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MEMORANDUM

Date: 10/24/2024

To: Ald. Gabrielle Torina, Chair, Code & Regulation Committee

From: Nicholas Meyer, Legal Director

Re: Proposed Short-Term Rental Ordinance

Staff recommends approval of the proposed Short-Term Rental Ordinance.

Over the last several years, there has been a substantial increase in the number of Short-Term Rentals (Airbnb, VRBO) in the City of Rockford. There are currently more than 200.

STR's are popular in many municipalities throughout the country. Municipalities are passing ordinances to create the appropriate balance between encouraging investment to promote local tourism and preserving the residential character of neighborhoods.

Short Term Rentals are considered a commercial use of a residential property. Under most zoning ordinances (including Rockford's) commercial uses of residential property are prohibited unless specifically allowed under the ordinance. Rockford currently does not have any provision either in the general code of ordinances or the zoning code that addresses STRs. Therefore, it is important that Rockford create an ordinance in order to give them legitimacy, but also regulate them to avoid some of the problems that have arisen.

Staff have received several complaints about that unregulated STRs have become a nuisance in certain areas. The majority of complaints include: large gatherings/parties, loud music, excessive street parking, and criminal activity. And because some of the STRs are owned by people or entities outside of the area, it is difficult to find a responsible party who can make a timely response to complaints.

The proposed STR ordinance preserves the character of residential neighborhoods by prohibiting the nuisance behavior that is inconsistent with residential uses that result in the most complaints. At the same time, the ordinance is business friendly. Permitting will be automated through the city's rental registry software. For example, the City reserves the right to inspect properties, but they are not required prior to permitting (this also alleviates additional staff burdens). And there is no cost to obtain a permit.

Important provisions include:

- No advertising or hosting for commercial events, such as weddings, large gatherings, or assemblies.
- Maximum occupancy of two people per bedroom or 10 total persons.
- No on-street parking, consistent with residential zoning ordinances. (up to 2 vehicles may be parked on the street if the driveway cannot accommodate 4 vehicles)

- Responsible party (i.e. property manager) must be available to respond to complaints and RPD/Code Enforcement calls for service
- Minimum of one-night booking (no hourly bookings).
- No property right established; new owners must submit a new application
- Non-renewal, suspension, or revocation for violation of the ordinance or if the property becomes a nuisance.

DRAFT SHORT TERM RENTAL ORDINANCE

Sec. 1. Permit Required.

No short-term rental shall be permitted in the city without first having an obtained a permit.

Sec. 2. Definitions.

A "SHORT-TERM RENTAL" shall be all or part of a residential dwelling or dwelling unit that is rented for transient occupancy by guests for a period shorter than 30 consecutive days. The term "short-term rental" does not include either hotels or motels. A short term rental shall have all the attributes of a single family dwelling unit including cooking, living, sanitary and sleeping facilities. set forth in this Article.

Sec. 3. No Property Rights Conferred.

Short-term rental permits do not provide a vested interest or entitlement in the continued operation of a short-term rental upon a change of property ownership. Short-term rental permits are revocable permits and shall not run with the land.

Sec. 4. Permit Application Requirements; Renewal

A property owner who seeks a short-term rental pursuant to this Article shall submit a written application utilizing the City's online registration system. Owners must renew their permit every year through submittal of a renewal application utilizing the City's online registration system. All applications must be submitted by the property owner. Permits shall not issue to any person not an owner of the property. Permits shall issue upon registration, subject to non-renewal, suspension, or revocation as set forth herein.

Sec. 5. Inspection.

The city's Community and Economic Development and Fire Department reserves the right to inspect each short-term rental upon reasonable notice for compliance with all applicable building, fire, and property maintenance codes.

Sec. 6. Rental Registry.

No dwelling unit may be used for a short-term rental unless the owner has registered with the City of Rockford rental registry and identified the unit as a short term rental.

Sec. 7. Guest Registry Book.

Every short-term rental owner shall keep a written or digital register in which shall be entered the name of every guest over the age of 18 and his/her arrival and departure dates. A digital register maintained by a short-term rental platform such as Airbnb or VRBO shall be sufficient to satisfy this requirement. The owner shall make said register accessible to any officer of the City's Police, Fire, Health, and/or Community and Economic Development Departments upon request.

Sec. 8. Notice to Neighbors.

Prior to the first rental of a short-term rental in any calendar year, the owner of the dwelling unit must deliver written notice by mail or personal delivery to the owners of all parcels that abut the property on which the short-term rental will be located of the owner's intent to offer their dwelling unit as a short-term rental. The written notice must include the rental registration number of the property, as provided by the city, and contact information for the owner and manager of the short-term rental. The notice shall also include the web address posted on the City's website (which shall be provided to the owner) with information regarding the rules and regulations contained in this ordinance.

Sec. 9. Commercial Use.

Operation of a short-term rental is a commercial use of a residential property. The use shall be consistent with a residential dwelling and shall preserve the character of the neighborhood.

Sec. 10. Minimum Rental Period.

- A. No short-term rental shall be rented or leased more than once within any consecutive twenty-four (24) hour period measured from the commencement of one rental to the commencement of the next.

Sec. 11. Advertising.

- A. No sign advertising or otherwise promoting a short-term rental may be installed or erected on the premises.
- B. No short term-rental shall advertise online on any platform an hourly rate or any other rate based on a rental period of fewer than twenty four (24) hours.

- C. No short-term rental shall hold out on any online platform the short-term housing rental property as a venue for weddings, conferences, parties, or other events, regardless of the number of attendees.

Sec. 12. Maximum Occupancy

- A. Occupancy, for purposes of determining "maximum occupancy," is defined as two (2) people per bedroom and occupants shall include any children.
- B. This occupancy limitation shall include invitees of the short-term rental tenants, and social guests
- C. In no event shall the occupancy of the short-term rental exceed 10 persons (including renters, invitees, and social guests), regardless of the number of bedrooms.

Sec. 13. Parking Requirements; Loading and Unloading of Commercial Buses Prohibited

- A. Overnight parking for persons renting a short-term rental must be provided on the same zoning lot as the short-term rental except as provided below and must be located on an improved hard surface.
- B. Street parking may not be used by persons renting a short-term rental. However, if a property does not have a driveway or parking area that can accommodate four vehicles, street parking or public parking lots shall be allowed for up to two (2) vehicles where permitted.
- C. In no event shall more than four (4) vehicles be parked in the driveway or parking area of the short term rental.
- D. Commercial buses shall not be parked either on the street or in the driveway of any short-term rental for the purpose of loading or unloading passengers, luggage, or other items using the short term rental.

Sec. 14. No parties/special events/large gatherings

The short-term rental premises shall not be used as a venue for gatherings such as weddings, conferences, parties, special events or other events regardless of the number of attendees.

Sec. 15. Posting of Ordinance Requirements and Prohibitions.

There shall be posted in every short-term rental the requirements and prohibitions contained in Sections 12, 13, and 14.

Sec. 16. Hotel Tax

Short term rentals shall pay all taxes applicable to hotels in Ch. 5, Division 3 (Hotel/Motel Tourism Tax) of the City of Rockford Code of Ordinances. Said taxes shall be collected and remitted as set forth therein. The entire property or structure shall be considered a "hotel or motel room" for purposes of the applicable taxes. The owner of the short-term rental shall be subject to all requirements of Ch. 5, Division 3 as if being the owner of a hotel or motel within the city.

Sec. 17. Local Contact Person Required.

The owner of the property containing the short-term rental shall either be available or appoint/hire a local contact person or a property management company that shall be available by telephone or in-person on a twenty four (24)-hour basis who resides within 50 miles of the property and can physically be present at the property within sixty (60) minutes to service a call by the occupants of the short-term rental or to respond to complaints issued by any law enforcement agency, building and/or fire departments. The owner or local contact person shall have the authority to assume management of the short-term rental in order to respond and remedy any occupant calls or complaints. The local contact person shall be empowered by the property owner to address physical conditions or circumstances that constitute an immediate threat to public health and safety, including ordering the removal of any occupants in order to comply with the provisions of this ordinance. The name and all contact information of the owner or local contact person shall be provided to the occupants, clearly posted within the residence, and provided to the city and be maintained with current information at all times.

Sec. 18. Property Owner Responsible for Compliance with Codes

It is the responsibility of the property owner and the management company or local contact person responsible for the short-term rental to be in control of the short-term rental unit; to inspect and visit the property as needed to assure compliance with this code, and all applicable city building, zoning, and fire codes, to prevent nuisance behavior and maintain neighborhood peace, welfare, and safety.

Sec. 19. Nuisance Prevention & Abatement.

The short-term rental shall not cause an adverse effect on the use, enjoyment, or property values of the immediate neighborhood. The owner of a short-term rental shall not cause or permit, by action or failure to act, the short-term rental or its use to suffer from or create any nuisance or criminal activity, which shall include but not be limited to excessive noise or violations of building, zoning, or fire codes. If a permittee knows or suspects that any criminal activity or public nuisance is taking place on or immediately adjacent to the property, the permittee shall immediately notify the city of such fact and cooperate with the Police Department in any investigation that may ensue.

Sec. 20. Notice Upon Change in Ownership; Termination of Permit.

A short-term rental permit shall terminate immediately upon any change in ownership. Property owners must notify the Community and Economic Development upon change of ownership. Continued operation of a short-term rental upon change of ownership will result in a violation of this ordinance. Any new owner must apply for a short-term rental permit under this code.

Sec. 21. Penalty.

Any one violation of this chapter, or any rules or regulations promulgated under this chapter may result in fines, suspension or revocation of a permit, modification of the use (including but not limited to increasing the minimum rental period) or a combination thereof. A violation of any section of this chapter is subject to a fine of not less than fifty dollars (\$50.00) nor more than seven hundred fifty dollars (\$750.00) for each offense. Each day that a violation continues shall constitute a separate and distinct offense.

Sec. 22. Non-Renewal, Suspension and/or Revocation of Permit.

A. A permit may be subject to non-renewal, suspension, or revocation upon a determination of one or more of the following:

- i. The short term rental is a public nuisance;
- ii. there exists outstanding and unresolved code violations at the property;
- iii. the short term rental permit was revoked within the previous 12 month period;
- iv. the applicant has outstanding debts due and owing to the city;
- v. the property is condemned;
- vi. the property is not eligible for a short term rental under the provisions of this Article.

- vii. Improvements or alternations have been made to the structure without proper permits and the property has not been brought into compliance after reasonable notice and an opportunity to correct the violations.
- viii. the owner of the relevant short-term/vacation rental or his/her agent violates any of provisions of this Ordinance, the city of Rockford code of ordinances, building codes, zoning codes, or fire codes or any criminal code of the State of Illinois.
- ix. the owner of the short-term/vacation rental or his/her agent is deemed to have maintained a nuisance premises.

Sec. 23. Hearing Required.

No short-term rental permit shall be non-renewed, suspended, or revoked prior to a hearing as set forth herein.

Sec. 24. Non-renewal/Suspension/Revocation Hearing Process.

A. Not less than fourteen (14) business days prior to a hearing on non-renewal, suspension, or revocation of a permit issued pursuant to the terms of this Ordinance, the City Administrator shall send, via First Class U.S. mail, a notice of the non-renewal, suspension, or revocation hearing to the owner and his/her authorized agent at the address provided on the most recent permit application. Notice shall be sufficient if sent to the address of the authorized agent indicated on the permit application. Said notice shall include the following:

1. Description of the short-term rental, sufficient for identification;
2. A statement that the permit is subject to non-renewal, suspension or revocation; and
3. A succinct statement of factual allegations that identifies the basis for the potential non-renewal, suspension or revocation.

B. If the City Administrator has reason to believe that immediate suspension of the permit is necessary to prevent the threat of immediate harm to the city or the neighborhood, the city administrator may, upon the issuance of a written order stating the reason for such conclusion and without notice or hearing, order the permit suspended for not more than seven (7) days. The City Administrator may extend the suspension during the pendency of a hearing upon a written determination that doing so is necessary to prevent the previously mentioned harm to the city or the neighborhood.

C. The City Administrator shall conduct hearings in accordance with the procedures drafted by the Department of Law.

D. Within ten (10) business days after the close of the hearing, the City Administrator 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.

Sec. 25. No New Permit After Revocation

A permittee whose license has been revoked shall not be eligible to reapply for a new permit for one year.

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