

About the Regulated Business License – Vacation Rentals

A “Regulated Business License” is required for the following activity:

- **Vacation Rental** ([MCC 4-6-300](#)) - means a dwelling unit that contains 6 or fewer sleeping rooms that are available for rent or for hire for transient occupancy by guests. The term “vacation rental” shall not include a dwelling unit for which a tenant has a month-to-month rental agreement and the rental payments are paid on a monthly basis; or corporate housing; guest suites; or shared housing units. In a building with 4 units or less, the vacation rental dwelling unit must be the licensee’s **“Primary residence”** where applicant lives on a daily basis at least 245 days in the applicable calendar year.

Pre-Application Checklist

The following activities must be completed **BEFORE** applying for any business license.

- ✓ [Check your Zoning designation](#). Verify that your proposed business activities are allowed at your potential business location. You should also verify that your proposed business activities are not in a restricted residential zone (for more information, visit www.chicityclerk.com). Vacation Rental businesses are allowed in these zoning districts:
 - DC, DX, DR, RS1, RS2, RS3, RT3.5, RT4, RM4.5, RM5, RM5.5, RM6, RM6.5, B1, B2, B3, C1, C2.
- ✓ [Register your business with ALL of the appropriate government agencies](#).
- ✓ [Check state or federal laws and requirements](#).

Commissioner’s Adjustment

A Commissioner’s Adjustment is a waiver that upon approval, allows the operation of a licensed vacation rental or shared housing unit under the below three circumstances. A Commissioner’s Adjustment will not be granted unless the BACP Commissioner determines that such an adjustment would eliminate an extraordinary burden on the applicant in light of unique or unusual circumstances and would not detrimentally impact the health, safety, or general welfare of surrounding property owners of the general public. Application for a Commissioner’s Adjustment may be found at www.cityofchicago.org/bacp.

1. The applicant’s dwelling unit is located in a single family home that is not the applicant’s primary residence;
2. The applicant’s dwelling unit is located in a building containing two to four units, where the dwelling unit is not the applicant’s primary residence;
3. To increase the number of units allowed to be used for short term residential rental activity in a building containing two to four dwelling units.

How do I apply?

You may apply for a license by going online at www.cityofchicago.org/bacp, and then click on [Apply for a License](#), or in person at the Department of Business Affairs and Consumer Protection (BACP) office in City Hall, 121 North LaSalle Street, Room 800. An appointment is recommended and can be made by calling (312) 74-GOBIZ / (312) 744-6249, or by going online at www.cityofchicago.org/bacp, and then click on [Schedule An Appointment With A Business Consultant](#).

STEP 1: LICENSE APPLICATION

- A separate license shall be required for each separate business location.
- All activities and services to be provided must be described on the business information sheet (BIS).
- License application fee: **\$250.00** per location, based on a two-year term

Application – Additional information required.

In addition to the requirements set forth in Section 4-6-300, the vacation rental license application shall be accompanied by the following information:

- (1) a statement as to whether the dwelling unit identified in the license application is a: (i) single family home, and, if so, whether the home is the applicant's primary residence; or (ii) building containing two to four dwelling units, and, if so, whether the dwelling unit is the applicant's primary residence; or (iii) building containing five or more dwelling units;
- (2) the name, address and contact information of a local contact person;
- (3) an affidavit from the local contact person identified in the license application attesting that such local contact person: (a) is designated for service of process; (b) is authorized by the owner to take remedial action and respond to any violation of this Code; and (c) maintains a residence or office located in the City;
- (4) if the dwelling unit is subject to restrictions imposed by a homeowners association or board of directors, an attestation that the homeowners association or board of directors has not adopted by-laws prohibiting the use of the dwelling unit identified in the license application as a vacation rental or shared housing unit, in any combination
- (5) if the dwelling unit is subject to a rental agreement, an attestation that the owner of the building in which the dwelling unit is located has not prohibited use of the dwelling unit as a vacation rental or shared housing unit, in any combination;
- (6) proof of insurance: (1) homeowner's fire, hazard and liability insurance; and (2) commercial general liability insurance, with limits of not less than \$1M per occurrence, combined single limit, for bodily injury, personal injury and property damage arising in any way from the issuance of the license or activities conducted pursuant to the license.
- (7) a floor plan of the entire dwelling unit, every room properly labeled with information and content.

SUMMARY OF OPERATIONAL REQUIREMENTS

The licensee must maintain guest registration records which contain the guest's name, address, signature, and dates of accommodation and that the registration records shall be kept on file for three (3) years and made available for inspection by any city official during regular business hours or in the case of an emergency

The licensee shall print the license number in every print and/or web based advertisement for the vacation rental as well as include on every application for a building permit.

An evacuation diagram identifying all means of egress from the vacation rental and the building in which it is located shall be posted in a conspicuous place on the inside entrance door of each vacation rental.

The name and phone number of the local contact person of the vacation rental shall be posted in a conspicuous place near the entrance of the vacation rental. The licensee must also acknowledge that if the local contact person information changes that the licensee will immediately contact BACP and provide current information.

The licensee may not provide food to guests without complying with all applicable food handling and licensing requirements.

The vacation rental must be in compliance with applicable laws regarding the installation and maintenance of function smoke and carbon monoxide detectors.

The licensee shall comply with all applicable federal, state and local laws and regulations regarding collection and payment of taxes, including hotel accommodation taxes.

A vacation rental licensee may NOT (1) rent or lease any vacation rental by the hour or for any period of fewer than 10 consecutive hours; (2) rent or lease any vacation rental more than once within any consecutive 10 hour period measured from the commencement of one rental to the commencement of the next; or (3) advertise an hourly rate or any other rate for a vacation rental based on a rental period of few than 10 consecutive hours.

The licensee may not serve or provide alcohol to any guest or invitee of a guest.

STEP 2: ZONING REVIEW

Every business license, location expansion and change of location application requires review and approval from the Zoning Unit of the Department of Housing and Economic Development. The business activity, location and parking requirements will be evaluated at this time.

STEP 3: INSPECTIONS AND PERMITS

An inspection of this business location is required and is scheduled within 5-10 business days of license application fee payment.

The **Chicago Department of Buildings (DOB)** – DOB is the department which conducts building inspections and processes and issues building permits.

- a. A building permit is required for any structural build-out, including rehab of a location. Structural work includes, but is not limited, to: plumbing, electrical, natural gas line, HVAC, drywall, demolition or construction. A more complete list of structural work requiring a permit is available here. All structural work must be completed before the building inspection.
- b. Prior to receiving a Vacation Rental license the premises must pass an inspection by DOB.

STEP 4: LICENSE ISSUANCE AND RENEWAL

The Regulated Business license for the Vacation Rental activity will be issued once all inspections and documents have been approved. In addition, all outstanding debt and account holds must be resolved. Prior to license renewal, all licensees and substantial owners shall provide any new information necessary to make the information provided in the initial license application current and accurate.