

ORDINANCE NO. 10028

AN ORDINANCE AMENDING CHAPTER 22 OF THE TOWN CODE—SHORT-TERM RENTAL LICENSING

WHEREAS, The Town of Normal is a home rule unit of local government with authority to legislate in matters concerning its local government and affairs.

WHEREAS, In November 2024, the Town imposed a moratorium on issuing business licenses for residential short-term rental properties to provide time to consider and evaluate regulatory alternatives for these businesses (Ord. 5999); the moratorium was later extended to July 1, 2025 (Ord. 6023).

WHEREAS, It is in the best interests of the health, safety, and welfare of the citizens of Normal to approve regulations regarding the operation of short-term rentals within the Town.

NOW, THEREFORE, BE IT ORDAINED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE TOWN OF NORMAL, ILLINOIS:

SECTION 1. Chapter 22 of the Municipal Code Town of Normal, Illinois, 1969, is amended by replacing Division 22.25, in its entirety, with the attached Exhibit A.

SECTION 2. The Town Clerk is directed and authorized to publish this ordinance in pamphlet form as provided by law.

SECTION 3. This ordinance will become effective 10 days after the date of its publication.

SECTION 4. This ordinance is adopted under the Home Rule Authority, granted the Town of Normal by Article 7, Section 6, of the Illinois Constitution, 1970.

APPROVED:



President of the Board of Trustees
Town of Normal, Illinois

ATTEST:



Town Clerk
(seal)

This ordinance was voted upon and passed by the President and Board of Trustees of the Town of Normal on June 16, 2025, with 5 voting aye; 0 abstaining; 2 voting nay; and 0 absent.

	AYE	NAY	OTHER		AYE	NAY	OTHER
Councilman McCarthy	✓			Councilman Byars	✓		
Councilman Preston		✓		Councilman Roberge	✓		
Councilwoman Lorenz		✓		Mayor Koos	✓		
Councilwoman Smith	✓						

This ordinance was approved by the President on June 16, 2025.

This ordinance was published in pamphlet form on June 18, 2025.

EXHIBIT A

DIVISION 22.25 – SHORT-TERM RENTALS

SEC. 22.25-1. FINDINGS AND INTENT

A. The Board of Trustees of the Town of Normal hereby finds all of the following:

1. In recent years, short-term rentals have generated increasing concern among Town residents, particularly in low-density residential areas. These concerns include disruptive guest behavior, absentee ownership, parking congestion, and transient occupancy that undermines neighborhood cohesion.
2. Short-term rentals are effectively hotel-like uses embedded in residential neighborhoods, undermining neighborhood stability, community cohesion, and the Town's goals for preserving single-family residential character.
3. In many instances, the Town's regulations to limit unrelated tenants in a residence have been violated by short-term rental occupants.
4. A significant majority of short-term rentals in Normal are located in R-1 and R-2 zoning districts. As of June 2025, 49 of the 66 licensed short-term rentals were located in these districts, with most owned by entities located outside the community.
5. Short-term rental ownership in Normal has not generally resulted in substantial property reinvestment. Permit records show that nearly 80% of short-term rental-related construction was valued below \$20,000.
6. Short-term rentals have contributed to reduced availability of housing for long-term residents and have exerted upward pressure on housing prices and rents, particularly in more affordable segments of the market, as the average purchase price of properties used as short-term rentals that were purchased after 2019 is \$173,404.
7. Eliminating short-term rentals in low-density residential zoning districts while allowing them in higher-density residential and commercial zones better aligns short-term rental activity with areas of higher tenant turnover and existing commercial activity.
8. The use of residential dwelling units within the Town as short-term rentals for periods of less than 30 consecutive calendar days can, in certain circumstances, place increased demands on public services, negatively affect surrounding residential neighborhoods, deplete housing stock for long-term habitation by an owner or renter, and drive up housing prices and rental rates.

9. Certain property owners obtained licenses to operate short-term rentals prior to the effective date of the license moratorium and the Town intends to allow those owners to continue to operate in accordance with the terms, conditions, procedures, and requirements of this ordinance.
 10. A five-year amortization period, with provisions for hardship extensions, will allow current short-term rental operators in R-1 and R-2 zoning districts a reasonable time to recoup their investment and transition to compliant uses.
 11. Termination of short-term rental uses within certain residential zoning districts does not prohibit reasonable use of the affected properties for all other purposes allowed under applicable laws, rules, and regulations because only short-term rental uses are prohibited and the properties may still be used for other uses, including permanent residence, rentals in excess of 30 days, lease, sale, and other permitted or conditionally permitted purposes.
 12. Regulation of short-term rentals is a valid exercise of the Town's home rule and police powers and is necessary to protect the public health, safety, and welfare.
- B. The purpose of this division is to protect the public health, safety, and welfare by:
1. Preserving the residential character, stability, and livability of the Town's R-1 and R-2 zoning districts by prohibiting short-term rentals in those areas.
 2. Reducing complaints regarding short-term rentals in lower-density residential areas and allowing short-term rentals in R-3 and commercial zoning districts where short-term rental use is more compatible with existing development patterns.
 3. Promoting the long-term availability of the community's housing stock, particularly those that are moderately priced, for owner-occupants and long-term tenants.
 4. Minimizing negative externalities, like home price and rent inflation, and neighborhood disruption associated with short-term rentals.
 5. Ameliorating disruption to current owners of short-term rentals within single-family and mixed residence districts that might otherwise occur if those owners were required to cease operations immediately upon the effective date of this ordinance.
 6. Providing current owners of short-term rentals within single-family and mixed residence districts a reasonable period of time within which to recoup the costs they reasonably invested for short-term rental use to the extent such costs could not already have been reasonably recouped during the period of short-term rental use of the property and cannot be recouped once the short-term rental use is terminated, subject to an extension in the event of demonstrated hardship pursuant to the provisions of this ordinance.

SEC. 22.25-5. DEFINITIONS.

As used in this division:

“Owner” means any person who owns or operates a short-term residential rental unit.

“Short-term residential rental unit” has the meaning set forth under section 25.7.5-5 of this Code.

SEC. 22.25-10. LICENSE REQUIRED

No person may operate a short-term residential rental unit unless he or she has first obtained a business license under division 22.11. A separate business license is required for each short-term residential rental unit.

SEC. 22.25-15. PROHIBITED AREAS

- A. Subject to the provisions of section 22.25-20, no person may operate a short-term residential rental unit in any of the following zoning districts: R-1A (Single-Family Residence District); R-1B (Single-Family Residence District); R-2 (Mixed Residence District).
- B. Notwithstanding subsection (A), a property located in an R-1 or R-2 zoning district may be operated as a short-term residential rental unit if that property is the primary residence of the owner-occupant of the property.
 1. “Primary residence” means the dwelling unit in which the owner-occupant resides for at least nine months out of a 12-month period. Primary residence is demonstrated by showing that, as of the date of registration of the dwelling on a short-term rental license, the owner-occupant has resided in the dwelling for nine of the past 12 months, or intends to reside in the dwelling for nine of the next 12 months, as demonstrated by at least two of the following: utility bill, voter registration, motor vehicle registration, deed, lease, driver’s license or state-issued identification, or proof of general homestead exemption.
 2. “Owner-occupant” means a natural person who either:
 - a. Holds legal title to the property in their individual capacity; or
 - b. Owns at least 25% of an entity or business that holds legal title to the property.

SEC. 22.25-20. AMORTIZATION

- C. For the purpose of this division, the “amortization period” means the period beginning on the effective date of this ordinance and continuing through the later of June 30, 2030, or any hardship extension granted under section 22.25-25.

- D. A property that is otherwise prohibited from operating as a short-term residential rental unit under section 22.25-15 may continue to operate during the amortization period if it meets all of the following requirements:
1. The property was licensed under section 22.25-10 as of June 30, 2025; and
 2. The property was licensed under section 22.25-10 for all periods during the amortization period.
- E. The right to continue the operation as a short-term residential rental unit will cease if any of the following occur:
1. The unit is not used as a short-term residential rental unit for a period of 90 or more consecutive days.
 2. The license under section 22.25-10 is expired, is revoked, or, for any other reason, ceases to be in effect.

SEC. 22.25-25. HARDSHIP EXTENSION

- A. If an owner believes that the termination of the use as a short-term rental following the expiration of the amortization period will not provide the owner a reasonable period of time within which to recoup the costs the owner reasonably invested for short-term rental use, and that such costs cannot be recouped once the short-term rental use is terminated, the owner may apply to the city manager for a hardship extension of the amortization period.
- B. An application under this section must be filed no earlier than October 1, 2025, and no later than December 31, 2025. The application must be made in the form and manner as prescribed by the city manager. The application must be signed by the applicant under penalty of perjury. The application must contain, at a minimum, all of the following:
1. The date the property was acquired by the owner, the price and other terms of the acquisition that materially affected the price, and the purpose for which the property was acquired by the owner. If the property was acquired by a means other than an arms-length purchase (including without limitation a gift or inheritance), then the owner must provide information concerning the most recent arms-length purchase involving the property.
 2. A description of each use that the owner has made of the property since the owner's acquisition and the period of each such use.
 3. A detailed listing of expenditures made by the owner for capital improvements to the property for the purpose of putting the property to short-term rental use, since it was acquired, including the purpose of each expenditure, the amount, the date, the

payee, and any other relevant information for each expenditure. The owner shall provide receipts, executed construction contracts, or other written proof of each such expenditure.

4. A detailed listing of expenditures made by the owner for capital improvements to the property other than those made for the purpose of putting the property to short-term rental use, since it was acquired, including the purpose of each expenditure, the amount, the date, the payee, and any other relevant information for each expenditure. The owner shall provide receipts or other written proof of each such expenditure.
5. A detailed listing of all expenditures incurred by the owner for the purpose of putting the property to short-term rental use, other than capital expenditures, including the purpose of each expenditure, the amount, the date, the payee, and any other relevant information for each expenditure. The owner shall provide receipts or other written proof of each expenditure.
6. A detailed listing of all gross receipts received in connection with the use of the property for short-term rental purposes during such time as it was lawful to use the property for such purposes.
7. For each short-term rental use that has been made of the property since such uses were permitted, the details on the duration of the rental, the amount of rent and other payments made to the owner for the rental, and the expenses directly associated with that rental (including but not limited to commission fees). The applicant must provide the date the property first was used as a short-term rental, the number of days that the property has been occupied as a short-term rental since that use commenced, and the average rent paid per day for short-term rental use since that use commenced. The applicant must state whether, during the period that short-term rental use has been allowed for the property, the property has been put to any other use (including without limitation residential use by the owner or others) and, if so, detail the number of days for each such use and any income generated from each such use.
8. A detailed projection of the income and expenses that are anticipated if the requested hardship extension is approved.
9. An identification and description of any contracts with third parties that commit the property to a future short-term rental use to a third party, including the dates of the committed use, the rental to be charged for the use, and any other relevant information relating to the contracted future use. The applicant shall provide written evidence of the contacts identified.
10. The fair market value of the short-term rental property had there been no prohibition on short-term rentals in zones permitting or conditionally permitting residential

uses compared to the value of the short-term rental property as affected by the amortization provisions contained in section 22.25-20. The applicant must provide the factual basis and analysis substantiating these values, including comparable sales information, income approach elements, or cost approach elements.

11. A statement as to whether there has been or will be an increment in value accruing to the property because of the passage of this ordinance that will effectively limit the number of short-term rentals available in zones that permit or conditionally permit residential uses for the pre-moratorium short-term rental, and the factual basis and analysis substantiating that increment in value.
 12. A statement as to whether there has been or will be an increment in potential monthly rental income that the short-term rental property could generate from short-term rental use for the remaining period of allowed short-term rental use, by having a pre-moratorium right to short-term rental use while other properties in zones permitting or conditionally permitting residential uses could not be used for short-term rental purposes, other than those properties that benefitted from the pre-moratorium right to short-term rental use. If so, the applicant shall provide the factual basis and analysis substantiating the increment in potential monthly income for the period of permitted use.
 13. The amortized or depreciated value of the short-term rental property used for tax purposes.
 14. A financial analysis demonstrating the amount of time that will be required for the owner to recoup the costs reasonably invested for short-term rental use to the extent such costs could not already have been reasonably recouped during the period of short-term rental use of the property and cannot be recouped once the short-term rental use is terminated. The analysis should identify reference sources for each item of data included and set forth the basis for all assumptions made. The city manager may provide the owner with a requested form or format for the financial analysis, and if provided, the analysis must be submitted in that form or format.
- C. The applicant bears the burden of establishing the need and grounds for a hardship extension and establishing the reasonableness of the requested duration of the extension. Any alleged hardship that is based upon action or expenditures not reasonably taken or made in light of the circumstances, will not be grounds for an extension. Any expenses for modifications or improvements to the short-term rental property incurred after June 30, 2025 will be presumed not to be reasonably incurred unless proven that they were reasonably necessary to operate the short-term rental in a way that would ultimately reduce the duration of the extension otherwise necessary, because the modifications or improvements will allow for quicker recoupment of the owner's qualifying costs. If there is a sale of the short-term rental property after June 30, 2025, then the costs to be considered for purposes of a hardship extension will be

those of the owner prior to June 30, 2025, and the new owner's purchase price and costs will not be a basis of qualifying for a hardship extension. The city manager shall approve an extension upon determining that the applicant has shown that, since the commencement of the use of the owner's property as a short-term rental property, the owner has not had and will not have, within the amortization period, a reasonable period of time within which to recoup the costs the owner reasonably invested for short-term rental use, and that the costs cannot be recouped once the short-term rental use is terminated. If an extension is approved, then the city manager may only approve an extension of time for such period as is necessary to allow the applicant a reasonable time for such recoupment of such costs.

- D. In determining whether the applicant has had and will have a reasonable period of time for recoupment of costs, the city manager shall consider the period of time that the owner has had for short-term rental use since the owner began to incur such costs. In addition to the information contained in the application, the city manager may consider such additional competent and relevant information that the city manager may obtain by staff investigation or from other sources as the city manager may choose to consult or obtain, but the city manager is not obligated to conduct any independent investigation or to seek information outside the scope of the owner's application. Upon request of the city manager, the owner shall be reasonably available for a conference to respond to questions or to review and discuss relevant information.
- E. A decision by the city manager to deny an application for a hardship extension, in whole or in part, or to limit the duration of an extension to a shorter period than requested by the owner, may be appealed by the owner pursuant to the provisions established in section 22.25-30.
- F. The duties and responsibilities of the city manager under this section may be performed by his or her designee.

SEC. 22.25-30. APPEAL OF HARDSHIP EXTENSION DETERMINATIONS

- A. An applicant may appeal a decision under section 22.25-25 by filing a written appeal to the clerk. Any such appeal must be delivered to the clerk within 10 business days after the date of the city manager's determination.
- B. The written appeal must contain all of the following:
 - 1. A description of the specific administrative determination or action being challenged (including an identification of the date on which the administrative determination was issued).
 - 2. A description of the action that the appellant requests the Town to take.
 - 3. All factual and legal grounds which the appellant wishes the Town to consider as reasons for the appeal (including any and all constitutional or statutory claims).

4. The name, address, and telephone number of the appellant and any authorized representatives of the appellant.
- C. Upon the receipt of an appeal, the mayor shall appoint a hearing officer, who shall hold a hearing on the appeal. The hearing officer must be an attorney licensed to practice in the State of Illinois. The appellant may be represented by legal counsel. The corporation counsel or his or her designee shall represent the Town in the appeal. The hearing officer has the authority to:
1. Hear and dispose of any motions related to the appeal.
 2. Require and set a schedule for briefs or other filings.
 3. Preside over a hearing at which oral arguments are presented by the parties.
- D. In hearing the appeal, the hearing officer may not consider any information that was not included in the application under section 22.25-25(B) or otherwise considered by the city manager under section 22.25-25(D) unless that information could not have reasonably been included in the application. Within 90 days after the conclusion of arguments, the hearing officer shall submit to the mayor written findings and recommendations as to whether the city manager's determination should be affirmed, reversed, or otherwise modified.
- E. Within 30 days after their receipt, the mayor shall review the hearing officer's findings and recommendations and issue a written order affirming, reversing, or otherwise modifying the city manager's determination.
- F. The written appeal and any notice required by this section must be served by either (1) personal delivery to the person to be notified, or (2) deposit in the United States mail in a sealed envelope, postage prepaid, addressed to the person to be notified at the person's last known business or residence address as show on their business license application. The person affecting service of any notice under this section may memorialize the service by written declaration under penalty of perjury, declaring the date, time, and manner that service was made, and the date and place of posting, if applicable.

SEC. 22.25-35. FINAL ADMINISTRATIVE DECISION

The mayor's written order under section 22.25-30(E) is a final administrative decision. The failure to timely file an application under section 22.25-25 or to file an appeal under section 22.25-30 or to fully state all factual and legal grounds for the appeal in the manner required by section 22.25-30 will constitute a waiver of the appeal and a failure to exhaust administrative remedies.

SEC. 22.25-40. REVOCATION OR SUSPENSION OF LICENSE

The city manager may revoke or suspend a short-term rental license in accordance with the provisions of division 22.11.

SEC. 22.25-45. VIOLATION AND PENALTY

Any person who operates or maintains a short-term residential rental unit without first obtaining a license or otherwise violates any of the provisions of this division 22.25 is subject to a fine of not less than \$100 and not more than \$750. Each day in which a violation continues will constitute a separate offense.

SEC. 22.25-50. INJUNCTIVE RELIEF

In addition to any action taken under section 22.25-40 or section 22.25-45, in the case of a violation of this division 22.25, the Town may cause to be instituted an appropriate proceeding at law or in the equity to obtain penalties or to restrain, correct, or abate such violation, including, but not limited to, the closure of any business which is not in compliance with this division.