



## Agenda Item Summary

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### **Submitted By**

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### **Reviewed By**

AMZ

### **Agenda Item Title**

**Second Reading and Adoption of An Ordinance Amending Chapter 8 ("Business Licensing") of the Oak Park Village Code by Adding a New Article 40 ("Short-Term Rentals")**

### **Overview**

This Ordinance creates a licensing framework for the leasing, renting, and letting of short-term rental dwelling units that are inspected and approved by the Village, provides for standards of operation, and limits the maximum number of persons allowable in a short-term rental unit.

### **Recommendation**

Staff recommends approval of the Ordinance.

### **Fiscal Impact**

Since the exact number of short-term rental units located within the Village is not known at this time, staff is unable to calculate the revenue that will be collected from the licensing framework, if approved by the Village Board.

It should also be noted that the Village's 4.0% Transient Occupancy Rental Unit Tax applies to short-term rentals. Below is a summary of Airbnb collections, by year, since imposition of the municipal transient occupancy rental unit tax:

2016 (collections for November and December, 2016 only) = \$2,552.16

2017= \$30,131.71

2018= \$49,435.61

2019= \$79,837.60

2020= \$37,641.02

2021 (collections through August, 2021) = \$56,410.85. Staff estimates FY21 totals could reach as high as \$73,000 to \$79,000.

### **Background**

The short-term rental trend came into prominence in 2007 and offered benefits to both guests and owners, while promoting tourism in Oak Park. In 2016, collection began to occur regarding Oak Park's municipal transient occupancy rental unit tax. Although staff believes that a majority of the short-term rental units are

operated without issues, complaints have been received by the Village. Complaints usually involve large parties being held, trash accumulating, excessive noise and situations where a rental units' occupancy limits may be exceeded. On May 23, 2021, Oak Park Police responded to an incident involving gunfire at an Airbnb rental property in the Village.

In the interest of public health, safety, and the welfare of the residents of the Village, there is a need to regulate short-term rentals to alleviate any potential adverse impact to the community. The attached ordinance requires owners of Airbnb locations to obtain a license and inspection prior to leasing their units. Additionally, it sets forth occupancy limits based on bedroom size.

At the request of the Village Board, staff was directed to obtain feedback from the community on the short-term rental ordinance. A communication plan was developed that included two virtual public meetings and a dedicated Village web page to collect public comments. This information was first released in the Village Manager's Report for the week ending September 3, 2021. The following week, e-mails were sent to local rental management companies, condo boards, the Oak Park Area Association of Realtors and rental property owners providing the same information that had been in the Managers Report. At the same time, the Communications Department posted the short-term rental message announcement on Facebook that reached approximately 9,378 people with 1,699 engagements, including 62 comments. A message was also posted on VOP Twitter on September 8, 2021, the VOP LinkedIn page on September 14, 2021, the Pick Oak Park page on September 15, 2021 and the VOP e-news on September 10, 2021. Finally, the public meeting notice was posted on the Oak Park-River Forest patch.com web page and on September 23, 2021 WBBM Newsradio posted and broadcast a story on Oak Park taking public input on an ordinance for Airbnb-type rentals. Considerable public outreach has occurred.

The two public meetings, mentioned earlier, were conducted via a Zoom platform on September 23, 2021 at 9:00 am and 5:00 pm. A total of eleven (11) individuals provided public comments during these meetings and nine (9) individuals provided written comments. Several of the individuals who provided verbal comments also provided written comments. Individuals participating in the September 23, 2021 public meetings generated fifteen (15) questions. The verbal comments and the written comments from the September 23, 2021 meetings are attached. In addition, the list of questions, with staff provided answers, are also attached.

To date, 61 comments have been posted on the Village website with 26 people commenting favorably on the ordinance and 35 people commenting against the ordinance.

As a result of the public feedback received at the September 23, 2021 meetings and provided through the Village's website, staff has made eight (8) major changes to the originally proposed ordinance. The eight (8) proposed major staff changes are as follows: 1.) The definition of "Owner" has been adjusted to remove the reference that an owner is only an individual who occupies the short-term rental dwelling unit; 2.) A new definition entitled "Short-Term Rentals" has been added to the ordinance to encompass the possibility that units may be either owner-occupied or non-owner occupied; 3.) A new definition entitled "Non-Owner-Occupied Short-Term Rentals" has been added to account for the fact that some short-term rentals are investment properties, not occupied by their owner; 4.) License fees have been adjusted so that now, owner-occupied short-term rental units will pay an annual license fee of \$100.00 and non-owner occupied short-term rental units will pay an annual license fee of \$350.00; 5.) Language requiring short-term rental owners to buy parking passes has been removed and replaced with language that requires said owners to inform their guests

about the Village's overnight parking application; 6.) Language requiring the short-term rental owner to make their guest register accessible to employees of the Village's Police, Fire, Health, and/or Development Customer Services Departments has been removed and replaced with making the register "freely accessible to any authorized Village employee"; 7.) Previous emergency contact and occupancy posting requirements have been changed so this information is no longer required to be put in the dwelling units front window but, instead, must now place this information inside the front entrance; and 8.) The maximum occupancy limits for short-term rental units with two (2) bedrooms has been changed from four (4) to five (5).

As of October 20, 2021, Oak Park has a combination of 161 active short-term rentals on Airbnb and Vrbo, comprised of 114 homes and 47 private rooms. The number of short-term rentals fluctuates depending upon the time of year and availability of the rental units by the hosts.

It should be noted that several communications were sent directly to Airbnb Corporate to enlist their assistance in contacting the Oak Park Hosts about the proposed ordinance. The first communication was non-responsive. The second communication was responded to by Airbnb. Airbnb stated that it was the responsibility of the hosts in the area to follow current laws and for them to get in touch with their own jurisdiction for any changes to said laws.

If the Board chooses to adopt the attached ordinance, the Village will notify Airbnb of the new licensing program and request that all Oak Park participants be notified. The Village will monitor listings and seek compliance with the Village's ordinance.

### **Alternatives**

Request additional information.

### **Previous Board Action**

On July 6, 2021, the Board reviewed the First Reading of the Ordinance and requested that community feedback be obtained before further action is taken.

On September 19, 2016, the Village Board approved Ordinance 16-109, an Ordinance Amending Chapter 23A ("Taxes"), Article 4 ("Hotel/Motel Tax") of the Oak Park Village Code to Include Transient Occupancy Rental Units. It should be noted that at this time, the Village Board opted not to license short-term rentals.

On this same date, the Village Board approved Resolution 16-305, a Resolution Approving a Voluntary Collection Agreement with Village of Oak Park Transient Occupancy Tax with Airbnb, Inc. and Authorizing its Execution.

### **Citizen Advisory Commission Action**

N/A

### **Anticipated Future Actions/Commitments**

N/A

### **Intergovernmental Cooperation Opportunities**

N/A

