



Legislation Details (With Text)

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On agenda:	8/4/2020	Final action:	8/4/2020
Title:	Waive the first reading and pass the ordinance adding a new Chapter 18 (Short-Term Residential Rentals) to Title 3 (Business and License Regulations) of the Naperville Municipal Code (requires six positive votes)		
Sponsors:			
Indexes:			
Code sections:			
Attachments:	1. Short Term Rental Ordinance		

Date	Ver.	Action By	Action	Result
8/4/2020	1	City Council	waived the first reading and passed	

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Waive the first reading and pass the ordinance adding a new Chapter 18 (Short-Term Residential Rentals) to Title 3 (Business and License Regulations) of the Naperville Municipal Code (requires six positive votes)

DEPARTMENT: Transportation, Engineering and Development

SUBMITTED BY: Allison Laff, AICP, Deputy Director; Pat Lord, Senior Assistant City Attorney

BOARD/COMMISSION REVIEW:

Amendments to Title 3 do not require Planning and Zoning Commission review.

BACKGROUND:

Under new business at the February 4, 2020 meeting, City Council directed staff to prepare a report with potential options that could be used to regulate short-term residential rentals ("STR"). This request was driven by resident complaints concerning a large party held at a STR located at 843 Santa Maria in Naperville on Super Bowl Sunday 2020. There had also been resident complaints related to a prior large STR party that was held at the same residence on New Year's Eve 2018.

On March 12, 2020, Staff provided Council with a communication through a Manager's Memorandum that gave an overview of potential STR regulations. Following its issuance, no immediate Council direction was given regarding the potential regulations as the City was preoccupied managing disruptions due to the COVID-19 pandemic.

At the June 2, 2020, City Council meeting, Council re-raised consideration of STR regulations in response to resident complaints regarding incidents occurring at two local STRs (843 Santa Maria -

same location referenced above; and 404 Verbena Court). Resident complaints regarding both locations concerned incidents that occurred in May 2020 where STR parties were held that generated concerns over the large number of people in attendance (particularly given social distancing guidelines), loud noise, late hour activities, and physical altercations. The Naperville Police were called and responded for both incidents.

At the June 16, 2020 City Council meeting, Council considered potential STR regulations and directed staff to prepare an ordinance for Council consideration that would establish STR regulations. A consensus of Council supported establishing a maximum occupancy limit at STRs, intended to minimize disruptive parties on-premise, and imposing a progressive fine structure for STR violations.

DISCUSSION:

Staff has drafted the proposed ordinance based on Council's direction. Some additional elements have been incorporated to maximize its effectiveness and enforceability. Below is a summary of the provisions within the proposed ordinance.

STR Definition

A STR is defined as a residential structure offered for rent in its entirety for a period not to exceed 30 consecutive days. This definition specifically excludes hotels, bed and breakfast establishments, and boarding facilities as those uses are separately defined and regulated in the City's Zoning Code. Further, longer-term residential rentals (those in excess of 30 days) are also excluded from this new ordinance.

The ordinance, in part, imposes the following regulations on all STRs:

1. Must **register online** with the City and provide information re: the premises and contact information for the owner and operator.
2. The **maximum occupancy** is determined by the following formula: number of bedrooms X 2, plus 4; and no more than 20 persons regardless of the number of bedrooms. For example:
 - a. 3-bedroom home would have a maximum occupancy of 10;
 - b. 4-bedroom home would have a maximum occupancy of 12;
 - c. 7-bedroom home (like the one on Santa Maria) would have a maximum occupancy of 18; and
 - d. Any home with 8 or more bedrooms would have a maximum occupancy of 20.
3. **Must be owner-occupied as a primary residence for more than 6-months of each calendar year** (essentially eliminating the use of investment/unoccupied properties as STRs).
4. Must be **respectful of the residential character of the adjacent neighborhood**, and to that end, shall at all times:
 - a. Maintain the property **free of garbage, trash, and litter**.
 - b. **Maintain noise and lighting levels** on the property that comply with the applicable limits.
 - c. **Garbage** shall be neatly stored and left outside only on the day of garbage pick-up.
 - d. **Parking** shall be made available so as to accommodate as many vehicles on-site as possible and any off-street parking must comply with applicable codes.

5. **Prohibited from operating or advertising a STR for purposes of hosting parties**, events or gatherings that would exceed the maximum occupancy.
6. STR rental owners, operators and renters must **comply with all applicable federal, state and local laws**.
7. **Prohibited from discharging firearms or fireworks** from STRs.
8. Must timely **pay applicable taxes** including, but not limited to, the local hotel/motel tax.
9. Must **maintain appropriate and operating fire safety equipment** (extinguishers and alarms).
10. Must conspicuously **post the registration and regulations** in an accessible location within the STR.

Progressive Fine Structure

Violations of the ordinance will be punishable for a \$500 fine for first offenses within a 12-month period and a \$1,000 fine for second or subsequent offenses within a 12-month period. Each day an offense occurs shall be considered a separate finable offense. Multiple offenses can cause a STR property to be deemed a public nuisance and the City will then be able to seek injunctions to stop violations and recovery of reimbursement for the cost of City services incurred to abate any public nuisance.

Delayed Effective Date for Compliance

In order to give impacted entities, notice, an opportunity to comply, and reasonable time to modify existing rental contracts the proposed ordinance is drafted so as to not be effective until September 1, 2020. That will give impacted entities approximately four weeks from the anticipated passage of the new ordinance (August 4) to register STRs with the City and bring STRs into compliance with the new ordinance.

Also, the proposed ordinance provides that any existing STR agreements entered prior to Council's passage of the ordinance (prior to August 5, 2020) will be exempt from the ordinance for 60-days (until October 6, 2020). In other words, if, there is currently a STR reservation for Labor Day weekend it will be allowed to continue as planned, but if there is one for Halloween weekend it will have to comply with the new ordinance. Staff believes that providing a reasonable period for implementation will minimize the adverse impact on people who have may have already made plans prior to the enactment of the new ordinance.

Alternative City Council Action

The proposed ordinance is being presented to the City Council for review and adoption on August 4, 2020. Should the City Council instead wish to prohibit all STRs in their entirety, Council should direct staff to bring back an ordinance with this action for Council consideration on August 18, 2020.

FISCAL IMPACT:

The City's 5.50% hotel and motel use tax is currently applicable to short-term rentals.