amended by adding the language underscored, as follows:

4-5-010 Establishment of license fees.

(omitted text is unaffected by this ordinance)

(84) Vacation rental.....\$500.00

(omitted text is unaffected by this ordinance)

SECTION 3: Title 4 of the Municipal Code of Chicago is hereby amended by adding a new

chapter 4-207, as follows:

4-207-010 Definitions

For purposes of this chapter:

“Applicant” means a person; or any partner, if a general partnership; any general partner, if a limited partnership; any principal officer, if a corporation; any managing member, if a limited liability company; or any owner of 5% or more of the applicant.

“Board of directors” means the board of directors of a cooperative building.

“Cooperative building” is a multiple-dwelling complex owned by a cooperative corporation, stock in which affords the owner thereof the right to possess or occupy a particular cooperative allocated to that stock within the complex. This right of possession or occupancy is granted through a proprietary lease or similar arrangement, and, unlike the owner of a condominium, the owner of the cooperative stock does not hold legal title to his or her individual cooperative.

“Cooperative” is an individual dwelling unit within cooperative building

“Department” means the department of business affairs and licensing.

“Director” means the director of business affairs and licensing.

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

“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.

“Local contact person” means a home owners association, board of directors, local property manager or other person authorized as an agent of the owner who: (1) is designated for service of process; (2) is authorized by the owner to take remedial action and respond to any violation of this code; and (3) maintains a residence or office located in the city.

“Owner-occupied” means a dwelling unit that a person owning 25 percent or more of the interest in the dwelling unit resides in as his or her domicile or permanent place of residence; provided that a dwelling unit for which an owner (i) is absent from the establishment overnight or for any longer period of time not to exceed 120 days within a 12-month period; or (ii) is on active military duty for any length of time; and (iii) appoints a designated agent or employee to manage, control and reside in the establishment during the owner’s absence is considered owner-occupied.

“Transient occupancy” means any occupancy on a daily or nightly basis, or any part thereof, for a period of 31 or fewer consecutive days.

“Time share” means the right to use and occupy a dwelling unit on a recurrent periodic basis according to an arrangement allocating this right among various owners whether or not there is an additional charge to the owner for occupying the unit.

“Vacation rental” means a dwelling unit that is: (1) a time share; or (2) not owner-occupied 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 family within the meaning of the Chicago Zoning Code; nor does it include persons who have signed a lease to use and occupy the dwelling unit unless the leased dwelling unit is held out by its owner, or by any person acting on the owner’s behalf, to be a vacation rental. The term “vacation rental” shall not include: (1) single-room occupancy buildings or bed-and-breakfast establishments, as those terms are defined in section 13-4-010; or (2) hotels, as that term is defined in section 4-208-010 of this code.

4-207-020 License Required.

No owner of a dwelling unit shall rent or lease the dwelling unit as a vacation rental without first having obtained a vacation rental license. A separate license is required for each dwelling unit used as a vacation rental. A licensee under this chapter shall not be required to obtain any other city license to conduct the activities described in this chapter.

The license shall be valid only to the person to whom it was issued and it shall not be subject to sale, assignment, or transfer, voluntary or involuntary, nor shall the license be valid for any premises other than that for which it was originally issued.

The license shall be displayed in a conspicuous place in the vacation rental.

4-207-030 License Application Investigation.

(a) An application for a license required pursuant to this chapter shall be made in conformity with the general requirements of Chapter 4-4 of the Municipal Code relating to applications for licenses. The application shall include the location of the vacation rental, the total number of sleeping rooms, a statement indicating ownership of the vacation rental, the name and address of a local contact person, and other information that may be required by the department.

(b) The building department shall inspect the vacation rental before the initial license is issued, and thereafter once every two years, upon renewal of the license to determine whether the vacation rental complies with all applicable requirements of this code.

(c) The application shall include the name, address, and contact information for a local contact person and attached to the application shall be an affidavit from the local contact person attesting that the person (1) is designated for service of process; (2) is authorized by the owner to take remedial action and respond to any violation of this code; and (3) maintains a residence or office located in the city.

(d) If applicable, attached to each application shall be an affidavit executed by a duly authorized representative of the homeowners association or the board of directors which attests that: (i) the homeowners association or board of directors has approved the dwelling unit to be used as a vacation rental and specifically identifies all the other dwelling units approved to be used as vacation rentals; and (ii) the bylaws are in compliance with subsection 4-207-060 (g) of this chapter.

(e) As a condition of the license, the licensee shall keep all information current. Any change in required information shall be reported to the department within 30 days after the change.

4-207-040 License Fee.

The fee, payable every two years, for a vacation rental license shall be as set forth in Section 4-5-010.

4-207-050 License renewal.

All licenses issued under this chapter shall be renewed in accordance with Chapter 4-4 of this Code.

4-207-060 License denial or revocation.

A license or a renewal of a license shall be denied or revoked for any of the following reasons:

- (a) The applicant does not own the vacation rental;
- (b) The applicant's license under this chapter has been revoked for cause within two years of the date of the application;
- (c) A license issued under this chapter for a vacation rental for that dwelling unit has been revoked for cause within two years of the date of application;
- (d) The applicant makes any false, misleading or fraudulent statement or misrepresents any fact in the license application, or uses any scheme or subterfuge for the purpose of evading any provision of this chapter.
- (e) The applicant is a corporation, general partnership, limited partnership or limited liability company and has a partner, general partner, principal officer, managing member, or owner of the applicant who would not be eligible to receive a license under this section.
- (f) Failure of the homeowners association or board of directors to adopt bylaws which:
 - (1) approve the use of the premises for vacation rentals;
 - (2) restrict the number of dwelling units that may be licensed as vacation rentals to 6 or less and specifically identifies those units;
 - (3) authorize the homeowners association or the board of directors to act as the local contact person for the owner of the vacation rental; and
 - (4) authorize access by city officials to the common areas.

4-207-070 Insurance required.

Prior to the issuance of any license under this chapter, each applicant shall furnish a certificate of insurance evidencing: (1) homeowner's fire, hazard and liability insurance; and (2) general commercial liability insurance with limits of not less than \$1,000,000.00 per occurrence, combined single limit, for bodily injury, personal injury, and property damage arising in any way from the issuance of the license or activities conducted pursuant to the license.

The licensee shall maintain the insurance required under this section in full force and effect for the duration of the licensed period.

4-207-080 Standard of operation

(a) No licensee shall: (i) rent or lease any vacation rental by the hour or for any period of fewer than ten consecutive hours; (ii) rent or lease any vacation rental more than once within any consecutive ten hour period measured from the commencement of one rental to the commencement of the next; or (iii) advertise an hourly rate or any other rate for a vacation rental

based on a rental period of fewer than ten consecutive hours.

(b) The licensee shall maintain current guest registration records which contain the following information about each guest: the guest's name, address, signature, and dates of accommodation. The registration records shall be kept on file for three years and made available for inspection by city officials during regular business hours or in the case of an emergency.

(c) No licensee shall permit any criminal activity or public nuisance to take place in the vacation rental. If a licensee knows or suspects that any criminal activity or public nuisance is taking place in the vacation rental, that person shall immediately notify and cooperate with the Chicago Police Department.

(d) The maximum number of guests in a vacation rental shall be no more than one person per 125 feet of floor area of the dwelling unit for which the license is issued. The occupancy limitations set forth in this subsection are absolute maximums, and the actual allowed capacity shall be based on the applicable provisions of the building code.

(e) Every licensee shall print its license number in every advertisement for the vacation rental placed by or on behalf of the owner, and on every application for a building permit.

(f) No licensee shall serve or otherwise provide alcohol to any guest.

(g) Each guest shall be provided individual soap, clean individual bath cloths and towels, and clean linen in good repair. Linens and bath cloths and towels shall be changed between guests.

(h) The vacation rental shall be cleaned and sanitized between guests and all food, beverages and alcohol shall be thrown out. All dishes, utensils, pots, pans and other cooking utensils shall be cleaned and sanitized between guests.

(i) The vacation rental license shall be posted in a conspicuous place near the entrance of the vacation rental.

(j) An evacuation diagram identifying all means of egress from the vacation rental and the building in which it is located shall be posted in a conspicuous place on the inside entrance door of each vacation rental.

4-207-090 Regulations

The director shall have the authority to promulgate rules and regulations necessary to implement the requirements of this chapter.

4-207-100 Hotel accommodations tax

Pursuant to Chapter 3-24, the rental or leasing of vacation rentals shall be subject to the hotel accommodations tax. Every owner, manager or operator of a vacation rental shall comply with the requirements of chapter 3-24.

4-207-110 False Statements

Any person who knowingly makes a false statement of material fact on any vacation rental application or affidavit required to be submitted with the application shall be subject to the provisions of Section 1-21-010 of the Municipal Code.

4-207-120 Violations

Any person who violates any provision of this chapter, or any rule or regulation promulgated hereunder, shall be subject to a fine of not less than \$500.00 nor more than \$1,000.00 per violation, or shall be subject to license suspension or revocation, or both. Each day that such violation exists shall constitute a separate and distinct offense.

All the vacation rental licenses located in a building are subject to revocation if the building contains more than 6 licensed vacation rentals.

In addition to any other penalty provided for in this section, any person who operates a vacation rental without a license issued under this chapter may be subject to incarceration for a period not to exceed six months.

SECTION 4: Section 4-208-010 of the Municipal Code of Chicago is hereby amended by adding the language underscored, as follows:

4-208-010 Hotel defined.

Every 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 place where sleeping or rooming accommodations are furnished for hire or rent, whether with or without meals, in which seven or more sleeping rooms are used or maintained for the accommodation of guests, lodgers or roomers, shall, for purposes of this chapter, be defined as a hotel. A "hotel" shall also include any building in which 7 or more dwelling units, as that term is defined in section 17-17-0248, are rented or leased as vacation rentals, as that term is defined in section 4-207-010. The term shall not include single-room occupancy buildings or bed-and-breakfast establishments as defined in section 13-4-010.

SECTION 5: Chapter 4-210 of the Municipal Code of Chicago is hereby amended by adding the language underscored and by deleting the language struck through, as follows:

4-210-010 Definitions.

For purposes of this chapter:

(omitted text is unaffected by this ordinance)

"Bed-and-breakfast establishment" or "establishment" means any building or structure or portion thereof in which 11 or fewer sleeping rooms are available for rent or for hire for transient occupancy by guests 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. 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.