

Chicago

# New Vacation Rental License is effective January 1, 2011

## **December 7, 2010**

A new business license was enacted by the Chicago City Council that regulates a growing trend of homeowners that rent out their property on a daily or weekly basis to travelers looking for alternative accommodations. The Ordinance ensures the health and safety of the renter by requiring insurance and inspections. The new Vacation Rental license is effective **January 1, 2011**.

### **What is a “Vacation Rental”?**

A “Vacation Rental” is a dwelling unit with up to six (6) sleeping rooms that are available for rent, or for hire, for transient occupancy by guests, and must NOT be owner-occupied. A limit of six (6) dwelling units per building can be licensed as a vacation rental at the same time.

**APPLICATION & LICENSE FEE:** \$500.00 PER LOCATION (renewable every two years)

### **The Vacation Rental license does NOT include the following business activities:**

- Single-Room Occupancy buildings
- Bed-and-Breakfast establishments
- Hotels
- A dwelling unit which a tenant has a month-to-month rental agreement
- Corporate Housing

### **License Requirements:**

Review by the Department of Zoning:

- The following zoning districts allow Vacation Rentals: B1, B2, B3, C1, and C2.
- The following zoning districts require a Zoning Special Use approval for Vacation Rentals: RM 4.5, RM 5-5.5, RM 6-6.5, DC, DX, DR, and DS.
- The following zoning districts require a Nonconforming Use\* approval for Vacation Rentals: RS 3, RT 3.5 and RT

Onsite, or administrative, inspection by the Department of Buildings.

Application documents required by BACP:

- Business entity registration documents; FEIN & IBT Number (Sole Proprietors – SSN).
- Proof of ownership of the business property.
- Floor plan of the dwelling unit.
- An affidavit from the local contact person attesting that the person is

designated for service of process; is authorized by the owner to take remedial action and respond to any violation(s); and maintains a residence or office located in the City.

- An affidavit, executed by an authorized representative of the homeowners association or the board of directors, which attests that: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 the bylaws are in compliance with subsection 4-207-060 (a)(6) of the vacation rental ordinance.
- A certificate of insurance evidencing homeowner's fire, hazard and liability insurance, and general commercial liability insurance with limits of not less than \$1,000,000 per occurrence.
- Any City debt must be resolved prior to the issuance, or renewal, of any business license.

### **Taxes**

On November 17, 2010, the Chicago City Council amended the Hotel Accommodations tax to eliminate the threshold of seven units per building in the definition of the term "hotel accommodation". The change will have the effect of subjecting all vacation rentals, as the term "vacation rentals" is defined in Code Chapter 4-202, to the city's 3.5% Hotel Accommodations Tax, regardless of how many such units are in a given building.