

Home-Sharing (Short Term Rentals/STRs) Ordinance Update – as of Sept. 12, 2018

Background

For 3+ years, the LA City Council has been seeking to enact an ordinance to legalize and regulate short term rentals/STRs (residential rentals of 30 days or less – aka “home-sharing”). The proposed ordinance has gone through several iterations; the current revised version (with new provisions directed by the City Council) is set to be heard by the City Planning Commission (CPC) on 9/13/18.¹

PPCC opposes legalization of STRs, but has also taken the position that if they are to be legalized, certain key provisions must be included in any ordinance. For a brief summary, see PPCC position letter submitted to the CPC on 9/10/18: <http://pacpalicc.org/wp-content/uploads/2018/09/STRS20Position20Letter.pdf>.²

Current Proposed Ordinance

Key provisions include:

- The rental unit must be the host’s “primary residence,” defined as the place where the host lives more than 6 months a year (but requirements for proof of primary residency and liability insurance for the activity, as supported by PPCC and the Westside Regional Alliance of Councils/WRAC, are not included in the ordinance).³
- The host must register and obtain a permit for the activity (but advance notice to property owners and residents, within 500 ft. or any radius, is not required, as supported by PPCC).
- The permit/registration must be renewed annually.
- The annual cap on STRs is 120 days (PPCC supports no more than 90 days).
- Hosts can apply for an extension of the annual cap (“extended home-sharing”) up to 240 days (both PPCC and WRAC oppose any extension of the annual cap).
- There are two processes to apply for extended home-sharing: administrative and discretionary;⁴ in both cases notice of the application is only required to “adjoining and abutting”⁵ property owners and occupants (if extended home-sharing is allowed, PPCC supports advance notice of no less than 250 ft.).
- Transient occupancy tax receipts (TOT) will go into a trust fund for enforcement (supported by PPCC and WRAC).
- Consequences for violation of ordinance provisions include possible suspension, revocation and/or imposition of fines.
- There are numerous other eligibility and performance requirements and prohibitions, such as hosting platform responsibilities, nuisance activity, occupancy and guest limits, fire safety and other behavioral proscriptions.

¹ See the proposed ordinance here: <https://planning.lacity.org/ordinances/docs/HomeSharing/UpdatedDraftOrd.pdf>.

² See also prior position letters and resolutions on the PPCC website: <http://pacpalicc.org/index.php/organizations/>.

³ An ADU (granny flat) may not be used as an STR, unless the host can prove the unit is the host’s primary residence; requirements for proof of primary residency are expected to be included in administrative regulations to be promulgated.

⁴ In both cases the host must have had an STR permit/registration for at least 6 months or have hosted for 60 days; in the case of administrative approval, the host or the property must not have had a “verified citation” issued within the prior 3 years; if they have, then discretionary approval is required. *What is the difference in the 2 processes?* With administrative approval, there is no opportunity for neighboring residents to comment, object or appeal; with discretionary approval, there are such opportunities (but no hearing). *What is a “verified citation”?* Any enforcement citation issued by a City agency, e.g., LADBS, LAPD, LAFD, and/or any citation under the ACE program.

⁵ Planning staff and CD11 advise that “adjoining and abutting” includes across the street (3 residences across).

Note: The ordinance does NOT include a provision for a private right of action by adversely impacted community members, as PPCC has repeatedly requested. *PPCC's position letter of 9/10/18 urges that the ordinance be amended to so provide.*

Administrative Regulations

Planning staff has advised that draft administrative regulations will be promulgated soon after the ordinance is enacted.⁶ There will be an opportunity for public comment on the draft regulations.

The regulations are expected to include required processes for applications to register as a host, to establish primary residency, and to apply for extended home-sharing. They should also include information about a process for the public to register complaints about short term rental activity (including nuisance activities, host non-residence and other violations of the ordinance). This may include a 24/7 hotline to the City.

PPCC plans to monitor the proposed regulations to ascertain whether they conform with positions that the council has taken on key required provisions (e.g., specific proof of the host's primary residency and a process for residents to register complaints).

*Prepared by Chris Spitz
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⁶ Depending on the CPC's decision, the ordinance may either return to a City Council committee for further consideration (PLUM and/or Housing) or go directly to the Council for final approval/enactment (exact timing unknown). There may or may not be further opportunities for PPCC to comment on the ordinance provisions.