

# STAFF REPORT      2019-19P: Zoning Chapter Amendment

Community Development Department

Council Chambers, 7:30 PM, July 18, 2019

To: Paul Luke, Chairman, Skokie Plan Commission  
From: Steve Marciani, Planning Supervisor  
Case: **2019-19P: Zoning Chapter Amendment**  
Rooming Houses, Short-term Rentals, and Other Temporary Housing

General Information	
<i>Petitioner</i>	Skokie Village Manager
<i>Purpose</i>	To review and possibly modify sections of the Zoning Chapter of the Village Code regarding rooming houses, short-term rentals, and other temporary lodging.

## STAFF ANALYSIS

The Village Manager requested that Staff restudy the issue of rooming houses, short-term rentals, and other temporary lodging and amend the Zoning chapter of the Village Code to allow some form of short-term rental under certain circumstances. A similar case was initially acted on by the Plan Commission on September 1, 2016. The issue was not heard by the Village Board until the taxation portion could be studied and more governments regulated the use.

On February 19, 2019, the Village Board amended the Hotel-Motel Tax section of the Village Code to tax short-term rentals at private residences for periods of up to 30 days, as we do for hotels and motels.

Amendments to the Zoning chapter are now required to allow short-term rental (STR) units in residential and mixed-use districts and to the other portions of the Village Code to establish fees and regulations for STRs. STRs are booming throughout the country and the market has grown 800% between 2011 and 2017. These STRs can add significantly to the local economy with a 2015 study indicating that each STR in San Diego added over \$34,000. Although Skokie's revenue would not be as great per unit, there still is a large potential for growth in the STR market. STRs have also been found to have some negative impacts such as:

- Increased noise, parking, traffic, and trash
- Reduced availability of affordable housing
- Uneven increases in property values and taxes.
- Changed neighborhood character
- Conflicts with permanent residents.
- Safety and enforcement issues.

- Difficulty obtaining compliance with regulations and collection of fees.

Currently, short term-rentals are not specifically listed uses in Appendix A of the Zoning chapter, and the ordinance is silent on this matter. Rooming houses were removed from the list of uses to prevent their establishment. Staff has discovered cases where a company or individual has purchased or rented a house and leased rooms to multiple employees simultaneously for short periods of time. As with case 2015-2P, which addressed changes to the congregate living business regarding renting housing units rather than owning, the accommodations industry has also been changing, and the Village Code needs to keep up with these changes. Despite the fact that bed and breakfasts are not permitted in the Village, there are many listings on the internet where individuals lease rooms in their homes by the night.

Following up on the 2015 Northwest Municipal Conference study about home occupancy and rooming houses, Village Staff completed a significant amount of additional research looking at model and implemented ordinances, research studies, and American Planning Association reports.

It is not the goal of these recommendations to reduce housing choice, but there are legitimate concerns about occupancy, inappropriate levels of business activity in residential neighborhoods, lack of inspections of these quasi-commercial uses, the use of buildings and property beyond their design capacity, improper property tax classification, and lost hotel tax revenue when the customer would otherwise be staying in a hotel. There is a whole continuum of ways people live together. Our task is to decide when certain thresholds trigger different levels of service and intensity beyond what is intended for a zoning district.

Skokie uses the International Property Maintenance Code for objective means-testing of over-occupancy based on the size and number of rooms, persons per room, and the presence of adequate facilities. We also have a home occupation ordinance that allows limited business activity in certain residences. We do think that, to equally apply our current ordinances, these uses should also be regulated by the Village's Residential Rental Unit Standards and Neighborhood Integrity Ordinance, as well as a new ordinance for STRs.

Staff is recommending adding a definition of *rooming house* and *short-term rental unit*, modifying the definition of hotel, and adding a section regulating renting of rooms. Any unit renting rooms is already subject to the Village's Residential Rental Unit Standards and Neighborhood Integrity Ordinance, but we are clarifying this. Rooming houses would be prohibited and short-term rental units would be treated as a small hotel, having to pay hotel tax and be subject to regular inspection. AirBnB and similar uses would be considered short-term rental units only when the owner or resident is simultaneously occupying the residence. Short-term rental of a residence that is not simultaneously occupied by the owner or resident would be expressly prohibited. Up to 2 rooms in any residence may be rented for longer than 30 days at a time (e.g. roommates) without additional regulation.

One additional parking space would be required per room, similar to hotel parking requirements.

Attached to this report is a draft of the proposed language for modifications to the Village Code related to short term-rentals that was not under the purview of this Commission.

## **STAFF RECOMMENDATION**

Staff recommends that the following sections of Chapter 118 Zoning of the Skokie Village Code be amended, with text to be added highlighted and text to be removed highlighted and stricken through in the attached draft ordinance.

## **ARTICLE II. DEFINITIONS.**

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### **Sec. 118-32. General definitions.**

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*Hotel* means a building any establishment other than a bed and breakfast or rooming house in which lodging is offered to the public for compensation with ingress and egress to the rooms through an inside lobby supervised at all hours.

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*Road materials recycling* means a general process that crushes or grinds recycled material and/or road material allowing for its incorporation in concrete or asphalt production and any associated machinery, which must have permanent power and foundations.

*Rooming house* means an establishment in a residence where lodging is available for 3 or more individuals for compensation or as an employment benefit for more than 30 continuous days in a room or rooms without cooking facilities that may also offer breakfast or other meals to these guests.

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*Setback* means the horizontal distance between a building or structure and another building, structure, property line or other feature.

*Short-term rental unit* means a portion of an owner-occupied residence offered for rent for a period of 1 night to 29 consecutive nights to any person other than a member of the owner's family that is being advertised to rent or is rented, through the exchange of money, goods, or services. The term shall not include hotels or motels, licensed pursuant to Sec. 46-79.

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## ARTICLE IV. SPECIFIC USE REGULATIONS

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### Sec. 118-71. Rental of rooms in a residence.

- (a) If any room in a residence is rented for the purpose of lodging for 30 days or more, the residence is subject to rental unit registration in Chapter 22 of this code.
- (b) No more than 2 rooms may be rented in any residence for the purpose of lodging.
- (c) Rooming houses are expressly prohibited.
- (d) A residence with a short-term rental unit that is not simultaneously occupied by the owner or resident manager is expressly prohibited.
- (e) A short-term rental is subject to the hotels and motels gross receipts tax in Sec. 46-79 and must obtain a short-term rental license and a certificate of occupancy for the use from the Village, as well as any other permits or licenses required.
- (f) A short-term rental unit is prohibited from meeting the standards that would qualify it as a dwelling unit.

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### Sec. 118-218. Required number of motor vehicle parking spaces.

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- (1) *Residential and lodging uses.*

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Short-term rental: The number of parking spaces for the type of residential unit it occupies plus 1 parking space for each room for rent.

Skilled nursing facilities: 1 parking space for every 3 beds.

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## ATTACHMENT

Proposed Other Code Amendments

## CHAPTER 22 – BUILDINGS AND BUILDING REGULATIONS.

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### ARTICLE XVIII. – SHORT-TERM RESIDENTIAL RENTALS

#### Sec. 22-729. – Purpose.

The purpose of this Article is to promote the public health, safety, and welfare by licensing the operation of short-term rentals within the Village of Skokie.

#### Sec. 22-730. – Definitions.

For the purposes of this Article, the following definitions shall apply:

*Bedroom:* A room intended for sleeping or placement of a bed.

*Dwelling:* Any rooms or group of rooms located within a building and forming a single habitable unit with facilities which are used or intended to be used for living, sleeping, cooking, bathing and eating.

*Multi-Unit Building:* A structure that is designed and built with two (2) or more dwellings.

*Operator:* Any person who has charge, care, control or management of a rental unit or building, in which rental units are let, including but not limited to building managers, managing agents, brokers or superintendents.

*Owner:* Any person who alone, jointly or severally with others has legal title to any Multi-Unit Building, or Dwelling unit, with or without accompanying actual possession thereof; or is an executor, administrator, trustee or guardian of the estate of the Owner; is a mortgagee in possession, or is a senior officer or a trustee of the association of unit Owners of a homeowners' association. Owner shall also mean any homeowners' association or other legal entity having the charge, care or control of any common area which serves in whole or in part one or more Multi-Unit Buildings.

*Occupant:* An individual at least 24 months of age who is living in, sleeping in, or otherwise having possession of a space. An individual present in a dwelling unit during the term of a short-term rental shall be presumed to be an occupant unless circumstances clearly indicate that the individual is visiting between the hours 8:00 a.m. and 11:00 p.m. and will not stay overnight.

*Short-term Rental Unit:* An owner occupied dwelling unit or portion thereof offered for rent for a period of 1 night to 29 consecutive nights to any person other than a member of the owner's family that is being advertised to rent or is rented, through the exchange of money, goods, or services. The term shall not include hotels or motels, licensed pursuant to Article xx.

#### Sec. 22-731. License required.

(a) *License required.* All dwelling units used for short-term rentals shall be licensed by the Village on an annual basis and be subject to zoning requirements. The short-term rental of an unlicensed dwelling unit is prohibited.

- (b) *Short-Term Residential Intermediary and Advertising Platform.* All short-term rentals must be performed through a *Short-Term Residential Intermediary and Advertising Platform* that is a person or company who for compensation or a fee uses an internet platform to connect guests with short term residential rental providers, and who primarily lists shared housing units on its platform. A Short Term Residential Rental Intermediary must electronically register its shared housing hosts with the Village and must remove unapproved hosts, and must apply and collect hotel accommodation tax and submit it to the Village as part of each rental transaction facilitated through the platform.
- (c) *Application.* To license a dwelling unit used for short-term rentals, the property owner shall submit a written application on a form provided by the Village that will contain the following information and other additional information as may be determined necessary by the Village:
1. Name, address, and telephone number of the owner of the dwelling unit.
  2. The street address of the dwelling unit, along with other identification if more than 1 dwelling unit has the same street address.
  3. The number of dwelling units in the building, if more than one.
  4. The number of bedrooms in each dwelling unit, and in the dwelling as a whole.
  5. The number of off-street parking spaces provided for the dwelling unit.
  6. The maximum number of occupants to which the applicant intends to rent the dwelling unit in any given rental period.
  7. The length of the typical rental period for which the applicant intends to rent the property.
  8. A statement certifying that each bedroom has a working smoke alarm, that there is a working carbon monoxide detector on each floor, and that the owner or agent will check those devices at least every 90 days.
  9. A statement certifying that the property owner consents to inspections by the Village and will make the dwelling unit available to inspections upon request.
  10. Certification that the property owner lives on the property and will continue to live on the property while it is being used for short-term rental.
  11. Such other information as the Village deems appropriate.
- (d) *Notice.* Each application shall be accompanied by proof that the applicant mailed notice thereof to all owners, whose addresses appear on the current tax assessment list, of real property located within a radius of two hundred fifty feet (250') of the subject property, inclusive of public streets, alleys and other public ways. The notice shall contain the applicant's name, the address of the subject property, the matter under consideration, and the date, time, and location of the relevant meeting of the Planning Commission.
- (e) *Inspection.* The property owner shall agree to an inspection of the dwelling by the Village prior to the issuance of a license and once a year prior to license renewal.
- (f) *Multiple Dwelling Buildings.* The Village will not approve a license for a short-term rental in a multiple unit building having a condominium or home owners' association unless it is first approved by the association. No more than one quarter of the units in a multiple unit

building having 4 or more units shall be converted to short-term rentals. A separate license shall be required for each short-term dwelling unit in a building.

### **Sec. 22-732. – Renewal**

If a short-term license was issued for the prior year, the approval for a renewal license shall be obtained from the Village Manager or his/her designee, provided the previously-issued license was not revoked or suspended, and the vacation rental did not receive citation(s) from any Village Department during said prior calendar year. Every renewal application shall satisfy all requirements set forth in this Chapter.

### **Sec. 22-733. – License and Inspection Fees**

The applicant shall pay the annual license and inspection fees listed in [Chapter 46, Section 46-139](#) of the Skokie Village Code.

### **Sec. 22-734. – Requirements and Standards**

(a) No short-term rental owner shall:

1. Rent or lease any short-term rental for any period of time shorter than twenty-four (24) consecutive hours.
2. Rent or lease any short-term rental more than once within any consecutive twenty-four-hour period measured from the commencement of one rental to the commencement of the next.
3. Advertise an hourly rate or any other rate for a short-term rental based on a rental period of fewer than twenty-four (24) consecutive hours
4. Serve or otherwise provide any food or beverage to any guest
5. Cause or permit, by action or failure to act, the short-term rental or its use to suffer from and/or create any violation of the following portions of the building, fire, health, property standards, fire and public safety codes
6. Allow fireworks to be used on the premises of a dwelling unit registered under this ordinance.

(b) Every short-term rental shall:

1. Be subject to inspection by staff members of the Village's Engineering, Fire, Health, and Community Development Departments.
2. The owner shall keep a register in which the name of every guest and his/her arrival and departure dates are recorded. The operator shall make said register freely accessible to any officer of the Village's Police, Fire, Health, and/or Community Development Departments.
3. The owner shall post, in a conspicuous place within the short-term rental, the name and telephone number of the owner identified in the application and the address and unit number of the short-term rental.

4. The owner shall post on the front entrance to every short-term rental dwelling unit or in the front window a current license issued by the Village stating the owner's name, a 24-hour telephone number to reach the owner, and the maximum occupancy of the dwelling unit.
5. The kitchen shall be cleaned and sanitized between guests and all food and beverages shall be discarded. All dishes, utensils, pots, pans and other cooking utensils shall be cleaned and sanitized between guests.
6. The owner shall change supplied bed linens and towels therein at least once each week and prior to the letting of any room to any new guest. The owner shall be responsible for the maintenance of all supplied bedding in a clean and sanitary manner.
7. The owner shall post materials prepared by the Village's Zoning Administrator that include: (1) a summary of the Village's noise ordinance, trash disposal ordinances, applicable offenses against the public peace, a reminder that the rental property is located in a residential or mixed-use neighborhood and that neighbors may not be vacationing, and a statement informing the renters that neighboring property owners may contact the property owner and Skokie Police to report any issues relating to the property.

**Sec. 22-735. - Occupancy.**

No Owner shall permit the maximum occupancy of any short-term rental unit to be exceeded. The maximum occupancy of any unit shall be:

Number of Bedrooms	Maximum Number of Persons in a Unit
Studio	2
1	2
2	4
3	6
4	8
5	10
6	12

An owner shall also comply with Section 22-183 of the Skokie Village Code and may request additional occupancy for bedrooms which exceed one hundred (100) square feet for one (1) additional occupant for every additional fifty (50) square feet of floor area. If there is any conflict between the two sections, the more restrictive section shall apply. The decision of the Property Standards Division of the Community Development Department shall be the sole determiner as to what constitutes a bedroom for purposes of occupancy and shall be binding.

**Sec. 22-736. – Penalty**

- (a) Any owner, tenant or other person who shall be found to have violated any of the provisions of this Chapter shall be guilty of an offense punishable as follows:

1. The fine for a first violation is two hundred dollars (\$200.00)
  2. The fine for a second violation is five hundred dollars (\$500.00).
  3. The fine for a third or subsequent violation is seven hundred fifty dollars (\$750.00).
- (b) Each day a provision of this Chapter is found to have been violated constitutes a separate violation subject to the fine schedule set forth in this Section.
- (c) Any fines shall be debts due and owing to the Village that the Village may collect by any means allowed by law, including, but not limited to, filing a lien against the vacation rental or the premises containing the vacation rental.
- (d) The fines provided for herein shall not be construed as limiting the power of a court of competent jurisdiction or an administrative hearing officer to impose other penalties and/or remedies as provided for by applicable legislation. In addition, a licensee found to have violated any provision of this Chapter may be subject to license and Certificate of Occupancy revocation, suspension, or nonrenewal.

**Sec. 22-737. – Revocation and Suspension Procedures**

- (a) The Village Manager may revoke or suspend a license issued pursuant to the terms of this Chapter for any of the following reasons:
1. If the owner of the relevant short-term rental violates any of the terms of this Chapter;
  2. If the owner of the short-term rental is deemed to have maintained a nuisance premises therein, in violation of Article II. – Public Nuisances, Article III. – Noise, and Article IV – Offenses Affecting Public Safety;
  3. If the owner of the short-term rental is deemed to have allowed criminal activity to occur at the site; and/or
  4. If the Village or other governmental agency condemns the short-term rental or the premises wherein it is located.
- (b) Not less than fourteen (14) business days prior to a revocation hearing for a license issued pursuant to the terms of this Chapter, the Community Development Director shall send, via First Class U.S. mail, a notice of revocation hearing to the owner or his/her authorized agent at the address provided on the most recent license application. Notice shall be sufficient if sent to the address of the authorized agent indicated on the license application. Said notice shall include the following:
1. Description of the vacation rental, sufficient for identification;
  2. A statement that the license is subject to revocation;
  3. A statement of the reasons for the revocation;
  4. The date and time upon which a revocation hearing shall occur; and
  5. The location for said revocation hearing.
- (c) If the Director certifies to the Village Manager that he/she has reason to believe that immediate suspension of the license is necessary to prevent the threat of immediate harm to the community, the Village Manager may, upon the issuance of a written order stating the

reason for such conclusion and without notice or hearing, order the license suspended for not more than seven (7) days. The Village Manager may extend the suspension during the pendency of a hearing upon a written determination that doing so is necessary to prevent the aforesaid harm to the community.

- (d) Hearings shall be conducted by the Village Manager in accordance with procedures drafted by the Corporation Counsel.
- (e) Within ten (10) business days after the close of the hearing, the Village Manager shall issue a written decision that shall constitute a final determination for purposes of judicial review pursuant to the Illinois Administrative Review Law, 735 ILCS 5/3-101 et seq., as amended. In reaching a decision, the Village Manager may consider any of the following:
  - 1. The nature of the violation;
  - 2. The nature and extent of the harm caused by the licensee's action or failure to act;
  - 3. The factual situation and circumstances surrounding the violation;
  - 4. Whether or not the action or failure to act was willful;
  - 5. The record of the licensee with respect to violations.
- (f) A licensee whose license has been revoked shall not be eligible to reapply for a new license.

### **Proposed License and Inspection Fees**

#### **Sec. 46-73. - General license fee schedule.**

License fees for the following businesses and occupations shall be as provided in this section. No person shall engage in any such activity without a license therefore, or without paying the license fee prescribed.

*Fee*

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Music vending machines: See "Amusement device automatic."

**Short-term residential rental unit ... 100.00 per unit**

Skilled nursing facilities:

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#### **Sec. 46-133. - Commercial inspection fees.**

- (a) Massage license establishments ..... \$100.00
- (b) Congregate living facilities ..... 100.00
- (c) Day care homes ..... 100.00
- (d) Adult uses ..... 100.00
- (e) Pawnbrokers ..... 100.00

- (f) Firearms range ..... 100.00
- (g) Precious metals dealers ..... 100.00
- (h) Body art establishment ..... 100.00
- (i) Short-term residential rental unit ..... 100.00**