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MAYOR EMANUEL PROPOSES HOUSE-SHARING REFORMS AND PROTECTIONS

Proposal Will Strengthen and Support Emerging Industry While Protecting Residents and Quality of Life in Chicago's Neighborhoods; Generate Funding for Affordable Housing

Mayor Rahm Emanuel, Alderman Joe Moore, Alderman Ameya Pawar and the Department of Business Affairs and Consumer Protection (BACP) today proposed reforms for the emerging house-sharing industry that will ensure that the city has the tools it needs to protect consumers and quality of life in our neighborhoods while allowing the industry to grow. The balanced regulatory framework will make it easier for hosts who periodically rent out their living space and in the process will generate more than \$1 million annually to support affordable housing and reduce homelessness in Chicago.

"These commonsense reforms represent a balanced approach that will allow the industry to innovate and provide economic opportunities for residents, while promoting affordable housing in our neighborhoods at the same time," said Mayor Rahm Emanuel. "I am confident that we can support the growth of this emerging industry while protecting consumers and preserving the quality of life in our neighborhoods and this new framework takes an important step toward achieving those goals."

Under the proposal, hosts will be required to register their units with the city through a free and simple online process. House-sharing companies will also be able to register these units directly with the city. Units that are rented more than 90 nights per year will be required to be licensed as a bed-and-breakfast or vacation rental. The new proposal will support the growing industry while ensuring the city is able to track units made available for lodging and respond to complaints.

"Knowing where every one of these units is operating will help us protect the quality of life in our residential neighborhoods," said Alderman Joe Moore. "My primary goal as chairman of the Housing and Real Estate Committee is to support and expand affordable housing in Chicago and the funds generated by our proposal do just that."

To ensure that hosts and guests are protected in cases of emergency, the proposal requires units to be covered by liability insurance with a minimum limit of \$1 million per occurrence. The policy must cover bodily injury, personal injury and property damage for all operations related to the rental of a unit.

“This ordinance encourages innovation while injecting accountability into these short-term rental units,” said Alderman Ameya Pawar. “It also generates much-needed funds for affordable housing.”

The city will require companies that facilitate booking transactions between hosts and their guests – for example, AirBNB and VRBO – to receive a short-term residential rental intermediary license. This new license will require the companies to provide the city with the information and data it needs to effectively monitor and regulate this new license type and compliance with city ordinance.

The new ordinance is expected to generate more than \$1 million in revenue annually through a 2 percent surcharge on the booking of any shared-housing unit, bed-and-breakfast or vacation rental. The surcharge is in addition to state and county hotel taxes that will be required under the ordinance. This revenue from the surcharge will be used toward initiatives to promote affordable housing, with a focus on reducing homelessness among families with children.

To address problem units, the city will maintain an ineligible list to ensure they are not allowed to operate. The properties of problem landlords, building code scofflaws and units that are subject to an order to vacate or that have been deemed a public nuisance will be prohibited from being registered.

The proposed ordinance creates a clear penalty structure for hosts and short-term rental residential intermediaries found in violation of the city’s regulations. The fines are \$1,500 to \$3,000 per offense and/or subject to up to six months of incarceration, with each day that a violation exists treated as a separate and distinct offense. The city will also have the right to suspend or revoke a registration for certain types of offenses.

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