



CITY OF CHICAGO



DEPARTMENT OF BUSINESS AFFAIRS AND CONSUMER PROTECTION

NOTICE OF REFORMS TO SHARED HOUSING ORDINANCE

Please be advised that on September 9, 2020, the Chicago City Council passed Substitute Ordinance 2020--3986, which enhances the City's enforcement authority of, and modifies the licensing fees and operating regulations for shared housing and vacation rentals within the City of Chicago.

Pursuant to the Ordinance, the changes summarized below in Section I will go into effect "ten days after its passage and publication." Publication of the Ordinance took place on October 7, 2020; therefore, these changes will become effective on October 17, 2020. All other changes, Sections II-IV, will take effect on April 1, 2021, allowing the City the time needed to make the technological changes necessary.

I. Enhanced enforcement authority to deter party houses / problematic hosts (effective October 17, 2020)

- Requires a minimum rental period of 2 consecutive days
 - This provision shall not apply to any reservation made prior to the effective date of this Ordinance
- Strengthens the prohibition on excessive loud noise/vibrations generated from within the rental, in any private open space with a nexus to the rental, or on the adjacent public way
- Provides for an enhanced penalty of \$5,000 to \$10,000 if the maximum occupancy limit is exceeded
- Provides for an enhanced flat fine of \$5,000 if, following a notice of a final determination of ineligibility for listing on a platform, a licensee or registrant rents or allows a family member to rent the unit or fails to remove the listing from the platform
- Allows for license suspension/revocation if the rental is the situs of a single egregious condition (which includes violating the maximum occupancy limit)
- Allows for license suspension/revocation if the rental is the situs of two or more separate incidents of illegal activity or objectionable conditions, in any combination, during a 12-month period

II. Places control over the shared housing application process with the City of Chicago's Department of Business Affairs and Consumer Protection (BACP) (effective April 1, 2021)

- Requires shared housing hosts to register their unit directly with BACP
- Imposes a \$125 registration fee on shared housing hosts
- Prohibits issuance of a shared housing registration if the applicant has outstanding debt for fines accrued in connection with violations of Chapter 4-14

III. Prohibits providers/hosts from advertising, listing, renting, or booking for future rental all short-term rental units unless the proper license/registration is first obtained from BACP (effective April 1, 2021)

- Providers/hosts will no longer be able to advertise, list, rent, or book for future rental any unit while BACP approval of the registration/license is pending
- Additionally, intermediaries and advertising platforms will be prohibited from processing or completing any booking service transaction unless the short-term rental is licensed by or registered with BACP

IV. Introduces a tiered short-term licensing program to bring smaller operators into compliance (effective April 1, 2021)

- Establishes a graduated license fee for intermediaries (i.e. platforms that primarily list shared housing units) and for advertising platforms (i.e. platforms that primarily list hotels, vacation rentals and bed-and-breakfast establishments)
 - License fee: \$5,000 to \$10,000 based on the number of listings, *plus intermediaries assessed existing \$60 per unit fee*

A full copy of the Ordinance can be found at:

https://www.chicago.gov/city/en/depts/bacp/supp_info/sharedhousingandaccommodationslicensing.html

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