

Landscape of Proposed Chicago “Airbnb” Ordinance Still Changing, Days from City Council Vote

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In early May, Chicago Mayor Rahm Emanuel proposed a highly controversial ordinance to regulate Airbnb and other home-sharing service providers. In its initial form, the ordinance required units rented out for more than 90 days a year through a home-sharing website, such as Airbnb or HomeAway, be regulated as a commercial property and provided for a 4% surcharge on the booking of any shared housing units. The additional revenue from this ordinance is intended to be primarily dedicated to fighting chronic homelessness in Chicago.

Prior to the City Council’s panel hearing on May 17, the initial version of the ordinance went through a series of significant last minute changes, including limiting the number of units that can be rented through online agencies in large Chicago buildings, and allowing hosts to appeal for relief from the ordinance with “alderman support and just cause.” After listening to more than five hours of testimony with hundreds of Chicago residents in attendance during the panel hearing, the City Council Committees on Housing and License and Consumer Protection approved the latest version of the ordinance on May 18, but tabled the full City Council vote until Wednesday, June 22, in order to allow more time for review and revisions.

Despite approval by City Council Committees in May, the text of the proposed ordinance has continued to change. Over the past week, Emanuel unveiled several rounds of revisions to the proposed ordinance. These revisions include: a \$60-per-unit fee, in addition to a 4% surcharge on Airbnb and other home-sharing bookings, and a \$10,000 annual license for each of the web-based home-sharing service providers; establishing a hotline for neighborhood residents to report problems; a provision allowing certain buildings and voting districts to elect to be on a list of “prohibited areas” kept by the city; language placing the burden of enforcement (enforcing the prohibited areas list, responding to complaints from neighbors) on the city of Chicago instead of home-sharing service providers; and an anti-discrimination clause. Aldermen have already voiced concerns and some are rejecting these latest revisions, which will likely result in another proposal (possibly more), prior to Wednesday’s scheduled vote.

The landscape surrounding the “Airbnb” ordinance in Chicago is unstable, at best. It is clear that whether the ordinance passes or not, the ordinance and the issues raised by it will have significant implications for both residential and commercial property owners and managers. If the ordinance passes, property owners and managers will be forced to navigate the complexities of the new home-sharing restrictions, and if it doesn’t, the many issues surrounding the increased popularity of home-sharing services including disputes between home-share users and neighborhood residents will continue without resolution.

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