



TO: The Honorable Mayor and City Council

FROM: Ty Livingston, Director of Planning & Community Development

DATE: March 29, 2022

SUBJECT: Petition of the City of East Peoria to amend City Code 3-38-1 through 3-38-12 pertaining to short-term rentals.

BACKGROUND: The petition here is to clean-up some language in our STR code now that we've had some experience with these cases. At present, there's some current language that appears to require an STR owner to live on-site or very nearby. While this is the intent for partial property rentals – like a room or a floor, this is not the desire for whole apartment or home rentals. The verbiage for operator-occupied has been removed. The change here establishes an annual fee for a license as one doesn't currently exist. Also, while there's no harm in calling out the requirement the Special Use will cease with the sale of the property, this requirement already exists within the code. Lastly, while many stays are less than 30 days, there are some that are in excess of that time frame (think travelling healthcare workers). The 29 days here references the length of time the City is able to collect lodging tax. That verbiage has been clarified, as well.

At their meeting, the ZBA 4-0 to recommend this code change.

RECOMMENDATION: Approval, as presented.

ORDINANCE NO. 4641

**AN ORDINANCE AMENDING REGULATIONS FOR SHORT-TERM
RENTALS UNDER THE EAST PEORIA CITY CODE**

WHEREAS, in December 2020, the City of East Peoria adopted Ordinance No. 4531 establishing regulations in the East Peoria City Code for regulating vacation and short-term rentals located within the City; and

WHEREAS, City Officials have recently reviewed these short-term rental regulations after having a year of implementing these regulations and have determined that certain amendments to these regulations will allow for more efficient regulation of short-term rentals; and

WHEREAS, City Officials have further determined that a license fee is appropriate to help alleviate the administrative burden associated with issuing short-term licenses and reviewing the associated special use requests required for short-term rental properties; and

WHEREAS, the City Council finds that amending the short-term rental regulations in the East Peoria City Code as set forth herein serves the best interests of the City of East Peoria and its citizens;

**BE IT ORDAINED BY THE COUNCIL OF THE CITY OF EAST PEORIA,
TAZEWELL COUNTY, ILLINOIS, THAT:**

Section 1. Title 3, Chapter 38, Section 1 pertaining to short-term rentals is amended to read as follows (additions are indicated by underline, deletions by ~~strikeout~~):

3-38-1. Definitions.

The following words, terms and phrases, when used in this chapter, shall have the meanings ascribed to them in this section except where the context clearly indicates that a different meaning is intended:

Guestroom shall mean a room with a structure kept, used, or maintained as or advertised or held out to the public to be in a short-term rental, as defined in this chapter, where sleeping or rooming accommodations are furnished for payment.

Operator shall mean the owner of the short-term rental or the owner's agent.

~~*Operator-Occupied* shall mean that for at least twenty (20) days per year, the operator resides on the property or vessel, on contiguous property, or within 300 feet of the lot or site on which the short-term rental is located.~~

Short-Term Rental shall mean ~~an operator-occupied~~ a residence, property, or structure providing accommodations for a charge to the public with no more than 5 guest rooms for rent that is offered, advertised, or held out to the public for use or is otherwise in operation for more than 10 nights in a 12-month period. A short-term rental shall include a boat, houseboat, or similar floating vessel that is rented for overnight lodging and meets the other short-term rental requirements as set forth in this definition; for the purposes of this chapter, the term "structure" shall include a floating vessel. A short-term rental shall further include a bed and breakfast establishment as defined under the Bed and Breakfast Act (50 ILCS 820/1, *et seq.*), as amended from time to time. A short-term rental shall not include motels, motor courts, hotels, boarding houses, rooming houses, boutique lodging establishments (as defined in Title 5 of the East Peoria City Code), or food service establishments.

Section 2. Title 3, Chapter 38, Section 2 pertaining to short-term rentals is amended to read as follows (additions are indicated by underline, deletions by ~~strikeout~~):

3-38-2. License and fee required.

(a) No person, partnership, corporation, or association, either as owner or agent, or in any other capacity shall operate or permit to be operated a short-term rental without having first obtained a license to do so. Licenses shall be issued beginning on September 1 of each year ~~for a period of one year from the date of issuance~~, unless sooner revoked. No licenses shall be transferable to another person or location.

(b) No license shall be issued or annually renewed for a short-term rental delinquent in payment of the hotel/motel room renting tax to the city as provided by this Title.

(c) The annual fee for such license for a short-term rental shall be fifty dollars (\$50.00). The license shall be valid for one year beginning on September 1 of each year. No fee to be paid shall be reduced in proportion to any time expired in the applicable annual period.

Section 3. Title 3, Chapter 38, Section 5 pertaining to short-term rentals is amended to read as follows (additions are indicated by underline, deletions by ~~strikeout~~):

3-38-5. Issuance of license.

(a) Requirements: The Planning and Community Development Department shall issue a short-term rental license when it is determined that all of the following requirements have been met:

- (1) When applicable, a special use issued under the East Peoria Zoning Code for the short-term rental has been approved;
- (2) Compliance with all applicable state and local fire standards, including Section 3-38-8, and with the provisions of this chapter;
- (3) Compliance with all applicable housing standards set forth in Title 4, Chapter 8 of the East Peoria City Code;
- (4) Payment of the license fee as set forth in Section 3-38-2;
- (~~5~~) The licensee shall maintain minimum liability insurance coverage of five hundred thousand dollars (\$500,000.00) for each individual and one million dollars (\$1,000,000.00) for each occurrence. The licensee shall submit a certificate of liability insurance prior to the issuance of the license. Failure to maintain minimum liability insurance shall result in automatic revocation of the short-term rental unit license;
- (~~6~~) When applicable, the licensee shall submit a certificate of registration from the Illinois Department of Revenue for payment of any applicable state hotel and retail sales taxes; and
- (~~7~~) The licensee shall have registered with the city's finance department for payment of all applicable municipal fees or taxes, including the hotel/motel tax.

(b) License Displayed: Once the license is issued, the licensee shall display the license at all times in a location easily viewed by guests and prospective guests of the short-term rental.

Section 4. Title 3, Chapter 38, Section 9 pertaining to short-term rentals is amended to read as follows (additions are indicated by underline, deletions by ~~strikeout~~):

3-38-9. Driveway.

The driveway or parking area(s) serving the short-term rental shall be large enough to accommodate one (1) vehicle for each guestroom ~~in addition to the parking required for operator's vehicles.~~ In cases where the operator lives on-site and just a portion of the property is rented for the short-term rental, an additional parking space is required for the operator's vehicle.

Section 5. Title 3, Chapter 38, Section 12 pertaining to short-term rentals is amended to read as follows (additions are indicated by underline, deletions by ~~strikeout~~):

3-38-12. Maximum stay.

~~No guest may stay in the~~ A short-term rental shall not extend beyond a period of for more than twenty-nine (29) consecutive days. As a result, the hotel/motel room rental tax established under Chapter 28 of Title 3 of the East Peoria City Code shall not apply to stays in excess of twenty-nine (29) consecutive days.

Section 6. This Ordinance is hereby ordered to be published in pamphlet form by the East Peoria City Clerk and said Clerk is ordered to keep at least three (3) copies hereof available for public inspection in the future and in accordance with the Illinois Municipal Code.

Section 7. This Ordinance is in addition to all other ordinances on the subject and shall be construed therewith excepting as to that part in direct conflict with any other ordinance, and in the event of such conflict, the provisions hereof shall govern.

Section 8. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance.

Section 9. This Ordinance shall be in full force and effect from and after its passage, approval and ten (10) day period of publication in the manner provided by law.

PASSED BY THE COUNCIL OF THE CITY OF EAST PEORIA, TAZEWELL COUNTY, ILLINOIS, IN REGULAR AND PUBLIC SESSION THIS _____ DAY OF _____, 2022.

APPROVED:

Mayor

ATTEST:

City Clerk

EXAMINED AND APPROVED:

Corporation Counsel