



COMMUNITY AND ECONOMIC
DEVELOPMENT DEPARTMENT

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MEMORANDUM

Date: August 10, 2023

To: Michael G. Bartholomew, City Manager

From: John T. Carlisle, AICP, Director of Community and Economic Development *JTC*
Ryan Johnson, Assistant Director of Community and Economic Development

Cc: Peter Friedman, Elrod Friedman, General Counsel, City of Des Plaines

Subject: Discussion of Current Regulations for Definition and Duration (Short-Term vs. Long-Term) of Residential Rental Property

Issue: During Summer 2023, staff has experienced an uptick in inquiries about existing regulations regarding the use of properties for *short-term* rental (also known as “vacation rental” and common through platforms such as Airbnb and Vrbo). In summary, the current rental licensing regulations (City Code Chapter 4-17, “Residential Properties Used for Rentals”) define a “Rental Property” as being rented for “...part of the year or all year,” which means there is no minimum period. However, the City imposes certain additional administrative requirements designed to promote harmonious operation within neighborhoods where properties are typically occupied (owned or rented) long term: months, years, etc. We believe it is prudent to review with the current City Council and discuss whether the Council desires any changes at this time.

Analysis: The residential rental license rules fall under Title 4: Business Regulations. While the licensing rules do not establish a minimum period to qualify as a rental, they do address the following:

- The City has interpreted and enforced the code such that *entire* residential units must be rented; the rental of individual rooms or portions of a residence are prohibited.
 - License applicants must sign an affidavit that they will not rent out portions or individual rooms of the residence.
- Licenses are not valid for more than a year and must be renewed after December 31 of each year.
- The property owner or property manager must complete a crime free multi-housing class.
- All rental units are subject to Code Enforcement inspections, particularly if violations are noted or if there is a complaint pertaining to a licensed property.

Because the City does not stipulate whether the rentals are for short- or long-term stays, the application form does not request information regarding anticipated length of rental stays. Nonetheless, staff estimates there are fewer than 10 short-term rental units *licensed* at this time. These are the annual fees per unit:

- Single Family House: \$100.00
- Single Family Condo: \$20.00
- Single Family Townhouse: \$50.00
- Apartment: \$20.00

Prior Consideration of Code Amendments (2017)

In 2017, the topic of short-term rentals was brought to Council first for discussion and then for action. At that time, a Northwest Municipal Conference (NWMC) survey indicated that three of 14 neighboring municipalities specifically regulated short-term rentals, and these three permitted the use. At the direction of Council, staff collaborated with the General Counsel at the time and brought forward draft ordinances that would have amended both Zoning and the Business Regulations to allow “Short Term Rental Property” in residential districts and regulate short-term rentals distinctly from long-term rentals, with 30 days as the threshold in defining something a rental long-term. Short-term rentals would have had other requirements, such as not being booked for overlapping periods, not being allowed to rent for less than 24 hours, and not being allowed to be used as a short-term rental for more than 10 days in a calendar year. These amendments were indefinitely deferred by the Council and have not since been revisited.

Other Communities and Updated Research

Local governments have wrestled with how to best regulate short-term rentals for at least the past decade. Policy arguments range from short-term rentals should be allowed with minimal regulation because they are a fundamental property right to short-term rentals are problematic and incongruous with residential neighborhoods so they should be banned under zoning, licensing, or both. Communities can struggle with tracking and enforcement, as a person can offer their residence on one of the online platforms without the city being aware. Listings on the platforms do not include addresses, so city staff cannot easily verify whether the property is within City limits, or currently licensed as a rental property. Cities have finite resources and capacity in code enforcement and must prioritize where problems and complaints are most severe. The summary of the most recent NWMC survey on the topic (2023) is below, and the full results are attached:

- Ten of the 20 responding municipalities have adopted an ordinance to specifically regulate short-term rentals. Eight have prohibited short-term rentals entirely, and one more (Bartlett) is considering a prohibition. Of the 11 municipalities that do not specifically prohibit short-term rentals, several have restrictive rental property policies.
 - Palatine and Barrington: rentals must be for a duration of more than 30 days.
 - Lincolnshire: rentals must be for a duration of more than 3 months.
 - Lincolnwood: a residence may only be rented out only one time within a period of 365 days.

City Council Discussion: The Council may discuss and decide whether it would like further research or reach a consensus to direct staff to prepare any necessary code amendments. A non-exhaustive breakdown of options is the following:

- Continue to regulate short-term rental properties *with the same process in place*;
- Amend City Code to clarify the duration and definition of a short-term rental, with any additional desired restrictions (*i.e., continue to allow short-term terms but with further regulation*); or
- Prohibit short-term rentals altogether, with any necessary code amendments to affirm this prohibition.

Attachments:

Attachment 1: Current Rental License Application Form and Affidavit

Attachment 2: 2023 NWMC Survey Result on Short-Term Rental

CHECKLIST FOR RENTAL PROPERTY LICENSE

ALL APPLICANTS MUST REMIT THE FOLLOWING DOCUMENTS FOR PROCESSING

- Completed application for the Rental Property License
- Original signed affidavit attesting to zoning regulations
- Payment for the appropriate fee (made payable to City of Des Plaines):
Fees are reduced by 50% for applications submitted after July 1st each year
 - House / Single Family Detached Dwelling \$100.00
 - Townhouse / Single Family Attached Dwelling \$ 50.00
 - Condominium / Single Unit in a Multi Family Building \$ 20.00
 - Apartment / Multiple Unit Dwelling (fee per unit) \$ 20.00

CRIME FREE MULTI-HOUSING PROGRAM INFORMATION

All applicants for a rental license must take the Phase 1 class *prior* to obtaining a rental license. If you have taken this class in another town where you own rental property, please include a copy of the completion certificate with this application. A program classified as a "Landlord" class or completion of an online program does not meet the requirements for the City of Des Plaines municipal code.

Registration for the class is required by completing the following:

1. **Internet:** visit www.desplaines.org
 - a. Hover over "I Want To..."
 - b. Under "Apply For", click on Crime Free Housing Seminar
 - c. Complete and Submit Registration
An email will be sent within 24-72 hours confirming the registration. If a confirmation email is not received, please call 847-391-5366.
2. **Phone:** Please call 847-391-5366

DEPARTMENT PHONE NUMBERS FOR FURTHER QUESTIONS OR CONCERNS

- Housing and Code Enforcement / 847-391-6973
For information pertaining to housing requirements and codes
- Fire Prevention Bureau / 847-391-5340
For information pertaining to fire safety requirements
- Crime Free Multi Housing Program Director / 847-391-5410
For information pertaining to materials and landlord requirements for the program
- Licensing Division / 847-391-5366
For information on registration requirements, licensing requirements and status of an application



APPLICATION FOR RENTAL PROPERTY LICENSE

PROPERTY INFORMATION

Address: _____ Unit #: _____ Zip: _____

Date of Ownership: _____ Date Property Converted to Rental: _____

PROPERTY OWNER INFORMATION

Name: _____ Phone #: _____

Address: _____ Email: _____

City: _____ State: _____ Zip: _____

If property is owned by a corporation, LLC/LP, bank, or placed in a trust, please complete the following information:

President or trustee: _____ Phone #: _____

Home Address: _____ Email: _____

City: _____ State: _____ Zip: _____

PROPERTY MANAGER INFORMATION (if applicable)

Name: _____ Phone #: _____

Address: _____ Email: _____

City: _____ State: _____ Zip: _____

All correspondence, annual invoice and the certificate pertaining to the rental property are to be sent to:

- PROPERTY OWNER PROPERTY MANAGER

CRIME FREE MULTI-HOUSING PROGRAM INFORMATION

Has the property owner or property manager completed Phase 1 or the Crime Free Multi-Housing Program?

- NO YES - Attach a copy of the certificate of completion

PROPERTY CLASSIFICATION AND FEE

- SINGLE FAMILY HOUSE - \$100.00 SINGLE FAMILY TOWNHOUSE - \$50.00
- SINGLE FAMILY UNIT CONDOMINIUM - \$20.00 APARTMENTS - \$20.00 per unit/# of units: _____

ATTESTATION

I certify the above information is true and accurate to the best of my knowledge. If there are any changes in the information provided, it is my responsibility to remit current information in a reasonable amount of time. I understand the certificate expires on December 31st of each year. If the property will be used as a rental property at any time during the following year, it is my responsibility to renew/remit for the following year prior to the expiration date.

Owner Signature _____ Date _____

FOR OFFICE USE ONLY

- Zoning / Initials: _____ Approved Code / Initials: _____
- Not Approved Notes: _____

5/18/2023

STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

AFFIDAVIT

The undersigned Affiant, having been first duly sworn, on oath say, state as follows:

1) That Affiant, _____ (“Owner”), is a legal owner of the property located at _____ Des Plaines, IL. (“Property”).

2) That as the Owner of the property, I understand this Property is zoned and categorized as a Single-Family Dwelling and shall not include a hotel, motel, boarding house, rooming house, dormitory, nursing home, institution, or transient lodging.

3) That as the Owner of the Property, I understand I am not permitted to rent rooms or portions of the house.

4) That as the Owner of the Property, I understand that I am not permitted to convert or utilize this property as a Multi-Family Dwelling.

5) That as the Owner of the Property, I understand additional legal action and/or immediate suspension/revocation of the rental property license may be taken against me should I or any tenant violate the requirements of the municipal codes pertaining to residential properties used as rentals and/or the zoning of the Property.

6) I certify the information above to be true. I also understand that if any information provided in this affidavit is falsified, as a representative, I will be subject to an Administrative Hearing and possible fines.

Print Name

Signature

Date

SUBSCRIBED and SWORN to before me this
____ day of _____, 20____.

_____ (stamp/seal)

Municipality	1. Has your municipality adopted an ordinance regulating short term rentals (AirBNB type rentals)?	2. If yes, please provide a copy of the ordinance.	3. If you have not adopted an ordinance regulation short term rentals, are they considered a permitted or a prohibited use under the zoning ordinance?	4. Do you have any short-term rental or home-sharing properties such as Airbnb in your village/city? If so, how many?	5. Are short-term rental/home sharing property owners required to hold a business license? If so, what is the cost?	6. Are background checks on the owner/host of the short-term rental/home-sharing property required in your village/city?	7. Are owners/hosts of the short-term rental/home-sharing properties required to take a class or seminar on renting out their property?	8. Are the short-term rental/home-sharing properties in your village/city required to get property maintenance inspection by your Property Maintenance Inspector or your Health Department?	9. Are owners/hosts of the short-term rental/home-sharing properties required to keep records of guests/tenants that utilize their short-term rental/home-sharing service?	10. Does your city/village impose a short-term rental/home-sharing tax on owners/hosts of said properties?	11. Does your village/city regulate the frequency an owner or host can rent their property on home-sharing websites or apps?	12. Have you received complaints from surrounding property owners regarding short term rentals?	13. Additional comments
Bannockburn	No.		Prohibited use.	No.	N/A.	N/A.	N/A.	N/A.	N/A.	N/A.	N/A.	N/A.	Those are all very good questions and things to think about.
Barrington	Yes.	See attached - ZO Section 4.6.	Permitted with a min. rental period of 30 days.	1-2	No.	No.	No.	No.	No.	No.	Yes, min. 30 day rental period.	Yes.	
Bartlett	We have no ordinances regulating short term rentals.		We are currently in the beginning stages of considering the creation of an ordinance to prohibit short term rentals.	We have 3 properties participating in short term rentals that we know of.	No. We have no ordinances regulating short term rentals.	No. We have no ordinances regulating short term rentals.	No. We have no ordinances regulating short term rentals.	No. We have no ordinances regulating short term rentals.	No. We have no ordinances regulating short term rentals.	No. We have no ordinances regulating short term rentals.	No. We have no ordinances regulating short term rentals.	Yes.	
Des Plaines	No.		Permitted	yes, unknown quantity	A rental license and depends on the rental uni.	No	Yes	No	No	No	No	yes	
Elk Grove Village	Yes. They are prohibited.	https://codelibrary.mlegal.com/codes/elkgrovevillageil/latest/elkgrovevillageil/0-0-0-3675											
Evanston	Yes.	See attached.		35	Yes. \$250 new applications \$150 renewals.	No.	No.	Yes, Property Maintenance performs inspections.	No.	Unknown .	No.	Yes.	
Glencoe	No.		Prohibited.	None that are registered/licensed.	N/A.	N/A.	N/A.	N/A.	N/A.	N/A.	N/A.	No.	
Grayslake	No.		Permitted, but must follow any local laws/ordinances.	Yes, around 5, both single rooms in occupied homes, and full short term rentals.	No, no license needed.	No background check needed.	No classes/seminar needed.	No, they are not.	No, they are not.	No, we do not.	No.	No.	
Hanover Park	Yes.	See attached.	N/A.	None.	N/A Prohibited. Other rental properties require a Rental License.	N/A.	N/A Prohibited. Other rental properties are required to have an owner or agent attend a Crime Free Housing Seminar.	N/A Prohibited. Other rental properties are required to pass an inspection, which is conducted by Code Enforcement.	N/A.	N/A.	N/A.	N/A.	None.
Libertyville	No.	N/A.	Short term rentals are not specifically restricted nor are they listed as a permitted use under the zoning code.	Yes, quite a few but an exact count can not be verified.	N/A.	N/A.	N/A.	N/A.	N/A.	N/A.	N/A.	Yes.	None at this point.

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Lincolnshire	Yes.	See attached.		No.	N/A.	N/A.	N/A.	N/A.	N/A.	N/A.	N/A.	Yes. We've had a few instances where homeowners wanted to have short-term rentals which are prohibited.	We are in the process of revisiting our residential rental regulations.
Lincolnwood	Yes.	4.06 (4) Short-term rental properties. No property may be used more than once per 365-day period as a short-term rental property. [Added 2-16-2016 by Ord. No. 2016-3192; amended 6-7-2022 by Ord. No. 2022-3609]	N/A.	Not currently.	No.	No.	No.	No.	No.	No.	Yes.	Yes.	
Niles	No.	N/A.	Prohibited in residential zoning districts.	No.	N/A.	N/A.	N/A.	N/A.	N/A.	N/A.	N/A.	N/A.	
Northbrook	Yes.	See attached.	Permitted with conditions and requires registering with Village.	None registered.	No business license.	No.	No.	No.	No.	No.	Yes.	No.	
Northfield	We simply defined it as: "SHORT TERM DWELLING RENTAL. A single room, dwelling, or portion of a dwelling offered or advertised for rent or other consideration for a period of less than sixty (60) consecutive days." and prohibit them in all zoning districts.		Prohibited in all zoning districts.	N/A.	N/A.	N/A.	N/A.	N/A.	N/A.	N/A.	N/A.	N/A.	

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Palatine	Yes. Short-term residential rentals, rentals which do not exceed 30 consecutive days, are prohibited.	See attached.	Adopted ordinance is within Village Code Chapter 10 Existing Structures, Maintenance, and Occupancy.	None that have received approval from the Village.	Short-term residential rentals are prohibited.	Short-term residential rentals are prohibited.	Short-term residential rentals are prohibited.	Short-term residential rentals are prohibited.	Short-term residential rentals are prohibited.	Short-term residential rentals are prohibited.	Short-term residential rentals are prohibited.	Yes.	Home-sharing websites or apps have been accommodating to residents who have violated Village Code and need to cancel future bookings.
Schaumburg	Yes.	Yes, License and *Crime Free Housing Ordinances attached. *Crime Free Ordinance is Currently under review for amendments. Schaumburg Crime Free Website Link - https://www.villageofschaumburg.com/government/police/crime-free-housing	Permitted.	20 with applications on file and another 6 under investigation.	Yes, \$100 Annual License Fee.	No.	Yes, Crime Free Housing Certification.	Yes, Interior and Exterior Annually.	Yes.	Yes, Hotel/Motel Tax.	Yes.	Yes.	Rely on complaints and staff searches on the web to identify locations. Unable to confirm how many are truly located in our village since websites so not reveal addresses and when tax is paid to the village from a short term rental site, the addresses are not revealed for the tax being paid.
Skokie	No.		We require them to be registered as a rental and follow the rental ordinance.	Yes. At least 4 that I am aware of however likely more.	N/A.	N/A.	Rental properties are required to take a class, so yes.	Inspections fall into line with routine inspections. No initial inspection is required at this time.	N/A.	N/A.	N/A.	Yes.	We are considering the implications of short term rental regulations and are definitely interested in the results of this survey.
Streamwood	No.		We regulate short-term rentals the same as long-term rentals										
Wheeling	No.		Prohibited.	Unsure.								No.	
Wilmette	No.		Prohibited.	Yes, but we do not track or take enforcement action unless there is a complaint.									