

**ORDINANCE NO. \_\_\_\_\_**

An ordinance amending Sections 12.03 and 12.22, of the Los Angeles Municipal Code (LAMC) to regulate the use of non-primary residences for short term rentals as Vacation Rentals, and to establish related fees and fines.

**Section 1.** The definition of Vacation Rental is added in alphabetical order to Section 12.03 of the Los Angeles Municipal Code to read as follows:

**Vacation Rental** – A Dwelling Unit which is not a property owner’s primary residence and is used for Short-Term Rental. For purposes of this definition, the terms “Short-Term Rental” and “Primary Residence” shall have the same meaning as defined in Section 12.22 A.32 of this Chapter.

**Sec. 2.** A new Subdivision 34 is added to Section 12.22 A of the Los Angeles Municipal Code to read as follows:

**34. Vacation Rentals.** In all zones where residential uses are permitted by right, the following shall apply:

(a) **Purpose.** The purpose of this Subdivision is to allow for housing units that do not serve as primary residences, but are used intermittently as vacation homes and are thus not likely to be rented as long-term housing, to be used for short-term rental purposes. This Subdivision is intended to allow for Dwelling Units that are owned as secondary residences by property owners, and not rented on a long term basis due to occasional use by the owner, to be utilized during times in which they are not occupied by the owner for short term stays. In addition, this Section seeks to lessen the impact of Vacation Rental activity by setting limits as to the number and location of Vacation Rental permits in order to protect the availability of long term housing, and to protect residents and communities from the impacts of an over-concentration Vacation Rentals.

(b) **Definitions.** The following definitions shall apply to this Subdivision:

(1) **OWNER.** An individual who has received a permit for a Vacation Rental as that term is defined in Section 12.03 of this Code.

2) **TYPE 1 BUILDING.** Any building with four or fewer Rental Units, as that term is defined in 12.22 A.32

3) **TYPE 2 BUILDING.** Any building with more than four Rental Units, as that term is defined in 12.22 A.32

(c) **Vacation Rental Permitting.**

(1) **Permit Application.** To register for a Vacation Rental permit, an applicant shall file an application with the Department of City Planning in a manner provided by the Department, and shall include: information needed to

verify the ownership of the unit proposed for Vacation Rental, and Owner's identification; information needed to verify occupancy of the unit by the Owner on an occasional or intermittent basis; identification of a local responsible contact person and his or her contact information; a list of all Hosting Platforms to be used; and any other information required by the instructions on the application. On the Vacation Rental permit application, the Owner shall acknowledge and consent to the Office of Finance and other City agencies' inspection of records at all reasonable times and places for purposes of enforcement of this Subdivision. Payment of any filing fee required under Section 19.01 U. shall be included with the application. If the required information for registration, including any filing fee, is not received within 45 days of submittal of the application, the Vacation Rental registration application will be considered withdrawn.

(2) **Eligibility Requirements.** The following requirements must be met at the time of submitting an application for a Vacation Rental permit:

(i) The applicant has obtained a Transient Occupancy Registration Certificate from the Office of Finance, pursuant to Section 21.7.6 of this Code.

(ii) The proposed Vacation Rental is consistent with the following provisions:

a. Vacation Rental permits may only be granted to Owners of Dwelling Units. A renter or lessee shall not be eligible to obtain a Vacation Rental permit. Owners shall not be eligible to obtain a Vacation Rental permit unless the unit is a Dwelling Unit.

b. In order for a unit to be eligible to operate as a Vacation Rental, the Owner must reside in the unit on an occasional or intermittent basis.

c. No person or entity may apply for or otherwise operate more than one Vacation Rental at a time in the City.

d. A housing unit that is subject to affordable housing covenants, and/or are income-restricted under City, State, or Federal law, is not eligible to be used as a Vacation Rental.

e. Housing units that are subject to Chapter 15 of the Los Angeles Municipal Code ("Rent Stabilization Ordinance") are not eligible to be used as Vacation Rentals.

f. Accessory Dwelling Units are not eligible to receive Vacation Rental permits.

g. Any property or unit that is the subject of a pending Citation is not eligible to be used as a Vacation Rental.

h. Vacation Rental permits may not be issued to buildings that have been removed from the rental market through the Ellis Act

(California Government Code section 7060-7060.7) in the past seven years from the application submittal date.

**(3) Thresholds.**

- (i) Citywide, the total number of active Vacation Rental permits shall not exceed 3,625; and
- (ii) Permitted Vacation Rental units shall account for less than 0.25% of the total number of housing units within any Census Tract in the City; and
- (iii) No Vacation Rental unit may be operated for more than 30 days per calendar year.

**(4) Concentration.** Vacation Rental permits shall not be issued if the unit for which the permit is being requested fails to satisfy the following distancing and concentration requirements:

(i) Buildings with up to four units (Type 1):

a. A maximum of one unit in any Type 1 building may be used for Vacation Rental purposes.

b. There must be at least 250 feet of separation between the property for which the Vacation Rental permit is being applied for and the property of other Type 1 Buildings with active Vacation Rental permits. The separation between Type 1 buildings shall be the horizontal distance measured in a straight line, without regard to intervening structures, from the property line of each Type 1 building.

(ii) Buildings with more than four units (Type 2):

a. A maximum of 5% of units in and individual Type 2 building, or 10 units in total, whichever is less, may be used for Vacation Rental purposes. If calculation of the number of units that can be used for Vacation Rental purposes results in a number that is less than one, one Vacation Rental permit may be obtained in the building.

**(5) Expiration and Renewal of Permit.**

(i) A Vacation Rental permit is valid for one year from the date of issuance. It may not be transferred or assigned and is valid only for the unit for which it was issued.

(ii) A Vacation Rental permit may be renewed if the Owner complies with all of the following:

- a. Pays the renewal fee; and,
- b. Has complied with the provisions of this Subdivision for the past year; and,
- c. Provides information concerning any changes to the previous application for, or renewal of, the Vacation Rental permit; and
- d. Submits records described in Paragraph (f) of this Subdivision for the last year to demonstrate compliance with this Subdivision. The records described in Paragraph (f) of this Subdivision shall be made public to the extent required by law.

(d) **Suspension and Revocation.** Notwithstanding any other provision of this Code to the contrary, the Director may require the suspension, modification, discontinuance or revocation of any Vacation Rental permit if it is found that the Owner has violated this Subdivision or any other city, state, or federal regulation, ordinance or statute.

(1) **Suspension.** If an applicant or property owner receives two Citations, as the term is defined in Section 12.22 A.32 the Vacation Rental permit shall be suspended for 30 days or as long as at least one Citation is open, whichever is longer. The suspension shall become effective 15 days after the mailing of a Notice of Intent to Suspend the permit. If an Owner initiates an appeal of either Citation, the suspension will take effect only if the appeal is not resolved entirely in the Owner's favor.

(i) Where no process is described in the citation, an Owner may challenge a Citation by submitting an appeal to the Director in accordance with the process in Section 12.24.Z of this Code, with no further appeal to a Commission or City Council.

(2) **Revocation.** If three Citations have been issued to the Owner and have been made final either because they were not appealed during the appeal period, or the appeals were denied, the Owner's Vacation Rental permit shall be revoked. The revocation of a Vacation Rental permit shall become effective 15 days after the mailing of a Notice of Intent to Revoke to the permit.

(i) An Owner may challenge a Notice of Intent to Revoke by submitting an appeal to the Director in accordance with the process in Section 12.24.Z of this Code, with no further appeal to a Commission or City Council.

(ii) Pursuant to the revocation, an Owner shall be prohibited from obtaining a Vacation Rental permit for one year from the effective date of the Notice of Intent to Revoke.

(3) **Modification.** The Director may modify, discontinue or revoke any Vacation Rental permit based upon an order to show cause, pursuant to Section 12.27.1 B of this Code, why any proposed modifications,

discontinuances or revocations of any Vacation Rental permit should not be issued. The Director shall provide notice to the applicant and/or property owner to appear at a public hearing at a time and place fixed by the Director to respond to the Director's order to show cause.

**(e) General Standards.**

(1) No Person shall offer, advertise, book, facilitate or operate a Vacation Rental in a manner that does not comply with this Subdivision.

(2) An Owner may not operate a Vacation Rental unless all advertisements clearly list the City-issued Vacation Rental permit number or pending permit status number.

(3) If an Owner lists a Vacation Rental on multiple listings on multiple Hosting Platforms, only one listing may be booked at any given time.

(4) An Owner may not rent all or a portion of his or her Vacation Rental to more than one group of guests or under more than one booking, at any given time.

(5) Except for allowable Home Occupations, nonresidential uses including, but not limited to, sales or exchange of products, events that charge a fee, or the promotion, display or servicing of any product shall not be permitted in the Vacation Rental.

(6) An Owner shall only advertise on a Hosting Platform that was listed on the Owner's Vacation Rental permit application form, unless the Owner has submitted a written request and received written approval from the Department of City Planning to use another Hosting Platform.

(7) No more than two overnight guests are allowed per habitable room (not including kitchens) in a Vacation Rental.

(8) There shall be no use of sound amplifying equipment, as that term is defined in Section 111.01 (j) of this Code after 10:00 pm and no evening outdoor congregations of more than eight people (excluding children) in a Vacation Rental. Vacation Rental activities are subject to the noise regulations in the Los Angeles Municipal Code.

(9) An Owner whose Vacation Rental permit has been suspended is prohibited from operating any Vacation Rental for the duration of the suspension.

(10) An Owner whose Vacation Rental permit has been revoked may not operate any Vacation Rental unless and until a new permit has been issued.

**(f) Vacation Rental Owner Requirements.**

(1) The Owner shall submit an affidavit, under penalty of perjury, stating that the Owner resides in the Dwelling Unit for which a Vacation Rental Permit is being obtained on an occasional or intermittent basis.

(2) The Owner shall be responsible for any nuisance violations, as described in Section 12.27.1.B of this Code, arising at the Owner's Vacation Rental unit. The Owner shall be assessed a minimum inspection fee, as specified in Section 98.0412 of this Code for each site inspection.

(3) The Owner shall keep and preserve, for a minimum period of three years, all records regarding each Vacation Rental stay, including the length of stay and price paid for each stay.

(4) The Owner shall fully comply with all the requirements of Article 1.7 of the LAMC (establishing the Transient Occupancy Tax) and successor Sections.

(5) The Owner shall pay a per-night fee for each night of renting their Vacation Rental unit, which will be deposited into the Short Term Rental Enforcement Fund per the requirements in Section 5.576.1 of the Los Angeles Administrative Code. The City Council shall adopt, by resolution, a per-night fee based on an analysis of the cost of implementing, maintaining, and enforcing this Subdivision.

(6) The Owner shall provide and maintain working fire extinguishers, smoke detectors, and carbon monoxide detectors, in compliance with fire, life, and safety codes; information related to emergency exit routes on the property and contact information, including the contact information of the Owner or a designated responsible agent of the Owner.

(7) The Owner who lists a Vacation Rental unit located in a Very High Fire Hazard Severity Zone designated by the City of Los Angeles Fire Department pursuant to Government Code Section 51178 shall include in all Vacation Rental listings and post written notices on any patio or deck that smoking is not permitted in any exterior of the property.

(8) The Owner shall provide a code of conduct to guests that includes the relevant provisions of this Subdivision and other information to address behavioral, safety, and security issues.

(9) The Owner shall authorize any Hosting Platform on which the Vacation Rental unit is listed to provide to the City the Vacation Rental listing and other information described in Paragraph (g)(4).

(10) The Owner must consent to receive all City notices and Citations regarding their Vacation Rental permit by U.S. mail.

**(g) Hosting Platform Requirements.**

(1) Hosting Platforms shall not process or complete any Booking Service transaction for any Vacation Rental unless the Owner has a valid Vacation Rental permit number issued by the City or a pending permit status number.

(2) Hosting Platforms shall not process or complete any Booking Service transaction for any listing that has exceeded the authorized 30-day limit in one calendar year.

(3) Within 45 days of the effective date of the Ordinance, Hosting Platforms with listings located in the City shall provide to the Department of City Planning contact information for an employee or representative responsible for responding to requests for information, including requests related to possible violations of this Subdivision. Hosting Platforms that commence listings in the City after the effective date must provide this information prior to facilitating Vacation Rental activity or providing Booking Services within the City.

(4) Subject to applicable laws, a Hosting Platform with listings in the City shall provide to the Department of City Planning, on at least a monthly basis, in a format as specified by the City, the Vacation Rental permit number of each listing, the name of the person responsible for each listing, and, for each booking that occurs within the reporting period, the number of days booked.

(5) In the event a Hosting Platform has entered into an agreement with the Office of Finance to collection and remit Transient Occupancy Tax pursuant to Los Angeles Municipal Code Section 21.7.1 et seq., and an applicant has assigned the responsibilities for the collection and remittance of the Transient Occupancy Tax to the Hosting Platform, then the Hosting Platform and the Owner shall have the same duties and liabilities, including but not limited to the collection and remittance of the tax to the City on a monthly basis.

**(h) Enforcement of Violations.**

(1) The provisions in this Paragraph, shall be in addition to any criminal, civil or other legal remedy established by law that may be pursued to address violations of this Subdivision.

(2) Any person who has failed to comply with the provisions of this Subdivision 34 (Vacation Rentals) may be subject to the provisions of Section 11.00 of this Code. The Owner of any property used for Vacation Rentals, may be assessed a minimum inspection fee, as specified in Section 98.0412 of this Code for each site inspection.

(3) The Director may, at any time, require the modification, discontinuance, or revocation of any Vacation Rental registration in the manner prescribed in 12.22 A.34 (d)(2).

(4) The ACE program in Article 1.2 of this Chapter may be utilized to issue administrative Citations and impose fines pursuant to this Subdivision. The

Citation shall be served by personal service or by depositing in the mail for delivery by the United States Postal Service, in a sealed envelope, postage prepaid, addressed to the Owner of the Vacation Rental, shown on the County's last equalized property tax assessment roll. Fines for violations of this Subdivision shall be as follows:

(i) Hosting Platform: a \$1000 fine per day shall be imposed for any of the following violations:

- a. Completing a Booking Service transaction for each listing without a valid City Vacation Rental permit number or pending permit status number.
- b. Completing a Booking Service transaction for each listing where more than one Vacation Rental property is affiliated with a single Host, or each listing where the Host's home address does not match the listing location.
- c. Completing a Booking Service transaction for any listing for a Vacation Rental Unit where the Owner's Vacation Rental permit has been revoked or suspended by the City.
- d. Completing a Booking Service transaction for any listing for a Vacation Rental Unit that has exceeded the authorized 30-day limit for Vacation Rental operation in one calendar year.

(ii) Owner of Vacation Rental unit, and or designated responsible party:

- a. A daily fine of \$500, or two times the nightly rate charged, whichever is greater, for advertising a Vacation Rental Unit in violation of this Subdivision.
- b. A daily fine of \$2,000, or two times the nightly rent charged, whichever is greater, for each day of Vacation Rental activity beyond the 30-day limit in a calendar year.
- c. For all other violations of this Subdivision, the administrative fine shall be levied according to the amounts described in Section 11.2.04(a)(2) of this Code. The square footage used in calculating the fine shall be the amount of indoor space to which the Transient guest has access. If the square footage is unable to be ascertained, it shall be deemed to be between 500 and 2,499 square feet.

(iii) The fine amounts listed above shall be updated annually, from the date of effective date of this ordinance, according to the Consumer Price Index for All Urban Consumers (CPI-U).



**Sec. 3.** Subsection T of Section 19.01 of the Los Angeles Municipal Code is amended to read as follows:

**T. Home-Sharing and Vacation Rental Registration and Permit Application Fee.**

<b>Type of Application</b>	<b>Fee</b>
Home-Sharing Application or Renewal (Section 12.22 A.32.)	\$89
Extended Home-Sharing Administrative Clearance (Section 12.22 A.32.) or Vacation Rental Permit Application and Renewal Administrative Clearance (Section 12.22 A.34)	\$850
Extended Home-Sharing Discretionary Review Application (Section 12.22 A.32.)	\$5,660
Extended Home-Sharing Renewal (Section 12.22 A.32.)	\$850

**Sec. 4. Severability.** If any provision of this Subdivision is found to be unconstitutional or otherwise invalid by any court of competent jurisdiction, that invalidity shall not affect the remaining provisions of this Subdivision which can be implemented without the invalidated provisions, and to this end, the invalid provisions of this Subdivision are declared to be severable. The City Council hereby declares that it would have adopted each and every provision and portion thereof not declared invalid or unconstitutional, without regard to whether any portion of the ordinance would subsequently be declared invalid or unconstitutional.

**Sec. 5.** The City Clerk shall certify that...