



EXECUTIVE OFFICE

City Hall • 200 N. Spring Street, Room 525 • Los Angeles, CA 90012



March 19, 2014

To: Council Offices
Other Interested Parties

From: Alan Bell, AICP *AB*
Deputy Director of Planning

Subject: **Short-Term Rentals**

This memorandum answers frequently asked questions about how the zoning laws in effect today regulate short-term rentals in the City of Los Angeles.

1. What is a short-term rental?

In Los Angeles, short-term rentals include all or any portion of residential buildings that are designed or used for occupancy for a period of 30 consecutive calendar days or less, counting portions of calendar days as full days. While this definition typically applies to hotels or motels, it also applies to any other residential buildings (including one-family dwellings) that are designed or used for occupancy of 30 or fewer days.

2. Where are short-term rentals allowed?

Short-term rentals may be allowed in commercial zones; the RAS4 residential accessory services zone; and the R4 and R5 higher-density multi-family residential zones. The rules governing short-term rentals in these zones are complex. In some cases, short-term rentals are allowed with a Conditional Use Permit. In other cases, no Conditional Use Permit is required. Areas governed by specific plans, overlay zones or other specially zoned areas may have different rules.

3. Where are short-term rentals prohibited?

Short-term rentals are prohibited in agricultural zones; the R1 and other single-family residential zones; the R2, RD and R3 lower-density multi-family residential zones; and the RAS3 residential accessory services zone. Areas governed by specific plans, overlay zones or other specially zoned areas may have different rules.

WRAC LUPC SHORT TERM RENTAL MOTION OCT 2015

Whereas under the City of Los Angeles present zoning code, short term rentals [defined per the attached Alan Bell memo dated 4-19-2014 as "all or any portions of residential buildings that are designed or used for occupancy for a period of 30 calendar days or less"] are in fact prohibited in the following zones:

- Agricultural zones
- R1 and other single family zones
- R2, RD, lower multiple residential zones R3 and RAS3 [accessory services zone]

Whereas short term rentals have proliferated in zones where they are not allowed thereby creating a "passive permissions" environment to the detriment of neighborhoods' zoning code enforcement, and

Whereas failure to enforce conditional use permit requirements and collect all taxes owed on this activity significantly damages the City budget by encouraging tax cheating and other scofflaw behaviors, and

Whereas the City has a clearly defined legal duty and responsibility to apply all existing laws, and to further create a reasonable regulatory framework for short term rentals in order to:

- Preserve rent stabilized housing in the marketplace, particularly for families and seniors aging in place
- Collect the required transient occupancy taxes
- Preserve neighborhood stability and eliminate the operation of so called 'rogue hotels' which remove permanent residences from the City's critically short housing supply

Whereas the City additionally has a clearly defined interest in protecting the public welfare, health, and safety through said reasonable regulatory framework,

Therefore any proposed City ordinance allowing short term rentals in presently prohibited zones must include the following essential provisions:

- No rent stabilized units "RSO" shall be allowed to rent short term
- Only owner occupied primary residences shall be permitted to host for short term rentals, and only one unit shall be permitted per host.
- There shall be a cap of 60 nights per calendar year per host for short term rentals
- Prior to listing, hosts shall be responsible for verifying their properties comply with the Los Angeles Building and Safety code at their own expense and shall make all necessary repairs
- All hosts shall obtain a City permit and a permanent registration number. The condition of receiving a City permit and permanent registration number shall be the following: proof of primary residence plus liability insurance for this specific use including any rider that may be necessary for a non-conforming use on the property. Examples of proof of primary residence shall include utility bill, drivers' license and the like
- Upon filing for a short term rentals permit, hosts shall notify property owners within 500 ft.
- All hosts shall include their permanent City registration number on all advertised listings in all media
- All hosts shall register with the City Department of Finance and remit transient occupancy taxes "TOT" including any and all back taxes owed. Short term rental TOT receipts shall not go into general fund but shall be used to create a special enforcement/compliance unit specific to enforcing regulation of short term rentals. An example of this compliance unit is the LAHD inspection program for multifamily units
- Hosts shall be required to pay the City's legal minimum wage, abide by hotel employee protections and register with the State Employment Development Department
- Hosts shall disclose such information as the City deems required for enforcement. Examples of this information shall include the type of rental whether one room or whole house, how many nights per year, how many guests and the like
- Hosts which refuse to register or disclose information necessary for enforcement shall be prohibited from operating in the City and face such penalties and fines as may be deemed appropriate by the City under the new ordinance
- Platforms shall only list City registered units and display registration number in each listing.
- Platforms shall disclose information deemed necessary by the City for enforcement and for collection of back taxes and shall be held accountable, including fines and other penalties as may be deemed appropriate by the City, for any unregistered online listings appearing upon the platforms' website
- The ordinance shall establish a right of appeal of the issuance of a short term rental permit
- The ordinance shall establish a private right of action by individuals in the community