

# HOME-SHARING ORDINANCE



## *BACKGROUND & FREQUENTLY ASKED QUESTIONS* – Updated May 2018

### **SUMMARY**

In Los Angeles, short-term rental (STR) refers to any portion of a residential building that is designed or used for occupancy for fewer than 30 days per year. STRs are prohibited in the vast majority of the City except through a Conditional Use Permit. With the growth of online rental services, however, there has been a significant rise in this activity and Los Angeles is a top market. While there are benefits to the sharing of one's own home, it also presents challenges for the City's neighborhoods, its zoning regulations and already limited housing stock.

To address many of the underlying issues in the City of Los Angeles, Councilmembers Bonin and Wesson introduced a motion on June 2, 2015, directing the Department of City Planning (DCP) to prepare an ordinance governing the use of STRs. They directed the City to allow for a process whereby residents may be authorized to rent their primary residence to visitors. This form of STR can be referred to as "home-sharing," which provides the name for the proposed ordinance.

Since the motion was introduced, the Department of City Planning presented a draft ordinance to the City Planning Commission (CPC) in June 2016. The CPC advanced to City Council a revised ordinance for their consideration. Subsequently the ordinance was approved by the Housing and Planning and Land Use Management Committees with the following amendments:

- Replacement of the CPC recommended 180 night limit per calendar year with 120 days, along with a mechanism to exceed 120 days if a Host meets additional criteria including having had a home-sharing permit for more than 6 month or have hosted for at least 60 days and is without verified nuisance violations.
- Annual renewal for all home sharing permits (rather than bi-annual).
- Per night surcharge to help offset cost of enforcement and compliance.
- Enforcement enhancements including a 24-hour/seven days-a-week staffed hotline to receive complaints, real-time outreach to hosts to resolve issues and web-based registration, renewal process
- Establish a taskforce for coordination between City agencies.
- Set aside ten percent of Transient Occupancy Tax (TOT) revenue and distribute equally Citywide to the General City Purpose Fund.

Those amendments involve changes that were not considered by the CPC, so the City Council ordinance is now being routed to the CPC again for their consideration.

### **BACKGROUND**

Short-term rentals have resulted in both positive and negative impacts to the City's citizens and neighborhoods. However, the absence of a regulatory structure has inhibited the City's ability to distinguish between the occasional sharing of one's home and the full conversion of homes to hotels. It has also made it challenging to keep up with the advances in technology and this new industry.

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The proposed ordinance provides an opportunity for the City to enact sensible regulations and define what types of short-term rentals should be locally permitted. The ordinance curbs the negative impacts on neighborhoods and its housing stock, while establishing a legal framework for responsible “home sharing.”

In order to strike that balance, the ordinance limits short-term rentals to one’s own primary residence. The City Council amended the ordinance to replace the CPC recommended 180 day limit with a 120 day limit with a more detailed approval process for Hosts who intend to exceed this limit. Nuisance violations will disqualify Hosts from this extended home-sharing. By restricting “Home-Sharing” to only primary residences, the City will protect its long-term housing stock and avoid having the character of its residential communities substantially altered.

The ordinance also establishes a registration process and enforcement policies against any unpermitted short-term rentals throughout the City. To ensure compliance, a series of fines and other enforcement mechanisms would also be instituted under the proposed ordinance.

### **FREQUENTLY ASKED QUESTIONS (FAQ)**

#### **What are the main eligibility criteria to participate in Home-Sharing?**

- Short term rental of one's own primary residence only
- Not able to rent a room or primary residence for more than 120 days a year, or apply for extended home-sharing
- Extended home-sharing would be granted if additional criteria are met (see above)
- Possession of a Transient Occupancy (Tax) Registration Certificate from Office of Finance
- Not located in a unit subject to the Rent Stabilization Ordinance (RSO)
- Approval from landlord (if a tenant)
- Home-Sharing takes place in area approved for residential use

#### **How is a primary residence defined?**

A primary residence is defined as the home where the resident is present for at least six months of the year. Proof of primary residence will be determined at the time of registration and/or renewal.

#### **What areas of my home can be used for Home-Sharing?**

Any areas approved for residential use in accordance to definitions established by the Department of Building & Safety. This includes a room or an entire home. Parts of the property that are not approved for residential uses typically include garages, storage rooms, attics, recreation rooms or temporary structures.

#### **Is there a registration fee?**

There will likely be an initial registration fee that will be renewed every two years. The fees will help fund the operation and enforcement of this ordinance. The amount for both the registration and renewal fees will be set by the City Council.

#### **If I own/live in a unit subject to the Rent Stabilization Ordinance (RSO), can I engage in Home-Sharing?**

No. Home-Sharing is not permitted in buildings under RSO in order to curtail any possible evictions or conversion of units to short-term rentals.

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### **How will the ordinance address the conversion of entire apartment buildings into short term rentals?**

The ordinance curtails the ability of a multi-family building to be converted into short-term rental use. There is a zoning code provision, originally intended for extended stay hotels, which allows for apartment buildings to change their use to allow short-term rental. It is called a Transient Occupancy Residential Structure. The proposed ordinance would disallow the conversions of apartment buildings to this use.

### **How will the ordinance be enforced?**

Effective enforcement of the ordinance is critical. The ordinance would prohibit any listing of a short-term rental without a valid Home-Sharing registration number. In situations where a listing without a registration number is identified, an initial notice of violation would be issued. The non-permitted activity must cease within a specified time or fines will accrue. The ordinance provides for the use of several enforcement tools, including the Administrative Citation Enforcement (ACE) and the Administrative Nuisance Abatement (ANA) programs. 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.

### **How will the rights of property owners be protected?**

The ordinance makes clear that renters of units may not engage in Home-Sharing without explicit approval by their landlord. A lease agreement – whether for a Homeowner’s or Condo Association – or any other legal contract that prohibits short term rental will supersede this Home-Sharing ordinance.