

FACT SHEET

Amendment to Home-Sharing Ordinance

CPC-2020-2762-CA

SUMMARY

In response to a City Council Motion (Council File No. 18-1245), Los Angeles City Planning has drafted a proposed amendment to the City's Home-Sharing Ordinance to permit and regulate the use of owner-occupied units subject to the Rent Stabilization Ordinance (RSO) for home-sharing. Under the proposed framework, the City would permit a limited number of owner-occupied RSO units to participate in Home-Sharing, while incorporating provisions to ensure that there is limited impact to the availability of rent-stabilized housing for long-term residential use and to limit potential abuse.

BACKGROUND

The Home-Sharing Ordinance was adopted by the City Council in December 2018, establishing a regulatory framework to permit short-term rentals in a hosts' primary residence, called "home-sharing." In response to a Council motion, City Planning is developing a citywide program that would allow owner-occupied units subject to the RSO to engage in Home-Sharing.

Home-sharing is not currently permitted in any units that are subject to the RSO. The RSO prohibition is based on long-standing City policy of preserving this critical part of the City's housing stock for long-term residential use. City Planning recommends that any amendment to permit home-sharing activity within RSO units incorporates strong provisions and enforcement to protect this valuable component of the City's housing stock from conversion to short-term residential use.

The purpose of the proposed amendment is to permit a subset of owner-occupied RSO units to participate in home-sharing. Home-sharing provides an opportunity for homeowners to rent out their residence on a periodic basis, in order to generate supplemental rental income that may oftentimes assist homeowners in meeting housing costs. Because these units are owner-occupied, it is not anticipated that housing units would be removed from the long-term rental market as a result of the proposed ordinance. The proposed program would add a new provision to the City's Home-Sharing Ordinance to extend home-sharing to owner-occupied RSO units, where the unit is the Host's primary residence. Units in a tenancy-in-common (TIC) or a condominium subject to the Rent Stabilization Ordinance would not be eligible under the proposed amendment.

KEY PROVISIONS

The proposed ordinance includes the following provisions, which collectively seek to limit the impact of home-sharing on the City's rent stabilized housing stock and residential neighborhoods. Primary provisions of the proposed ordinance include:

- **Ownership Requirements**
 - The applicant must provide documentation to demonstrate ownership and residency within the unit to be used for home-sharing
- **Prohibitions on the following types of owner-occupied RSO housing**
 - Tenancies-in-common (TIC)
 - Condominiums
 - Units on a parcel with more than four dwelling units
 - Units in buildings that have been removed from the rental market through the Ellis Act within the past seven years
- **Limitation to 120 days of home-sharing activity per calendar year**
- **Limitations on the number of home-sharing registration permits available**
 - Citywide cap of 4,000 registrations, which is less than 1% of the total RSO housing stock
 - A limit of one home-sharing registration per parcel that is subject to the RSO

Any home-sharing registration approved as a result of the proposed ordinance would also be subject to the robust set of existing regulations in the Home-Sharing Ordinance, which are intended to further limit the impact of home-sharing on the City's housing stock. Some of these key existing regulations include:

- Registration Requirements and Limitations
- Measures to address nuisance related issues
- Penalties, including fines, for short-term rental operators and hosting platforms who violate the provisions of the Home-Sharing Ordinance
- Procedures for suspending or revoking home-sharing registrations when provisions of the ordinance have been violated
- Additional enforcement tools and resources

FREQUENTLY ASKED QUESTIONS

Who is eligible to apply under this new ordinance?

Any owner of a housing unit that is subject to the RSO may apply for a home-sharing registration, if they can demonstrate that the unit to be used for home-sharing is their primary residence. Owners of rent-stabilized housing units located in a TIC, condominium, or multifamily property with more than four units, as well as any properties that have had an Ellis Act eviction within the prior seven years, are not eligible to participate in home-sharing. The proposed ordinance would not change the eligibility status of any housing units that are not subject to the RSO.

Why is the City proposing to allow certain rent-stabilized units to engage in Home-Sharing?

At the direction of the City Council, the Department is putting forth a set of regulations that would permit a narrow subset of the City's overall rent-stabilized housing stock to engage in Home-Sharing. The intent of this amendment is to allow owner-occupants of units that are subject to the RSO to be able to rent out their residence for home-sharing, in order to generate supplemental rental income that may oftentimes assist homeowners in meeting housing costs.

Will the proposed ordinance have an impact on the City's housing stock?

It is not anticipated that the proposed ordinance will have a significant impact on the City's housing stock, as it would only permit a subset of owner-occupied RSO units to engage in home-sharing and fewer than one percent of all RSO units would become eligible for home-sharing. In addition to a citywide cap of 4,000 available home-sharing registrations, which represents less than 0.3 percent of the City's total housing stock, the proposed ordinance incorporates other limitations and prohibitions that are intended to serve as guardrails to limit the impact on the City's overall housing stock.

What were some considerations the City looked at in developing this policy?

Planning Staff studied and considered the impact that home-sharing can have on a variety of topics that affect the well-being of the City. Some of the issues staff considered while crafting this draft ordinance include:

- The effect that home-sharing may have on the availability of the City's RSO housing stock for renters, including measures to reduce the potential for displacement of existing long-term renters
- The desire for owner-occupants of small RSO properties to generate occasional rental income from their primary residence, which may assist the ability of the owner to remain in their home
- Available enforcement mechanisms to limit potential negative impacts of the proposed ordinance
- The economic impact that home-sharing has in the City
- How the proposed ordinance would interact with other City laws and programs

Will restricted affordable units be able to participate under this program?

No. Housing units that are dedicated affordable or have affordable housing covenants are not permitted to be used for home-sharing. As proposed through this amendment, only owner-occupied units subject to the City's Rent Stabilization Ordinance would be permitted to be used for home-sharing. Additionally, to prevent the conversion of long-term rental housing stock for home-sharing, buildings that have been converted from rental housing, affordable or otherwise, through the Ellis Act, would not be permitted to be used for home-sharing for a period of seven years following the conversion of the building.

How will the City enforce this ordinance?

To enforce the provisions of the proposed ordinance, the City will utilize the existing enforcement mechanisms that were established with the adoption of the Home-Sharing ordinance. The Home-Sharing Ordinance prohibits any listing of a short-term rental without a valid home-sharing registration number (or pending status). In situations where a listing without a registration number is identified, an initial notice of violation will be issued. The non-permitted activity must cease within a specified time or a citation with fines may be applied. Hosting platforms are also required to provide information to assist in the enforcement and removal of illegal listings. Additionally, both hosting platforms and hosts will be asked to maintain and provide written logs of home-sharing activity.

Fees collected for home-sharing registrations will be used to fund enforcement efforts of this ordinance.

What are the opportunities for public comment?

City Planning will be holding a staff public hearing for the proposed ordinance. At the hearing, Staff will present the ordinance to the public, take comments and questions, and provide an opportunity for people to make official testimony for the public record. The public hearing will be held via conferencing technology on Thursday, June 4, 2020 starting at 5:30 pm. Additional information regarding the hearing, including presentation materials and details on how to dial in, is provided in the public hearing notice, available at: <https://planning.lacity.org/plans-policies/proposed-land-use-regulations>. Members of the public may also submit written comments to cally.hardy@lacity.org, prior to July 10, 2020. After that date, written comments should be provided to the City Planning Commission at cpc@lacity.org.

What is the next steps in terms of the legislative process?

Following the public hearing on this ordinance, staff will compose a Staff Recommendation Report for the City Planning Commission, and the ordinance will be scheduled to go before the City Planning Commission. The tentative date for CPC is July 23, 2020. Following consideration by the City Planning Commission, the ordinance would move to the Planning and Land Use Management (PLUM) Committee of the City Council before eventually heading to the full City Council for consideration and adoption.

Who can I contact for additional information?

For questions, contact: Cally Hardy at cally.hardy@lacity.org or (213) 978-1643. You can also sign up directly for the email list online at <http://bit.ly/DCPHomeSharing>.

For general information regarding the City's Home-Sharing program, please contact the Home-Sharing Unit at planning.home-sharing@lacity.org or (213) 202-5464.

Any media inquiries should be directed to Nora Frost at planning.media@lacity.org or (213) 978-1248.