



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.

MOTION

In the past few years, technology and innovation have expanded and fundamentally changed the way people travel and vacation. Visitors to Los Angeles and cities around the world routinely use “short-term rentals” in lieu of hotels to stay in and experience a community. The impacts of the short-term rental industry have been dramatic – in both positive and negative ways.

Tourists who stay in short-term (less than 30 days) rentals relish the opportunity to stay in Los Angeles’ many and diverse neighborhoods, and experience our City as “a local.” Many short-term rental hosts speak glowingly of a “sharing economy” and their ability to make ends meet by renting out a room or their back house. Tourists and hosts alike speak of new friendships and the positive benefits of this new form of vacation experience.

At the same time, critics have decried unfavorable consequences, such as the impact on some residential neighborhoods, which are changed by a revolving cast of visitors and their impacts. Significantly, in some popular tourist communities such as Venice, speculators have subverted the “sharing economy” business model, converting regular rental housing into short-term rentals, significantly reducing rental stock and contributing to increased rents and decreased affordable housing. In some cases, large numbers of units in the same building, or entire buildings, have been converted to short-term rentals, operated by off-site management companies.

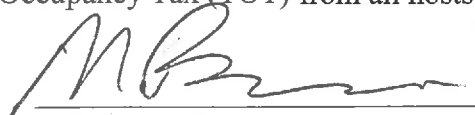
The City’s current zoning regulations do not anticipate or effectively govern short-term rentals, and need to be revised so that the City can effectively preserve rental housing, protect the character of residential neighborhoods, and collect transient occupancy tax that pays for crucial City services. Neighboring cities, such as Santa Monica and West Hollywood, have already crafted local ordinances.

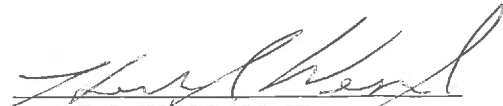
Last month, the City Administrative Officer released two reports regarding short-term rentals (*CAO File No. 0220-0513-0000, Council File 14-0593 Relative to a Comprehensive Study on the Sharing Economy and Its Impacts on the City of Los Angeles*, and *CAO File No. 0220-05153-000,0 Council File No. 14-0600-S89 Application of Transient Occupancy Tax for Short-Term Rentals*). Those reports framed the issues facing City policy makers.

I THEREFORE MOVE that the City Council direct the City Planning Department, with the assistance of the City Attorney, in consultation with the Office of Finance and other relevant City departments, to prepare and present an ordinance governing short-term rentals in Los Angeles in the following manner:

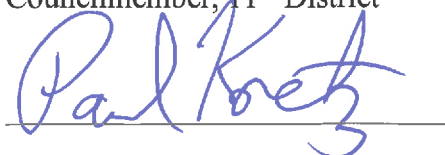
- Authorizes a host to rent all or part of their primary residence to short-term visitors, permitting someone to rent a spare room, a back house, or even their own home while they are out of town.
- Prohibits hosts from renting units or buildings that are not their primary residence or are units covered by the Rent Stabilization Ordinance (RSO), forbidding speculators from creating a syndicate of short-term rental properties, and prohibiting the loss of valuable rental housing stock.
- Captures Transient Occupancy Tax (TOT) from all hosts.

PRESENTED BY:


MIKE BONIN
Councilmember, 11th District


HERB J. WESSON, JR.
Councilmember, 10th District

SECONDED BY:



ORIGINAL

JUN - 2 2015

