



City of Chicago



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Office of the City Clerk

Document Tracking Sheet

Meeting Date:	9/21/2022
Sponsor(s):	Tabares (23)
Type:	Ordinance
Title:	Amendment of Municipal Code Title 4 to further regulate vacation rentals and shared housing units
Committee(s) Assignment:	Committee on License and Consumer Protection

ORDINANCE

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

SECTION 1. Section 4-6-300 of the Municipal Code of Chicago is hereby amended by inserting the language underscored, and by deleting the language struck through, as follows:

4-6-300 Vacation Rentals.

(Omitted text unaffected by this ordinance)

(b-5) Additional Issuance and Renewal Procedures. In addition to the issuance and renewal procedures under Chapter 4-4, each application for, and, if requested, a renewal of, a license under this Section shall be subject to the following additional review procedures:

(1) Review of prohibited building list – Required. Prior to issuing any license or renewal under this Section, the Commissioner shall review the prohibited buildings list maintained by the Commissioner pursuant to Section 4-13-270(c) to ensure that the vacation rental is not located at an address identified on that list.

(2) Review of restricted residential zone list – Required. Prior to issuing any license or renewal under this Section, the Commissioner shall review the list of current restricted residential zones maintained by the City Clerk pursuant to Section 4-17-060 to ensure that the vacation rental is not located in a restricted residential zone.

(3) Review by Alderman and Police Department – Required. Prior to issuing any license or renewal under this Section, the Commissioner shall forward the application to the alderman of the ward in which the shared housing unit is located and the commander of the Police District in which the vacation rental is located for information regarding whether the vacation rental has created a nuisance within the meaning of Section 4-13-260(a)(1), or has been the situs of an egregious condition.

(c) License issuance and renewal – Prohibited when. No regulated business license to engage in the business of vacation rental shall be issued to the following persons:

(Omitted text unaffected by this ordinance)

(12) any applicant or licensee, as applicable, whose vacation rental is located in a restricted residential zone, ~~unless such vacation rental was a lawfully established use within the meaning of Section 4-17-070 as of the effective date of the ordinance establishing such restricted residential zone.~~

(Omitted text unaffected by this ordinance)

(e) Department duties – Inspections.

(Omitted text unaffected by this ordinance)

(3) The Superintendent of Police shall, when making a report relative to criminal activity on or immediately adjacent to a vacation rental licensed under this Section: (1) conduct an

investigation to determine whether any nuisance within the meaning of Section 4-13-260(a)(1) occurred at the vacation rental or on immediately adjacent property; and (2) prepare a written investigative report summarizing the findings of such investigation and recommending appropriate legal and administrative action which may be taken in response to such nuisance, including, but not limited to, license suspension or revocation; and (3) transmit the investigative report, within 48 hours of the incident identified in the police report, to the Commissioner of Business Affairs and Consumer Protection and Corporation Counsel for further action as warranted. Upon request by the alderman of the ward in which the vacation rental is located, the Corporation Counsel shall make the report submitted pursuant to this subsection available to such alderman for review.

(Omitted text unaffected by this ordinance)

(g) *Prohibited acts.*

(Omitted text unaffected by this ordinance)

(4) *Nuisances – Illegal activity, objectionable conditions, egregious condition – Prohibited.*

(i) *Illegal activity and objectionable conditions.* It shall be unlawful for any licensee engaged in the business of vacation rental to permit any nuisance within the meaning of Section 4-13-260(a)(1) to take place within or having a nexus to the vacation rental. In addition to any other penalty provided by law, any person who violates this subsection (g)(4)(i) shall be subject to a fine of not less than \$2,500.00 nor more than \$5,000.00 for each offense related to objectionable conditions, and a fine of not less than \$5,000.00 nor more than \$10,000.00 for each offense related to illegal activity. Each day that a violation continues shall constitute a separate and distinct offense;

(Omitted text unaffected by this ordinance)

(8) *Restricted residential zones – Prohibited activity.* ~~Except as otherwise provided in Section 4-17-070, it~~ shall be unlawful for any person to advertise for rent, list on a platform, rent, or book for future rental, or to permit any other person to advertise for rent, list on a platform, rent, or book for future rental, any vacation rental that is located within a restricted residential zone. In addition to any other penalty provided by law, any person who violates this subsection (g)(8) shall be subject to a fine of not less than \$1,500.00 nor more than ~~\$5,000.00~~ \$5,000.00 for each offense. Each day that a violation continues shall constitute a separate and distinct offense.

(Omitted text unaffected by this ordinance)

SECTION 2. Section 4-13-220 of the Municipal Code of Chicago is hereby amended by inserting the language underscored, as follows:

4-13-220 Legal Duties.

(Omitted text unaffected by this ordinance)

(j) *Posting license and registration numbers on listings – Notification to providers – Required.*

(1) Each licensee under this Article II shall advise short term residential rental providers, by posting a notice in a conspicuous place on its platform or otherwise, that such providers are

required under the Code to: (i) obtain and keep current a valid registration or license number, as applicable, for the short term residential rental prior to advertising it for rent, listing it on the platform, renting it, or booking it for future rental; and (ii) post the applicable registration or license number on the platform as part of the provider's listing.

(Omitted text unaffected by this ordinance)

SECTION 3. Section 4-13-230 of the Municipal Code of Chicago is hereby amended by inserting the language underscored, and by deleting the language struck through, as follows:

4-13-230 Shared housing units – Registration of unit by provider with department required – Advertising, listing, renting, and booking for future rental prohibited when.

(a) *Shared housing hosts – Duties – Prohibited acts.* Prior to advertising for rent, listing on a platform, renting, or booking for future rental any shared housing unit or portion thereof, the shared housing host shall successfully register such unit with the Department ~~department~~ in accordance with Section 4-14-020, as evidenced by the assignment of a unique registration number to such unit by the Department ~~department~~. It shall be unlawful for any shared host to advertise for rent, list on a platform, rent, or book for future rental, any shared housing unit: (1) until such time that the Department ~~department~~ assigns a unique registration number to the shared housing unit; or (2) at any time while Department ~~department~~ approval of the registration is pending; ~~or~~ (3) without including the registration number on any advertisement, listing, rental agreement, or booking; or (4) if the shared housing unit registration has expired, becomes void, or has not been renewed. Any shared housing host who violates this subsection (a) shall be subject to the penalty set forth in Section 4-14-090(a).

(b) *Departmental duties.* Upon receipt of a registration application for a shared housing unit, the Department ~~department~~ shall determine whether the unit identified in the registration application is eligible for such registration under Section 4-14-030(a). If the Department ~~department~~ determines that the shared housing unit is eligible for registration, the Department ~~department~~ shall assign a unique registration number to the shared housing unit and shall notify the shared housing host of such fact. If the Department ~~department~~ determines that the shared housing unit is ineligible for registration under Section 4-13-260, the notification and hearing process set forth in Section 4-13-260(b) shall apply.

SECTION 4. Section 4-13-235 of the Municipal Code of Chicago is hereby amended by inserting the language underscored, and by deleting the language struck through, as follows:

4-13-235 Intermediaries – Prohibition on booking service transactions – Applicable when.

It shall be unlawful for any licensee under this Article II to process or complete any booking service transaction for any: (1) shared housing unit or portion thereof, unless such unit is properly registered under Chapter 4-14 of this Code, ~~has first been registered with the department within the meaning of Section 4-13-230(a)~~, or (2) vacation rental, bed-and-breakfast establishment or hotel, or any portion thereof, unless such establishment is properly licensed under Chapter 4-6 of this Code.

SECTION 5. Section 4-13-260 of the Municipal Code of Chicago is hereby amended by inserting the language underscored, and by deleting the language struck through, as follows:

4-13-260 Ineligibility – Listing on platform by a provider prohibited when.

(a) *Conditions of ineligibility for listing.* A short term residential rental shall be ineligible for registration with the Department ~~department~~ as a shared housing unit, and, if requested, a renewal of such registration, or for licensure as a bed-and-breakfast establishment or vacation rental, and shall not be listed by a provider on a platform, under the following conditions:

(Omitted text unaffected by this ordinance)

(11) ~~Shared housing unit or vacation rental is located in a restricted residential zone and was not a legally established use as of the effective date of the ordinance establishing such zone.~~ If the short term residential rental is a shared housing unit or vacation rental, when: ~~(i) such short term residential rental is located in a restricted residential zone, and (ii) such shared housing unit or vacation rental, as applicable, was not a legally established use within the meaning of Section 4-17-070 as of the effective date of the ordinance establishing such restricted residential zone; or~~

(Omitted text unaffected by this ordinance)

SECTION 6. Section 4-13-260 of the Municipal Code of Chicago is hereby amended by inserting the language underscored, as follows:

4-13-270 Departmental duties.

(Omitted text unaffected by this ordinance)

(e) *Duty to investigate.* The Superintendent of Police shall, when making a report relative to criminal activity on or immediately adjacent to a share housing unit: (1) conduct an investigation to determine whether any nuisance within the meaning of Section 4-13-260(a)(1) occurred at the shared housing unit or on immediately adjacent property; and (2) prepare a written investigative report summarizing the findings of such investigation and recommending appropriate legal and administrative action which may be taken in response to such nuisance, including, but not limited to, registration suspension or revocation; and (3) transmit the investigative report, within 48 hours of the incident identified in the police report, to the Commissioner and Corporation Counsel for further action as warranted. Upon request by the alderman of the ward in which the shared housing unit is located, the Corporation Counsel shall make the report submitted pursuant to this subsection available to such alderman for review.

SECTION 7. Section 4-13-325 of the Municipal Code of Chicago is hereby amended by inserting the language underscored, and by deleting the language struck through, as follows:

4-13-325 Advertising platforms – Prohibition on booking service transactions – When applicable.

It shall be unlawful for any licensee under this Article III to process or complete any booking service transaction for any: (1) vacation rental, bed-and-breakfast establishment or hotel, or any portion thereof, unless such establishment is properly licensed under Chapter 4-6 of this Code;

or (2) shared housing unit or portion thereof, unless such unit is properly registered under Chapter 4-14 of this Code ~~has first been registered with the department within the meaning of Section 4-13-230(a).~~

SECTION 8. Section 4-14-020 of the Municipal Code of Chicago is hereby amended by inserting the language underscored, and by deleting the language struck through, as follows:

4-14-020 Shared housing unit registration – Registration fee – Required.

(Omitted text unaffected by this ordinance)

(d) (1) Zoning review – Required. Each registration under this section shall include a zoning review to ensure that the location of the shared housing unit is in compliance with the Chicago Zoning Ordinance.

(2) Review of prohibited building list – Required. Each registration, and, if requested, a renewal of such registration, under this section shall include a review of the prohibited buildings list maintained by the Commissioner ~~commissioner~~ pursuant to Section 4-13-270(c) to ensure that the shared housing unit is not located at an address identified on that list.

(3) Review of restricted residential zone list – Required. Each registration, and, if requested, a renewal of such registration, under this section shall include a review of the list of current restricted residential zones maintained by the City Clerk ~~city clerk~~ pursuant to Section 4-17-060 to ensure that the shared housing unit is not located in a restricted residential zone, ~~unless the shared housing unit located within a restricted residential zone is a lawfully established use within such zone within the meaning of Section 4-17-070.~~

(4) Review by Alderman and Police Department – Required. Each registration, and, if requested, a renewal of such registration, under this section shall be forwarded by the Commissioner to the alderman of the ward in which the shared housing unit is located and the commander of the Police District in which the shared housing unit is located for information regarding whether the shared housing unit has created a nuisance, or has been the situs of an egregious condition.

(Omitted text unaffected by this ordinance)

(h) Annual review of registration – Required. After the initial registration of a shared housing unit is approved by the Department ~~department~~, the shared housing host may renew the shared housing unit's registration annually each year thereafter in a manner prescribed by the Commissioner ~~commissioner~~, unless the Commissioner ~~commissioner~~ determines that the unit is ineligible for registration under Section 4-13-260(a), in consultation with the alderman of the ward in which the shared housing unit is located and the commander of the Police District in which the shared housing unit is located, or that the unit is located within a restricted residential zone.

(Omitted text unaffected by this ordinance)

SECTION 9. Section 4-14-030 of the Municipal Code of Chicago is hereby amended by inserting the language underscored, as follows:

4-14-030 Failure to meet eligibility requirements for registration – Legal effect – Processes.

(a) *Eligibility for registration.* A dwelling unit shall not be eligible for registration with the ~~Department~~ department as a shared housing unit, or for renewal of such registration, if: (1) any of the conditions of ineligibility applicable to a short term residential rental, as set forth in Section 4-13-260(a), exist; or (2) the shared housing host identified on the registration application required under Section 4-14-020 has any outstanding debt to the City resulting from any unpaid fine incurred in connection with any violation of Chapter 4-14 of this Code, unless and until such debt is satisfied or otherwise resolved within the meaning of Section 2-32-094(a).

(b) *Failure to meet eligibility requirements – Notice and opportunity for a hearing.* When, in the determination of the ~~Commissioner~~ commissioner, a shared housing unit fails to meet the eligibility requirements for registration or renewal of registration, the ~~Commissioner~~ commissioner shall notify the shared housing host, in writing, of such fact and of the basis for such ineligibility. Such notice shall: (1) include a statement informing the shared housing host that the shared housing host may, within 10 calendar days of the date on which the notice is sent, request, in a form and manner prescribed by the ~~Commissioner~~ commissioner in rules, a hearing before the ~~Commissioner~~ commissioner to review the determination of ineligibility under Section 4-13-260(a) for registration; and (2) advise the shared housing host that such host is entitled to present to the ~~Commissioner~~ commissioner any document, including affidavits, related to the shared housing unit's eligibility. If requested, a hearing before the ~~Commissioner~~ commissioner shall commence within 10 business days of receipt of such request. Within 60 calendar days of completion of the hearing the ~~Commissioner~~ commissioner shall make a determination of the shared housing unit's eligibility based upon the evidence presented. The ~~Commissioner's~~ 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 ~~Commissioner's~~ commissioner's determination of ineligibility shall be final and the shared housing unit shall be deemed ineligible for registration.

(c) *Rental of ineligible units prohibited – Removal from platform required.* If, following a final determination of ineligibility under Section 4-13-260(b) or Section 4-14-030(b), the shared housing host is notified in writing by the ~~Commissioner~~ commissioner that a shared housing unit is ineligible to be listed on any platform, or upon the designation of a restricted residential zone for any shared housing units located within a restricted residential zone, the shared housing host shall: (i) remove the ineligible listing from any platform where it is listed; and (ii) not rent or allow any family member to rent the shared housing unit identified in such notice. In addition to any other penalty provided by law, any shared housing host who fails to comply with this subsection shall be fined \$5,000.00 for each offense. Each day that a violation continues shall constitute a separate and distinct offense.

SECTION 10. Section 4-14-050 of the Municipal Code of Chicago is hereby amended by inserting the language underscored, and by deleting the language struck through, as follows:

4-14-050 Unlawful acts.

(a) *Nuisances – Illegal activity, objectionable conditions, egregious conditions – Prohibited.*

(1) *Illegal activity and objectionable conditions.* It shall be unlawful for any shared housing host to permit any nuisance within the meaning of Section 4-13-260(a)(1) to take place within the shared housing unit. In addition to any other penalty provided by law, any person who violates this subsection (a)(1) shall be subject to a fine of not less than \$2,500.00 nor more than \$5,000.00

for each offense related to objectionable conditions, and a fine of not less than \$5,000.00 nor more than \$10,000.00 for each offense related to illegal activity. Each day that a violation continues shall constitute a separate and distinct offense.

(Omitted text unaffected by this ordinance)

(i) ~~Except as otherwise provided in Section 4-17-070, it~~ shall be unlawful for any shared housing host to advertise for rent, list on a platform, rent, or book for future rental, or to permit any person to advertise for rent, list on a platform, rent, or book for future rental, any shared housing unit that is located within a restricted residential zone. In addition to any other penalty provided by law, any person who violates this subsection (i) shall be subject to a fine of not less than \$1,500.00 nor more than \$5,000.00 for each offense. Each day that a violation continues shall constitute a separate and distinct offense.

(Omitted text unaffected by this ordinance)

SECTION 11. Section 4-17-070 of the Municipal Code of Chicago is hereby deleted in its entirety, and replaced with a new Section 4-17-070, as follows:

4-17-070 Effect of ordinance establishing a restricted residential zone.

Upon passage of an ordinance establishing a restricted residential zone, the Commissioner of Business Affairs and Consumer Protection shall promptly mail notice of the ordinance's passage to each affected short term residential rental provider and each affected short term residential rental intermediary and short term residential rental advertising platform, including the date upon which the ordinance becomes effective. From and after the effective date of an ordinance establishing a restricted residential zone, each registration or license for a shared housing unit or vacation rental shall be rendered void. No shared housing unit or vacation rental whose registration or license has become void under this Section may be listed on a short term residential rental intermediary's platform or short term residential rental advertising platform after the effective date of the ordinance establishing the applicable restricted residential zone.

SECTION 12. Within 15 days of the passage of this ordinance, the Commissioner of Business Affairs and Consumer Protection, in consultation with the City Clerk, shall identify all shared housing units and vacation rentals currently located within restricted residential zones, and shall mail notice of the ordinance's passage, including the date upon which their registrations or license will become void in accordance with Section 11 of this ordinance.

SECTION 13. Section 12 of this ordinance shall take effect immediately upon passage. Section 1 through Section 11 of this ordinance shall take effect 10 days after passage and publication.


SILVANA TABARES
Alderman, 23rd Ward