



## DEPARTMENT OF CITY PLANNING

### RECOMMENDATION REPORT

#### CITY PLANNING COMMISSION

**Date:** September 13, 2018  
**Time:** After 12:00 p.m.  
**Place:** Los Angeles City Hall  
200 N. Spring St., Rm. 340  
Los Angeles, CA 90012

**Case No.:** CPC-2016-1243-CA  
**CEQA No.:** ENV-2016-1277-ND  
**Council No.:** All  
**Plan Area:** Citywide

**Applicant:** City of Los Angeles

#### PROJECT

**LOCATION:** Citywide

**PROPOSED PROJECT:** The proposed Home Sharing ordinance (Exhibit A) amending Sections 12.03, 12.22, 12.24, 19.01, and 21.7.2 of the Los Angeles Municipal Code (LAMC); and creating a new Section 5.576 of the Administrative Code; imposing regulations to permit sharing of one's primary residence, except units subject to the regulations and restrictions set forth in the Rent Stabilization Ordinance ("RSO"), for no more than 120 days a year, unless registered for Extended Home Sharing; establishing a registration requirement, an application fee for hosts, a fee on nightly stays, and administrative fines for Home-Sharing; and directing a portion of Transient Occupancy Taxes and/or per-night fees derived from Home-Sharing to a new Short-Term Rental Enforcement Trust Fund.

#### RECOMMENDED ACTIONS:

1. **Recommend** that the City Council **determine**, pursuant to CEQA Guidelines, section 15060(c), based upon the whole of the administrative record, that the adoption of the Home Sharing Ordinance is not a "project" as defined by CEQA Guidelines Section 15378;
2. **Recommend** that the City Council **determine**, based on the whole of the administrative record, the adoption of the Home Sharing Ordinance is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3), because it can be seen with certainty that there is no possibility that the project may have a significant effect on the environment;
3. **Recommend** that the City Council **find**, pursuant to CEQA Guidelines Section 15074(b), after consideration of the whole of the administrative record, including the Negative Declaration, No. ENV-2016-1277-ND ("Negative Declaration"), and all comments received, there is no substantial evidence that the adoption of the Home Sharing Ordinance will have a significant effect on the environment; **FIND** that the Negative Declaration reflects the independent judgment and analysis of the City; and **ADOPT** the Negative Declaration;
4. **Approve** the proposed ordinance (Exhibit A) and **recommend** adoption by City Council;
5. **Adopt** the staff report as its report on the subject; and
6. **Adopt** the attached Findings.

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## TABLE OF CONTENTS

**Project Analysis..... A-1**

- I. Project Summary
- II. Background
- III. Proposed Home-Sharing Ordinance
- IV. Key Issues
- V. Additional Analysis Requested by the City Council
- VI. Conclusion

**Public Hearing and Communications..... P-1**

**Findings..... F-1**

- I. Charter Findings
- II. CEQA Findings

**Exhibits:**

- A. Proposed Home-Sharing Ordinance
- B. Environmental Clearance
  - B.1 Exemption
  - B.2 Negative Declaration (ENV-2016-1277-ND)
- C. Planning and Land Use Committee Instruction, as adopted by City Council
- D. June 23, 2016 Staff Recommendation Report to City Planning Commission
- E. October 19, 2017 Department Report to PLUM Committee
- F. January 11, 2018 Department Report to PLUM Committee
- G. March 22, 2018 Department Report to PLUM Committee

## PROJECT ANALYSIS

### I. PROJECT SUMMARY

The proposed Code Amendment would establish a new Home-Sharing Ordinance (HSO) to establish regulations regarding short-term rental activity in one's own home. The City Planning Commission (CPC) has previously considered the ordinance on June 23, 2016. After several deliberations, the Planning and Land Use Management (PLUM) Committee made several amendments to the ordinance. The City Council subsequently requested several additional report-backs and referred the matter back to the City Planning Commission for further consideration.

The revised draft ordinance (Exhibit A) includes the amendments requested by the Planning and Land Use Management (PLUM) Committee and approved by the City Council. The most significant changes involve the proposed annual cap on the amount of short-term rental activity, including a reduction from a proposed 180 to 120 days per year, as well as a new "extended home-sharing" process to allow for short-term rentals above this 120-day cap, subject to certain conditions. The Department of City Planning (Department) has also proposed a series of minor changes, some of which are in response to a variety of City Council Motions. The majority of the changes address streamlining of enforcement regulations and providing greater clarity for implementation.

### II. BACKGROUND

In 2015, the Los Angeles City Council directed the Department of City Planning to draft an ordinance establishing a regulatory framework to legalize and regulate the short-term rental (for less than 30 days at a time) of one's own home. The sharing of one's own residential unit, in part or in whole, as a short-term rental is a practice that has grown rapidly in recent years, facilitated by the Internet and the rise of hosting platforms. The Department has chosen to call this form of short-term rentals *home-sharing*.

Legalizing home-sharing embraces technological innovation that facilitates the efficient use of existing resources, including one's own residential space. Many credit home-sharing with providing meaningful financial assistance and significantly enriching their lives. On the other hand, the Department has seen research and heard testimony about lives and communities that have been negatively impacted by short-term rentals. Many have expressed significant concerns about the loss of neighborhood character, the loss of valuable housing stock and various nuisance activities associated with short-term rentals.

#### **Current Regulations Related to Short-Term Rentals**

The rental of a dwelling unit for less than 30 days (called short-term rental) is not permitted by the Zoning Code throughout the vast majority of the City. Unless a property is located in a commercial (C) zone, and more than 500 feet from a residential zone, a special conditional use permit (CUP) must be obtained before any residential use can be rented on a short-term basis. Owners of buildings in R4, R5 or C zones may request one type of a CUP to enable an apartment/hotel hybrid use called a transient occupancy residential structure (TORS). Smaller structures with fewer than five guest rooms, if they are deemed to be historic, may apply for another type of a CUP to become a Bed and Breakfast and rent on a short-term basis in any zone.

The current regulations were not intended to regulate the new short-term rental market that has emerged. Enforcement of the current short-term rental market has been difficult. The proposed

ordinance (Exhibit A) establishes home-sharing as an accessory use to the primary residential structure, notwithstanding current zoning code definitions. However, all other applicable building, zoning and housing code provisions remain in effect.

### **Central Policy Considerations**

The Department's proposed ordinance has been structured to address several key policy considerations.

#### Benefits of Short-Term Rentals

Short-term rentals bring benefits to those who operate them, as well as their guests. The activity makes efficient use of space by allowing residents to host guests in a room or unit when it might otherwise go unused. The Department has heard testimony from many individuals who use short-term rentals as a way to help afford their own home, cover healthcare expenses, recover after the loss of a job, and have meaningful, culturally enriching interactions with visitors from around the world. Given the significant affordability challenges in Los Angeles, short-term rentals help offset the housing cost burden for many families.

For visitors, short-term rentals often offer a more affordable and flexible option. Many types of travelers benefit from a more residential environment, including families with children, travelers with pets and large groups. Kitchens are often available as part of home-sharing, which is an added benefit to many. Many travelers also enjoy the feel of being in a "local" neighborhood as opposed to a typical commercial hotel district. As such, short-term rentals have the potential to bring tourists to neighborhoods that may be underserved by hotels and therefore ordinarily do not receive tourist dollars.

#### Concerns with Short-Term Rentals

On the other hand, there are several significant concerns regarding short-term rentals. Two key areas of concern include nuisance activity and impact on the City's housing stock.

##### *Nuisance Activities*

Nuisance activities that have been reported include instances of loud noise, parties, trash, inconsiderate guests, excessive coming and going as well as the commercial use of residential properties for private events. More broadly, some neighbors of short-term rentals feel that these activities have resulted in the loss of stable residential character as their long-term neighbors are increasingly replaced by short-term guests.

##### *Impact on Housing Stock*

Many have expressed concern regarding the potential impact of short-term rentals on the already strained housing stock. To the extent rental units are removed from the long-term housing market to be used solely for short-term use, overall residential supply is reduced and the lack of housing will be exacerbated.

Many owners have an incentive to convert housing units from long-term to short-term use because, in some neighborhoods, there is a substantial financial premium to be earned from short-term rentals. Technology has allowed the easy pairing of willing hosts with willing renters, leading to a situation where the regular rental market increasingly competes with the short-term market.

When units intended for long-term rental are lost or replaced as short-term rentals, the City's housing production goals are undercut. For every unit that is converted to short-term use, another unit must be created to make up for the loss. Any decrease in the supply of residential units available for the City's permanent residents may put an upward pressure on price. Recent research from New York City estimated that in several of the highest demand neighborhoods, between 18 and 22 percent of the total rent increases in recent years is attributable to short-term rentals.<sup>1</sup>

In its October 2017 report to City Council, the Department estimated that approximately 1,500 to 2,500 short-term rentals being rented for more than 90 days a year were added in Los Angeles last year – an annual growth rate of 34%. Many of these spaces could be rented out to long-term tenants. For perspective, the City has lost about 1,300 units subject to the Rent Stabilization Ordinance (RSO) each year from all demolitions and condominium conversions combined since 2001. The Department has also received testimony relating to evictions of tenants based on claimed false pretense to establish a unit as a short-term rental. As a strong measure to stem any incentive for abuse, the ordinance would not permit home-sharing in units subject to the Rent Stabilization Ordinance.

The General Plan, and more specifically the Housing Element, recognizes the issue of rising housing costs in Los Angeles, and its related impact on the City's most pressing issues, including homelessness, overcrowding, and reduced quality of life, traffic, and air quality. Preservation of non-subsidized affordable units subject to the RSO is specifically called out in Policy 1.2.2 of the Housing Element, to ensure that demolitions and conversions do not result in the net loss of the City's stock of decent, safe, healthy or affordable housing.

### **III. PROPOSED HOME-SHARING ORDINANCE**

The Home-Sharing ordinance seeks to strike a balance by providing a regulatory framework that reflects the City's policy objectives around preservation of housing and residential character. To protect housing stock, it requires the eligible unit be the host's primary residence, includes a cap on annual activity and places a complete prohibition on home-sharing in units subject to the Rent Stabilization Ordinance (RSO). Various responsibilities - and in some cases fines - would be established for both hosts and internet hosting platforms used to facilitate bookings of short-term rentals such as Airbnb and VRBO.

After City Council deliberations, an extended home-sharing framework was introduced to balance the need to preserve housing stock for long-term renters with the need of some homeowners to provide home-sharing to supplement their income.

The proposed ordinance incorporates the City Council's instruction (Exhibit C) to create a separate and more robust regulatory system for extended home-sharing. Extended home-sharing will have both an administrative and discretionary review processes, depending on whether the host has recent verified nuisance violations. This requires creating a new definition for "verified citation" and will require close cooperation amongst City agencies. The proposed ordinance also incorporates multiple clarifications and adjustments that aim to balance the preservation of valuable housing assets and new home-sharing opportunities. Following is a summary of the key provisions of the proposed ordinance, along with a description of the primary changes incorporated in the proposed ordinance since the Commission last considered the item in June 2016.

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<sup>1</sup> <https://www.nytimes.com/2018/05/03/nyregion/airbnb-rent-manhattan-brooklyn.html>

## **Key Provisions of Proposed Ordinance**

The proposed ordinance would create a framework to legalize a form of short-term rentals, called home-sharing, in one's primary residence for up to 120 days per year. It would also establish a framework to allow for extended home-sharing beyond the 120-day cap, as well as new enforcement tools.

The proposed ordinance establishes home-sharing as a legal accessory use to a primary residence. The host interested in home-sharing will need to register to pay the Transient Occupancy Tax (by completing a Transient Occupancy Registration Certificate) prior to registering for home-sharing, or agree to list only on a hosting platform that has previously filed a TOT collection agreement with the Office of Finance. Administrative Guidelines will lay out the registration process as well as the documents required to prove a minimum six month residency at the address where home-sharing will occur. The City aims to create a streamlined and straightforward online registration process to facilitate compliance.

The Home-Sharing application process will establish a primary residency requirement and require a signed affidavit in which the host pledges under penalty of perjury to comply with the Home-Sharing regulations. These regulations include restrictions on the renting of space other than those approved for residential use, a limit to 120 days each calendar year (unless approved for extended home-sharing that would permit 240 days a year), and a requirement that a host list no more than one property for home-sharing in Los Angeles. The process will also ensure that renters have permission from their landlords for home-sharing, that units subject to the Rent Stabilization Ordinance (RSO) or dedicated affordable housing units are not proposed for home-sharing, and that units with active Orders to Comply do not engage in home-sharing.

In addition, the ordinance would also amend several other sections of the City's Municipal Zoning Code and Administrative Code, including sections that would:

1. Prohibit the conversion of existing buildings (through a Conditional Use Permit, in R4 zones and above) of residential uses to transient occupancy residential structures (TORS);
2. Establish new administrative fees for home-sharing and extended home-sharing registration, including and Nuisance Abatement hearings regarding home-sharing;
3. Include home-sharing in the definition of hotel, and hosting platforms in the definition of a secondary operator in the TOT code, clarifying that home-sharing is subject to the TOT;
4. Create a new Short-Term Rental Enforcement Trust Fund; and
5. Allocate a portion of TOT monies attributable to home-sharing, along with any additional per-night fee for home-sharing, to proactive enforcement in the new Enforcement Trust Fund.

## **Registration Procedures**

Home-Sharing registration would be valid for a period of one year, requiring annual renewal. Hosts would be permitted to renew if they are shown to have been in compliance with the provisions of the ordinance, pay a renewal fee, document any changes on their initial application, and provide records to document the number and length of each home-sharing stay during the past year. In addition to the annual renewal requirement, a process for suspending and revoking registrations, based on violations of the law and/or repeated nuisance activity, is outlined in the proposed ordinance. If there are violations, the Department may revoke authorization, or modify an approval by adding conditions using an existing Administrative Nuisance Abatement process in LAMC 12.27.1.

### Extended Home-Sharing Procedures

For hosts who wish to engage in extended home-sharing beyond the 120-day cap, a two-tiered extended home-sharing permit process is available to permit home-sharing for up to 240 days per year. Hosts who adhere to the home-sharing requirements, have no nuisance violations and mail out a notice to adjacent and abutting owners and occupants are eligible for an administrative clearance for extended home-sharing. If nuisance violations have occurred, hosts will no longer be eligible for administrative approval of an extended home-sharing permit, but may apply for a discretionary extended home-sharing permit. These two processes are described in further detail below.

#### *Administrative Clearance*

The administrative clearance process is intended to reward responsible home-sharing hosting behavior. While all hosts are required to demonstrate responsible home-sharing for six months (or 180 days) prior to being permitted to extended home-sharing, the existence of one verified nuisance violation will disqualify hosts from extended home-sharing for the remainder of the year (registration period). A violation within the last three years will disqualify a property/host from eligibility for the administrative extended home-sharing process, requiring a discretionary review process. A notice of the subject property's application to exceed the short-term rental cap would be mailed to the adjacent and abutting owners and occupants of the property, along with basic information regarding how to report a nuisance violation.

#### *Discretionary Process*

If an applicant is unable to meet the criteria for an administrative exception to the 120-day cap, then a discretionary review process is provided for an *extended home-sharing use permit* to allow home-sharing for up to 240 days per year. The process will follow similar procedures to a conditional use permit (CUP) by requiring a 21 day notification to adjacent and abutting owners and occupants. The discretionary process will require several findings of approval and allow for conditions, to ensure that the extended home-sharing rental does not adversely affect neighbors or the housing supply. The initial decision maker for this process is the Director of Planning, with appeals to the Area Planning Commission. A public hearing would not be required, however, the Director would have the option of holding a public hearing at his/her discretion. The following draft findings are proposed as part of discretionary review by the Director of Planning. These findings are based on Conditional Use Permit (CUP) findings, but tailored to address the specific policy concerns associated with home-sharing.

1. That the project will enhance the built environment in the surrounding neighborhood or will perform a function or provide a service that is essential or beneficial to the community, city, or region; and
2. That the project's operations and other significant features will be compatible with and will not adversely affect or further degrade adjacent properties, the surrounding neighborhood, the availability of housing, or the public health, welfare, and safety; and
3. That the project substantially conforms with the purpose, intent and provisions of the General Plan, the applicable community plan, and any applicable specific plan; and
4. That there is no substantial evidence of continued nuisance behavior from the location.

### Prohibitions, Enforcement and Hosting Platform Requirements

The ordinance includes important prohibitions to ensure that all measures of the ordinance are complied with, including a ban on advertising short-term rental listings without including a registration number, the 120 day limit, and the ban on renting to more than one set of guests at a

single property (or more than one booking) at a time. These are explained further in the “Key Issues” section below.

Most hosting platforms have created ways for property addresses to be hidden until after a property has been booked. This is different than most other types of business. As such, cities across the country are retaining the cooperation and assistance of the entities that facilitate this activity - the hosting platforms. To assist with enforcement, the City’s ordinance requires that platforms only complete bookings for listings that have a valid home-sharing registration number. Beyond that, it also requires that platforms provide to the City, on a monthly basis: 1) address of all sites facilitated or advertised by the Platform; 2) total number of nights that the unit was booked; and 3) amounts paid for each stay.

Platforms can be fined \$1,000 per day for completing a booking service for an illegal listing, \$1,000 per day for refusing (upon formal request) to provide the addresses of unregistered short-term rentals to the City, and \$1,000 per day on any refusal to submit monthly documents required for City to verify the accuracy of the Transient Occupancy Tax payment.

### **Summary of Key Ordinance Changes Since June 2016 CPC Hearing**

The proposed ordinance has undergone several key changes since it was last considered by the CPC in June 2016. For reference, following is a list of the major changes. Of these, the most significant changes are discussed in greater detail under the “Key Issues” section, below.

#### Changes recommended by the PLUM Committee

The proposed ordinance was heard by the PLUM Committee on four dates: June 13, 2017, October 24, 2017, February 6, 2018 and April 10, 2018. During that time, the Committee requested additional reports from the Department on several key topic areas. The Department reports to the PLUM Committee have been included as Exhibits E, F and G. As a result of those deliberations, the PLUM Committee recommended several changes, as follows:

- A reduction in the annual cap on home-sharing from 180 days to 120 days.
- The creation of a new extended home-sharing process to allow hosts to exceed the annual cap through either an administrative or discretionary review process, depending on whether the property has received nuisance violations within the past three years.
- A modification to the home-sharing registration period, requiring annual renewal as opposed to registration renewal every two years.
- A provision to allow landlords to proactively opt their buildings out of home-sharing by submitting written notice to the Department
- The creation of a per-night fee on home-sharing activity to help offset the cost of enforcement and compliance
- Amendments to incorporate various enforcement enhancements including:
  - establish a 24-hour/seven-days a week staffed hotline to receive complaints;
  - real-time outreach to hosts to resolve issues;
  - a web-based registration and renewal process, and
  - establish of a task force for coordination between City agencies.
- The creation of an optional platform agreement procedure that would incentivize data sharing and self-enforcement by hosting platforms, including:
  - designate an employee or representative to respond to enforcement issues and coordinate sharing of information;
  - provide the City, in electronic format, relevant information needed by the City to conduct enforcement; and
  - Collect and remit the Transient Occupancy Tax (TOT).



- A reduction in the number of verified citations that would lead to revocation of a Home-Sharing registration, from three citations to two.

#### Changes That Derive from the City Council

The City Council considered the PLUM Committee's recommendation on May 2, 2018. At that time, the City Council requested additional reports on a number of items. The Department's response to those motions, including a full analysis of the various policy options, is included as part of this report. As a result of that report, the Department has also incorporated a number of changes that respond to issues raised by the City Council, as summarized below.

- Require suspension from participating in home-sharing during the 30 days after they have been cited as a "loud and unruly gathering" under LAMC Section 41.58.1.
- Require that hosts provide a "code of conduct" to guests that will include the primary provisions of the ordinance.
- Remove the dedication of 90% of the TOT revenues to the Affordable Housing Trust Fund.
- Hosts renting properties located in Very High Fire Hazard Severity Zones shall post written notices on any patio or deck that smoking is not permitted outside the house pursuant to LAMC Sec. 57.25.14.

#### Changes Proposed by the Department of City Planning:

As the proposed ordinance has been under deliberation, the Department has been able to monitor the implementation of similar ordinances in other Cities and make needed adjustments and technical changes to enhance the effectiveness of City's ordinance. Below is a summary of some of these key changes.

- Allow for Hosting Platforms to enter into a Transient Occupancy Tax (TOT) collection agreement with the Office of Finance, which would alleviate the obligation of individual hosts to complete TOT registration.
- Add new definitions to clarify that the City may take enforcement action against illegal short-term rentals that fall outside of the ordinance.
- Revise eligibility requirements and application procedures for additional clarity.
- Revise regulations relating to transient occupancy residential structures (TORS) to prevent conversion of residential buildings to TORS, and ensure that new TORS may only be approved through a Conditional Use Permit.
- Include new prohibitions including limiting rentals to more than 2 persons (not including children) per habitable room and a prohibition on amplified music after 10 pm, as well as weddings and evening outdoor congregations of more than 8 people (not including children).

#### **IV. KEY ISSUES**

Many of the key issues associated with short-term rental were discussed in the Department's prior June 23, 2016 CPC Recommendation Report (Exhibit D). This report focuses on the key differences between the CPC recommended ordinance and the City Council amendments.

##### **Annual Cap and Extended Home-Sharing**

The Department's initial recommendation to the City Planning Commission on June 23, 2016 was to place a 120-day annual cap on home-sharing activity. This would mean that a home-sharing registration would permit a home to be used for a total of 120 days per year as a short-term rental. In 2016, the City Planning Commission recommended increasing the cap to 180 days per year. Subsequently, the PLUM Committee decided to return to the 120 day cap, but also created a new extended home-sharing allowance, which permits home-sharing beyond the 120-day cap through a new extended home-sharing process, as summarized under "Proposed Ordinance," above.

PLUM directed the Department to implement a cap of 120 days based on the financial break-even point of short-term rentals over long-term rentals, to ensure long-term rentals remain the priority in housing policy and remove any incentive for abuse. This discussion is explored in greater detail in the Department's January 11, 2018 report to the PLUM Committee (Exhibit F). The cap is also intended to protect residential character and emphasize the part-time (accessory) nature of this activity.

The proposed ordinance would allow for home-sharing for up to 240 days per year if approved for extended home-sharing. This was studied in the associated environmental analysis (Exhibit B). The PLUM Committee directed the Department to amend the ordinance to allow for unlimited home-sharing activity through an extended home-sharing framework. The Department is recommending approval of an extended home-sharing framework that would limit hosts to a maximum of 240 days per year of home-sharing. The second upper limit on Extended-Home Sharing activity is a staff recommendation intended to further protect the City's housing stock and residential neighborhoods by ensuring that Home-Sharing does not occur year-round and remains accessory to long-term residential uses.

Of the estimated 28,000 listings in Los Angeles (as of October 2017), about 23,000 are considered active unique short-term rental listings. Over the period of a year, approximately 9,024 listings in Los Angeles were rented for 120 days or fewer, 2,673 rented for 121 to 180 days, while about 6,588 rented for more than 180 days (see Table 1). It is not known how many of those would not be eligible for home-sharing based on the proposed eligibility requirements.

*Table 1. Estimated Annual Nights Rented Per Year for Short-Term Rental*

<b>Nights Hosted</b>	<b>Number of Listings</b>	<b>% of Listings</b>
<b>0 nights (inactive)</b>	10,653	36.8%
<b>1 to 30 nights</b>	2,027	7.0%
<b>31 to 90 nights</b>	4,850	16.8%
<b>91 to 120 nights</b>	2,147	7.4%
<b>121 to 180 nights</b>	2,673	9.2%
<b>Over 180 nights</b>	6,588	22.8%
<b>Total</b>	<b>28,938*</b>	<b>100.0%</b>

Source: Host Compliance LLC. October 2017. Los Angeles: Short-Term Rental Market Overview

\*The 28,938 figure includes all estimated short-term rental listings in Los Angeles, including duplicate listings and listings for legal transient structures such as hotels and bed and breakfasts not covered by the proposed ordinance.

### Extended Home-Sharing

To provide a balanced framework that recognizes the need to preserve housing stock for long-term renters with the need of some homeowners to provide home-sharing to supplement their income, the PLUM Committee introduced a process to allow hosts to exceed the 120-day cap in certain circumstances. Based on the PLUM Committee instruction and discussion the Department has developed a general framework that would allow qualified hosts to participate in home-sharing beyond the annual cap, with a staff recommendation of up to 240 days per year. The “extended home-sharing” framework creates a two-tiered system in which, 1) hosts are permitted to exceed the cap through an administrative process wherein hosts receive approval after certain conditions are met; or 2) hosts who are unable to meet these requirements may request approval through a discretionary review process that would include the ability to solicit input from neighbors, consider neighborhood impacts and add conditions to mitigate particular concerns. Specific details of the extended home-sharing framework, including information related to the two approval processes, are provided under “Proposed Ordinance,” above.

### **Per Night Fee**

The PLUM Committee instructed the ordinance to include a per night surcharge to help offset cost of enforcement and compliance. Because the Department recommends keeping the home-sharing registration fee very low to encourage participation, there is a need to identify supplemental revenue sources to help offset the costs for administration and enforcement. This topic was discussed in more detail in the October 19, 2017 and January 11, 2018 Department reports to the PLUM Committee (Exhibits E and F).

A fee may be enacted to the extent it is reasonably related to the cost of the City services to administer and enforce the registration process. Such a fee could be based on a flat fee per night booked. While the City does not have precise figures for all home-sharing activity, the

Department estimates that a \$5 per night fee would generate revenues for administration and enforcement of approximately \$2.75 million per year.

The proposed ordinance dedicates 10% of all TOT revenue generated from Home-Sharing to administration and enforcement of the ordinance. Based on an estimated TOT revenue of \$25 million, this would result in \$2.5 million for administration and enforcement. A \$5.00 per night fee would be expected to raise slightly more than this amount (\$2.75 million). The fee amount should be finalized depending on an accounting of total staffing and resource needs to administer the ordinance, as well as a consideration of whether a per night fee should completely replace the current TOT dedication or supplement it.

## **Platform Agreement and Hosting Platform Accountability**

### Platform Requirements

To assist with enforcement, the City's ordinance requires that platforms only complete bookings for listings that have a valid home-sharing registration number. Beyond that, the proposed ordinance requires that platforms provide basic information to the City, on a monthly basis including the: 1) address of all sites facilitated or advertised by the Platform; 2) total number of nights that the unit was booked; and 3) amounts paid for each stay. The proposed ordinance includes fines of \$1000 per day for allowing reservations or providing other booking services that a hosting platform knows to be illegal, fines of \$1,000 per day for refusing (upon formal request) to provide the addresses of unregistered short-term rentals to the City, and \$1,000 per day on any refusal to submit monthly documents required for City to verify the accuracy of the Transient Occupancy Tax payment.

### Platform Agreement

In response to the PLUM Committee direction, as discussed in greater detail in Exhibit D, the Department has created the framework for an incentive-based "platform agreement" in the proposed ordinance that provides streamlining of certain registration and compliance requirements in exchange for greater cooperation in facilitating legal home-sharing activity. The benefit of platform agreements stems from the uniqueness of the short-term rental industry, and some of the challenges cities have faced in enforcement. Most hosting platforms have created ways for the location of the home-sharing rental unit to be hidden until after a property has been booked.

As such, cities across the country are retaining the cooperation and assistance from the entities that facilitate short-term rentals - the hosting platforms. The PLUM instruction specified that any platform agreement should include the following provisions:

- Actively remove listings that violate Home-Sharing Ordinance.
- Designate an employee or representative to respond to enforcement issues and coordinate sharing of information.
- Provide the City in electronic format, relevant information needed by the City to conduct enforcement.
- Abide by regulation of Transient Occupancy Tax (TOT) Ordinance, including entering into a collection agreement with the City of Los Angeles.

The Department is proposing an incentive-based approach which would allow, in exchange for signing and adhering to the agreement, streamlining of certain registration and compliance processes for both the platform and its hosts (provided they only list on that site or others with an

agreement). The proposed incentives for signing and adhering to a platform agreement include the following benefits for hosts listing exclusively on the platform:

- Not requiring hosts who only list with a platform that has a platform agreement to register individually for a Transient Occupancy Registration Certificate with the Office of Finance since the platform agreement includes a requirement for platforms to collect Transient Occupancy Tax revenues;
- Providing the ability to implement a “pass through registration” process whereby hosting platforms provide relevant information to the City on their users, for the purpose of facilitating home-sharing registration; and
- Allowing hosts to renew without the need to provide information on their booking activities to the Department (the Department will have the necessary information from the platforms).

This approach allows for customization of the details of the platform agreement, including methods of compliance, for each hosting platform in order to correspond with individual capabilities.

### **Enforcement Enhancements**

Effective enforcement is a critical component of the proposed Home-Sharing Ordinance. Many communities that have adopted short-term rental regulations have found enforcement to be difficult. The proposed ordinance introduces a number of prohibitions that do not exist today and which provide an array of tools to be used in enforcing the law. Enforcement is envisioned to require proactive internet-based work, which requires new types of enforcement processes (see prior Department report backs including Exhibit D).

To help strengthen the enforcement provisions of the proposed ordinance, the April 10, 2018 PLUM Committee action directed the Department to include additional enforcement enhancements in the proposed ordinance and home-sharing process. The key provisions specified in the Committee’s instruction include:

- Establish a task force for coordination between City agencies.
- Establish a 24-hour/7-days a week staffed hotline to receive neighbor complaints and provide real-time outreach to hosts to help resolve issues as they are reported to the hotline.
- A web-based registration and renewal process, and
- Establish a per-night fee to help offset the cost of enforcement and compliance

### **Short-Term Rental Task Force**

In addition to requiring coordination between hosts and Hosting Platforms, enforcement of the proposed ordinance will also require close coordination between various City agencies. This is in part due to the fact that any verified citation complaint from an enforcement agency would lead to penalties under the proposed ordinance. As such, there is a need for documentation of these violations to be shared across Departments and with third-party enforcement entities. For this reason, the PLUM Committee requested the establishment of a task force for coordination between City agencies. While discussions with enforcement agencies have been ongoing throughout the ordinance development process, the short-term rental task force will be officially established prior to implementation of the ordinance.

### Hotline with Real-Time Outreach

The PLUM instruction calls for a 24/7 staffed telephone and email hotline for neighbors to report non-emergency problems related to STR properties. This is a service that exists through certain third party services or could be created by the City. It would allow for incidents to be reported by phone or email, including submission of photos, video footage and sound recordings to document complaints. A key feature is real-time outreach to owners of problem properties, whenever owner's contact info is known. The service could also allow for weekly reports containing the number and types of reported incident and the list of properties for which incidents have been reported

### Web-Based Registration and Renewal Process

The development, implementation and operation of a streamlined, secure online process for allowing hosts to apply for and have home-sharing permits issued when permit criteria are met is an important goal for successful implementation. The Department envisions a system that will allow hosts to apply for a home-sharing permit using their smartphones or computers in just a few clicks. However, verification systems will be developed to ensure permit applicants prove their primary residency. This will allow for uploading a photo of state-issued IDs and secondary proof of primary residency, including automatic real-time authentication of IDs (to prevent against fraudulent documents) as well as automatic cross-referencing of permit applicants' address, ID and address with other relevant databases to confirm other permit eligibility criteria. The system will have the ability to collect a digital signature from applicants in order for them to sign an affidavit attesting under penalty of perjury that all submitted information is true and correct.

### Per-Night Fee for Enforcement and Compliance

The Committee instructed the Department to establish a per-night fee to help offset the cost of enforcement and compliance. A full discussion of the per-night fee is provided under the section titled "Per Night Fee," above.

### **Flexibility Enhancements to Application Procedures and Other Requirements**

The Department has made several amendments to the proposed ordinance to provide for more flexibility related to application procedures and other requirements. While minor in nature, these amendments would allow the City to maintain the most appropriate and efficient systems possible in an evolving environment. The intent is to provide a more user-friendly process for stakeholders, while still ensuring that the ordinance's requirements are met. Some of the key proposed changes are summarized below.

All hosts are required to pay Transient Occupancy Tax (TOT) for the nights that a listing is rented out. The ordinance originally included a requirement that hosts complete a TOT registration with the Office of Finance in order to register in home-sharing. The eligibility requirements in the proposed ordinance have been modified to allow for hosts to be exempt from complying with the individual TOT registration requirement if they agree to only list with a Hosting Platform that has a platform agreement (which includes a TOT collection agreement). This is the case today as the Office of Finance does not require individual registrations provided the activity is covered by a collection agreement. This amendment would ease the administrative burden for applicants, while ensuring that TOT is collected on all registered listings.

The ordinance includes a requirement that renters who wish to register for home-sharing must obtain written approval from the landlord. This requirement was included in part to recognize that many rental agreements have prohibitions on subletting. The Department has received input from

landlords and property owners who would like to proactively opt their buildings out of home-sharing. In order to provide greater ease of enforcing this requirement, the ordinance has been amended, as requested by the PLUM Committee, to provide landlords a mechanism to proactively opt their buildings out of home-sharing by submitting written notice to the Department.

Earlier drafts of the proposed ordinance required applicants to submit home-sharing rental records that document the number and length of each home-sharing stay during the prior year to the Department at the time on renewal. The intent is to verify that the listing complied with the requirements of the ordinance, in particular the 120 day cap and TOT compliance. The Department recognizes that there may be alternative ways to comply with the intent of this requirement, including information sharing from hosting platforms or other sources. To allow for greater flexibility during the renewal process, the ordinance has been modified to require the submittal of rental records at the time of renewal, unless the host lists solely on a hosting platform that has entered into a Platform Agreement with the City. The Host is still required to keep and preserve, for a period of three years, all records as may be necessary to determine the amount of such tax as he may have been liable for the collection of and payment to the City, including the number and length of each Home-Sharing stay, and the price paid for each stay. The Office of Finance shall have the right to inspect these records at all reasonable times.

### **Transient Occupancy Residential Structures (TORS)**

The Department has received increased interest in an existing type of use that is related to short-term rentals called a *transient occupancy residential structure* (TORS). The TORS designation allows for partial or total short-term rental use in high-density zones (R4, R5 and C) through a Conditional Use Permit (CUP) approved by a Zoning Administrator. In some areas of the City, a TORS use is also permitted by-right.

The TORS designation was established in the early 1990s to allow for hotels to include kitchens in the guest rooms, something otherwise not allowed. It had traditionally been used as a way to allow for extended-stay hotels that require greater cooking amenities. More recently, the TORS designation has also been used for apartments that serve corporate rentals, which usually provide a mix of short- and medium/long-term rental options. The policy concern is that the TORS definition is broad enough to permit the whole or partial conversion of existing apartment buildings currently providing long-term housing to short-term rentals, which was not the original intent in creating the TORS use.

In line with the direction in the original City Council Motion to preserve rental housing stock, the proposed ordinance would disallow the conversion of existing residential buildings to a TORS, while preserving the opportunity for new buildings to request a TORS designation. This proposed language was added to the CUP section that covers the TORS use in 12.24 W.24.

The Department has recently received additional comments from many residents concerned that the proposed changes do not go far enough to ensure that TORS use cannot be used as a vehicle for illegal conversions of residential units. The comments are likely referring to the existing by-right process that allows for conversions or new construction of TORS uses in certain areas of the City through an exception in the zoning code. The exception in LAMC 12.22 A.18 allows for hotels and TORS uses to be created by-right (without a CUP) if it is located in a C zone in the Central City Community Plan Area or any Regional Center, as designated in the General Plan. In response, the proposed ordinance has a new section that removes the references to the TORS use being permissible by-right in the C zones and would instead require TORS projects to receive a CUP. This would then link to the prohibition on TORS conversions of exiting residential buildings cited above in 12.24 W.25 (section 5).

## **V. ADDITIONAL ANALYSIS REQUESTED BY CITY COUNCIL**

### **REPORT BACK RELATIVE TO PROPOSED HOME-SHARING ORDINANCE (CF 14-1635-S2, 14-1635-S3)**

On May 2, 2018, the City Council considered the proposed Home-Sharing Ordinance (HSO). During the discussion, the City Council recommended amendments to the ordinance and referred the matter back to the City Planning Commission for consideration. In addition, the City Council adopted 9 motions (See Attachment 1) instructing the Department of City Planning (Department), in consultation with the City Attorney to report back on a number of additional policy considerations. On April 10, 2018, the Planning and Land Use Management (PLUM) Committee also requested a report back on two additional items. A summary of each motion and report-back request along with the Department's response is provided below.

#### **1. Motion 16C - Loud and Unruly Gatherings**

Motion 16C included a direction for the Department to report on options to provide clarification pertaining to the relationship between home-sharing and the recently approved Ordinance regarding Loud and Unruly Gatherings (Party House Ordinance - No. 185,451). Specifically, the motion requested additional information on two potential amendments to the proposed Home-Sharing Ordinance.

The first potential amendment would suspend hosts from participating in home-sharing during the 30 days after they have been cited as a "loud and unruly gathering" under LAMC Section 41.58.1. This amendment would be broadly consistent with the approach of the proposed home-sharing enforcement scheme, which includes certain penalties for hosts who violate provisions of the ordinance and a process for suspending and revoking registrations based on violations of nuisance provisions or other laws. The 30-day duration of this suspension is consistent with the provisions of the Party House Ordinance that requires a notice of the violation be posted at the residence for a period of 30 days. The Department is supportive of this change, and has amended the proposed ordinance to incorporate this penalty (see proposed Subparagraph (c)(4)(i)). In addition, based on PLUM Committee direction, a host participating in extended home-sharing would immediately lose the ability to rent beyond the 120-day cap for one nuisance violation, including a citation as a "loud and unruly gathering." Hosts would need to reapply for extended home-sharing under the discretionary review process, which allows for a thorough vetting of the facts as well as neighbor input.

The second suggested amendment would suspend hosts from participating in home-sharing for one year if they have been cited three or more times for a "loud and unruly gathering." This provision is more generous than the "two-strikes" policy requested by PLUM, which requires revocation after two verified citations (see proposed Subparagraph (c)(4)), so the Department has not incorporated this change at this time.

#### **2. Motion 16D - Differentiated Cap for "Non-Hosted" and "Hosted" Stays**

Motion 16D requested additional information on options to maintain the proposed 120-day annual cap only for "non-hosted" stays, and to remove any cap on the number of "hosted" stays that are permitted per year. A hosted stay refers to a short-term rental where the host lives on site in the



residence throughout the time of the rental by a guest. The proposed ordinance does not differentiate between “hosted” and “non-hosted” stays.

As discussed in the January 11, 2018 Department report to the PLUM Committee, some cities with nightly short-term rental caps allow unlimited hosted stays. Hosted activity helps to protect the housing stock, ensures the primary residential use is maintained and limits nuisance behavior by guests. Despite the potential benefits this approach might offer, it has proven very difficult for cities to be able to verify whether each guest stay is hosted on a nightly basis. A random inspection, for example, could determine whether a host is present at a given time; however, this would not prove whether the stay is considered hosted or not since a host is still permitted to go to their place of employment and attend to regular social and other engagements. The City of West Hollywood recently adopted a hosted stay provision that requires that hosts respond in person within one hour of being contacted by city staffers or a law enforcement officer. Other cities have required self-certification under penalty of perjury, or required a disclosure to guests about the hosted stay policy. Neighbor complaints could also help to identify violations, but enforcement would continue to be an issue of concern under any of the options the Department has reviewed.

The Department has previously identified more verifiable proxies that could be considered to help meet the policy intent of this approach. For example, the City could consider exemptions from the cap for shared spaces or private rooms only (not entire-home listings). This approach, however, also has enforcement challenges. While most platforms describe shared spaces separately from entire-home listings (as self-reported by hosts), not all may make this information transparent. Another concern with this approach is that certain spaces may not neatly fit into the intended categories. For example, because entire home listings are more valuable, hosts often describe their units as entire homes, even though they may consist of attached rooms or suites of rooms or detached spaces that are not considered separate units. Because of these concerns, the Department has not recommended this approach.

In addition, the City Council has already incorporated amendments to the proposed ordinance that would establish administrative procedures to extend the 120-day cap, both for “non-hosted” and “hosted” stays.

For these reasons, the Department does not recommend that the ordinance be amended to reflect a differentiated cap for “non-hosted” and “hosted” stays.

### **3. Motion 16E - Guest Code of Conduct**

Motion 16E requested additional enforcement-related information about a potential amendment to the proposed ordinance requiring a “Code of Conduct” be provided to each registered home-sharing host (to address behavioral, safety, security and basic “good neighbor” concepts for short-term visitors), including a recommended methodology to ensure that every host is provided with the text of the adopted ordinance and any other collateral materials necessary to help them achieve full compliance.

The City of Palm Springs requires a Code of Conduct be provided to all guests in vacation rentals, and that guests complete a Statement of Rules and Regulations prior to their stay. As part of the registration procedures required for properties to be used as a Vacation Rental, the City of Palm Springs requires applicants to acknowledge receipt of all applicable operational regulations.

The City’s proposed ordinance has many key differences from the vacation rental ordinance that is being implemented in Palm Springs. Most significantly, the proposed ordinance would limit

short-term rentals exclusively to a primary home, based on the principle that sharing one's own home creates fewer neighborhood impacts compared to an absentee landlord (or tenant) renting out an otherwise empty unit. If the neighbor is present, most nuisance problems can be managed. Despite this, the Department recognizes that the provision of a "Code of Conduct" could additionally serve as a preventative measure against nuisance behavior in short-term rentals.

The ordinance has been amended in Subparagraph (e)(5) to include a requirement that hosts provide a copy of the Code of Conduct to all guests. The Code of Conduct will include the relevant provisions of the ordinance and other information to address behavioral, safety, security and basic "good neighbor" concepts. The specific provisions of Code of Conduct will be outlined in the Department's administrative guidelines to be developed pursuant to the ordinance.

#### **4. Motion 16F - Apartment Hotels, Residential Hotels and Definitions of Rental Units and Tenant**

The City Council requested additional information to clarify that buildings designated as "apartment hotels" or "residential hotels" are subject to all the terms and prohibitions of the Home-Sharing ordinance, including the prohibition on home-sharing for units subject to the Rent Stabilization Ordinance (RSO).

A residential hotel is defined as a residential building with six or more guest rooms or efficiency dwelling units being used as long-term primary residences (for more than 30 days). An apartment hotel is also defined as a residential building used for six or more guest rooms but also requires two or more dwelling units. Guest rooms are habitable rooms (without a kitchen) designed for occupancy by one or more person. Guest rooms and dwelling units located in either a residential hotel or apartment hotel are to be used for long-term tenancy (longer than 30 days). Therefore, both uses are subject to all the terms and prohibitions in the proposed Home-Sharing Ordinance, including the prohibition in units subject to the RSO.

There may be some confusion on this point as the RSO provisions explicitly do not apply to "hotels" and other similar uses occupied for 30 days or less (see the definition of "rental unit" in LAMC 151.02). However, despite sharing the word hotel in common, apartment hotels and residential hotels are distinct uses from hotels. Hotels do not contain dwelling units and allow for either short or long-term stays. Apartment hotels and residential hotels do not allow for short-term stays at all.

Additionally, the City Council requested information on any Municipal Code amendments needed to clarify that the definition of "rental units" includes all dwelling units, guest rooms, suites of rooms, and efficiency dwelling units in apartment hotels and residential hotels, and that a "tenant" be defined as a person who lives in a rental unit for 31 days or more. Both terms are defined in the City's Rent Stabilization Ordinance (LAMC Section 151.02). A "tenant" is defined as any person, including a tenant, subtenant, and sublessee, who is entitled to use or occupancy of a "rental unit." A "rental unit" includes dwelling units and guest rooms in hotels that are occupied for periods of more than 30 days. This would include units and guest rooms in residential hotels and apartment hotels and therefore no change is needed to the definitions in the RSO.

The broader intent of the motion is to ensure that the proposed ordinance applies to residential hotels and apartment hotels, including the prohibition in RSO buildings. As described above, both terms apply to the home-sharing ordinance and the RSO. However, to add clarity and address the concerns of City Council, the proposed ordinance now specifies that short-term rentals are only permitted through home-sharing or in accommodations presently permitted for transient use

(30 days or less) including hotels, motels, bed and breakfasts or transient occupancy residential structures.”

### **5. Motion 16G - Prohibition for Rent Stabilization Ordinance (RSO) Units**

Motion 16G requested additional information on the legality of precluding units that are subject to the City’s Rent Stabilization Ordinance (RSO) from participating in home-sharing. As drafted, the proposed ordinance would prohibit home-sharing in units subject to the RSO. This prohibition is included in the proposed ordinance in order to protect this critically important housing stock from possible abuse by removing any incentive to evict tenants or to convert long-term housing to short-term rentals. The RSO housing stock is particularly vulnerable to fraud or illegal evictions. There are also regulatory issues related to the RSO and the Ellis Act which would introduce additional complications if these units were to be utilized for home-sharing. The Office of the City Attorney advises the provision prohibiting RSO units from being used for home-sharing is defensible.

### **6. Motion 16H - Transient Occupancy Tax and Costs of Administration, Oversight and Enforcement**

Motion 16H included an instruction to the City Administrative Officer (CAO), the Planning Department and the Chief Legislative Analyst (CLA) to report on ways for the City to address the negative impacts of the short term rental industry with the TOT revenue that has been collected, and looking at a way to develop proposed formula options for citywide and local amelioration, including distributing a portion to each Council District. Additionally, the Motion instructed the same agencies to identify daily surcharges, platform and host registration fees, for the purposes of administration, oversight and enforcement. The Department will continue to work with the CAO and CLA staff to respond to this request.

#### Address the Negative Impacts of Short Term Rentals Using TOT Revenues

The negative impact most consistently identified with short-term rentals involves taking long-term housing off the market for tourist and guest use. Studies have shown the impact of unregulated short-term rentals on rent levels and the Department has heard testimony on the direct impact on renters who have been evicted or are denied additional housing options. For this reason, the CPC recommended ordinance included a provision that 90% of all TOT revenues from home-sharing be directed to the Affordable Housing Trust Fund. This allocation was subsequently removed by the City Council.

Neighborhoods are also often negatively impacted when they the residential character is lessened or nuisance behavior proliferates. Impacts range from the nuisance of constant coming and going, losing the “neighborliness” of a community, potential parking impacts and late-night parties. One way to prevent these problems is to ensure short-term rentals are limited to home-sharing through strong regulations and effective enforcement.

Eviction of tenants is a particularly important concern related to home-sharing. The Department has learned of many instances whereby tenants were evicted either directly or indirectly through pressure. Often the same landlord or property owner may be responsible. In those instances, the City may want to prioritize special investigations by the Office of City Attorney or enforcement agencies to ensure the practice does not continue, and explore methods to assist tenants who have been harmed due to short-term rentals. The Department suggests the proposed short-term rental task force be responsible for further study and analysis to include ways to address negative impacts once the ordinance is operational.

### Formula Options for Citywide and Local Amelioration

A formula to expend resources for citywide and local amelioration could be based on the relative impact of short-term rental activity in different areas of the city. For example, data from October 2017 shows that at that time, short-term rental activity was concentrated in certain neighborhoods, as can be seen in Table 2. Any formula used to allocate resources based on local amelioration should utilize updated data to reflect current short-term rental activity.

*Table 2. Percentage of Short-Term Rental Activity in each City Council District*

<b>Neighborhood</b>	<b>Number of Active Short-Term Rental Listings</b>	<b>Percent of Total</b>
Council District 1	1,860	6.4%
Council District 2	1,518	5.2%
Council District 3	709	2.5%
Council District 4	6,012	20.8%
Council District 5	3,499	12.1%
Council District 6	305	1.1%
Council District 7	107	0.4%
Council District 8	420	1.5%
Council District 9	211	0.7%
Council District 10	1,876	6.5%
Council District 11	5,842	20.2%
Council District 12	334	1.2%
Council District 13	4,157	14.4%
Council District 14	1,866	6.5%
Council District 15	202	0.7%
<b>TOTAL</b>	<b>28,918</b>	<b>100.0%</b>

The Departments recommend that any funds to be allocated to address negative impacts of short-term rentals should be presented as a formal budget request for Council consideration. The request would detail the needs to be addressed and a program to address them, along with a projected budget. The budget request is recommended to be made a citywide level to address the highest priority needs, given the unequal geographic distribution of short-term rentals.

### Daily Fee

The Department has previously discussed a fee to offset the costs for administrative and enforcement costs relating to home-sharing in three Department reports (March 22, 2018, January 11, 2018 and October 19, 2017). A fee may be enacted to the extent it is reasonably related to the cost of the City services to administer and enforce the registration process. Depending on the intent, the fee could supplement, reduce or completely replace the currently proposed 10% TOT allocation for administration and enforcement.

While the City does not have precise figures for all home-sharing activity, the March 22, 2018 report estimated an approximate 550,000 nights booked for short-term rentals in Los Angeles in 2017. The March report also projected how many nightly bookings there might be in the following year, assuming the original CPC recommended ordinance went into effect. As a result of these projections, it is estimated \$5 fee would net \$2.75 million for administration and enforcement.

### Platform and Host Registration Fees

The proposed Home-Sharing ordinance had left the cost to register a home-sharing unit to be determined. As discussed in prior reports, the Department recommends a low fee structure to encourage universal registration, particularly for hosts who do not plan to use home-sharing very often.

Based on consultations with the CAO and CLA, the Department recommends a host registration fee of \$89 per year. This is based on the expected cost of service, which will require verification of the host's identification, their primary residence and the eligibility requirements, including whether the residence is located in a unit subject to the RSO or requires landlord approval. Some registrations will be relatively easy to verify, while others will require follow-up and additional research.

Hosting Platforms are not subject to a fee in the proposed ordinance. A fee may be enacted under state law if it is imposed for a specific benefit conferred on the payer that is not provided to those not charged. Otherwise, the fee is considered a "tax" and is subject to voter approval under Proposition 218. Because of the legal constraints, the best opportunity to charge a platform fee may align with the City Council direction for the Department to create an optional "platform agreement" that hosting platforms would enter into with the City. The platform agreement, as proposed, requires that platforms collect and remit TOT and is expected to include details on how platforms intend to comply with the major platform responsibilities under the ordinance. The platforms would gain benefits by streamlining and removing certain requirements for its users because the platform is taking responsibility for certain key provisions, including not booking illegal listings, the designation of an employee or representative to communicate with the City, and providing the City basic information to conduct enforcement.

Platforms with a larger customer base will result in significantly more administrative and enforcement work by the City. The City of Chicago charges either \$5,000 or \$10,000 per short-term rental advertising platform, depending on the number of listings, with an additional charge of \$60 per listed unit. These are annual registrations requiring payment each year. This could raise approximately \$750,000-1,000,000 each year for administration and enforcement related to short-term rentals based on assumptions in the Negative Declaration (Exhibit B).

## 7. Motion 16I - Options for Administrative Approval of Extended Home-Sharing

As directed by the PLUM Committee, the Department has prepared an amended ordinance which establishes procedures to allow qualified hosts to participate in home-sharing beyond the 120-day cap (called extended home-sharing). In particular, the ordinance includes a set of conditions which must be met in order for a property to qualify for administrative approval of extended home-sharing, including:

- A. A notice of the subject property's approval of extended home-sharing is mailed to adjacent owners and occupants, including an outline of a complaint process;
- B. Host must have had a home-sharing permit/registration for at least six months or have hosted for at least 60 days; and
- C. That the property has no verified citations from an enforcement agency in the City of Los Angeles, including any Administrative Citation Enforcement violation.

If the property does not meet these criteria, it would not be eligible for administrative approval, and would need to request approval through the discretionary process.

Motion 16I requested information on alternative criteria for administrative approval of extended home-sharing, which would include the following:

- A. Neighbor notification to abutting property owners/occupants;
- B. Host must have had a home-sharing permit/registration for at least six months or have hosted for at least 60 days;
- C. That the property has no more than two documented violations from an enforcement agency in the City of Los Angeles; and
- D. For those qualified hosts in an R-1 and more restrictive zone, by right approval will not be granted if a majority of the property owners within a radius of 100 feet object within 30 days of notification.

The first two criteria suggested in Motion 16I are consistent with those included in the initial PLUM Committee direction, and as such no ordinance change would be needed at this time. The second two criteria have some key differences from the PLUM Committee direction, as explored in detail below.

### Number of Documented Violations

As described, the PLUM Committee recommended a structure that would disqualify any property from extended home-sharing that has received a documented nuisance violation. The proposed ordinance would require no violations for the prior three years to qualify for administrative extended home-sharing. Allowing a property to qualify for administrative approval with up to two documented violations, as suggested by the motion, would provide more leniency. This could have the effect of reducing the number of properties that would require discretionary review to participate in extended home-sharing. This would also allow properties that have a history of multiple documented nuisance violations to participate in extended home-sharing without the benefit of a more in-depth process to more fully review the circumstances. The ability to conduct home-sharing beyond the 120-day cap should be considered a privilege and the Department favors the more conservative approach based on one violation for administrative approvals. Hosts ineligible for administrative approval because of a violation would be able to apply for a discretionary review for extended home-sharing.

### Neighbor Consent or Objection to Extended Home-Sharing

As currently proposed, the ordinance would not include a requirement for neighbor consent (or lack of objection) in order for the administrative application to be approved. Adding in a mechanism for affirmative consent or objection to an extended home-sharing application would provide an opportunity for neighbors to participate in the administrative approval process. This would pose benefits in the sense that neighbors are often most familiar with potential nuisance activity associated with home-sharing. By limiting the neighbor consent process to R1 or more restrictive zones, this could help to reduce the number of applications requiring this process, but only offer the strongest protections to the City's single-family neighborhoods, as opposed to multifamily units where many short-term rentals are currently occurring.

On the other hand, a neighbor consent process would create procedural challenges and potential for uneven implementation. This process would empower a neighbor or group of neighbors to preclude extended home-sharing of a neighbor due to any reason, including those that may not necessarily be related to the extended home-sharing activity. Due to the administrative process, the Department would not have the ability to vet whether the complaints are materially related to the extended home-sharing application. While the noticing provides for the protection to prevent one neighbor from precluding the activity, there could still be room for abuse or unfounded claims which cannot be investigated under a ministerial process.

For these reasons, the Department does not recommend including this change at this time.

### **8. Motion 16J - Alternate Fee Structure for "Hosted" Stays**

Motion 16J directed the Department to provide information on an alternate, reduced fee structure for "hosted stays." As explained above (see discussion under *Motion 16D - Differentiated Cap for "Non-Hosted" and "Hosted" Stays*), it is difficult to enforce hosted activity. In addition, it is possible that a single property could be used for both "hosted" and "non-hosted" stays, depending on whether the host is present at the property during a given stay.

Application fees for administrative approval of regular home-sharing (subject to 120-day cap) is expected to be minimal (proposed at \$89), so a differentiated fee structure would likely not be needed for these applications. As described in the Department's March 22, 2018 report to the PLUM Committee, filing fees for the extended home-sharing administrative clearance process will be \$1,149 in addition to notification costs. Filing fees for the discretionary approval process would be approximately \$5,660. These fees are comparable to other similar entitlement requests that the Department processes, and are set commensurate with the amount of staff resources and time required to process the application. If the City Council opted to provide a reduced fee structure for "hosted stays," a supplemental revenue source would likely be needed to be identified by the City Council in order to offset the costs accrued to the City for application review and processing. A method to determine hosted stays would also need to be devised.

Introducing a differentiated fee structure for hosted stays would pose significant implementation concerns, and for this reason, the Department does not recommend a modification to the proposed fee structure at this time.

## **9. Motion 16K - Amendments to Definition of “Primary Residence”**

Motion 16K requested additional information on a potential amendment that would change the definition of “primary residence” from 6 months to 11 months, and provide an exemption for hosts who are able to demonstrate that they are out of town for a lengthy period of time.

A “primary residence” is defined in the proposed ordinance as the property on which the host conducts home-sharing and in which the host resides for more than 6 months in the year. As currently proposed, the application process would require that hosts provide two forms of verification (for example, driver's license and copies of utility bills) to demonstrate their identification and that they reside at the property for at least six months of the year. The Department recommended that a host reside at the property for a minimum of 6 months in order to ensure that the short-term rental is an accessory use to the structure's long-term residential use, while also recognizing that hosts may be out of town for several months of the year. This requirement is also consistent with tax code, which defines primary residence, in part, as the place where an individual lives for the majority of the year. The intent of the 6-month minimum provides the flexibility for hosts who are out of town for a longer period of time, while ensuring that the home is a primary residence, consistent with the intent of the requested amendment.

If the City Council elects to extend the definition to require that hosts demonstrate that they reside at the property for 11 months of the year, additional documentation would be required. This has the potential to make the application process more difficult both for applicants, and for ensuring compliance with the application requirements. Additionally, it is unclear what type of documentation would be sufficient to demonstrate this requirement.

For these reasons, the Department does not recommend a change to the definition of “primary residence” at this time.

## **10. PLUM Committee Request - Framework of Enforcement and Violations**

On April 10, 2018, the Planning and Land Use Management (PLUM) Committee requested a report back with greater detail on the proposed framework for enforcing violations of the ordinance. In particular they requested information on four points, including required documentation to establish residency, the definition of nuisance violations, health and safety standards for short-term rentals (home-sharing) compared to hotels/motels and staffing resources for enforcement. A response to each point is provided below.

### Documentation Required for Residency

Given the importance of establishing that the home to be used for home-sharing is the host's primary residence, there is value in retaining some flexibility regarding the comprehensive list of documents that will be accepted as proof of primary residence. In general, the Department will need to verify both the identity of the host as well as that they reside at the property for more than half the year. This verification will require at least two separate documents. Potential documentation that may qualify includes a state driver's license or identification card, federal and state tax returns, bank account records, car registration, voter registration and utility bills. This information will be further detailed in the “administrative guidelines” for home-sharing that will be developed by the Department.



### Nuisance Violation Definitions

Under the proposed ordinance, nuisance violations would result in certain sanctions for a registered home-sharing property and may prevent a property from registering for home-sharing. There are generally two types of nuisance violations described in the ordinance. First, are those which result from a “verified citation” from an enforcement agency of the City of Los Angeles. The second type of nuisance violations do not require a verified citation and are enforced through an administrative nuisance abatement process initiated by the Director of Planning.

The term “verified citations” was defined by the PLUM Committee recommendation to include Administrative Citations issued pursuant the Administrative Citation Enforcement (ACE) program (Article 1.2 of the LAMC) as well as any citation or similar violation notice issued by the Los Angeles Department of Building and Safety, Housing and Community Investment Department, Police Department and Fire Department. ACE administrative citations may be issued by City agencies or third parties and are appealable to the Office of City Attorney. There is value in better defining this term, so the proposed ordinance has been amended to include the following definition of Verified Citation:

***VERIFIED CITATION*** - Includes any enforcement citation, ticket or similar notice of violation issued by the Los Angeles Department of Building and Safety, Los Angeles Housing and Community Investment Department, Los Angeles Police Department and Los Angeles Fire Department, as well as any Administrative Citation issued pursuant Article 1.2 of the LAMC.

There are penalties for having verified citations. A prospective host may not register for home-sharing or continue to participate in home-sharing if there are any open verified citations that have not yet been resolved. If a host has an extended home-sharing registration, the first verified citation will result in immediate revocation and the Host will revert to regular home-sharing of less than 120 days a year for the next year starting at the date of citation. After a year, hosts would be able to apply for extended home-sharing under the discretionary review process. Two verified citations from an agency of the City of Los Angeles will result in the immediate revocation of any Home-Sharing registration and a prohibition from participating in Home-Sharing for one year from the date of violation. A single type of violation spanning multiple consecutive days shall constitute one violation.

The second category of nuisance violation is connected to the code section for the Administrative Nuisance Abatement program (LAMC 12.27.1.B). The section includes a list of violations that may result in a use being declared a nuisance by the Director of Planning, which may result in a modification, discontinuance or revocation of any use of land. The process involves an optional public hearing and may be initiated by the Department based on any violation of city, state, or federal law as well as any use that adversely impacts nearby uses or constitutes a public nuisance or resulted in repeated nuisance activities. This includes, but is not limited to, disturbances of the peace, illegal drug activity, public drunkenness, drinking in public, harassment of passersby, gambling, prostitution, sale of stolen goods, public urination, theft, assaults, batteries, acts of vandalism, loitering, excessive littering, illegal parking, excessive loud noises (especially in the late night or early morning hours), traffic violations, curfew violations, lewd conduct, or police detentions and arrest. An applicant may challenge a revocation using the procedures in LAMC Section 12.27.1.

The penalties for nuisance violations are summarized in Table 3 on the following page.

Table 3. Penalties for Violations

# of Violations	1	2	No Violations Needed
Registering	All - May not register while citation is open (unresolved)  Extended Home-Sharing - ineligible for administrative extended home sharing registration for 3 years	All - Must wait for one year from date of second violation to re-apply	Not applicable
Operating	Home-Sharing - May not operate while Order to Comply is open;  All - Suspension for 30 days for a "loud and unruly party" per Party House Ordinance  Extended Home Sharing – Revocation of EHS permit, revert to regular HS (120-day cap) for remainder of registration period	All - Revoked	Director may initiate modification (with conditions), revocation or discontinuance per 12.27.1.

### Health and Safety Standards for Short-Term Rentals Compared to Hotels/Motels

Home-sharing is expected to occur inside someone's residence, which has to meet habitability and building code standards approved for residential use. Hotels and motels are built to a higher standard of building code standards (R1) because they are primarily for transient use. This includes higher building code requirements for items such as sprinklers, door widths, exit routes, signage, etc. The codes in a home-sharing residence may be built to a variety of building code standards, which may have sprinklers, for example.

The proposed ordinance includes some basic health-safety protections. It specifically states no person shall offer or engage in home-sharing in any part of the property not approved for human habitation as a residential building, including but not limited to, a vehicle parked on the property, a storage shed, trailer or garage or any temporary structure like a tent. Furthermore, a host must provide and maintain fire extinguishers, smoke detectors, carbon monoxide detectors and information related to emergency exit routes and emergency contact information.

### Staffing Resources for Enforcement

The Department has provided information on potential staffing options for enforcement in the prior March 22, 2018 and October 19, 2017 reports. Various enforcement approaches have been discussed as the ordinance has evolved. Much still depends on final decisions on available resources, including whether to pursue a proactive approach to enforcement and the extent to engage new information technology and services. The October 19th report laid out two potential enforcement options it called "existing" and "proactive."

Thus far, the City Council has advanced an enforcement approach involving many of the components of a proactive approach, including a 24/7 hotline with real-time outreach to hosts as well as web-based registration. The Department continues to emphasize the need of a robust system to monitor and identify illegal online listings, requiring both scale and specialized resources, such as address identification and unpredictable online searches (Santa Monica recently reported that illegal hosts kept listings offline during weekday hours). This would all require significant resources.

Prior reports have outlined the likely significant efficiencies to be gained from an approach that utilizes specialized technology the City does not presently possess. New York City employs 48 full time employees for short-term rentals, for example. Smaller cities with comprehensive third party contracts have been able to minimize their internal staffing to one or two employees. Given the size of Los Angeles, at least five new City Planning employees would be recommended to staff the Home-Sharing registration and enforcement. An additional 20 estimated Planning Department positions may be required to staff the extended home-sharing discretionary processes beyond 120 days (see below).

Based on ultimate program demand, the applicable Department of City Planning registration and enforcement positions have been identified as:

City Planner and City Planning Associate (2 positions) - To oversee the day-to-day implementation of the home-sharing ordinance, manage the home-sharing task force and work programs of the Home-Sharing enforcement; coordinate with other departments, such as City Attorney and the Department of Building and Safety and Housing and Community Investment Department.

Management Analyst - Create and manage the online registration system, manage communication with hosts and platforms and maintain home-sharing records.

Senior Administrative Clerk and Administrative Clerk - Two staff will be responsible for issuing Home-Sharing registrations, administering service contacts and managing any listings that violate the ordinance by passing case files along to the appropriate enforcement agencies.

Additional Planning Department employees, comprised of administrative staff, Principal City Planners, Senior City Planners, City Planners, City Planning Associates and Planning Assistants would be needed to implement the extended home-sharing, including processing applications. The staff would be funded primarily by the cost of the extended home-sharing entitlement and would be able to be ramped up accordingly, subject to City hiring provisions, including up to 20 planners (see report in Exhibit G).

This minimal staffing approach would require engaging with a third-party consultant or contracting services. There are new firms emerging to provide solutions to the challenges of enforcing short-term rentals, including online registration, address identification, data management, listing monitoring and complaint hotlines. They may have experience in different cities, and have had the opportunity to refine new technologies and approaches. They would perform the work that takes the most time in other cities - looking online for listings and sending enforcement notices. This would leave the Department to performing the higher-level work to ensure policy success.

Similar to above, the City's enforcement agencies generally support their enforcement actions through fees for service. This allows for staff to be increased concurrent as services increase. The central enforcement tool is likely to be the ban on online advertising without a registration number. This requires looking online at more than twenty thousand ads, then sending out

citations. The Administrative Citation Enforcement (ACE) system has worked well in a pilot phase for enforcing cases related to animal registrations and parks violations and appears well suited for home-sharing enforcement. Citations can be mailed to the host, with built-in procedures for appeals, administrative hearings and fines. This process can be used for enforcement by a third party consultant, discussed below. The Department notes the PLUM instruction included creation of a short-term rental task force, which will have the participation of all enforcement agencies (DBS, HCIDLA, LAPD, LAFD, City Attorney and potentially others).

If the City were to procure a comprehensive suite of third party services and apply them to all hosting platform services operating in the City, it is estimated to cost approximately \$1.5-\$2 million per year. The cost would cover the following (all completed in close consultation with the City):

- Creation of an online home-sharing permit application form.
- Operation and real-time processing of online applications, including authentication of photo identification and signatures, cross-referencing of permit applicant's address, identification and other relevant databases to confirm permit eligibility and ability to collect additional documents.
- Active monitoring of all short-term rental listings in the city across top 20+ websites and monthly analysis of activity including scale, scope and trends.
- Address identification and contact information for all identifiable short-term rentals in the city
- Compliance monitoring of all short-term rental activity to ensure compliance with all registration requirements, including up to date listing of all illegal operators
- Systematic outreach to non-compliant short-term rental operators and monthly staff reports on compliance, including full case history for non-compliant listings
- 24/7 staffed short-term rental telephone and email hotline to report non-emergency concerns relating to short-term rental properties, including digital recordings, ability for neighbors to submit photo or video, real-time outreach to owners and weekly staff reports

Based on the instructions from the PLUM Committee and City Council (through Motion 16H), staffing is expected to be funded through registration filing fees, the proposed 10% TOT allocation and a per-night fee to help offset costs of enforcement and compliance. The response to Motion 16H above and the City Council motion below also discuss the proposed daily fees and host registration fees to help offset the costs of administration, oversight and enforcement.

## **11. PLUM Committee Request - Program Expenditure Plan**

On April 10, 2018, the Planning and Land Use Management (PLUM) Committee requested a report back with greater detail on a proposed "Program Expenditure Plan" including a revenue analysis of the various revenue sources: a per-night fee, full cost recovery fees for enforcement, and an annual registration fee by host and annual fee by platform.

Given the current resource approach described in #10 above, and with the input of the CAO and CLA, the Department can provide preliminary cost estimates and a basic revenue analysis. The department initially recommended 5% of TOT revenues from home-sharing be utilized to pay for administration and enforcement of the ordinance. The amount was increased to 10% by the City Planning Commission. A per-night fee was then introduced by the PLUM Committee, as an additional method to collect revenues for administration and enforcement. Additional funding options explored in the report back to Council Motion 16H above is requiring a short-term rental platform fee as well as a way to use TOT revenue to help ameliorate citywide and local impacts from short-term rentals.

The registration filing fees for regular home-sharing is proposed to be set at a cost (\$89) below what it will cost to effectively administer and enforce the ordinance. This is because of the strong interest in keeping costs low enough to achieve registration of all those who are eligible for home-sharing, not just frequent users, so that enforcement and monitoring can be facilitated and the ordinance can be truly effective.

For further information on potential annual home-sharing registration fees, platform fees and per-night fees please see the response to Motion 16H above. The summary program expenditure plan is presented below for consideration:

*Table 4. Home-Sharing Program Revenue Plan*

<b>Item</b>	<b>Estimated Program Revenue</b>
Per Night Fee (\$5)	\$2.75 million
Annual Registration Fees	\$600,000
10% TOT	\$2.5 million
(Optional) Platform Fee	\$500,000 (Optional)
<b>TOTAL</b>	<b>\$5.85 million (\$6.35 million with optional Platform Agreement)</b>

#### Program Cost

The response to #10 above includes the outlines of the proposed staffing resources needed on day one to implement the home-sharing ordinance. As outlined below, the program cost likely includes five Planning Department staff for general administration, up to 20 Planning Department staff for implementation of extended home-sharing depending on the number of cases, a significant contract for registration and enforcement services, assistance of three to four full time equivalencies from other City agencies, and a fee-for service positions that will ramp up over time.

*Table 5. Estimated Approximate Program Cost*

<b>Item</b>	<b>Estimated Approximate Program Cost</b>
IT Service Contract (online registration, online monitoring, address identification, enforcement letters, 24/7 hotline with real-time response, etc.)	\$1.5 – \$2 million
DCP Administrative Staffing	\$500,000
DCP Additional Staffing for Extended Home-Sharing	\$500,000 - \$2 million
Special Assistance Fund to Address Negative Impacts (see Motion 16H above)	\$500,000
Enforcement Agencies (to process Orders to Comply, ACE Citations, Administrative Nuisance Abatement)	\$1 million (Dedicated staff for the Department of Building and Safety, Housing and Community Investment and Office of City Attorney)
<b>TOTAL</b>	<b>\$4 to \$6 million</b>

## **VI. CONCLUSION**

The proposed ordinance strikes a balance in protecting the City's existing housing stock, while providing flexibility for homeowners and tenants to supplement their rental income through home-sharing.

As a result of the public hearings that have taken place and the public comments received since the matter was last considered by the City Planning Commission in June 2016, a number of changes have been proposed to better maintain this balance. This includes the City Council's changes to reduce the annual cap to 120 days per year, while providing an Extended Home-Sharing framework to allow Hosts a separate process to apply to exceed this cap. The Department added many relatively minor changes to the draft to increase the enforceability and clarity of the ordinance. Additionally, changes have been included to limit the conversion of residential buildings to transient occupancy residential structures (TORS).

## **PUBLIC COMMUNICATIONS**

To-date, there have been numerous opportunities for public comment on the proposed ordinance, and there has been an exceptional amount of public input and communications on this issue. The Department's June 23, 2016 report references the communications received by the public on the earlier draft HSO Ordinance, including those received at three "community listening sessions" that were held in September and October of 2015. Since the prior CPC hearing, the ordinance was heard at the Housing Committee on December 7, 2016; by the Planning and Land Use Management (PLUM) Committee on June 13, 2017, October 24, 2017, February 6, 2018 and April 10, 2018; and by the City Council on May 2, 2018. A public hearing was conducted at each of those meetings.

Since the City Council's consideration, additional comment letters have been received by the Department. In addition, since the time since the CPC last considered the matter, a large number of comment letters have been submitted to the City Council (included in the Council File Nos. CF 14-1635-S2 and CF 14-1635-S3). Many of the key issues raised by members of the public have been addressed in this report, as well as in the various other reports prepared by the Department on this issue (Exhibits D, E, F and G). Additionally, a brief summary of the key issues raised in those comment letters and during the public hearings is provided below.

### **Annual Cap on Home-Sharing Activity**

The annual cap on home-sharing activity continues to be an issue of wide concern. Numerous commenters have shared concerns that home-sharing creates an incentive for landlords to remove permanent housing units from the long-term rental stock. To limit this financial incentive, many suggest a lowered annual cap, for example of 90 or 60 days per year.

Others have shared that the ability to conduct home-sharing provides a meaningful source of rental income, which often allows them to afford their rental or mortgage payment. To provide for greater opportunity to supplement their income, many have suggested a higher annual cap, or the removal of an annual cap altogether.

### **Extended Home-Sharing Framework**

Some members of the public have raised concerns that the administrative process to allow for extended home-sharing would make it too easy to obtain approval to exceed the annual cap, which would effectively render the annual cap meaningless.

On the other hand, many have articulated that extended home-sharing would provide a helpful process to allow those who have units that are truly unsuited for long-term rentals, or those who out of town for long periods of time (e.g. teachers during summer months), to receive rental income from a space that is otherwise unable to be utilized during those times. From this perspective, the process to allow for extended home-sharing should be as simple, fair and inexpensive as possible. They have argued that an onerous extended home-sharing application process will deter "mom and pop" hosts, while failing to curb activity by commercial operators who are better able to navigate the process.

### **Impact on Residential Neighborhoods and Housing Stock**

A large number of comments have raised concerns about the impacts of short-term rental activity on surrounding residential neighborhoods, as well as the potential impact on the long-term housing stock in a neighborhood. In particular, the Department received considerable testimony about homes being turned into "party houses," which keep neighbors up at night and cause a

neighborhood nuisance. Other concerns raised about noise, trash and parking impacts have also been raised. The Department has also received testimony relating to evictions of tenants based on claimed false pretense to establish a unit as a short-term rental.

Others have shared that home-sharing contributes to the local economy in residential neighborhoods by attracting visitors who support local businesses as well as generating additional service sector employment opportunities. Many have testified that hosts who carefully screen guests and encourage good behavior, including the imposition of “good neighbor” house rules (such as quiet hours, no smoking, and no parties), should not be penalized as their short-term rental activities do not have a negative effect on the surrounding neighborhood. As referenced above, many have also shared that their short-term rental activity does not remove housing units from the market, as many share portions of their primary residence that are otherwise unsuitable to be rented out to long-term tenants.

### **Prohibition on Home-Sharing in Units Subject to the Rent Stabilization Ordinance**

Many have expressed support for the provisions of the proposed ordinance which would prohibit the use of units subject to the RSO for home-sharing. This prohibition is intended to remove incentives for landlords to remove this particularly valuable type of housing stock from the long-term rental market. Additionally, by prohibiting the use of RSO units, the potential for fraud is significantly reduced.

Others have raised concerns that this prohibition would prevent many landlords and renters from engaging in home-sharing. They have argued that many of those currently hosting in RSO units have their landlord’s approval to engage in short-term rentals, and do so to assist them in making their rental payments. They have argued that many people who are away from their homes for periods of the year rely on short-term rentals to maintain their housing (whether as owners or renters of RSO units) while out of town.

### **Transient Occupancy Residential Structures (TORS)**

Based on many comments received concerned about the ability of property owners to convert existing apartment buildings to a type of building that allows for short-term rentals, the Department has added additional language to prevent this from occurring through. See the TORS section under Key Issues (pg. A-12) above for details.



## FINDINGS

### I. GENERAL PLAN/CHARTER FINDINGS

#### City Charter Section 556

In accordance with Charter Section 556, the proposed ordinance is in substantial conformance with the purpose, intent and provisions of the General Plan in that it would further accomplish the following goals, objectives and policies of the General Plan outlined below.

#### General Plan Framework Findings

The proposed ordinance will meet the intent and purposes of the General Plan Framework Element to encourage the creation of housing opportunities for households of all types and income levels, while at the same time preserving the existing residential neighborhood stability of residentially zoned neighborhoods. Home-sharing, as an accessory use to primary residences, furthers those goals as they increase the utilization of empty space within homes to assist with housing costs without significantly changing neighborhood character. In particular, the ordinance would further the intent and purpose of the Framework Element of the following relevant Goals and Objectives:

The proposed ordinance is consistent with Land Use Goal LU-4, which seeks to preserve and enhance the residential character of existing neighborhoods, and furthers Land Use Policy LU-4.2, which seeks to create convenient supporting services and alternative residential types when they meet standards for development that protect neighborhood character.

The ordinance requires that home-sharing only occur in structures approved for residential use. Allowing for limited short-term accommodation of guests as an accessory use to dwelling units is an activity that is incidental and accessory to the primary residential use. Residents have always hosted guests from out of town in extra rooms, for short or long term periods. The charging of rent, in and of itself, is not any different from what occurs in almost one-third of the City's single-family residential zones, which are currently renter-occupied. In the Los Angeles Zoning Code, short-term rentals of less than 30 days are already permitted through a CUP in Bed and Breakfast establishments, which may be located in any zone. Other accessory uses, such as Accessory Living Quarters, already permit the short-term stay of guests in residential zones.

As the definition states, home-sharing is considered an accessory use to a (primary) residence. As such, the dwelling unit is already used for sleeping, cooking, eating, and living. The unit may be considered a residential dwelling regardless of whether its renters are primarily short term or long term or whether it is vacant most of the time. As a fundamentally residential use, home-sharing is consistent with the General Plan Land Use categories that allow residential uses within the range of uses.

#### Housing Element 2013-2021

The ordinance furthers the aim of preserving housing stock (Objective 1.2) through its focus on new ways to enforce the current bans on vacation rentals, the ban on conversions of units subject to the RSO to short-term rentals as well as the proposed prohibition on conversions of apartment buildings to transient occupancy residential structures. The Housing Element also calls for amending the zoning code to facilitate innovative housing models to make housing more affordable, including shared housing and congregate housing (Program 67). The Home-Sharing

ordinance will allow thousands of Angelenos to efficiently use space in their homes to afford the cost of housing. As such, the ordinance furthers the following Housing Element policies:

1.1.1 Expand affordable homeownership opportunities and support current homeowners in retaining their homeowner status.

1.2.1 Facilitate the maintenance of existing housing in decent, safe and healthy condition.

1.2.2 Encourage and incentivize the preservation of affordable housing, including non-subsidized affordable units, to ensure that demolitions and conversions do not result in the net loss of the City's stock of decent, safe, healthy or affordable housing.

1.4.1 Streamline the land use entitlement, environmental review, and building permit processes, while maintaining incentives to create and preserve affordable housing.

### **City Charter Section 558(b)(2)**

In accordance with Charter Section 558(b)(2), the adoption of the proposed ordinance would be in conformity with public necessity, convenience, general welfare and good zoning practice. The ordinance would align the City with many cities across the country that have recognized the need for new regulations regarding the fast expanding use of residential spaces for short-term rentals. Current regulations simply do not differentiate between the sharing of one's own primary residence (home-sharing) and the conversion or rental of otherwise vacant units for short-term rental (vacation rental). This needlessly stifles efficient use of residential space and prevents hosts from sharing their home on occasion to help afford housing cost. The lack of current regulations specific to this new use also makes enforcement very difficult. A new regulatory framework is needed to adapt to the sharing economy, including new tools to enforce regulations against vacation rentals. The ordinance would limit home-sharing to an accessory use of a structure, with the home required to be someone's primary residence, thereby protecting residential areas from uses that are primarily transient in nature.

### **City Charter Section 559**

In accordance with Charter Section 559, and in order to ensure the timely processing of this ordinance, the City Planning Commission authorizes the Director of Planning to approve or disapprove for the Commission any modification to the subject ordinance as deemed necessary by the Office of City Attorney. In exercising that authority, the Director must make the same findings as would have been required for the City Planning Commission to act on the same matter. The Director's action under this authority shall be subject to the same time limits and shall have the same effect as if the City Planning Commission had acted directly.

## **II. CEQA FINDINGS**

Pursuant to California Environmental Quality Act (CEQA) Guidelines Sections 15060(c)(2) and 15061(b)(3), the adoption of the proposed Home-Sharing Ordinance is exempt from CEQA. As demonstrated in Exhibit B.1, the proposed ordinance is not a "project" as defined by CEQA Guidelines Section 15378. Additionally, the proposed ordinance is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3), because it can be seen with certainty that there is no possibility that the project may be a significant effect on the environment.

Impacts of the Home-Sharing Ordinance on the environment will be minor as it is not expected to spur any new development or direct physical effects. The City reasonably expects that implementation of the ordinance will result in fewer primary residences being offered for short-term rentals compared to what currently exists in the City, and better regulation of the activity of sharing certain primary residences for short-term rentals. Both results are unlikely to result in a reasonably foreseeable direct or indirect impact on the environment.

Additionally, approval of the project is supported by the Negative Declaration (ENV-2016-1277-ND) prepared for this project. As demonstrated in Exhibit B.2, the proposed Home-Sharing Ordinance could not have a significant effect on the environment. An Environmental Impact Report is not required.

**EXHIBIT A:**  
**Proposed Ordinance** (Revised as of September 5, 2018)

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CPC-2016-1243-CA  
September 13, 2018

## ORDINANCE NO. \_\_\_\_\_

An ordinance amending Sections 12.03, 12.22, 12.24, 19.01, and 21.7.2 of the Los Angeles Municipal Code (LAMC); and creating a new Section 5.576 of the Administrative Code; imposing regulations to permit sharing of one's primary residence, except units subject to the regulations and restrictions set forth in the Rent Stabilization Ordinance ("RSO"), for no more than 120 days a year, unless registered for Extended Home-Sharing; establishing a registration requirement, an application fee for hosts, a fee on nightly stays, and administrative fines for Home-Sharing; and directing a portion of Transient Occupancy Taxes and/or per-night fees derived from Home-Sharing to a new Short-Term Rental Enforcement Trust Fund. This is referred to as the City's proposed "Home-Sharing Ordinance."

**WHEREAS**, in recent years, technology and innovation have expanded the use of "short-term rentals" as a form of temporary lodging (stays of 30 consecutive days or less) to allow visitors to stay in and experience a community;

**WHEREAS**, short-term rentals outside of primary residences have been found to have many unfavorable consequences, including impacts on the residential character of neighborhoods and increased nuisance activity;

**WHEREAS**, the conversion of long-term housing units to short-term rentals reduces housing stock and contributes to increased rents and decreased availability of affordable housing, and in recognition that in some cases, large numbers of units in the same building or entire buildings have been converted to short-term rentals, sometimes illegally;

**WHEREAS**, the extreme shortage of housing in the City of Los Angeles (the "City") has been well documented, and as additional enforcement ability is needed to prevent further conversion of long-term housing stock into short-term rentals;

**WHEREAS**, under the City's Zoning Code, no building may be used for any use other than a use that is permitted in the zone in which the building is located and all uses that are not expressly permitted are prohibited;

**WHEREAS**, the City has long interpreted short-term rentals – i.e. stays of 30 consecutive days or less – to be prohibited in the City's most restrictive residential zones.

**WHEREAS**, this Ordinance will protect Los Angeles' affordable housing stock by allowing only properly authorized Hosts to each Rent their registered Primary Residence, and only their Primary Residence, to Transient users;

**WHEREAS**, this Ordinance will protect Los Angeles' affordable housing stock by continuing to prohibit landlords and other property owners from converting housing units that are not zoned or authorized for Transient use into Short-Term Rentals;

**NOW, THEREFORE,**

**THE PEOPLE OF THE CITY OF LOS ANGELES  
DO ORDAIN AS FOLLOWS:**

Section 1. The definition of Accessory Use in Section 12.03 of the Los Angeles Municipal Code is amended to include:

Home-Sharing shall be considered an accessory use to a residential use.

Section 2. The definition of Home-Sharing is added to Section 12.03 of the Los Angeles Municipal Code to read:

**HOME-SHARING.** An accessory use of a Host's Primary Residence for a maximum of 120 days in a calendar year for the purposes of providing temporary lodging for compensation for periods of 30 consecutive days or less, in compliance with the registration and other requirements of LAMC Section 12.22 A 31.

Section 3. A new Subdivision 31 is added to Section 12.22 A of the Los Angeles Municipal Code to read as follows:

**31. Home-Sharing.** Notwithstanding any other provisions of this article to the contrary, and in all zones wherein residential uses are permitted by right, the following shall apply:

**(a) Purpose.** The purpose of this Subdivision is to allow for the efficient use and sharing of residential structures which are a Host's Primary Residence, without detracting from residential character or the City's available housing stock.

**(b) Definitions.** Notwithstanding any provision of this Code to the contrary, the following definitions shall apply to this subdivision:

- (1) **BOOKING SERVICE.** A Booking Service is any reservation and/or payment service provided by a Person that facilitates a Short-Term Rental transaction between a Host and a prospective guest or Transient user, and for which the Person collects or receives, directly or indirectly through an agent or intermediary, a fee in connection with the reservation and/or payment services provided for the transaction.

- (2) **EXTENDED HOME-SHARING.** A form of Home-Sharing permitted beyond the 120-day annual cap up to a maximum of 240 days in a calendar year.
- (3) **HOME-SHARING HOSTING PLATFORM.** A Person that participates in Short-Term Rental business by collecting or receiving a fee, directly or indirectly through an agent or intermediary, for conducting a Booking Service transaction using any medium of facilitation.
- (4) **HOST.** An individual who uses her residence to provide Short-Term Rental services.
- (5) **PERSON.** Shall have the same meaning as that term is defined in LAMC 21.7.2.
- (6) **PLATFORM AGREEMENT.** A signed agreement between a Hosting Platform and the City, which, among other things, includes a collection agreement for Transient Occupancy Tax and details on how the Platform will comply with the Platform Requirements.
- (7) **PRIMARY RESIDENCE.** The sole property on which the Host conducts Home-Sharing and in which the Host resides more than 6 months of the year.
- (8) **RENT.** Shall have the same meaning as that term is defined in LAMC 151.02.
- (9) **RENTAL UNITS.** A Dwelling Unit, Guest Room, Accessory Living Quarters, or other structure, or portion thereof, being used for Short-Term Rental.
- (10) **SHORT-TERM RENTAL.** A Rental Unit, rented in whole or in part, to any Person(s) for transient use of 30 consecutive days or less. Rental Units within City-approved Hotels, motels, Transient Occupancy Residential Structures and Bed and Breakfasts shall not be considered a Short-Term Rental.
- (11) **TRANSIENT.** Shall have the same meaning as that term is defined in LAMC 21.7.2.
- (12) **VERIFIED CITATION** - Includes any enforcement citation, ticket or similar notice of violation issued by the Los Angeles Department of Building and Safety, Los Angeles Housing and Community Investment Department, Los Angeles Police Department and Los Angeles Fire Department, as well as any Administrative Citation issued pursuant Article 1.2 of the LAMC.

**(c) Home-Sharing Registration.**

- (1) **Application.** To register for Home-Sharing, a Host shall file an application with the Department of City Planning in a manner provided by the Department, and shall

include all information required by the instructions on the application and the guidelines adopted by the Director of Planning. Any filing fees required under Section 19.01 E. shall be included with the application. Beyond basic information needed to verify the identification of the Host and his or her Primary Residence, the application shall also include information for a local responsible contact person, a list of all Hosting Platforms to be used and whether Home-Sharing is in an entire Rental Unit or shared Rental Unit. If the required information for registration is not received within 45 days of submittal of the application, the Home-Sharing registration will be considered withdrawn.

- (2) **Eligibility Requirements:** The following requirements must be met at the time of Home-Sharing registration:
- (i) The Host must obtain a Transient Occupancy Registration Certificate from the Office of Finance pursuant to LAMC Section 21.7.6 unless the Host exclusively lists the Rental Unit on Hosting Platforms that have a Platform Agreement with the City of Los Angeles during the length of the registration period for the Rental Unit.
  - (ii) Home-Sharing shall only be authorized in accordance with this Subdivision and shall only take place in the Host's Primary Residence.
    - a. Renters or lessees shall not engage in Home-Sharing without prior written approval by their Landlord. Renters or lessees shall provide copies of their prior written approval to the City at the time they file their application for registration. If a renter or owner is subject to the rules of a lease agreement, homeowner's or condominium association, or any other legal contract, allowance to engage in Home-Sharing through this Subsection shall not be inferred to grant any permission that invalidates the provisions in those documents. A property owner may proactively prohibit a property from Home-Sharing by submitting a request in writing to the Department of City Planning.
    - b. Units subject to Chapter 15 of the LAMC ("Rent Stabilization Ordinance") are not eligible for Home-Sharing.
    - c. Any unit, used for Home-Sharing, shall not be subject to any open Verified Citation.
    - d. No Person may apply for, or obtain, more than one Home-Sharing registration, or otherwise operate more than one Home-Sharing Rental Unit, in the City of Los Angeles.
- (3) **Expiration and Renewal.** A Home-Sharing registration is valid for a maximum of one year from the date of issuance. It may not be transferred or assigned and is valid only at the applicant's Primary Residence. A Home-Sharing registration may be renewed annually if the Host meets the renewal requirements, including: (1) pays the renewal fee; (2) is deemed to have been in compliance with the provisions of this Subdivision for the past year; (3) documents and provides information



concerning any changes that have occurred to the information on the current Home-Sharing application; and 4) submits Home-Sharing records described in Subsection (e)(2) for the last year to demonstrate compliance with this Subdivision as part of the renewal, unless the Host lists exclusively on a Hosting Platform with a Platform Agreement. These Home-Sharing records can be utilized for enforcement purposes but otherwise will not be made public, to the extent permitted by law. Without a renewal application submitted within a year to the date of the issuance of the Home-Sharing registration, or prior renewal, a registration is considered null and void.

- (4) **Suspensions and Revocations.** Notwithstanding any other provision of this Code to the contrary, the Director may require the suspension, modification, discontinuance or revocation of any Home-Sharing approval if it is found that the Host, any Owner, or any Principal (or agents or employees thereof) have violated this Section or any other city, state, or federal regulation, ordinance or statute.
- (i) Hosts shall be suspended from participating in Home-Sharing while a Verified Citation remains open or unresolved, or for 30 days after they have been cited as a “loud and unruly gathering” under LAMC Section 54.58.1. If a Host contests a citation, the suspension will remain in place until after the Host has exhausted their available administrative remedies. If a Host contests the citation and the citation is resolved entirely in the Host’s favor, the suspension shall be lifted.
  - (ii) If a Host receives two Verified Citations from an agency of the City of Los Angeles, his or her Home-Sharing registration will be immediately revoked and the Host shall be prohibited from participating in Home-Sharing for one year from the date of either the issuance of the second Verified Citation or the conclusion of any appeal on the second Verified Citation, whichever is later. One unique violation spanning multiple consecutive days shall constitute one violation for the purposes of this Subsection.
  - ~~(iii)~~ The Director may modify, discontinue or revoke any Home-Sharing registration based upon an order to show cause, issued pursuant to Section 12.27.1 B, why any proposed modifications, discontinuances or revocations of any Home-Sharing registration should not be granted. The Director shall provide notice to the recorded owner and lessee(s) of the real property affected 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.

**(d) Prohibitions.**

- (1) No Person shall advertise, undertake, maintain, authorize, book or facilitate any Short-Term Rental in a manner that does not comply with this Subdivision.
- (2) No Person shall advertise any Short-Term Rental unless she holds a valid registration and operates in compliance with the registration and other requirements of this Subsection. No person shall advertise unless the City has issued this Person a Home-Sharing registration number or pending status

number, which is included on a visible location on the advertisement. Registration numbers and pending status number shall be established only if appearing on a registration list maintained by the Department of City Planning.

- (3) No Person shall engage in Home-Sharing for more than 120 days each calendar year in their Primary Residence unless the City has issued this Person an Extended Home-Sharing registration pursuant to Subsection (j).
- (4) An Accessory Dwelling Unit may not be used for Home-Sharing, unless the Host demonstrates she or he resides in the accessory dwelling unit for more than six months in a year and the unit is not subject to Chapter 15 of the LAMC (the “Rent Stabilization Ordinance”).
- (5) No Person shall offer, advertise, or engage in Home-Sharing in any part of the property not included in a Residential Building, including but not limited to, a vehicle parked on the property, a storage shed, trailer or any temporary structure such as a tent.
- (6) A Host may maintain multiple listings on a Hosting Platform, however, only one listing may be booked at any given time.
- (7) A Host may not rent all or a portion of his Primary Residence for the purposes of Home-Sharing to more than one group of guests, under more than one booking, at any given time.
- (8) Home-Sharing is not permitted in units that are subject to affordable housing covenants, are subject to Chapter 15 of the LAMC (“Rent Stabilization Ordinance”), and/or are income-restricted under City, state, or federal law.
- (9) Properties that have been converted from units subject to Chapter 15 of the LAMC (“Rent Stabilization Ordinance”) to single family homes are not eligible for Home-Sharing until five years after the date of conversion.
- (10) Except for allowable Home Occupations, non-residential 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 during Home-Sharing activity.
- (11) No Persons shall advertise Short-Term Rentals on a Hosting Platform not listed on the Home-Sharing application form, unless they have submitted a written request and received written approval from the Department of City Planning.
- (12) No building or unit, which is the subject of any open Verified Citation, may be used for Home-Sharing.
- (13) Home-Sharing rentals may not consist of more than 2 persons (not including children) per habitable room, not including kitchens.
- (14) Home-Sharing rentals shall not play amplified music after 10 pm, nor be used for weddings or evening outdoor congregations of more than 8 people, not including children.
- (15) A Host whose registration has been suspended for any reason, including those enumerated in Subparagraph (c)(4) of this Subdivision may not participate in Home-Sharing for the duration of the suspension.

**(e) Host Requirements.**

- (1) A Host may be responsible for any nuisance violations, as described in LAMC Section 12.27.1.B, arising at a property during Short-Term Rental activities.
- (2) The Host shall keep and preserve, for a period of three years, all records as may be necessary to determine the amount of such tax as she or he may have been liable for the collection of and payment to the City, including the number and length of each Home-Sharing stay, and the price paid for each stay. The Office of Finance and other City agencies shall have the right to inspect these records at all reasonable times. Hosts may be required to provide a copy of the records to the Department of City Planning at the time the Host applies to renew the Home-Sharing registration.
- (3) The Host shall fully comply with all the requirements of Article 1.7 of the LAMC (establishing the Transient Occupancy Tax) and successor Sections.
- (4) The Host shall pay a per-night fee for each night of Home-Sharing per the requirements in Section 5.576.1 of the Administrative Code.
- (5) A Host shall provide and maintain working fire extinguishers, smoke detectors, carbon monoxide detectors, information related to emergency exit routes on the property, and emergency contact information, including the contact information of the Host or a designated responsible person.
- (6) Hosts renting properties 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 post written notices on any patio or deck, and include related notices in any advertisements of a Rental Unit, making clear that smoking is not permitted outside the house pursuant to LAMC Section 57.25.14.
- (7) A Host shall provide a Code of Conduct to guests that includes the relevant provisions of the ordinance and other information to address behavioral, safety, security and other matters, as further outlined in the Department's administrative guidelines.
- (8) A Host shall allow Hosting Platforms to provide the information described in in Subsection (f)(5) below to the City.

**(f) Hosting Platform Responsibilities.**

- (1) Hosting Platforms shall not complete any Booking Service transaction for any Host listing a Rental Unit unless it has verified that the Rental Unit has a valid Home-Sharing registration number issued by the City or, as applicable, a pending registration number, at the time the Hosting Platform receives a fee for the Booking Service transaction. Hosting Platforms shall retain adequate records to demonstrate how the registration status of a Rental Unit was verified.
- (2) Hosting Platforms shall not complete any Booking Service transaction for any Rental Unit approval which has exceeded the authorized 120-day limit for hosting

- Short-Term Rentals in one calendar year unless they have an Extended Home-Sharing approval.
- (3) Hosting Platforms shall not complete any Booking Service transaction for any Rental Unit with Extended Home-Sharing approval which has exceeded the authorized 240-day limit for hosting Short-Term Rentals in one calendar year.
  - (4) Within 45 days of the effective date of this Ordinance, Hosting Platforms 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 verification of violations of this Subdivision. Hosting Platforms established after the effective date must provide this information prior to facilitating Home-Sharing or renting to Transient guests within the City.
  - (5) Subject to applicable laws, the Hosting Platform shall provide to the Department of City Planning, on at least a monthly basis, a log in an electronic format, including the Home-Sharing registration number of each listing, the name of the person responsible for each listing, the street address of each listing, the number and lengths of stays booked for each listing, and the total amounts paid for each stay. If the Hosting Platform does not have the technical capability to collect such information, it shall provide written documentation to the City of Los Angeles within 75 days of adoption of this Ordinance that it either does not participate in the Booking Service of Home-Sharing or provide an alternative method to comply with the intent of this provision, to the satisfaction of the Department of City Planning.
  - (6) If a Host assigns its functions or responsibilities regarding the collection and remittance of the Transient Occupancy Tax pursuant to LAMC Section 21.7.1 et sec. to a Hosting Platform, the Hosting Platform and the Host shall have the same duties and liabilities as the Host, including but not limited to the collection and remittance of the tax to the City on a monthly basis.

**(g) Enforcement of Violations.**

- (1) The provisions in this Subsection 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. The selection of the appropriate remedies lies within the sole discretion of the issuing Department and, as applicable, the City Attorney, and shall be consistent with the purpose and intent of this Article.
- (2) Any person who has failed to comply with the provisions of this Subdivision may be subject to the provisions of Section 11.00 of this Code. The Owner of the property in violation may be assessed a minimum inspection fee, as specified in Section 98.0412 of this Code for each site inspection.
- (3) The Administrative Citation Enforcement (ACE) program in Article 1.2 of this Chapter may be utilized to issue administrative citations and fines pursuant to this Section.
- (4) The Director may, at any time, require the modification, discontinuance, or revocation of any Home-Sharing registration in the manner prescribed in the Administrative Nuisance Abatement in Section 12.27.1.

- (5) Violation or failure to comply with this Subdivision shall constitute a violation of this Chapter and shall be subject to the same penalties as any other violation of this Chapter, except as follows:
- (i) Hosting Platform: a \$1,000 fine per day shall be imposed for any of the following violations:
    - a. Completing a Booking transaction for listings without a valid City Home-Sharing registration number;
    - b. Completing a Booking Service transaction for multiple Primary Residence listings across more than one property affiliated with same Host or, for listings where the Host's home address does not match the listing location;
    - c. Completing a Booking Service transaction for any listing for a Rental Unit where the Host's Home-Sharing or Extended Home-Sharing registration has been revoked or suspended by the City;
    - d. Completing a Booking Service transaction for any Rental Unit lacking Extended Home-Sharing approval which has exceeded the authorized 120-day limit for hosting Short-Term Rentals in one calendar year;
    - e. Completing a Booking Service transaction for any Rental Unit with Extended Home-Sharing approval which has exceed the authorized 240-day limit for hosting Short-Term Rentals in one calendar year; or
    - f. Refusing to submit monthly documents required by the City to verify the accuracy of Transient Occupancy Tax payments.
  
  - (ii) Property Owner and/or Host:
    - a. A minimum daily fine of \$500, or two times the nightly Rent charged, whichever is greater, for advertising a Rental Unit for the purposes of Short-Term Rental in violation of this Subdivision.
    - b. A minimum daily fine of \$2,000, or two times the nightly Rent charged, whichever is greater, per day for Home-Sharing beyond the 120 day limit in a calendar year, unless the host has a valid Extended Home-Sharing Registration.
    - c. A minimum daily fine of \$2,000, or two times the nightly Rent charged, whichever is greater, per day for Home-Sharing in any Rental Unit with Extended Home-Sharing approval beyond the 240 day limit in a calendar year.
    - d. For unauthorized Short-Term Rentals, the Administrative Fine shall be levied according to the amounts described in LAMC Section 11.2.04(a)(2). The square footage for the use in violation shall be the amount of indoor space to which the Transient guests have access. If the square footage is unable to be ascertained, it shall be assumed to be between 500 and 2,499 square feet.

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

**(h) Extended Home-Sharing.** For Hosts who participate in Extended Home-Sharing, the following shall apply:

- (1) **Application.** In addition to the application requirements for Home-Sharing, an application for Extended Home-Sharing shall demonstrate mailing of a notification to adjacent and abutting property owners and occupants, of registrations for Extended Home-Sharing, including a Director issued publication describing how to report complaints or nuisance violations on a form prescribed by the Director of Planning.

**(2) Eligibility Requirements**

- (i) Administrative Approval.** Extended Home-Sharing may be administratively approved if, in addition to the eligibility requirements for Home-Sharing, the following requirements are met:
  - a. The Host must have had a Home-Sharing permit/registration for at least six months or have hosted for at least 60 days based on substantial evidence provided by the host, hosting platform, and other information; and
  - b. The property and Host have had no Verified Citations issued within the prior three years.
  - c. The Host demonstrates mailing of a notification to adjacent and abutting owners and occupants on a form provided by the Department, which mailing includes a Director issued publication outlining the complaint process.
- (ii) Discretionary Approval.** A discretionary review of an Extended Home-Sharing application is required if a Verified Citation has been issued within the prior three years. The Extended Home-Sharing application may only be approved if, in addition to the eligibility requirements for Home-Sharing, the following requirements are met, to the satisfaction of the Director of Planning:
  - a. The Host must have had a Home-Sharing permit/registration for at least six months or have hosted for at least 60 days; and
  - b. If the Host or Rental Unit had a suspended or revoked Extended Home-Sharing registration, the Host or Rental Unit is not eligible to apply for Extended Home-Sharing until the remainder of that prior Extended Home-Sharing registration period has ended.
  - c. If the Director finds that the matter may have a significant effect on neighboring properties, the Director may set the matter for public hearing. If the application is set for public hearing, written notice of the hearing shall be sent by First Class Mail at least 21 days prior to the hearing to the applicant, owners and tenants of the property involved, owners and tenants of all adjacent and abutting property of the subject site, the City Councilmembers representing the area in which the property is located, and any Neighborhood Council if they request in writing to be notified.

- d. The Host demonstrates mailing of a notification to adjacent and abutting owners and occupants on a form provided by the Department, which mailing includes a Director issued publication outlining the complaint process; and
  - e. 21 days have passed since the mailing and the Director has considered the comments from the public in making the findings below.
  - f. The Director finds the use is in substantial conformance with the following findings:
    - 1. That the project will enhance the built environment in the surrounding neighborhood or will perform a function or provide a service that is essential or beneficial to the community, city, or region; and
    - 2. That the project's operations and other significant features will be compatible with and will not adversely affect or further degrade adjacent properties, the surrounding neighborhood, the availability of housing, or the public health, welfare, and safety; and
    - 3. That the project substantially conforms with the purpose, intent and provisions of the General Plan, the applicable community plan, and any applicable specific plan; and
    - 4. That there is no substantial evidence of continued nuisance behavior from the location.
  - f. No appeal is filed within 15 days from the determination date, or the appeal is resolved in favor of the host. An appeal to the Area Planning Commission may be filed by the applicant or any adjacent and abutting owner and occupant. An appeal shall be filed at the public counter of the Planning Department within 15 days of the date of the decision to approve, conditionally approve, or disapprove the application for extended home-sharing. The appeal shall set forth specifically how the petitioner believes the findings and decision are in error. The Area Planning Commission body may grant, conditionally grant or deny the appeal. Before acting on any appeal, the Director shall set the matter for hearing, giving a minimum of 15 days' notice to the applicant, the appellant, the Area Planning Commission and any other interested parties of record. The failure of the Commission to act upon an appeal within 75 days after the expiration of the appeal period or within an additional period as may be agreed upon by the applicant and the Director shall be deemed a denial of the appeal and the original action on the matter shall become final.
- (3) **Expiration and Renewal.** An Extended Home-Sharing registration is valid for a maximum of one year from the date of issuance. An Extended Home-Sharing registration is subject to the same expiration and renewal terms described in Subparagraph (c)(3) and may be renewed annually if the Host meets the same renewal requirements in that Subparagraph.
- (4) **Suspensions and Revocations.** One Verified Citation from an agency of the City of Los Angeles will result in the immediate revocation of Extended Home-Sharing

registration and the Host will revert to regular Home-Sharing for the remainder of the Extended Home-Sharing registration period.

(5) **Host Requirements.** In addition to the host requirements that apply to Home-Sharing, the Host agrees to allow for revocation of extended home-sharing registration for any Verified Citation.

(i) **Administration and Regulations.** City Departments and Agencies may promulgate regulations, which may include but are not limited to application requirements, interpretations, conditions, reporting requirements, enforcement procedures, and disclosure requirements, to implement the provisions of this Chapter. No Person shall fail to comply with any such regulation.

(j) **Effective Date.** This ordinance shall take effect on the 90th day following its adoption.

(k) **Severability.** If any provision of this Section 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 provisions of this Section are declared to be severable.

**(FROM THIS POINT FORWARD ALL UNDERLINED TEXT IS NEW CODE AND ~~STRIKEOUT IS DELETED~~)**

Section 4. Sections 12.12.2, 12.13 and 12.13.5. of the Los Angeles Municipal Code are amended to read as follows:

**SEC. 12.12.2. “CR” LIMITED COMMERCIAL ZONE.**

The following regulations shall apply in the “CR” Limited Commercial Zone:

**A. Use** – No building structure or land shall be used and no building or structure shall be erected, structurally altered, enlarged, or maintained, except for the following uses, and, when a “Supplemental Use District” is created by the provisions of [Article 3](#) of this chapter, for such uses as may be permitted therein:

1. The following uses when conducted wholly within an enclosed building:

(d) Hotels (including motels), Apartment hotels, ~~transient occupancy residential structures~~ or hostels when no portion of a structure proposed to be used as a hotel (including a motel), apartment hotel, ~~transient occupancy residential structure~~ or hostel is located within 500 feet from any A or R zone.



**SEC. 12.13. “C1” LIMITED COMMERCIAL ZONE.**

The following regulations shall apply to the “C1” Limited Commercial Zone:

**A. Use** – No building, structure or land shall be used and no building or structure shall be erected, structurally altered, enlarged or maintained, except for the following uses, and when a **“Supplemental Use District”** is created by the provisions of [Article 3](#) of this chapter, for such uses as may be permitted therein:

- 1.5. Hotels (including motels), apartment hotels, ~~transient occupancy residential structures~~, or hostels when no portion of a structure proposed to be used as a hotel (including a motel), apartment hotel, ~~transient occupancy residential structure~~ or hostel is located within 500 feet from any A or R zone.

**SEC. 12.13.5. “C1.5” LIMITED COMMERCIAL ZONE**

The following regulations shall apply to the C1.5 Limited Commercial Zone:

**A. Use** – No building, structure or land shall be used and no building or structure shall be erected, structurally altered, enlarged or maintained, except for the following uses, and when a **“Supplemental Use District”** is created by the provisions of [Article 3](#) of this chapter, for such uses as may be permitted therein.

11. Hotels (including motels), apartment hotels, ~~transient occupancy residential structures~~ or hostels when no portion of a structure proposed to be used as a hotel (including a motel), apartment hotel, ~~transient occupancy residential structures~~, or hostels is located within 500 feet from any A or R zone.

Section 5. Section 12.24 W.24 of the Los Angeles Municipal Code is amended to read as follows:

**W. Authority of the Zoning Administrator for Conditional Uses/Initial Decision.** The following uses and activities may be permitted in any zone, unless restricted to certain zones or locations, if approved by the Zoning Administrator as the initial decision-maker or the Area Planning Commission as the appellate body. The procedures for reviewing applications for these uses shall be those in Subsections B. through Q. in addition to those set out below.

**24. Hotels and Transient Occupancy Residential Structures.**

- (a)** Hotels (including motels), apartment hotels, ~~transient occupancy residential structures~~, or hostels in the CR, C1, C1.5, C2, C4, and C5 Zones when any portion of a structure proposed to be used as a hotel (including a motel), apartment hotel, ~~transient occupancy residential structure~~ or hostel is located within 500 feet of any A or R Zone.

- (b) Hotels (including motels), apartment hotels, ~~transient occupancy residential structures~~ or hostels, in the M1, M2 and M3 Zones when more than half of the lot on which the use is located is in the CR, C1, C1.5, C2, C4, C5 or CM Zones. In approving a request for a use in the M1, M2 and M3 Zones, the Zoning Administrator, in addition to the findings otherwise required by this section, shall also find that approval will not displace viable industrial uses.
- (c) Hotels, motels or, apartment hotels, ~~transient occupancy residential structures and hotels~~ in the R4 or R5 Zones, unless expressly permitted by Sections 12.11 or 12.12. In the R5 Zone, incidental business may be conducted, but only as a service to persons living there, and provided that the business is conducted within the main building, that the entrance to the business is from the inside of the building and that no sign advertising the business is visible from outside the building. If the proposed use is to be established by the conversion of an existing residential use, then a relocation assistance plan shall be drawn up and approved in a manner consistent with Section 12.95.2G.
- (d) Transient Occupancy Residential Structures in the R4 and R5 zones as well as the CR, C1, C1.5, C2, C4, and C5 Zones. Approval of a partial or complete conversion from another residential use to a Transient Occupancy Residential Structure under this paragraph shall not be permitted.

Section 6. Section 19.01, Section N of the Los Angeles Municipal Code is amended to read as follows and a new Section T of the Los Angeles Municipal Code is added to read as follows:

**N. Modifications or Discontinuance of Use Pursuant to Nuisance Abatement Proceedings.**

**[FILING FEE]**

<b>Type of Application</b>	<b>Fee</b>
<u>Home-Sharing Administrative Hearing</u>	<u>\$20,000</u>

**T. Home-Sharing Registration Application Fee.**

**[FILING FEE]**

<b><u>Type of Application</u></b>	<b><u>Fee</u></b>
<u>Home-Sharing Application or Renewal (Section 12.22 A.31)</u>	<u>\$89</u>
<u>Extended Home-Sharing Administrative Clearance (Section 12.22 A.31)</u>	<u>\$1,149</u>

<u>Extended Home-Sharing Discretionary Review Application (Section 12.22 A.31)</u>	<u>\$5,660</u>
<u>Extended Home-Sharing Renewal (Section 12.22 A.31)</u>	<u>\$1,149</u>

Section 7. Section 21.7.2 of the Los Angeles Municipal Code is amended to read as follows:

**SEC. 21.7.2. DEFINITIONS.**

Except where the context otherwise requires, the definitions given in this Section govern the construction of this article.

- (b) Hotel.** “Hotel” means any structure, or any portion of any structure, which is occupied or intended or designed for occupancy by transients for dwelling, lodging or sleeping purposes, and includes any hotel, inn, tourist home or house, Short-Term Rental as defined in LAMC Section 12.22 A.31, Home-Sharing as defined in LAMC Section 12.03, motel, studio, hotel, bachelor hotel, lodging house, rooming house, apartment house, dormitory, public or private club, or other similar structure or portion thereof, and shall further include any trailer court, camp, park or lot where trailer spaces, or combinations of such spaces and trailers, including mobile homes, are occupied or intended or designed for occupancy by transients for dwelling, lodging or sleeping purposes.
- (f) Operator.** (Amended by Ord. No. 176,005, Eff. 7/7/04.) "Operator" means the person who is either the proprietor of the hotel or any other person who has the right to rent rooms within the hotel, whether in the capacity of owner, lessee, mortgagee in possession, licensee or any other capacity. The owner or proprietor who is primarily responsible for operation of the hotel shall be deemed to be the principal operator. If the principal operator performs or assigns its functions, in whole or in part, through a managing agent, a booking agent, a room seller or room reseller, or any other agent or contractee, including but not limited to Hosting Platforms as defined in LAMC 12.03, on-line room sellers, on-line room resellers, and on-line travel agents, of any type or character other than an employee, those persons shall be deemed to be secondary operators.

Section 8. A new Chapter 170 of the Administrative Code is added to read as follows:

CHAPTER 170  
SHORT-TERM RENTAL ENFORCEMENT TRUST FUND

**Sec. 5.576. Creation and Administration of the Short-Term Rental Enforcement Trust Fund.**

- (a) There is hereby created and established within the Treasury of the City of Los Angeles a special fund to be known as the City of Los Angeles Short-Term Rental Enforcement Trust Fund (the Fund) for the purposes of receiving and disbursing monies to address the enforcement of Short-Term Rental activity in the City of Los Angeles. In addition to the initial deposit of funds, the Mayor and City Council may establish additional revenue sources and appropriate funds for deposit in the Fund from time to time. An amount equal to ten percent of the initial and continuing net revenue attributable to the transient occupancy tax received by the City, which are attributable to any Transient use other than a hotel, motel, bed and breakfast, transient occupancy residential structure or hostel, shall be placed in the fund. Any additional per night fee for Home-Sharing pursuant to LAMC Section 5.576.1 shall also be placed in the fund. The Fund shall be administered by the Department of City Planning.
- (b) Money in this account shall be used exclusively for administration and enforcement of Short-Term Rental activities (rentals for periods of 30 consecutive days or less). Such activities shall include but not be limited to:
- (1) Funding any necessary Short-Term rental enforcement staff
  - (2) Hiring any necessary third-party consultant to perform Short-Term rental enforcement services
  - (3) Monitoring and collecting information on Short-Term rental listings and rentals
  - (4) Establishing and maintaining a Home-Sharing registration database
  - (5) Locating and citing non-compliant listings and Short-Term rental activities
  - (6) Operating a hotline or complaint-intake system that collects and maintains information on all types of reported code violations
- (c) All monies in the Fund shall be held separately from all other funds expended by the DCP. All monies loaned from the Fund shall be repaid to the Fund in accordance with the terms of the loan. The repaid principal and interest shall be placed in the Fund.
- (d) Any gifts, contributions or other money received for the stated purposes of the Fund shall be placed in the Fund. All interest earnings accruing on money in the Fund shall become part of the Fund. Money in the Fund shall not revert to the Reserve Fund of the City.
- (e) The Director of DCP or his or her designee shall make recommendations to the City Council for expenditures from the Fund. No expenditure may be made from the Fund without the prior approval of the Mayor and the City Council, unless otherwise authorized.

**Sec. 5.576.1. Daily Rates to be Charged for Home-Sharing**

- (a) A rate of an amount to be determined by an administrative fee study prior to the effective date of the ordinance, charged per night of Home-Sharing booked pursuant to LAMC

Section 12.22 A.31, shall be collected by the Office of Finance and deposited in the Short-Term Rental Enforcement Trust Fund.

## **EXHIBIT B: Environmental Clearance**

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B1: Exemption

B2: Negative Declaration (ENV-2016-1277-ND)

CPC-2016-1243-CA  
September 13, 2018

# CEQA Compliance – Exemption

## Home-Sharing Ordinance CPC-2016-1243-CA

### PROJECT DESCRIPTION

An ordinance amending Sections 12.03, 12.22, 12.24, 19.01, and 21.7.2 of the Los Angeles Municipal Code (LAMC); and creating a new Section 5.576 of the Administrative Code; imposing regulations to permit sharing of one’s primary residence, except units subject to the regulations and restrictions set forth in the Rent Stabilization Ordinance (“RSO”), for no more than 120 days a year, unless registered for Extended Home Sharing; establishing a registration requirement, an application fee for hosts, a fee on nightly stays, and administrative fines for Home-Sharing; and directing a portion of Transient Occupancy Taxes and/or per-night fees derived from Home-Sharing to a new Short-Term Rental Enforcement Trust Fund. This is referred to as the City’s proposed “Home Sharing Ordinance.”

### CEQA FINDINGS

Pursuant to California Environmental Quality Act (CEQA) Guidelines Sections 15060(c)(2) and 15061(b)(3), the adoption of the proposed Home-Sharing Ordinance is exempt from CEQA. As demonstrated in this document, the proposed ordinance is not a “project” as defined by CEQA Guidelines Section 15378. Additionally, the proposed ordinance is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3), because it can be seen with certainty that there is no possibility that the project may be a significant effect on the environment.

Impacts of the Home-Sharing Ordinance on the environment will be minor as it is not expected to spur any new development or direct physical effects. The City reasonably expects that implementation of the ordinance will result in fewer primary residences being offered for short-term rentals compared to what currently exists in the City, and better regulation of the activity of sharing certain primary residences for short-term rentals. Both results are unlikely to result in a reasonably foreseeable direct or indirect impact on the environment.

### ANALYSIS

#### Existing Environmental Setting

For the purpose of CEQA, the analysis of potential environmental impacts from a “project” is based upon a comparison of the potential impacts of a project with the baseline. The baseline is generally the existing conditions at the time the City commences the environmental review of the project (CEQA Guidelines, section 15125(a)). This is the case even when the existing conditions are the result of prior illegal activities, including zoning and building code violations (See *Riverwatch v. County of San Diego* (1999) 76 Cal.App.4<sup>th</sup> 1428, 1452-1453, *Citizens for East*

*Shore Park v. State Lands Commission* (2011) 202 Cal.App.4<sup>th</sup> 549, 559-560.). The following provides a summary of the existing home-sharing activity in the City based upon data and information currently available. It should be noted that though short-term rental activity in the City of Los Angeles is largely prohibited by the City's Zoning Code, the City has been unable to regulate or enforce the City's prohibition of short-term rentals due to limited resources. As demonstrated by the data provided below, this inability to enforce the prohibition has led to considerable growth of the short-term rental industry in Los Angeles.

Short-term rentals have an increasingly larger presence in various neighborhoods of the City, despite their current illegality in all but a few cases (legal Bed and Breakfasts or Transient Occupancy Residential Structures). Based on Citywide data provided by short-term rental services company Host Compliance, LLC, as of October 2017<sup>1</sup> there are approximately 28,918 active short-term rental listings within the City of Los Angeles, which represent approximately 23,151 unique short-term rental units after duplicates and units available for longer-term stays are excluded.<sup>2</sup>

Of these 28,918 active short-term rental listings, approximately 19,953 (69%) are "entire home" listings. However, not all of these homes are actively rented or otherwise empty year-round, and therefore do not necessarily represent a loss in housing stock. Some of these "entire home" listings may be rented out to long-term tenants, or occupied by the homeowner, for the majority of the year. To better understand the potential impact of short-term rental listings on the housing stock, it is helpful to analyze the number of nights that a listing is rented per year. Table 1, on the following page, shows the estimated nights per year that active short-term rental listings are rented.

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<sup>1</sup> Host Compliance, LLC. *Los Angeles: Short-Term Rental Market Overview*. October 2017.

<sup>2</sup> The number of active short-term rental listings (28,918) refers to all online advertisements on a short-term rental hosting platform, regardless of ownership, duplication or type of activity. This may include properties that do not necessarily meet the definition of a short-term rental, such as hotel room listings that are advertised on the platform. The number of unique short-term rental properties (23,151) reflects a more narrowly-tailored estimate, from which listings that do not meet the short-term rental definition have been excluded. This number has been further tailored to remove multiple listings located at a single property.



*Table 1. Estimated Annual Nights Rented Per Year for Short-Term Rental<sup>3</sup>*

<b>Nights Hosted</b>	<b>Number of Listings</b>	<b>% of Listings</b>
<b>0 nights</b>	10,653	36.8%
<b>1 to 30 nights</b>	2,027	7.0%
<b>31 to 90 nights</b>	4,850	16.8%
<b>91 to 120 nights</b>	2,147	7.4%
<b>121 to 180 nights</b>	2,673	9.2%
<b>Over 180 nights</b>	6,588	22.8%
<b>Total Listings</b>	<b>28,938</b>	<b>100.0%</b>

Source: Host Compliance LLC. October 2017. Los Angeles: Short-Term Rental Market Overview

The Host Compliance report estimates there are a total of 11,408 listings in Los Angeles renting for more than 90 days in the last year, with about 6,588 rented for more than 180 days. Units rented for more than 90 days a year as short-term rentals are unlikely to be available as long-term rentals, due to the fact that they would be unavailable for typical year-long leases. Therefore, one way of estimating the number of short-term rental listings that are likely to be unavailable for long-term rentals in Los Angeles is to consider this range of 6,588 to 11,408 units. When factoring in listings that do not meet the definition of a short-term rental, the range of unique housing units used primarily for short-term rentals is estimated to range between approximately 6,000-10,000 housing units.

Compared to the number of total housing units in the City (1.45 million), the range of 6,000-10,000 housing units potentially lost to short-term rentals is a relatively small fraction (less than 1 percent). However, the growth of the practice and its concentration in certain neighborhoods influences housing availability in an increasing number of communities throughout Los Angeles. This is particularly evident in Council Districts 4, 11, 13 and 5, as shown in Table 2, on the following page. The proposed ordinance is intended to limit these effects.

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<sup>3</sup> Note that due to rounding errors and updates to available data, the total number of listings summarized in this table does not precisely equal the number of active short-term rental listings referenced elsewhere in this document. While there is some variation in the data reported, the general ratios are indicative of larger trends.

*Table 2. Estimated Number of Active Short Term Rental Listings by Council District*

<b>Council District</b>	<b>Number of Active Short-Term Rental Listings</b>	<b>Percent of Total</b>
1	1,860	6.4%
2	1,518	5.2%
3	709	2.5%
4	6,012	20.8%
5	3,499	12.1%
6	305	1.1%
7	107	0.4%
8	420	1.5%
9	211	0.7%
10	1,876	6.5%
11	5,842	20.2%
12	334	1.2%
13	4,157	14.4%
14	1,866	6.5%
15	202	0.7%
<b>TOTAL</b>	<b>28,918</b>	<b>100.0%</b>

Source: Host Compliance LLC. October 2017. Los Angeles: Short-Term Rental Market Overview

Host Compliance data from May 2016 and October 2017 show that short-term rental activity had increased by 45 percent over that 16-month period, which translates to a 34 percent annual growth rate when adjusted to a 12-month period.<sup>4</sup> Given the range of 6,000-10,000 longer-term rental units that are potentially lost as a result of short-term rental activity, a 34 percent growth

<sup>4</sup> These past growth rates are not an indicator of future growth under the proposed Home-Sharing Ordinance.

rate indicates an increase of approximately 1,500 to 2,500 longer-term rental units lost in the last year. While not all of these spaces would necessarily be rented out to a long-term tenant otherwise, that could be a viable alternative in many cases. For perspective, the City has lost about 1,300 units subject to the Rent Stabilization Ordinance (RSO) each year from all demolitions and condominium conversions combined since 2001.

### **Proposed Ordinance**

This document provides an analysis of the most current version of the proposed ordinance, which contains additional provisions that the City Council requested DCP draft and include for purposes of further consideration by the City Council. On December 7, 2016 the City Council's Housing Committee conducted a hearing on the then proposed Home-Sharing Ordinance and after conducting the public hearing voted to recommend removal of the provision that would allow the short-term rental of non-primary residences for up to 15 days per year. On April 10, 2018, the City Council's Planning and Land Use Management (PLUM) Committee considered a March 22, 2018 report from the Department of City Planning, at which time the PLUM Committee voted to recommend modifying the proposed Home-Sharing Ordinance to reduce the number of days a primary residence may be used for short-term rental from 180 days to 120 days, and include additional provisions that would create procedures for short-term rentals to exceed the annual cap for future consideration by PLUM and the City Council. These recommendations were approved by the City Council on May 2, 2018, at which time the City Council referred the proposed revisions to the then draft ordinance to the City Planning Commission for further consideration.

The proposed ordinance includes regulations to permit only a subset of the current, existing short-term rentals. In addition, the short-term rentals permitted by this ordinance will be subject to an enhanced regulatory and enforcement environment. As set forth in the staff recommendation report, and modified by City Council as explained above, the ordinance includes the following key provisions:

1. All short-term rentals must be registered with the City (proposed LAMC Section 12.22 A.31(d)).
2. Only primary residences may be shared as short-term rentals (proposed LAMC Section 12.22 A.31(c)(2)).
3. Residences that are subject to the City's Rent Stabilization Ordinance are prohibited as shared short-term rentals (proposed LAMC Section 12.22 A.31(c)(2)).
4. Primary residences may be shared as a short-term rental for no more than 120 days per year, unless additional approval has been granted to exceed the cap and certain conditions have been met (extended home-sharing) (proposed LAMC Section 12.22 A.31(j)).
5. Rental units may only be utilized for home-sharing if the tenant obtains written approval by the landlord (proposed LAMC Section 12.22 A.31(c)(2)). Additionally, landlords may proactively preclude rental units from being used for home-sharing by submitting a written request to the Department of City Planning.

6. Full-time vacation rentals are still prohibited (proposed LAMC Section 12.22 A.31(d)).

The proposed ordinance includes procedures to allow for short-term rentals to exceed the annual cap, called “extended home-sharing.” Administrative approvals for extended home-sharing would require adherence with a set of requirements, would be valid for one year and would require annual renewal. The requirements are set forth in Section 12.22 A.31(j) of the Proposed Ordinance and include a requirement that there are no enforcement actions involving the short-term rental residence or the short-term rental host as the result of any nuisance violation. If properties are not able to meet the criteria for the administrative approval of extended home-sharing, then a discretionary application procedure would be available to participate in extended home-sharing. This discretionary process would require certain findings to be made, as well as CEQA environmental review.

In addition, the ordinance includes additional enforcement tools and resources, including setting aside 10% of the anticipated revenue from the Transient Occupancy Tax, which would be used to enforce the provisions of the ordinance.

## **Analysis**

The proposed ordinance contains numerous provisions the City reasonably believes will lead to lower or decreased rates of short-term rental activity as a result of increased enforcement of new requirements. Currently, short-term rentals are not authorized by existing regulations. As a result of adopting the proposed ordinance, the City will better be able to enforce against illegal short term rentals. Although the proposed ordinance would allow for legal home-sharing uses for the first time in the City, it is expected that the new requirements will reduce home-sharing activity over the level of illegal short-term rental activity that is currently occurring, by providing a better enforcement mechanism.

In addition to increased enforcement ability, the proposed ordinance includes several requirements which are anticipated to reduce the amount of short-term rental activity in the City. This includes the requirements that all short-term rental listings must register with the City in order to be eligible for home-sharing. The ordinance requires that listings contain a registration number in order to easily verify this requirement, and establishes new procedures and revenue to allow for enforcement of the registration requirement. In addition, the ordinance places limits on the types of properties that would be eligible to participate in short-term rentals, including placing an annual cap on short-term rental properties that limits home-sharing to 120 nights per year, unless additional approval is granted to exceed the cap and certain conditions are met. The ordinance would also place a prohibition on home-sharing in housing units that are subject to the Rent Stabilization Ordinance, which applies to nearly forty-five percent of the City’s total housing units (approximately 620,000 units). The requirement that home-sharing be restricted to one’s primary residence will also disqualify a sizable portion of the current short-term rental operators, as further explained below.

While definitive numeric break-downs of the potential effects of the enforcement of specific provisions of the proposed ordinance are not available, the ordinance would have the greatest impact on the more active and intensively used listings, specifically the full-time short-term rental of single family residences as vacation rentals. These properties are currently illegally participating in short-term rentals as a short-term rental use is not legally authorized by the current Code, and would still be barred from legally participating in home-sharing as a result of the adoption and enforcement of the proposed ordinance. Once the ordinance is in place, however, enforcement resources will be more robust.

The ordinance would also have an impact on the number of RSO units that are used for short-term rentals. According to the 2017 Host Compliance report, approximately fifty-five percent of active short-term rental listings in Los Angeles are located in multi-family buildings. Nearly eighty percent of *multi-family units* in Los Angeles are subject to the Rent Stabilization Ordinance (RSO), so it is possible that as many as forty-four percent of current short-term rental units are in RSO units.<sup>5</sup> These units would still be ineligible for home-sharing under the proposed ordinance, but the enforcement resources will be more robust.

The ordinance would additionally impact the number of short-term rentals that are currently in non-primary residences. A May 3, 2017 Budget Memo published by the City Administrative Officer<sup>6</sup> estimated that enforcement of the primary residency requirement could result in up to a 46% decline in short-term rental booking receipts.<sup>7</sup> While booking receipts cannot be directly translated to individual short-term rental units, it can reasonably be concluded that a prohibition on short-term rental activity in non-primary residences could result in up to approximately a 40% reduction in short-term rental activity.

One way to get a better sense of potential effects is to look at the results in a city that has a robust tourism industry and that adopted similar regulations. In May 2015, Santa Monica passed an ordinance that features important similarities to the City's proposed Home-Sharing ordinance. Like in the proposed Home-Sharing ordinance, Santa Monica limits home-sharing to primary residences, requires registration numbers on listings, and places responsibility on both hosts and hosting platforms to enforce the law.<sup>8</sup> Santa Monica does not have any limits on the number of

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<sup>5</sup> If 55% of STR are in multi-family units, and 80% of multi-family units are subject to the RSO, then approximately 44% of STR could be RSO units (55% x 80% = 44%).

<sup>6</sup> City Administrative Officer. *Budget Memo 118: City Planning - Short-Term Rental Transient Occupancy Tax*. May 3, 2017. <http://cao.lacity.org/budgetmemos/FY%202017-18%20All%20CAO%20Budget%20Memos.pdf>

<sup>7</sup> The CAO report estimated a 63.37% total decline in short-term rental booking receipts; however, 20% of that decline (approximately 15% overall) was attributed to the impact of the (then-proposed) annual cap of 180 days. Since then, the annual cap has been reduced to 120 days, and a new process has been proposed to allow for extended home-sharing activity to extend beyond that cap. Since this extended home-sharing process was not anticipated in the CAO report, the Department has not included the full 63.37% decline in this analysis.

<sup>8</sup> There are differences in the ordinances as well. Santa Monica's ordinance requires that short-term stays be "hosted", meaning the host must reside at the property at the time of the stay (not out of town). However Santa Monica staff responsible for the enforcement of that city's home-sharing ordinance report

nights per year that a host can operate a home-share. After Santa Monica began implementing the ordinance in June 2015, total short-term listings in the city are estimated to have dropped from about 1,400 listings to less than 1,000 in the first year (a decline of 30%). Based on discussions with staff in Santa Monica, the reduction of online listings in Santa Monica is due in large part to the staff resources devoted to pro-active enforcement. The City's proposed Home-Sharing ordinance requires that significant resources be dedicated to the enforcement of the ordinance, in particular efforts against illegal listings. This level of resources would allow for a combination of staff resources and third party consultants to enforce the law in the same manner as has been done in Santa Monica.

San Francisco also adopted an ordinance (effective February 2015) that is similar to the proposed Home-Sharing ordinance. Specifically, San Francisco's ordinance limits short-term rentals to primary residences, requires hosts to register as a business, and limits unhosted rentals (which occur when the host is not present in the unit during the guests' stay) to 90 nights per year. The San Francisco Chronicle published a report on February 16, 2018 which showed a 55 percent reduction in short-term rental listings in the City as a result of enforcement of the ordinance.<sup>9</sup> The 55 percent reduction was observed after the City began enforcing registration requirements on January 16, 2018, based on a comparison of the number of active listings on home-sharing platforms Airbnb, HomeAway and FlipKey on August, 29 2017 and January 19, 2018. In particular, the largest reduction in short-term rental listings was observed in neighborhoods that have higher proportions of renters, due in part to the requirement that renters need landlord approval to register for home-sharing. The same requirement would apply under the City's proposed Home-Sharing ordinance, and as such it is anticipated that a similar decline would be observed in Los Angeles.

Based on these available assumptions and the actual results observed in cities with comparable regulations, the City reasonably estimates that the impact of enforcement of the proposed ordinance would reasonably result in approximately a 20% to 40% reduction in short-term rental activity. Based on the data available from Host Compliance, the City would expect that this would lead to a reduction to between approximately 11,000 and 15,000 active listings from the baseline range of 18,285 active listings (those that are rented for one or more nights per year). This estimate is in line with the impacts observed in the City of Santa Monica and the City and County of San Francisco, both of which recently adopted similar regulations. This estimate is based on the assumption that most short-term rental activity that is currently illegal activity would discontinue after adoption of the ordinance; however, it is possible that the reduction may not be as drastic if current short-term rental hosts qualify for home-sharing registration and are thereby able to continue renting out portions of their home on a short-term basis. Nevertheless, the City

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say they are typically unable to enforce this provision because Santa Monica staff have not identified an effective tool to enforce this rule. The proposed Los Angeles ordinance prohibits home-sharing in units subject to the Rent Stabilization Ordinance, which disqualifies nearly half of the City's housing stock from participating in home-sharing.

<sup>9</sup> Carolyn Said, "A Leaner Vacation Market," San Francisco Chronicle, February 16, 2018.

<https://www.sfchronicle.com/business/article/SF-short-term-rentals-transformed-as-Airbnb-12617798.php>

anticipates a reduction in home-sharing activity as a result of enforcement of the proposed ordinance.

In addition to considering the direct effects of the proposed ordinance on short-term rental activity in the City, staff also considered whether there would be any anticipated indirect impacts on hotel and motel occupancy rates. Specifically, staff considered whether stays in residential short-term rentals may currently lead to reduced demand for typical hotels, motels and bed and breakfasts; and whether a potential impact of the reduction in short-term rental activity in the City may result in increased demand and occupancy rates. The best research the City has located regarding the relationship between hotels and short-term rentals is based on a study of Airbnb stays in Austin, TX<sup>10</sup>. While the study found a significant inverse relationship between hotel revenues and Airbnb stays, it found a near-zero impact on occupancy rates, which is a more relevant metric for assessing potential environmental impacts. Specifically, the study found that a 10% increase in Airbnb listings is associated with a .0005 percent decrease in hotel occupancy rates. This is in line with current information in Los Angeles, where demand for hotel rooms has increased in recent years, despite the ascendance of short-term rentals<sup>11</sup>. Given this assumption, if a 20-40% reduction in short-term activity were to occur as a result of the proposed ordinance, as is reasonably estimated above, changes in hotel occupancy rates would be negligible (an estimated .001-.002 percent increase). This .001 to .002 percent projected increase compares to a decrease in occupancy rate of 1.6% recorded in Los Angeles County through 2017. The impacts of the proposed ordinance on hotel and motel occupancy rates are thereby considered negligible.

In the longer term, short-term rentals may be seen to also affect the hotel industry's investment and development decisions. However, there is no clear evidence of this potential outcome in Los Angeles. During a period of rapid increase in the number of short-term rentals, hotel development has also undergone a significant increase. In January 2016, the Los Angeles Tourism and Convention Board reported that approximately 83 new hotels, with 14,650 guest rooms, were under development. Given current behavior of the hotel industry in constructing a significant number of hotels during a time when the number of short-term rentals have also increased significantly, the proposed ordinance restricting short-term rentals is not likely to influence decisions related to hotel construction. The larger factor is clearly the higher demand for short-term stays overall, as reflected by a record number of visits to the Los Angeles region as well as the record number of hotel room nights sold in 2017 (29.4 million). The increase in hotel development will be sufficient to absorb the largely insignificant increase in hotel occupancy rates associated with the ordinance.

As stated above, there is currently very little effective enforcement against short-term rentals in the City of Los Angeles, the vast majority of which are believed to be operating in violation of current Municipal Code regulations. Therefore, if someone is interested in renting out residential space on an online hosting platform, they are unlikely to wait until a new regulatory system is put in place to engage in such activities. They are already engaging in short-term rental activities.

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<sup>10</sup> Georgios Zervas, Davide Proserpio, and John W. Byers (2017). The Rise of the Sharing Economy: Estimating the Impact of Airbnb on the Hotel Industry. *Journal of Marketing Research*: October 2017, Vol. 54, No. 5, pp. 687-705.

<sup>11</sup> Los Angeles Tourism and Convention Board. Los Angeles Tourism Quick Facts 2017

This conclusion is reinforced by the data provided above that show that as of October 19, 2017 there are approximately 28,918 active short-term rental listings in the City of Los Angeles.

As such, the proposed ordinance would not likely induce any new short-term rentals to take place. On the contrary, as discussed above, it is anticipated that the number of short-term rentals is likely to decline as a result of the proposed ordinance. The City expects many owners of the few thousand homes that would be ineligible for Home-Sharing will discontinue renting their housing units as short-term rentals. Many are likely to end or shorten their activities to fewer than 120 days, leading to a net reduction in short-term rental activity Citywide. This reduction is anticipated to occur, even in light of the City Council recommendations to allow for properties to apply for extended home-sharing beyond the 120-day limit. While it is not known how many hosts would be eligible to apply for extended home-sharing, there are currently approximately 7,500 properties that provide home-sharing for more than 120 days per year. It is important to note, however, that many of these properties would not be eligible for home-sharing or extended home-sharing under the primary residence requirement, prohibition on home-sharing in RSO units, and other requirements. Thus, the net effect of the requirements of the proposed ordinance, along with additional resources for enforcement, are expected to result in a reduction in the number of short-term rentals in the City. For the purposes of CEQA, these reductions are therefore anticipated to result in a reduction in environmental impacts caused by short-term rentals, and as such the proposed Home-Sharing ordinance is not expected to have a significant impact on the environment.

At the more local level, the impact on the residential environment is also likely to be minimal regardless of the exact magnitude of the change in short-term rental activity. With the regulations set forth by the Home-Sharing ordinance, the operation of short-term rental uses would be similar to the operation of a regular occupied home in any residential neighborhood. In fact, oftentimes a bedroom or unit that is used exclusively for a short-term rental is likely to be used less intensely than a full-time, long-term occupied bedroom or unit, and would also be vacant more frequently than a unit or bedroom that is used exclusively as a permanent residence (and as such would have lower operational impacts).

Finally, because only primary residences may be used for short-term rentals, there is no economic incentive to construct new residences for short-term rentals. The City's ordinance should ensure that short-term rental activity will only be an ancillary use to the primary residential use of the residence.

The above analysis concludes that short-term rental activity is likely to decline as a result of the ordinance for the following reasons: (1) the ordinance as proposed permits only residential units used as primary residences to be used as short-term rentals; (2) the ordinance prohibits residential units subject to the City's Rent Stabilization Ordinance stabilization ordinance from use as short-term rentals; (3) the ordinance permits an individual or entity to list only one unit or single family residence as a short-term rental; (4) the ordinance limits home-sharing to an annual cap of 120-days, unless additional approval is granted to exceed the cap and certain additional conditions are met; (5) the ordinance requires that all short-term rentals be registered with the



City; (6) the ordinance requires renters who seek to rent their units as short term rentals to obtain permission from their landlords; and (7) the ordinance mandates that ten percent (10%) of the TOT revenue generated from home-sharing rentals be allocated for administration and enforcement of the ordinance's regulations and prohibitions. These regulations will necessarily limit the units available to be used as short-term rentals and may discourage individuals that are currently listing units or residences as short-term rentals from continuing to do so because of the registration requirement and the additional regulations and enforcement. Reductions in the number of short-term rentals should be more pronounced in areas with greater concentrations of entire residences that are listed as short-term rentals. The proposed ordinance amends Sections 12.03, 12.22, 12.24, 19.01 and 21.7.2 of the Los Angeles Municipal Code (LAMC) and will be applicable to all parcels in which residential uses are permitted or currently exist.

## **CONCLUSION**

Pursuant to California Environmental Quality Act (CEQA) Guidelines Sections 15060(c)(2) and 15061(b)(3), the adoption of the proposed Home-Sharing Ordinance is exempt from CEQA. As demonstrated in this document, the proposed ordinance is not a "project" as defined by CEQA Guidelines Section 15378. Additionally, the proposed ordinance is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3), because it can be seen with certainty that there is no possibility that the project may be a significant effect on the environment.

On the basis of the whole of the record before the lead agency including any comments received, the lead agency finds that there is no substantial evidence that the proposed project will have a significant effect on the environment. The analysis reflects the lead agency's independent judgment and analysis. The records upon which this decision is based are with the Planning Department in Room 278, 200 North Spring Street in Los Angeles, California.

**CITY OF LOS ANGELES**  
 OFFICE OF THE CITY CLERK  
 ROOM 395, CITY HALL  
 LOS ANGELES, CALIFORNIA 90012  
 CALIFORNIA ENVIRONMENTAL QUALITY ACT  
 PROPOSED NEGATIVE DECLARATION

**LEAD CITY AGENCY:**

City of Los Angeles

**COUNCIL DISTRICT:**

CD 1 – CD 15

**PROJECT TITLE:**

Home-Sharing Ordinance

**ENVIRONMENTAL CASE NO:**

ENV-2016-1277-ND

**PROJECT LOCATION:** Citywide

**PROJECT DESCRIPTION:**

An ordinance amending Sections 12.03, 12.22, 12.24, 19.01, and 21.7.2 of the Los Angeles Municipal Code (LAMC); and creating a new Section 5.576 of the Administrative Code; imposing regulations to permit sharing of one's primary residence, except units subject to the regulations and restrictions set forth in the Rent Stabilization Ordinance ("RSO"), for no more than 120 days a year, unless registered for Extended Home Sharing; establishing a registration requirement, an application fee for hosts, a fee on nightly stays, and administrative fines for Home-Sharing; and directing a portion of Transient Occupancy Taxes and/or per-night fees derived from Home-Sharing to a new Short-Term Rental Enforcement Trust Fund. This is referred to as the City's proposed "Home Sharing Ordinance."

**FINDING:** The Department of City Planning of the City of Los Angeles finds that the proposed Project WILL NOT have a significant effect on the environment, an ENVIRONMENTAL IMPACT REPORT is NOT required. The INITIAL STUDY/NEGATIVE DECLARATION prepared for this project is attached.

**NAME OF PERSON PREPARING FORM:**

Los Angeles Department of City Planning

**PLANNER NAME AND TITLE:**

Cally Hardy, Planning Assistant

**TELEPHONE NUMBER:**

213-978-1643

**ADDRESS**

200 N. Spring Street, Room 750  
 Los Angeles, CA 90012

**SIGNATURE (Official)**



**DATE:**

8/24/2018

<b>CITY OF LOS ANGELES</b> OFFICE OF THE CITY CLERK ROOM 395, CITY HALL LOS ANGELES, CALIFORNIA 90012 CALIFORNIA ENVIRONMENTAL QUALITY ACT INITIAL STUDY AND CHECKLIST (Article IV B City CEQA Guidelines)			
<b>LEAD CITY AGENCY:</b> City of Los Angeles		<b>COUNCIL DISTRICT:</b> CD 1 – CD 15	
		<b>DATE:</b> August 24, 2018	
<b>RESPONSIBLE AGENCY:</b> Department of City Planning			
<b>ENVIRONMENTAL CASE:</b> ENV-2017-3410-ND			
<b>PROJECT DESCRIPTION:</b> <p>An ordinance amending Sections 12.03, 12.22, 12.24, 19.01, and 21.7.2 of the Los Angeles Municipal Code (LAMC); and creating a new Section 5.576 of the Administrative Code; imposing regulations to permit sharing of one’s primary residence, except units subject to the regulations and restrictions set forth in the Rent Stabilization Ordinance (“RSO”), for no more than 120 days a year, unless registered for Extended Home Sharing; establishing a registration requirement, an application fee for hosts, a fee on nightly stays, and administrative fines for Home-Sharing; and directing a portion of Transient Occupancy Taxes and/or per-night fees derived from Home-Sharing to a new Short-Term Rental Enforcement Trust Fund. This is referred to as the City’s proposed “Home Sharing Ordinance.”</p>			
<b>ENVIRONMENTAL SETTING:</b> Citywide zoning ordinance.			
<b>PROJECT LOCATION:</b> The City of Los Angeles			
<b>COMMUNITY PLAN AREA:</b> All <b>STATUS:</b> <input type="checkbox"/> Preliminary <input type="checkbox"/> Proposed <input checked="" type="checkbox"/> <b>ADOPTED,</b>		<input checked="" type="checkbox"/> Does Conform to Plan <input type="checkbox"/> Does NOT Conform to Plan	<b>AREA PLANNING COMMISSION:</b> All <b>CERTIFIED NEIGHBORHOOD COUNCIL:</b> All
<b>EXISTING ZONING:</b> Generally multi-family residential zones and commercial zones.		<b>LA River Adjacent:</b> Yes	
<b>GENERAL PLAN LAND USE:</b> Various			

**Determination (To be completed by Lead Agency)**

**On the basis of this initial evaluation:**

- I find that the proposed project COULD NOT have a significant effect on the environment, and a NEGATIVE DECLARATION will be prepared.
- I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because revisions on the project have been made by or agreed to by the project proponent. A MITIGATED NEGATIVE DECLARATION will be prepared.
- I find the proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.
- I find the proposed project MAY have a "potentially significant impact" or "potentially significant unless mitigated" impact on the environment, but at least one effect 1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and 2) has been addressed by mitigation measures based on earlier analysis as described on attached sheets. An ENVIRONMENTAL IMPACT REPORT is required, but it must analyze only the effects that remain to be addressed.
- I find that although the proposed project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an earlier EIR or NEGATIVE DECLARATION pursuant to applicable standards, and (b) have been avoided or mitigated pursuant to that earlier EIR or NEGATIVE DECLARATION, including revisions or mitigation measures that are imposed upon the proposed project, nothing further is required.

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Signature

Planning Assistant  
Title

213-978-1643  
Phone

## INITIAL STUDY CHECKLIST

### Evaluation of Environmental Impacts:

1. A brief explanation is required for all answers except “No Impact” answers that are adequately supported by the information sources a lead agency cites in the parentheses following each question. A “No Impact” answer is adequately supported if the referenced information sources show that the impact simply does not apply to projects like the one involved (e.g., the project falls outside a fault rupture zone). A “No Impact” answer should be explained where it is based on project-specific factors as well as general standards (e.g., the project will not expose sensitive receptors to pollutants based on a project-specific screening analysis).
2. All answers must take account of the whole action involved, including off-site as well as on-site, cumulative as well as project-level, indirect as well as direct, and construction as well as operational impacts.
3. Once the lead agency has determined that a particular physical impact may occur, then the checklist answers must indicate whether the impact is potentially significant, less than significant with mitigation, or less than significant. “Potentially Significant Impact” is appropriate if there is substantial evidence that an effect may be significant. If there are one or more “Potentially Significant Impact” entries when the determination is made, an EIR is required.
4. “Negative Declaration: Less Than Significant With Mitigation Incorporated” applies where the incorporation of a mitigation measure has reduced an effect from “Potentially Significant Impact” to “Less Than Significant Impact.” The lead agency must describe the mitigation measures, and briefly explain how they reduce the effect to a less than significant level (mitigation measures from “Earlier Analysis,” as described in (5) below, may be cross referenced).
5. Earlier analysis must be used where, pursuant to the tiering, program EIR, or other CEQA process, an effect has been adequately analyzed in an earlier EIR, or negative declaration. Section 15063 (c)(3)(D). In this case, a brief discussion should identify the following:
  - a. Earlier Analysis Used. Identify and state where they are available for review.
  - b. Impacts Adequately Addressed. Identify which effects from the above checklist were within the scope of and adequately analyzed in an earlier document pursuant to applicable legal standards, and state whether such effects were addressed by mitigation measures based on the earlier analysis.
  - c. Mitigation Measures. For effects that are “Less Than Significant With Mitigation Measures Incorporated,” describe the mitigation measures which were incorporated or refined from the earlier document and the extent to which they address site-specific conditions for the project.
6. Lead agencies are encouraged to incorporate into the checklist references to information sources for potential impacts (e.g., general plans, zoning ordinances). Reference to a previously prepared or outside document should, where appropriate, include a reference to the page or pages where the statement is substantiated
7. Supporting Information Sources: A sources list should be attached, and other sources used or individuals contacted should be cited in the discussion.
8. This is only a suggested form, and lead agencies are free to use different formats; however, lead agencies should normally address the questions from this checklist that are relevant to a project’s environmental effects in whichever format is selected.
9. The explanation of each issue should identify:
  - a. The significance criteria or threshold, if any, used to evaluate each question; and
  - b. The mitigation measure identified, if any, to reduce the impact to less than significant.

**Environmental Factors Potentially Affected:**

The environmental factors checked below would be potentially affected by this project, involving at least one impact that is a “Potentially Significant Impact” as indicated by the checklist on the following pages.

<input type="checkbox"/> AESTHETICS <input type="checkbox"/> AGRICULTURE AND FOREST RESOURCES <input type="checkbox"/> AIR QUALITY <input type="checkbox"/> BIOLOGICAL RESOURCES <input type="checkbox"/> CULTURAL RESOURCES <input type="checkbox"/> ENERGY <input type="checkbox"/> GEOLOGY AND SOILS	<input type="checkbox"/> GREENHOUSE GAS EMISSIONS <input type="checkbox"/> HAZARDS AND HAZARDOUS MATERIALS <input type="checkbox"/> HYDROLOGY AND WATER QUALITY <input type="checkbox"/> LAND USE AND PLANNING <input type="checkbox"/> MINERAL RESOURCES <input type="checkbox"/> NOISE	<input type="checkbox"/> POPULATION AND HOUSING <input type="checkbox"/> PUBLIC SERVICES <input type="checkbox"/> RECREATION <input type="checkbox"/> TRANSPORTATION AND TRAFFIC <input type="checkbox"/> TRIBAL CULTURAL RESOURCES <input type="checkbox"/> UTILITIES <input type="checkbox"/> MANDATORY FINDINGS OF SIGNIFICANCE
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**INITIAL STUDY CHECKLIST** (To be completed by the Lead City Agency)

**PROPONENT NAME:**

City of Los Angeles Department of City Planning

**PHONE NUMBER:**

213-978-1643

**PROPONENT ADDRESS:**

200 N. Spring St., Room 750  
 Los Angeles, CA 90012

**AGENCY REQUIRING CHECKLIST:**

City of Los Angeles Department of City Planning

**DATE:**

August 24, 2018

**PROPOSAL NAME (If Applicable):**

Home-Sharing Ordinance

WOULD THE PROJECT:		Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
<b>I. AESTHETICS</b>					
a.	HAVE A SUBSTANTIAL ADVERSE EFFECT ON A SCENIC VISTA?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b.	SUBSTANTIALLY DAMAGE SCENIC RESOURCES, INCLUDING, BUT NOT LIMITED TO, TREES, ROCK OUTCROPPINGS, AND HISTORIC BUILDINGS, OR OTHER LOCALLY RECOGNIZED DESIRABLE AESTHETIC NATURAL FEATURE WITHIN A CITY-DESIGNATED SCENIC HIGHWAY?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c.	SUBSTANTIALLY DEGRADE THE EXISTING VISUAL CHARACTER OR QUALITY OF THE SITE AND ITS SURROUNDINGS?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d.	CREATE A NEW SOURCE OF SUBSTANTIAL LIGHT OR GLARE WHICH WOULD ADVERSELY AFFECT DAY OR NIGHTTIME VIEWS IN THE AREA?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>II. AGRICULTURE AND FOREST RESOURCES</b>					
a.	CONVERT PRIME FARMLAND, UNIQUE FARMLAND, OR FARMLAND OF STATEWIDE IMPORTANCE, AS SHOWN ON THE MAPS PREPARED PURSUANT TO THE FARMLAND MAPPING AND MONITORING PROGRAM OF THE CALIFORNIA RESOURCES AGENCY, TO NON-AGRICULTURAL USE?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b.	CONFLICT WITH EXISTING ZONING FOR AGRICULTURAL USE, OR A WILLIAMSON ACT CONTRACT?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c.	CONFLICT WITH EXISTING ZONING FOR, OR CAUSE REZONING OF, FOREST LAND (AS DEFINED IN PUBLIC RESOURCES CODE SECTION 1220(G)), TIMBERLAND (AS DEFINED BY PUBLIC RESOURCES CODE SECTION 4526), OR TIMBERLAND ZONED TIMBERLAND PRODUCTION (AS DEFINED BY GOVERNMENT CODE SECTION 51104(G))?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d.	RESULT IN THE LOSS OF FOREST LAND OR CONVERSION OF FOREST LAND TO NON-FOREST USE?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e.	INVOLVE OTHER CHANGES IN THE EXISTING ENVIRONMENT WHICH, DUE TO THEIR LOCATION OR NATURE, COULD RESULT IN CONVERSION OF FARMLAND, TO NON-AGRICULTURAL USE OR CONVERSION OF FOREST LAND TO NON-FOREST USE?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>III. AIR QUALITY</b>					
a.	CONFLICT WITH OR OBSTRUCT IMPLEMENTATION OF THE SCAQMD OR CONGESTION MANAGEMENT PLAN?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b.	VIOLATE ANY AIR QUALITY STANDARD OR CONTRIBUTE SUBSTANTIALLY TO AN EXISTING OR PROJECTED AIR QUALITY VIOLATION?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c.	RESULT IN A CUMULATIVELY CONSIDERABLE NET INCREASE OF ANY CRITERIA POLLUTANT FOR WHICH THE AIR BASIN IS NON-ATTAINMENT (OZONE, CARBON MONOXIDE, & PM 10) UNDER AN APPLICABLE FEDERAL OR STATE AMBIENT AIR QUALITY STANDARD?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d.	EXPOSE SENSITIVE RECEPTORS TO SUBSTANTIAL POLLUTANT CONCENTRATIONS?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e.	CREATE OBJECTIONABLE ODORS AFFECTING A SUBSTANTIAL NUMBER OF PEOPLE?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

WOULD THE PROJECT:

		Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
<b>IV. BIOLOGICAL RESOURCES</b>					
a.	HAVE A SUBSTANTIAL ADVERSE EFFECT, EITHER DIRECTLY OR THROUGH HABITAT MODIFICATION, ON ANY SPECIES IDENTIFIED AS A CANDIDATE, SENSITIVE, OR SPECIAL STATUS SPECIES IN LOCAL OR REGIONAL PLANS, POLICIES, OR REGULATIONS BY THE CALIFORNIA DEPARTMENT OF FISH AND GAME OR U.S. FISH AND WILDLIFE SERVICE ?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b.	HAVE A SUBSTANTIAL ADVERSE EFFECT ON ANY RIPARIAN HABITAT OR OTHER SENSITIVE NATURAL COMMUNITY IDENTIFIED IN THE CITY OR REGIONAL PLANS, POLICIES, REGULATIONS BY THE CALIFORNIA DEPARTMENT OF FISH AND GAME OR U.S. FISH AND WILDLIFE SERVICE?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c.	HAVE A SUBSTANTIAL ADVERSE EFFECT ON FEDERALLY PROTECTED WETLANDS AS DEFINED BY SECTION 404 OF THE CLEAN WATER ACT (INCLUDING, BUT NOT LIMITED TO, MARSH VERNAL POOL, COASTAL, ETC.) THROUGH DIRECT REMOVAL, FILLING, HYDROLOGICAL INTERRUPTION, OR OTHER MEANS?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d.	INTERFERE SUBSTANTIALLY WITH THE MOVEMENT OF ANY NATIVE RESIDENT OR MIGRATORY FISH OR WILDLIFE SPECIES OR WITH ESTABLISHED NATIVE RESIDENT OR MIGRATORY WILDLIFE CORRIDORS, OR IMPEDE THE USE OF NATIVE WILDLIFE NURSERY SITES?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e.	CONFLICT WITH ANY LOCAL POLICIES OR ORDINANCES PROTECTING BIOLOGICAL RESOURCES, SUCH AS TREE PRESERVATION POLICY OR ORDINANCE (E.G., OAK TREES OR CALIFORNIA WALNUT WOODLANDS)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f.	CONFLICT WITH THE PROVISIONS OF AN ADOPTED HABITAT CONSERVATION PLAN, NATURAL COMMUNITY CONSERVATION PLAN, OR OTHER APPROVED LOCAL, REGIONAL, OR STATE HABITAT CONSERVATION PLAN?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>V. CULTURAL RESOURCES</b>					
a.	CAUSE A SUBSTANTIAL ADVERSE CHANGE IN SIGNIFICANCE OF A HISTORICAL RESOURCE AS DEFINED IN STATE CEQA SECTION 15064.5?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b.	CAUSE A SUBSTANTIAL ADVERSE CHANGE IN SIGNIFICANCE OF AN ARCHAEOLOGICAL RESOURCE PURSUANT TO STATE CEQA SECTION 15064.5?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c.	DIRECTLY OR INDIRECTLY DESTROY A UNIQUE PALEONTOLOGICAL RESOURCE OR SITE OR UNIQUE GEOLOGIC FEATURE?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d.	DISTURB ANY HUMAN REMAINS, INCLUDING THOSE INTERRED OUTSIDE OF FORMAL CEMETERIES?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>VI. GEOLOGY AND SOILS</b>					
a.	EXPOSURE OF PEOPLE OR STRUCTURES TO POTENTIAL SUBSTANTIAL ADVERSE EFFECTS, INCLUDING THE RISK OF LOSS, INJURY OR DEATH INVOLVING:				
i.	RUPTURE OF A KNOWN EARTHQUAKE FAULT, AS DELINEATED ON THE MOST RECENT ALQUIST-PRIOLO EARTHQUAKE FAULT ZONING MAP ISSUED BY THE STATE GEOLOGIST FOR THE AREA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>



WOULD THE PROJECT:		Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
	OR BASED ON OTHER SUBSTANTIAL EVIDENCE OF A KNOWN FAULT? REFER TO DIVISION OF MINES AND GEOLOGY SPECIAL PUBLICATION 42.				
ii.	STRONG SEISMIC GROUND SHAKING?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
iii.	SEISMIC-RELATED GROUND FAILURE, INCLUDING LIQUEFACTION?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
iv.	LANDSLIDES?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b.	RESULT IN SUBSTANTIAL SOIL EROSION OR THE LOSS OF TOPSOIL?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c.	BE LOCATED ON A GEOLOGIC UNIT OR SOIL THAT IS UNSTABLE, OR THAT WOULD BECOME UNSTABLE AS A RESULT OF THE PROJECT, AND POTENTIAL RESULT IN ON- OR OFF-SITE LANDSLIDE, LATERAL SPREADING, SUBSIDENCE, LIQUEFACTION, OR COLLAPSE?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d.	BE LOCATED ON EXPANSIVE SOIL, AS DEFINED IN TABLE 18-1-B OF THE UNIFORM BUILDING CODE (1994), CREATING SUBSTANTIAL RISKS TO LIFE OR PROPERTY?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e.	HAVE SOILS INCAPABLE OF ADEQUATELY SUPPORTING THE USE OF SEPTIC TANKS OR ALTERNATIVE WASTE WATER DISPOSAL SYSTEMS WHERE SEWERS ARE NOT AVAILABLE FOR THE DISPOSAL OF WASTE WATER?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>VII. GREENHOUSE GAS EMISSIONS</b>					
a.	GENERATE GREENHOUSE GAS EMISSIONS, EITHER DIRECTLY OR INDIRECTLY, THAT MAY HAVE A SIGNIFICANT IMPACT ON THE ENVIRONMENT?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b.	CONFLICT WITH AN APPLICABLE PLAN, POLICY OR REGULATION ADOPTED FOR THE PURPOSE OF REDUCING THE EMISSIONS OF GREENHOUSE GASES?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>VIII. HAZARDS AND HAZARDOUS MATERIALS</b>					
a.	CREATE A SIGNIFICANT HAZARD TO THE PUBLIC OR THE ENVIRONMENT THROUGH THE ROUTINE TRANSPORT, USE, OR DISPOSAL OF HAZARDOUS MATERIALS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b.	CREATE A SIGNIFICANT HAZARD TO THE PUBLIC OR THE ENVIRONMENT THROUGH REASONABLY FORESEEABLE UPSET AND ACCIDENT CONDITIONS INVOLVING THE RELEASE OF HAZARDOUS MATERIALS INTO THE ENVIRONMENT?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c.	EMIT HAZARDOUS EMISSIONS OR HANDLE HAZARDOUS OR ACUTELY HAZARDOUS MATERIALS, SUBSTANCES, OR WASTE WITHIN ONE-QUARTER MILE OF AN EXISTING OR PROPOSED SCHOOL?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d.	BE LOCATED ON A SITE WHICH IS INCLUDED ON A LIST OF HAZARDOUS MATERIALS SITES COMPILED PURSUANT TO GOVERNMENT CODE SECTION 65962.5 AND, AS A RESULT, WOULD IT CREATE A SIGNIFICANT HAZARD TO THE PUBLIC OR THE ENVIRONMENT?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e.	FOR A PROJECT LOCATED WITHIN AN AIRPORT LAND USE PLAN OR, WHERE SUCH A PLAN HAS NOT BEEN ADOPTED, WITHIN TWO MILES OF A PUBLIC AIRPORT OR PUBLIC USE AIRPORT, WOULD	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

WOULD THE PROJECT:		Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
	THE PROJECT RESULT IN A SAFETY HAZARD FOR PEOPLE RESIDING OR WORKING IN THE PROJECT AREA?				
f.	FOR A PROJECT WITHIN THE VICINITY OF A PRIVATE AIRSTRIP, WOULD THE PROJECT RESULT IN A SAFETY HAZARD FOR THE PEOPLE RESIDING OR WORKING IN THE AREA?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g.	IMPAIR IMPLEMENTATION OF OR PHYSICALLY INTERFERE WITH AN ADOPTED EMERGENCY RESPONSE PLAN OR EMERGENCY EVACUATION PLAN?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
h.	EXPOSE PEOPLE OR STRUCTURES TO A SIGNIFICANT RISK OF LOSS, INJURY OR DEATH INVOLVING WILDLAND FIRES, INCLUDING WHERE WILDLANDS ARE ADJACENT TO URBANIZED AREAS OR WHERE RESIDENCES ARE INTERMIXED WITH WILDLANDS?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>IX. HYDROLOGY AND WATER QUALITY</b>					
a.	VIOLATE ANY WATER QUALITY STANDARDS OR WASTE DISCHARGE REQUIREMENTS?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b.	SUBSTANTIALLY DEplete GROUNDWATER SUPPLIES OR INTERFERE WITH GROUNDWATER RECHARGE SUCH THAT THERE WOULD BE A NET DEFICIT IN AQUIFER VOLUME OR A LOWERING OF THE LOCAL GROUNDWATER TABLE LEVEL (E.G., THE PRODUCTION RATE OF PRE-EXISTING NEARBY WELLS WOULD DROP TO A LEVEL WHICH WOULD NOT SUPPORT EXISTING LAND USES OR PLANNED LAND USES FOR WHICH PERMITS HAVE BEEN GRANTED)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c.	SUBSTANTIALLY ALTER THE EXISTING DRAINAGE PATTERN OF THE SITE OR AREA, INCLUDING THROUGH THE ALTERATION OF THE COURSE OF A STREAM OR RIVER, IN A MANNER WHICH WOULD RESULT IN SUBSTANTIAL EROSION OR SILTATION ON- OR OFF-SITE?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d.	SUBSTANTIALLY ALTER THE EXISTING DRAINAGE PATTERN OF THE SITE OR AREA, INCLUDING THROUGH THE ALTERATION OF THE COURSE OF A STREAM OR RIVER, OR SUBSTANTIALLY INCREASE THE RATE OR AMOUNT OF SURFACE RUNOFF IN AN MANNER WHICH WOULD RESULT IN FLOODING ON- OR OFF SITE?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e.	CREATE OR CONTRIBUTE RUNOFF WATER WHICH WOULD EXCEED THE CAPACITY OF EXISTING OR PLANNED STORMWATER DRAINAGE SYSTEMS OR PROVIDE SUBSTANTIAL ADDITIONAL SOURCES OF POLLUTED RUNOFF?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f.	OTHERWISE SUBSTANTIALLY DEGRADE WATER QUALITY?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g.	PLACE HOUSING WITHIN A 100-YEAR FLOOD PLAIN AS MAPPED ON FEDERAL FLOOD HAZARD BOUNDARY OR FLOOD INSURANCE RATE MAP OR OTHER FLOOD HAZARD DELINEATION MAP?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
h.	PLACE WITHIN A 100-YEAR FLOOD PLAIN STRUCTURES WHICH WOULD IMPEDE OR REDIRECT FLOOD FLOWS?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
i.	EXPOSE PEOPLE OR STRUCTURES TO A SIGNIFICANT RISK OF LOSS, INQUIRY OR DEATH INVOLVING FLOODING, INCLUDING FLOODING AS A RESULT OF THE FAILURE OF A LEVEE OR DAM?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
j.	INUNDATION BY SEICHE, TSUNAMI, OR MUDFLOW?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

WOULD THE PROJECT:		Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
<b>XI. LAND USE AND PLANNING</b>					
a.	PHYSICALLY DIVIDE AN ESTABLISHED COMMUNITY?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b.	CONFLICT WITH APPLICABLE LAND USE PLAN, POLICY OR REGULATION OF AN AGENCY WITH JURISDICTION OVER THE PROJECT (INCLUDING BUT NOT LIMITED TO THE GENERAL PLAN, SPECIFIC PLAN, COASTAL PROGRAM, OR ZONING ORDINANCE) ADOPTED FOR THE PURPOSE OF AVOIDING OR MITIGATING AN ENVIRONMENTAL EFFECT?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c.	CONFLICT WITH ANY APPLICABLE HABITAT CONSERVATION PLAN OR NATURAL COMMUNITY CONSERVATION PLAN?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>XI. MINERAL RESOURCES</b>					
a.	RESULT IN THE LOSS OF AVAILABILITY OF A KNOWN MINERAL RESOURCE THAT WOULD BE OF VALUE TO THE REGION AND THE RESIDENTS OF THE STATE?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b.	RESULT IN THE LOSS OF AVAILABILITY OF A LOCALLY-IMPORTANT MINERAL RESOURCE RECOVERY SITE DELINEATED ON A LOCAL GENERAL PLAN, SPECIFIC PLAN, OR OTHER LAND USE PLAN?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>XII. NOISE</b>					
a.	EXPOSURE OF PERSONS TO OR GENERATION OF NOISE IN LEVEL IN EXCESS OF STANDARDS ESTABLISHED IN THE LOCAL GENERAL PLAN OR NOISE ORDINANCE, OR APPLICABLE STANDARDS OF OTHER AGENCIES?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b.	EXPOSURE OF PEOPLE TO OR GENERATION OF EXCESSIVE GROUND BORNE VIBRATION OR GROUND BORNE NOISE LEVELS?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c.	A SUBSTANTIAL PERMANENT INCREASE IN AMBIENT NOISE LEVELS IN THE PROJECT VICINITY ABOVE LEVELS EXISTING WITHOUT THE PROJECT?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
d.	A SUBSTANTIAL TEMPORARY OR PERIODIC INCREASE IN AMBIENT NOISE LEVELS IN THE PROJECT VICINITY ABOVE LEVELS EXISTING WITHOUT THE PROJECT?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e.	FOR A PROJECT LOCATED WITHIN AN AIRPORT LAND USE PLAN OR, WHERE SUCH A PLAN HAS NOT BEEN ADOPTED, WITHIN TWO MILES OF A PUBLIC AIRPORT OR PUBLIC USE AIRPORT, WOULD THE PROJECT EXPOSE PEOPLE RESIDING OR WORKING IN THE PROJECT AREA TO EXCESSIVE NOISE LEVELS?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f.	FOR A PROJECT WITHIN THE VICINITY OF A PRIVATE AIRSTRIP, EXPOSE PEOPLE RESIDING OR WORKING IN THE PROJECT AREA TO EXCESSIVE NOISE LEVELS?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>XIII. POPULATION AND HOUSING</b>					
a.	INDUCE SUBSTANTIAL POPULATION GROWTH IN AN AREA EITHER DIRECTLY (FOR EXAMPLE, BY PROPOSING NEW HOMES AND BUSINESSES) OR INDIRECTLY (FOR EXAMPLE, THROUGH EXTENSION OF ROADS OR OTHER INFRASTRUCTURE)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b.	DISPLACE SUBSTANTIAL NUMBERS OF EXISTING HOUSING NECESSITATING THE CONSTRUCTION OF REPLACEMENT HOUSING ELSEWHERE?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

WOULD THE PROJECT:		Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
c.	DISPLACE SUBSTANTIAL NUMBERS OF PEOPLE NECESSITATING THE CONSTRUCTION OF REPLACEMENT HOUSING ELSEWHERE?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>XIV. PUBLIC SERVICES</b>					
a.	FIRE PROTECTION?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b.	POLICE PROTECTION?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c.	SCHOOLS?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d.	PARKS?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e.	OTHER PUBLIC FACILITIES?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>XV. RECREATION</b>					
a.	WOULD THE PROJECT INCREASE THE USE OF EXISTING NEIGHBORHOOD AND REGIONAL PARKS OR OTHER RECREATIONAL FACILITIES SUCH THAT SUBSTANTIAL PHYSICAL DETERIORATION OF THE FACILITY WOULD OCCUR OR BE ACCELERATED?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b.	DOES THE PROJECT INCLUDE RECREATIONAL FACILITIES OR REQUIRE THE CONSTRUCTION OR EXPANSION OF RECREATIONAL FACILITIES WHICH MIGHT HAVE AN ADVERSE PHYSICAL EFFECT ON THE ENVIRONMENT?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>XVI. TRANSPORTATION/CIRCULATION</b>					
a.	CONFLICT WITH AN APPLICABLE PLAN, ORDINANCE OR POLICY ESTABLISHING MEASURES OF EFFECTIVENESS FOR THE PERFORMANCE OF THE CIRCULATION SYSTEM, TAKING INTO ACCOUNT ALL MODES OF TRANSPORTATION INCLUDING MASS TRANSIT AND NON-MOTORIZED TRAVEL AND RELEVANT COMPONENTS OF THE CIRCULATION SYSTEM, INCLUDING BUT NOT LIMITED TO INTERSECTIONS, STREETS, HIGHWAYS AND FREEWAYS, PEDESTRIAN AND BICYCLE PATHS AND MASS TRANSIT?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b.	CONFLICT WITH AN APPLICABLE CONGESTION MANAGEMENT PROGRAM, INCLUDING BUT NOT LIMITED TO LEVEL OF SERVICE STANDARDS AND TRAVEL DEMAND MEASURES, OR OTHER STANDARDS ESTABLISHED BY THE COUNTY CONGESTION MANAGEMENT AGENCY FOR DESIGNATED ROADS OR HIGHWAYS?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c.	RESULT IN A CHANGE IN AIR TRAFFIC PATTERNS, INCLUDING EITHER AN INCREASE IN TRAFFIC LEVELS OR A CHANGE IN LOCATION THAT RESULTS IN SUBSTANTIAL SAFETY RISKS?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d.	SUBSTANTIALLY INCREASE HAZARDS TO A DESIGN FEATURE (E.G., SHARP CURVES OR DANGEROUS INTERSECTIONS) OR INCOMPATIBLE USES (E.G., FARM EQUIPMENT)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e.	RESULT IN INADEQUATE EMERGENCY ACCESS?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f.	CONFLICT WITH ADOPTED POLICIES, PLANS OR PROGRAMS REGARDING PUBLIC TRANSIT, BICYCLE, OR PEDESTRIAN FACILITIES, OR OTHERWISE DECREASE THE PERFORMANCE OR SAFETY OF SUCH FACILITIES?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>XVII. TRIBAL CULTURAL RESOURCES</b>					

WOULD THE PROJECT:		Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
a.	BE LISTED OR ELIGIBLE FOR LISTING IN THE CALIFORNIA REGISTER OF HISTORICAL RESOURCES, OR IN A LOCAL REGISTER OF HISTORICAL RESOURCES AS DEFINED IN PUBLIC RESOURCE CODE SECTION 5020.1(K)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b.	BE A RESOURCE DETERMINED BY THE LEAD AGENCY, IN ITS DISCRETION AND SUPPORTED BY SUBSTANTIAL EVIDENCE, TO BE SIGNIFICANT PURSUANT TO CRITERIA SET FORTH IN SUBDIVISION (C) OF PUBLIC RESOURCES CODE SECTION 5024.1? IN APPLYING THE CRITERIA SET FORTH IN SUBDIVISION (C) OF PUBLIC RESOURCES CODE SECTION 5024.1, THE LEAD AGENCY SHALL CONSIDER THE SIGNIFICANCE OF THE RESOURCE TO A CALIFORNIA NATIVE AMERICAN TRIBE.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>XVIII. UTILITIES</b>					
a.	EXCEED WASTEWATER TREATMENT REQUIREMENTS OF THE APPLICABLE REGIONAL WATER QUALITY CONTROL BOARD?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b.	REQUIRE OR RESULT IN THE CONSTRUCTION OF NEW WATER OR WASTEWATER TREATMENT FACILITIES OR EXPANSION OF EXISTING FACILITIES, THE CONSTRUCTION OF WHICH COULD CAUSE SIGNIFICANT ENVIRONMENTAL EFFECTS?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c.	REQUIRE OR RESULT IN THE CONSTRUCTION OF NEW STORMWATER DRAINAGE FACILITIES OR EXPANSION OF EXISTING FACILITIES, THE CONSTRUCTION OF WHICH COULD CAUSE SIGNIFICANT ENVIRONMENTAL EFFECTS?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d.	HAVE SUFFICIENT WATER SUPPLIES AVAILABLE TO SERVE THE PROJECT FROM EXISTING ENTITLEMENTS AND RESOURCE, OR ARE NEW OR EXPANDED ENTITLEMENTS NEEDED?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e.	RESULT IN A DETERMINATION BY THE WASTEWATER TREATMENT PROVIDER WHICH SERVES OR MAY SERVE THE PROJECT THAT IT HAS ADEQUATE CAPACITY TO SERVE THE PROJECT'S PROJECTED DEMAND IN ADDITION TO THE PROVIDER'S EXISTING COMMITMENTS?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f.	BE SERVED BY A LANDFILL WITH SUFFICIENT PERMITTED CAPACITY TO ACCOMMODATE THE PROJECT'S SOLID WASTE DISPOSAL NEEDS?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g.	COMPLY WITH FEDERAL, STATE, AND LOCAL STATUTES AND REGULATIONS RELATED TO SOLID WASTE?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>XIX. MANDATORY FINDINGS OF SIGNIFICANCE</b>					
a.	DOES THE PROJECT HAVE THE POTENTIAL TO DEGRADE THE QUALITY OF THE ENVIRONMENT, SUBSTANTIALLY REDUCE THE HABITAT OF FISH OR WILDLIFE SPECIES, CAUSE A FISH OR WILDLIFE POPULATION TO DROP BELOW SELF-SUSTAINING LEVELS, THREATEN TO ELIMINATE A PLANT OR ANIMAL COMMUNITY, REDUCE THE NUMBER OR RESTRICT THE RANGE OF A RARE OR ENDANGERED PLANT OR ANIMAL OR ELIMINATE IMPORTANT EXAMPLES OF THE MAJOR PERIODS OF CALIFORNIA HISTORY OR PREHISTORY?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b.	DOES THE PROJECT HAVE IMPACTS WHICH ARE INDIVIDUALLY LIMITED, BUT CUMULATIVELY CONSIDERABLE? ("CUMULATIVELY CONSIDERABLE" MEANS THAT THE INCREMENTAL EFFECTS OF AN INDIVIDUAL PROJECT ARE CONSIDERABLE WHEN VIEWED IN	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

WOULD THE PROJECT:		Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
	CONNECTION WITH THE EFFECTS OF PAST PROJECTS, THE EFFECTS OF OTHER CURRENT PROJECTS, AND THE EFFECTS OF PROBABLE FUTURE PROJECTS).				
c.	DOES THE PROJECT HAVE ENVIRONMENTAL EFFECTS WHICH CAUSE SUBSTANTIAL ADVERSE EFFECTS ON HUMAN BEINGS, EITHER DIRECTLY OR INDIRECTLY?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**DISCUSSION OF THE ENVIRONMENTAL EVALUATION**

The Environmental Impact Assessment includes the use of City of Los Angeles and other government source reference materials related to various environmental impact categories (e.g., Hydrology, Air Quality, Biology, Cultural Resources, Geology, etc.). Impact evaluations are based on stated facts contained therein, including but not limited to, reference materials indicated above, field investigations, and other reliable reference materials known at the time.

Project specific impacts were evaluated based on all relevant facts indicated in the City’s Proposed Ordinance and supportive materials. Both the Initial Study Checklist and Checklist Explanations, in conjunction with CEQA and CEQA Guidelines, were used to reach reasonable conclusions on environmental impacts.

The proposed Project as identified in the Project Description, with required mitigation imposed, will not cause potentially significant impacts on the environment. Therefore, this environmental analysis concludes that an Environmental Impact Report is not necessary.

ADDITIONAL INFORMATION:

All supporting documents and references are contained in the Environmental Case File referenced above and may be viewed in the Department of City Planning, City Hall, 200 N Spring Street, Room 750.

For City information, addresses, and phone numbers: visit the Environmental Review Unit, Room 750, City Hall, 200 N Spring Street, or the City’s websites at: <http://www.lacity.org>; and City Planning and Zoning Information Mapping Automated System (ZIMAS) at <http://www.cityplanning.lacity.org/>.

Engineering/Infrastructure/Topographic Maps/Parcel Information is available at <http://boemaps.eng.ci.la.ca.us/index0.1htm> or City’s main website under the heading “Navigate LA.”

<b>PLANNER NAME:</b> Cally Hardy	<b>TITLE:</b> Planning Assistant	<b>TELEPHONE NO:</b> 213-978-1643	<b>DATE:</b> August 24, 2018
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# **ENVIRONMENTAL IMPACT ANALYSIS**

## **Case No. ENV-2016-1277-ND**

### **Project Description**

An ordinance amending Sections 12.03, 12.22, 12.24, 19.01, and 21.7.2 of the Los Angeles Municipal Code (LAMC); and creating a new Section 5.576 of the Administrative Code; imposing regulations to permit sharing of one’s primary residence, except units subject to the regulations and restrictions set forth in the Rent Stabilization Ordinance (“RSO”), for no more than 120 days a year, unless registered for Extended Home Sharing; establishing a registration requirement, an application fee for hosts, a fee on nightly stays, and administrative fines for Home-Sharing; and directing a portion of Transient Occupancy Taxes and/or per-night fees derived from Home-Sharing to a new Short-Term Rental Enforcement Trust Fund. This is referred to as the City’s proposed “Home Sharing Ordinance.”

### **Executive Summary**

The City has determined the proposed ordinance qualifies under the “common sense” CEQA exemption pursuant to CEQA Guidelines Section 15061(b)(3) and 15060(c)(2), which provides that, where it can be seen with certainty that there is no possibility that a project may have a significant effect on the environment, the project is not subject to CEQA. The substantial evidence supporting that determination is contained in a separate CEQA Narrative included in Exhibit B.1 of the staff recommendation report dated September 2018. Despite that determination, out of an abundance of caution, the City has also prepared this Initial Study that has resulted in the determination the Home-Sharing Ordinance will not have a significant impact on the environment. This Initial Study provides the substantial evidence to support the adoption of a Negative Declaration.

As set forth in this Initial Study, the direct impacts of the ordinance on the environment will be minor as it is not expected to spur any new development, cause direct physical impacts or reasonably foreseeable indirect environmental impacts. The City reasonably anticipates that implementation of the ordinance will result in fewer residences being offered for short-term rentals compared to the current level of short-term rental activity in the City, and better regulation of the activity of sharing certain primary residences for short-term rentals. Both results are not anticipated to create a foreseeable physical impact on the environment. As set forth in more detail below, the City has reached these conclusions after conducting extensive investigation and research regarding the effects of implementation of the same or comparable regulations in other cities and jurisdictions.

### **Existing Environmental Setting**

For the purpose of CEQA, the analysis of potential environmental impacts from a “project” is based upon a comparison of the potential impacts of a project with the baseline. The baseline is

generally the existing conditions at the time the City commences the environmental review of the project (CEQA Guidelines, section 15125(a)). This is the case even when the existing conditions are the result of prior illegal activities, including zoning and building code violations (See *Riverwatch v. County of San Diego* (1999) 76 Cal.App.4<sup>th</sup> 1428, 1452-1453, *Citizens for East Shore Park v. State Lands Commission* (2011) 202 Cal.App.4<sup>th</sup> 549, 559-560.). The following provides a summary of the existing home-sharing activity in the City based upon data and information currently available. It should be noted that though short-term rental activity in the City of Los Angeles is largely prohibited by the City's Zoning Code, the City has been unable to regulate or enforce the City's prohibition of short-term rentals due to limited resources. As demonstrated by the data provided below, this inability to enforce the prohibition has led to considerable growth of the short-term rental industry in Los Angeles.

Short-term rentals have an increasingly larger presence in various neighborhoods of the City, despite their current illegality in all but a few cases (legal Bed and Breakfasts or Transient Occupancy Residential Structures). Based on Citywide data provided by short-term rental services company Host Compliance, LLC, as of October 2017<sup>1</sup> there are approximately 28,918 active short-term rental listings within the City of Los Angeles, which represent approximately 23,151 unique short-term rental units after duplicates and units available for longer-term stays are excluded.<sup>2</sup>

Of these 28,918 active short-term rental listings, approximately 19,953 (69%) are "entire home" listings. However, not all of these homes are actively rented or otherwise empty year-round, and therefore do not necessarily represent a loss in housing stock. Some of these "entire home" listings may be rented out to long-term tenants, or occupied by the homeowner, for the majority of the year. To better understand the potential impact of short-term rental listings on the housing stock, it is helpful to analyze the number of nights that a listing is rented per year. Table 1, on the following page, shows the estimated nights per year that active short-term rental listings are rented.

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<sup>1</sup> Host Compliance, LLC. *Los Angeles: Short-Term Rental Market Overview*. October 2017.

<sup>2</sup> The number of active short-term rental listings (28,918) refers to all online advertisements on a short-term rental hosting platform, regardless of ownership, duplication or type of activity. This may include properties that do not necessarily meet the definition of a short-term rental, such as hotel room listings that are advertised on the platform. The number of unique short-term rental properties (23,151) reflects a more narrowly-tailored estimate, from which listings that do not meet the short-term rental definition have been excluded. This number has been further tailored to remove multiple listings located at a single property.



*Table 1. Estimated Annual Nights Rented Per Year for Short-Term Rental<sup>3</sup>*

<b>Nights Hosted</b>	<b>Number of Listings</b>	<b>% of Listings</b>
<b>0 nights</b>	10,653	36.8%
<b>1 to 30 nights</b>	2,027	7.0%
<b>31 to 90 nights</b>	4,850	16.8%
<b>91 to 120 nights</b>	2,147	7.4%
<b>121 to 180 nights</b>	2,673	9.2%
<b>Over 180 nights</b>	6,588	22.8%
<b>Total Listings</b>	<b>28,938</b>	<b>100.0%</b>

Source: Host Compliance LLC. October 2017. Los Angeles: Short-Term Rental Market Overview

The Host Compliance report estimates there are a total of 11,408 listings in Los Angeles renting for more than 90 days in the last year, with about 6,588 rented for more than 180 days. Units rented for more than 90 days a year as short-term rentals are unlikely to be available as long-term rentals, due to the fact that they would be unavailable for typical year-long leases. Therefore, one way of estimating the number of short-term rental listings that are likely to be unavailable for long-term rentals in Los Angeles is to consider this range of 6,588 to 11,408 units. When factoring in listings that do not meet the definition of a short-term rental, the range of unique housing units used primarily for short-term rentals is estimated to range between approximately 6,000-10,000 housing units.

Compared to the number of total housing units in the City (1.45 million), the range of 6,000-10,000 housing units potentially lost to short-term rentals is a relatively small fraction (less than 1 percent). However, the growth of the practice and its concentration in certain neighborhoods influences housing availability in an increasing number of communities throughout Los Angeles. This is particularly evident in Council Districts 4, 11, 13 and 5, as shown in Table 2, on the following page. The proposed ordinance is intended to limit these effects.

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<sup>3</sup> Note that due to rounding errors and updates to available data, the total number of listings summarized in this table does not precisely equal the number of active short-term rental listings referenced elsewhere in this document. While there is some variation in the data reported, the general ratios are indicative of larger trends.

*Table 2. Estimated Number of Active Short Term Rental Listings by Council District*

<b>Council District</b>	<b>Number of Active Short-Term Rental Listings</b>	<b>Percent of Total</b>
1	1,860	6.4%
2	1,518	5.2%
3	709	2.5%
4	6,012	20.8%
5	3,499	12.1%
6	305	1.1%
7	107	0.4%
8	420	1.5%
9	211	0.7%
10	1,876	6.5%
11	5,842	20.2%
12	334	1.2%
13	4,157	14.4%
14	1,866	6.5%
15	202	0.7%
<b>TOTAL</b>	<b>28,918</b>	<b>100.0%</b>

Source: Host Compliance LLC. October 2017. Los Angeles: Short-Term Rental Market Overview

Host Compliance data from May 2016 and October 2017 show that short-term rental activity had increased by 45 percent over that 16-month period, which translates to a 34 percent annual growth rate when adjusted to a 12-month period.<sup>4</sup> Given the range of 6,000-10,000 longer-term rental units that are potentially lost as a result of short-term rental activity, a 34 percent growth

<sup>4</sup> These past growth rates are not an indicator of future growth under the proposed Home-Sharing Ordinance.

rate indicates an increase of approximately 1,500 to 2,500 longer-term rental units lost in the last year. While not all of these spaces would necessarily be rented out to a long-term tenant otherwise, that could be a viable alternative in many cases. For perspective, the City has lost about 1,300 units subject to the Rent Stabilization Ordinance (RSO) each year from all demolitions and condominium conversions combined since 2001.

### **Proposed Ordinance**

This document provides an analysis of the most current version of the proposed ordinance, which contains additional provisions that the City Council requested DCP draft and include for purposes of further consideration by the City Council. On December 7, 2016 the City Council's Housing Committee conducted a hearing on the then proposed Home-Sharing Ordinance and after conducting the public hearing voted to recommend removal of the provision that would allow the short-term rental of non-primary residences for up to 15 days per year. On April 10, 2018, the City Council's Planning and Land Use Management (PLUM) Committee considered a March 22, 2018 report from the Department of City Planning, at which time the PLUM Committee voted to recommend modifying the proposed Home-Sharing Ordinance to reduce the number of days a primary residence may be used for short-term rental from 180 days to 120 days, and include additional provisions that would create procedures for short-term rentals to exceed the annual cap for future consideration by PLUM and the City Council. These recommendations were approved by the City Council on May 2, 2018, at which time the City Council referred the proposed revisions to the then draft ordinance to the City Planning Commission for further consideration.

The proposed ordinance includes regulations to permit only a subset of the current, existing short-term rentals. In addition, the short-term rentals permitted by this ordinance will be subject to an enhanced regulatory and enforcement environment. As set forth in the staff recommendation report, and modified by City Council as explained above, the ordinance includes the following key provisions:

1. All short-term rentals must be registered with the City (proposed LAMC Section 12.22 A.31(d)).
2. Only primary residences may be shared as short-term rentals (proposed LAMC Section 12.22 A.31(c)(2)).
3. Residences that are subject to the City's Rent Stabilization Ordinance are prohibited as shared short-term rentals (proposed LAMC Section 12.22 A.31(c)(2)).
4. Primary residences may be shared as a short-term rental for no more than 120 days per year, unless additional approval has been granted to exceed the cap and certain conditions have been met (extended home-sharing) (proposed LAMC Section 12.22 A.31(j)).
5. Rental units may only be utilized for home-sharing if the tenant obtains written approval by the landlord (proposed LAMC Section 12.22 A.31(c)(2)). Additionally, landlords may proactively preclude rental units from being used for home-sharing by submitting a written request to the Department of City Planning.

6. Full-time vacation rentals are still prohibited (proposed LAMC Section 12.22 A.31(d)).

The proposed ordinance includes procedures to allow for short-term rentals to exceed the annual cap, called “extended home-sharing.” Administrative approvals for extended home-sharing would require adherence with a set of requirements, would be valid for one year and would require annual renewal. The requirements are set forth in Section 12.22 A.31(j) of the Proposed Ordinance and include a requirement that there are no enforcement actions involving the short-term rental residence or the short-term rental host as the result of any nuisance violation. If properties are not able to meet the criteria for the administrative approval of extended home-sharing, then a discretionary application procedure would be available to participate in extended home-sharing. This discretionary process would require certain findings to be made, as well as CEQA environmental review.

In addition, the ordinance includes additional enforcement tools and resources, including setting aside 10% of the anticipated revenue from the Transient Occupancy Tax, which would be used to enforce the provisions of the ordinance.

### **Analysis**

The proposed ordinance contains numerous provisions the City reasonably believes will lead to lower or decreased rates of short-term rental activity as a result of increased enforcement of new requirements. Currently, short-term rentals are not authorized by existing regulations. As a result of adopting the proposed ordinance, the City will better be able to enforce against illegal short term rentals. Although the proposed ordinance would allow for legal home-sharing uses for the first time in the City, it is expected that the new requirements will reduce home-sharing activity over the level of illegal short-term rental activity that is currently occurring, by providing a better enforcement mechanism.

In addition to increased enforcement ability, the proposed ordinance includes several requirements which are anticipated to reduce the amount of short-term rental activity in the City. This includes the requirements that all short-term rental listings must register with the City in order to be eligible for home-sharing. The ordinance requires that listings contain a registration number in order to easily verify this requirement, and establishes new procedures and revenue to allow for enforcement of the registration requirement. In addition, the ordinance places limits on the types of properties that would be eligible to participate in short-term rentals, including placing an annual cap on short-term rental properties that limits home-sharing to 120 nights per year, unless additional approval is granted to exceed the cap and certain conditions are met. The ordinance would also place a prohibition on home-sharing in housing units that are subject to the Rent Stabilization Ordinance, which applies to nearly forty-five percent of the City’s total housing units (approximately 620,000 units). The requirement that home-sharing be restricted to one’s primary residence will also disqualify a sizable portion of the current short-term rental operators, as further explained below.

While definitive numeric break-downs of the potential effects of the enforcement of specific provisions of the proposed ordinance are not available, the ordinance would have the greatest impact on the more active and intensively used listings, specifically the full-time short-term rental of single family residences as vacation rentals. These properties are currently illegally participating in short-term rentals as a short-term rental use is not legally authorized by the current Code, and would still be barred from legally participating in home-sharing as a result of the adoption and enforcement of the proposed ordinance. Once the ordinance is in place, however, enforcement resources will be more robust.

The ordinance would also have an impact on the number of RSO units that are used for short-term rentals. According to the 2017 Host Compliance report, approximately fifty-five percent of active short-term rental listings in Los Angeles are located in multi-family buildings. Nearly eighty percent of *multi-family units* in Los Angeles are subject to the Rent Stabilization Ordinance (RSO), so it is possible that as many as forty-four percent of current short-term rental units are in RSO units.<sup>5</sup> These units would still be ineligible for home-sharing under the proposed ordinance, but the enforcement resources will be more robust.

The ordinance would additionally impact the number of short-term rentals that are currently in non-primary residences. A May 3, 2017 Budget Memo published by the City Administrative Officer<sup>6</sup> estimated that enforcement of the primary residency requirement could result in up to a 46% decline in short-term rental booking receipts.<sup>7</sup> While booking receipts cannot be directly translated to individual short-term rental units, it can reasonably be concluded that a prohibition on short-term rental activity in non-primary residences could result in up to approximately a 40% reduction in short-term rental activity.

One way to get a better sense of potential effects is to look at the results in a city that has a robust tourism industry and that adopted similar regulations. In May 2015, Santa Monica passed an ordinance that features important similarities to the City's proposed Home-Sharing ordinance. Like in the proposed Home-Sharing ordinance, Santa Monica limits home-sharing to primary residences, requires registration numbers on listings, and places responsibility on both hosts and hosting platforms to enforce the law.<sup>8</sup> Santa Monica does not have any limits on the number of

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<sup>5</sup> If 55% of STR are in multi-family units, and 80% of multi-family units are subject to the RSO, then approximately 44% of STR could be RSO units (55% x 80% = 44%).

<sup>6</sup> City Administrative Officer. *Budget Memo 118: City Planning - Short-Term Rental Transient Occupancy Tax*. May 3, 2017. <http://cao.lacity.org/budgetmemos/FY%202017-18%20All%20CAO%20Budget%20Memos.pdf>

<sup>7</sup> The CAO report estimated a 63.37% total decline in short-term rental booking receipts; however, 20% of that decline (approximately 15% overall) was attributed to the impact of the (then-proposed) annual cap of 180 days. Since then, the annual cap has been reduced to 120 days, and a new process has been proposed to allow for extended home-sharing activity to extend beyond that cap. Since this extended home-sharing process was not anticipated in the CAO report, the Department has not included the full 63.37% decline in this analysis.

<sup>8</sup> There are differences in the ordinances as well. Santa Monica's ordinance requires that short-term stays be "hosted", meaning the host must reside at the property at the time of the stay (not out of town). However Santa Monica staff responsible for the enforcement of that city's home-sharing ordinance report say they are typically unable to enforce this provision because Santa Monica staff have not identified an

nights per year that a host can operate a home-share. After Santa Monica began implementing the ordinance in June 2015, total short-term listings in the city are estimated to have dropped from about 1,400 listings to less than 1,000 in the first year (a decline of 30%). Based on discussions with staff in Santa Monica, the reduction of online listings in Santa Monica is due in large part to the staff resources devoted to pro-active enforcement. The City's proposed Home-Sharing ordinance requires that significant resources be dedicated to the enforcement of the ordinance, in particular efforts against illegal listings. This level of resources would allow for a combination of staff resources and third party consultants to enforce the law in the same manner as has been done in Santa Monica.

San Francisco also adopted an ordinance (effective February 2015) that is similar to the proposed Home-Sharing ordinance. Specifically, San Francisco's ordinance limits short-term rentals to primary residences, requires hosts to register as a business, and limits unhosted rentals (which occur when the host is not present in the unit during the guests' stay) to 90 nights per year. The San Francisco Chronicle published a report on February 16, 2018 which showed a 55 percent reduction in short-term rental listings in the City as a result of enforcement of the ordinance.<sup>9</sup> The 55 percent reduction was observed after the City began enforcing registration requirements on January 16, 2018, based on a comparison of the number of active listings on home-sharing platforms Airbnb, HomeAway and FlipKey on August, 29 2017 and January 19, 2018. In particular, the largest reduction in short-term rental listings was observed in neighborhoods that have higher proportions of renters, due in part to the requirement that renters need landlord approval to register for home-sharing. The same requirement would apply under the City's proposed Home-Sharing ordinance, and as such it is anticipated that a similar decline would be observed in Los Angeles.

Based on these available assumptions and the actual results observed in cities with comparable regulations, the City reasonably estimates that the impact of enforcement of the proposed ordinance would reasonably result in approximately a 20% to 40% reduction in short-term rental activity. Based on the data available from Host Compliance, the City would expect that this would lead to a reduction to between approximately 11,000 and 15,000 active listings from the baseline range of 18,285 active listings (those that are rented for one or more nights per year). This estimate is in line with the impacts observed in the City of Santa Monica and the City and County of San Francisco, both of which recently adopted similar regulations. This estimate is based on the assumption that most short-term rental activity that is currently illegal activity would discontinue after adoption of the ordinance; however, it is possible that the reduction may not be as drastic if current short-term rental hosts qualify for home-sharing registration and are thereby able to continue renting out portions of their home on a short-term basis. Nevertheless, the City anticipates a reduction in home-sharing activity as a result of enforcement of the proposed ordinance.

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effective tool to enforce this rule. The proposed Los Angeles ordinance prohibits home-sharing in units subject to the Rent Stabilization Ordinance, which disqualifies nearly half of the City's housing stock from participating in home-sharing.

<sup>9</sup> Carolyn Said, "A Leaner Vacation Market," San Francisco Chronicle, February 16, 2018.

<https://www.sfchronicle.com/business/article/SF-short-term-rentals-transformed-as-Airbnb-12617798.php>

In addition to considering the direct effects of the proposed ordinance on short-term rental activity in the City, staff also considered whether there would be any anticipated indirect impacts on hotel and motel occupancy rates. Specifically, staff considered whether stays in residential short-term rentals may currently lead to reduced demand for typical hotels, motels and bed and breakfasts; and whether a potential impact of the reduction in short-term rental activity in the City may result in increased demand and occupancy rates. The best research the City has located regarding the relationship between hotels and short-term rentals is based on a study of Airbnb stays in Austin, TX<sup>10</sup>. While the study found a significant inverse relationship between hotel revenues and Airbnb stays, it found a near-zero impact on occupancy rates, which is a more relevant metric for assessing potential environmental impacts. Specifically, the study found that a 10% increase in Airbnb listings is associated with a .0005 percent decrease in hotel occupancy rates. This is in line with current information in Los Angeles, where demand for hotel rooms has increased in recent years, despite the ascendance of short-term rentals<sup>11</sup>. Given this assumption, if a 20-40% reduction in short-term activity were to occur as a result of the proposed ordinance, as is reasonably estimated above, changes in hotel occupancy rates would be negligible (an estimated .001-.002 percent increase). This .001 to .002 percent projected increase compares to a decrease in occupancy rate of 1.6% recorded in Los Angeles County through 2017. The impacts of the proposed ordinance on hotel and motel occupancy rates are thereby considered negligible.

In the longer term, short-term rentals may be seen to also affect the hotel industry's investment and development decisions. However, there is no clear evidence of this potential outcome in Los Angeles. During a period of rapid increase in the number of short-term rentals, hotel development has also undergone a significant increase. In January 2016, the Los Angeles Tourism and Convention Board reported that approximately 83 new hotels, with 14,650 guest rooms, were under development. Given current behavior of the hotel industry in constructing a significant number of hotels during a time when the number of short-term rentals have also increased significantly, the proposed ordinance restricting short-term rentals is not likely to influence decisions related to hotel construction. The larger factor is clearly the higher demand for short-term stays overall, as reflected by a record number of visits to the Los Angeles region as well as the record number of hotel room nights sold in 2017 (29.4 million). The increase in hotel development will be sufficient to absorb the largely insignificant increase in hotel occupancy rates associated with the ordinance.

As stated above, there is currently very little effective enforcement against short-term rentals in the City of Los Angeles, the vast majority of which are believed to be operating in violation of current Municipal Code regulations. Therefore, if someone is interested in renting out residential space on an online hosting platform, they are unlikely to wait until a new regulatory system is put in place to engage in such activities. They are already engaging in short-term rental activities. This conclusion is reinforced by the data provided above that show that as of October 19, 2017 there are approximately 28,918 active short-term rental listings in the City of Los Angeles.

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<sup>10</sup> Georgios Zervas, Davide Proserpio, and John W. Byers (2017). The Rise of the Sharing Economy: Estimating the Impact of Airbnb on the Hotel Industry. *Journal of Marketing Research*: October 2017, Vol. 54, No. 5, pp. 687-705.

<sup>11</sup> Los Angeles Tourism and Convention Board. Los Angeles Tourism Quick Facts 2017

As such, the proposed ordinance would not likely induce any new short-term rentals to take place. On the contrary, as discussed above, it is anticipated that the number of short-term rentals is likely to decline as a result of the proposed ordinance. The City expects many owners of the few thousand homes that would be ineligible for Home-Sharing will discontinue renting their housing units as short-term rentals. Many are likely to end or shorten their activities to fewer than 120 days, leading to a net reduction in short-term rental activity Citywide. This reduction is anticipated to occur, even in light of the City Council recommendations to allow for properties to apply for extended home-sharing beyond the 120-day limit. While it is not known how many hosts would be eligible to apply for extended home-sharing, there are currently approximately 7,500 properties that provide home-sharing for more than 120 days per year. It is important to note, however, that many of these properties would not be eligible for home-sharing or extended home-sharing under the primary residence requirement, prohibition on home-sharing in RSO units, and other requirements. Thus, the net effect of the requirements of the proposed ordinance, along with additional resources for enforcement, are expected to result in a reduction in the number of short-term rentals in the City. For the purposes of CEQA, these reductions are therefore anticipated to result in a reduction in environmental impacts caused by short-term rentals, and as such the proposed Home-Sharing ordinance is not expected to have a significant impact on the environment.

At the more local level, the impact on the residential environment is also likely to be minimal regardless of the exact magnitude of the change in short-term rental activity. With the regulations set forth by the Home-Sharing ordinance, the operation of short-term rental uses would be similar to the operation of a regular occupied home in any residential neighborhood. In fact, oftentimes a bedroom or unit that is used exclusively for a short-term rental is likely to be used less intensely than a full-time, long-term occupied bedroom or unit, and would also be vacant more frequently than a unit or bedroom that is used exclusively as a permanent residence (and as such would have lower operational impacts).

Finally, because only primary residences may be used for short-term rentals, there is no economic incentive to construct new residences for short-term rentals. The City's ordinance should ensure that short-term rental activity will only be an ancillary use to the primary residential use of the residence.

## **EVALUATION**

### **Summary**

The above analysis concludes that short-term rental activity is likely to decline as a result of the ordinance for the following reasons: (1) the ordinance as proposed permits only residential units used as primary residences to be used as short-term rentals; (2) the ordinance prohibits residential units subject to the City's Rent Stabilization Ordinance stabilization ordinance from use as short-term rentals; (3) the ordinance permits an individual or entity to list only one unit or single family residence as a short-term rental; (4) the ordinance limits home-sharing to an annual cap of



120-days, unless additional approval is granted to exceed the cap and certain additional conditions are met; (5) the ordinance requires that all short-term rentals be registered with the City; (6) the ordinance requires renters who seek to rent their units as short term rentals to obtain permission from their landlords; and (7) the ordinance mandates that ten percent (10%) of the TOT revenue generated from home-sharing rentals be allocated for administration and enforcement of the ordinance's regulations and prohibitions. These regulations will necessarily limit the units available to be used as short-term rentals and may discourage individuals that are currently listing units or residences as short-term rentals from continuing to do so because of the registration requirement and the additional regulations and enforcement. Reductions in the number of short-term rentals should be more pronounced in areas with greater concentrations of entire residences that are listed as short-term rentals. The proposed ordinance amends Sections 12.03, 12.22, 12.24, 19.01 and 21.7.2 of the Los Angeles Municipal Code (LAMC) and will be applicable to all parcels in which residential uses are permitted or currently exist.

Below is a discussion of potential impacts in each environmental topic area. In most cases, impact areas are not impacted at all, or only tangentially. In cases where there may be a potential effect, the net result would be minor. As a result, the Initial Study finds no potential impacts.

This evaluation is a programmatic review of the impact of short-term rentals on residential neighborhoods.

## 1. AESTHETICS

### a) Would the project have a substantial adverse effect on a scenic vista?

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably expected or intended to occur as a result of the implementation of the proposed ordinance. There will be no changes to a structure's physical shape or size nor would it create any physical changes to the environment. Therefore, no impact on a scenic vista will result.

### b) Would the project substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably expected to occur for the reasons set forth above. It does not include scenic resources within a state scenic highway. No impact related to the ordinance will occur.

### c) Would the project substantially degrade the existing visual character or quality of the site and its surroundings?

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new

development is expected to occur for the reasons set forth above. The existing visual character or quality of the site and its surroundings will not be impacted.

**d) Would the project create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. It will not introduce new sources of substantial light or glare. No impact related to this issue would occur.

## **2. AGRICULTURE AND FORESTRY RESOURCES**

**a) Would the project convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is expected to occur for the reasons set forth above. It will not impact or convert any farmland to non-agricultural use. Therefore, no impacts related to this issue would occur.

**b) Would the project conflict with existing zoning for agricultural use, or a Williamson Act Contract?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is expected to occur for the reasons set forth above. It will not change any land zoned for agricultural use, and the site is not under a Williamson Act Contract. Thus, there is no conflict with existing zoning for agricultural use, or a Williamson Act Contract. Therefore, no impacts related to this issue would occur.

**c) Would the project conflict with existing zoning for, or cause rezoning of, forest land (as defined in Public Resources Code section 12220[g]), timberland (as defined by Public Resources Code section 4526), or timberland zoned Timberland Production (as defined by Government Code section 51104 [g])?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is expected to occur for the reasons set forth above. It will not change any land zoned as forest land or timberland. Therefore, no impacts related to this issue would occur.

**d) Would the project result in the loss of forest land or conversion of forest land to non-forest use?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable for the reasons set forth above. It does not

propose changes to any forest land. Therefore, no impacts related to this issue would occur.

- e) **Would the project involve other changes in the existing environment, which due to their location or nature, could result in conversion of Farmland, to non-agricultural use?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is expected to occur for the reasons set forth above. No agricultural uses are included as part of the project. Therefore, no impacts related to this issue would occur.

### 3. AIR QUALITY

- a) **Would the project conflict with or obstruct implementation of the applicable air quality plan?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. For the reasons set forth above, it is not anticipated the Home-Sharing Ordinance will result an increase in use of residences, an increase in traffic or a change in traffic patterns that would increase or change vehicle emissions from existing conditions. As such, it will not conflict or obstruct implementation of applicable air quality plan.

- b) **Would the project violate any air quality standard or contribute substantially to an existing or projected air quality violation?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. For the reasons set forth above, it is not anticipated the Home-Sharing Ordinance will result in an increase in use of residences, an increase in traffic or a change in traffic patterns that would increase or change vehicle emissions from existing conditions. Accordingly, short-term rental activities permitted by this proposed Ordinance will not violate air quality standards or contribute substantially to an existing or projected violation.

- c) **Would the project result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions, which exceed quantitative threshold for ozone precursors)?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. For the reasons set forth above, it is not anticipated the Home-Sharing Ordinance will result in an increase in use of residences, an increase in traffic or a change in traffic patterns that would increase or change vehicular emissions from existing conditions. Accordingly, short-term rental activities permitted by this proposed Ordinance will not directly or indirectly result in the cumulative net increase

of any criteria pollutant for which the region is currently in non-attainment. No related impacts would occur.

**d) Would the project expose sensitive receptors to substantial pollutant concentrations?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. For the reasons set forth above, it is not anticipated the Home-Sharing Ordinance will result in an increase in the use of residences, an increase in traffic or a change in traffic patterns that would increase or change vehicle emissions from existing conditions. Accordingly, short-term rental activities permitted by this proposed Ordinance will not facilitate the generation or emission of any criteria pollutant from the emissions resulting from existing environmental conditions and would not expose sensitive receptors to pollutants. No related impacts would occur.

**e) Would the project create objectionable odors affecting a substantial number of people?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. As such, activities permitted by the proposed Ordinance would not result in the reasonably foreseeable creation of objectionable odors and therefore no impact.

#### **4. BIOLOGICAL RESOURCES**

**a) Would the project have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulation, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. As such, activities permitted by the proposed Ordinance would not result in the reasonably foreseeable impacts to the habitats and species identified in the above question.

**b) Would the project have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. As such, activities permitted by the proposed Ordinance would not result in reasonably foreseeable impacts to habitats or natural communities referenced in the above question.

- c) **Would the project have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. As such, activities permitted by the proposed Ordinance would not result in the reasonably foreseeable impacts to any wetlands.

- d) **Would the project interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. As such, activities permitted by the proposed Ordinance would not result in a reasonably foreseeable impact or modification to any wildlife corridors.

- e) **Would the project conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. As such, activities permitted by the proposed Ordinance would not result in a reasonably foreseeable conflict with existing policies protecting biological resources. Therefore, no impacts related to this issue would occur.

- f) **Would the project conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. There are no adopted Habitat Conservation Plans, Natural Community Conservation Plans, or any other approved habitat conservation plans in the City. Therefore, the project would not conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan, and no impacts related to this issue would occur.

## 5. CULTURAL RESOURCES

- a) **Would the project cause a substantial adverse change in the significance of a historical resource as defined in §15064.5?**

**No Impact.** State CEQA Guidelines Section 15064.5 defines an historical resource as: 1) a resource listed in or determined to be eligible by the State Historical Resources Commission for listing in the California Register of Historical Resources; 2) a resource listed in a local register of historical resources or identified as significant in a historical

resource survey meeting certain state guidelines; or 3) an object, building, structure, site, area, place, record or manuscript which a lead agency determines to be significant in the architectural, engineering, scientific, economic, agricultural, educational, social, political, military, or cultural annals of California, provided that the lead agency's determination is supported by substantial evidence in light of the whole record. A project-related significant adverse effect would occur if a project were to adversely affect a historical resource meeting one of the above definitions. Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. As such, activities permitted by the proposed Ordinance would not result in reasonably foreseeable impacts to historic structures as they will not be affected by the ordinance because the ordinance does not specifically authorize development-related activities, nor will it result in reasonably foreseeable new development that could potentially impact historical resources. Thus, the ordinance would not cause a substantial adverse change in the significance of a historical resource as defined in §15064.5. Therefore, no impacts related to historical resources would occur as a result of the ordinance.

**b) Would the project cause a substantial adverse change in the significance of an archaeological resource pursuant to 15064.5?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. No grading or excavation is proposed as part of the project nor are such activities a reasonably foreseeable consequence of activities authorized by the proposed Ordinance. Therefore, no impacts related to this issue would occur.

**c) Would the project directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. No grading or excavation is proposed as part of the project nor are such activities a reasonably foreseeable consequence of activities authorized by the proposed Ordinance. Therefore, no impacts related to this issue would occur.

**d) Would the project disturb any human remains, including those interred outside of formal cemeteries?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. No grading or excavation is proposed as part of the project nor are such activities a reasonably foreseeable consequence of activities authorized by the proposed Ordinance. Therefore, no impacts related to this issue would occur.

## 6. GEOLOGY AND SOILS

**Note:** In light of the California Supreme Court’s ruling in the case of *California Building Industry Association v. Bay Area Air Quality Management District* (2015) 62 Cal. 4th 369, the focus of the analysis of the questions set forth in subparts (a),(c) and (d) shall focus on whether the activities authorized by the proposed Ordinance could either create the hazards identified in the questions or exacerbate existing physical conditions so as to potentially cause the hazards identified in the questions.

**a) Would the project expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving:**

- (i) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. As such, the activities permitted by the proposed Ordinance would not cause a reasonably foreseeable rupture of a known earthquake fault nor exacerbate existing environmental conditions so as to potentially cause such rupture.

- (ii) Strong seismic ground shaking?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. As such, the activities permitted by the proposed Ordinance would not cause reasonably foreseeable strong seismic ground shaking nor exacerbate existing environmental conditions so as to increase the potential to expose more people to strong seismic ground shaking.

- (iii) Seismic-related ground failure, including liquefaction?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. As such, the activities permitted by the proposed Ordinance would not cause a reasonably foreseeable strong seismic ground failure nor exacerbate existing environmental conditions so as to potentially cause strong seismic ground failure than that of the existing single family uses.

- (iv) Landslides?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. As such, the activities permitted by the proposed Ordinance would not cause reasonably foreseeable

landslides nor exacerbate existing environmental conditions so as to potentially cause landslides.

**b) Would the project result in substantial soil erosion or the loss of topsoil?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. As such, the activities permitted by the proposed Ordinance are not expected to cause reasonably foreseeable physical changes to the environment that would cause soil erosion or loss of topsoil. Therefore, no impacts related to this issue would occur.

**c) Would the project be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction or collapse?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. As such, the activities permitted by the proposed Ordinance would not cause soil to become unstable resulting in reasonably foreseeable on- or off-site landslides, lateral spreading, subsidence, liquefaction or collapse nor exacerbate existing environmental conditions so as to potentially cause of these geological events.

**Would the project be located on expansive soil, as identified on Table 18-1-B of the Uniform Building Code (1994), creating substantial risks to life or property?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. As such, the activities permitted by the proposed Ordinance would not cause soil to become unstable resulting in reasonably foreseeable exacerbation of the existing expansive soil conditions. Therefore, no related impacts would occur.

**d) Would the project have soils incapable of adequately supporting the use of septic tanks or alternative wastewater disposal systems where sewers are not available for the disposal of wastewater?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. As such, the activities permitted by the proposed Ordinance would not involve the use of septic tanks or alternative wastewater disposal systems. Thus, the Project would not result in any impacts related to soils that are incapable of adequately supporting the use of septic tanks or alternative wastewater disposal systems where sewers are not available for the disposal of wastewater. Therefore, no impacts related to this issue would occur.



## 7. GREENHOUSE GAS EMISSIONS

- a) **Would the project generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. For the reasons set forth above, it is not anticipated the Home-Sharing Ordinance will result in an increase in use of residences so as to increase use of energy above existing use levels, an increase in traffic or a change in traffic patterns that would increase or change vehicle emissions from existing conditions. Accordingly, short-term rental activities permitted by this proposed Ordinance will not cause an increase in cumulative greenhouse gas emissions.

- b) **Would the project conflict with an applicable plan, policy or regulation adopted for the purpose of reducing the emissions of greenhouse gases?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. For the reasons set forth above, it is not anticipated the Home-Sharing Ordinance will result in an increase in use of residences so as to increase use of energy above existing use levels, an increase in traffic or a change in traffic patterns that would increase or change vehicle emissions from existing conditions. Accordingly, short-term rental activities permitted by this proposed Ordinance will not conflict with an applicable plan, policy, or regulation adopted for the purposes of reducing greenhouse gases.

## 8. HAZARDS AND HAZARDOUS MATERIALS

- a) **Would the project create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. Furthermore, it is not reasonably foreseeable that the activities permitted by the proposed Ordinance would involve routine transport, use, or disposal of hazardous materials. Therefore, no impacts related to this issue would occur.

- b) **Would the project create significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?**

**No Impact** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. No excavation or construction-related activities are anticipated to occur which could result in the release of hazardous materials into the environment. Users of short-term rentals are not expected to use hazardous materials other than typical small quantities of household hazardous materials, such as cleaning

agents, and these would not be expected to result in impacts over any existing from current uses and baseline conditions. Therefore, no impacts related to this issue would occur.

- c) Would the project emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. As discussed, it does not involve emission or handling of hazardous materials. Therefore, no impacts related to this issue would occur.

- d) Would the project be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. The activities permitted by the proposed Ordinance would not result in short-term rental uses occurring on sites other than existing residential dwellings. As such, the proposed Ordinance would not increase the number of residences located on the above described lists from current conditions. As such, it is not reasonably foreseeable that impacts related to this issue would occur.

- e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. Therefore, no impacts related to this issue would occur.

- f) For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. Therefore, no impacts related to this issue would occur.

- g) Would the project impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. No aspects of the ordinance would inhibit access to hospitals, emergency response centers, school locations, communication facilities, highways and bridges, or airports. Thus, no impacts related to this issue would occur.

- h) Would the project expose people or structures to a significant risk of loss, injury or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. There is no reasonably foreseeable increased risks involving wildland fires. Therefore, no impacts related to this issue would occur.

## **9. HYDROLOGY AND WATER QUALITY**

- a) Would the project violate any water quality standards or waste discharge requirements?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. Therefore, it would have no impact on water quality standards or waste discharge and would not violate any water quality standards or waste discharge requirements.

- b) Would the project substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. Within the City, it is not expected that home-sharing as defined by the ordinance would result in a significant increase in water usage that would have an impact on groundwater supplies.

- c) Would the project substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner, which would result in substantial erosion or siltation on- or off-site?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. Therefore, it would have no impact on existing drainage patterns.

- d) Would the project substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner which would result in flooding on- or off-site?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. Therefore, it would have no impact on existing drainage patterns.

- e) **Would the project create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. Therefore, it would have no impact on runoff water which would exceed the capacity of existing or planned stormwater drainage systems.

- f) **Would the project otherwise substantially degrade water quality?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. Therefore, it would have no impact on water quality.

- g) **Would the project place housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. Therefore, no impacts related to this issue would occur.

- h) **Would the project place within a 100-year flood hazard area structures which would impede or redirect flood flows?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. Therefore, no impacts related to this issue would occur.

- i) **Would the project expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. There is no potential to increase risk involved with flooding. Therefore, no impacts related to this issue would occur.

- j) **Would the project expose people or structures to a significant risk of loss, injury or death involving inundation by seiche, tsunami, or mudflow?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. There is no potential to increase risk involved with seiche, tsunami, or mudflow. Therefore, no impacts related to this issue would occur.

## 10. LAND USE AND PLANNING

**a) Would the project physically divide an established community?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. There will be no physical division of an established community. Therefore no related impacts would occur.

**b) Would the project conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. There would be no conflict with any applicable land use plan, policy, or regulation. Therefore no related impacts would occur.

**c) Would the project conflict with any applicable habitat conservation plan or natural community conservation plan?**

**No Impact** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. Therefore, it would not conflict with any applicable habitat conservation plan or natural community conservation plan, and impacts related to this issue would occur.

## **11. MINERAL RESOURCES**

**a) Would the project result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. Thus, it would not result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state. Therefore, no impacts related to issue would occur.

**b) Would the project result in the loss of availability of a locally-important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. Thus, it would not result in the loss of availability of a locally-important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan. Therefore, no impacts related to issue would occur.

## **12. NOISE**

- a) **Would the project result in exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?**

**Less than Significant Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. As such, there would not be any noise generated from construction-related activities. There is the possibility of an increase in operational noise levels in homes that are rented under this ordinance; however, there are no studies or other data that show home-sharing results in a substantial increase in noise levels in neighborhoods with short-term home-share rentals so as to violate local noise ordinance. Furthermore, it is anticipated that enforcement of existing Municipal Code noise regulations, for which funding is provided by the proposed Ordinance, will generally ensure excess noise does not result from home-sharing. In fact, because the ordinance prohibits all full-time vacation home rentals, there is the potential for a decrease in the number of vacation rentals, which could lead to the possible decrease in noise levels related to the operation of home-sharing.

- b) **Would the project result in exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. There is no potential for this ordinance to facilitate the exposure to groundborne vibration or noise. Therefore, no impacts related to issue would occur.

- c) **Would the project result in a substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?**

**Less than Significant Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. There is the possibility of an increase in operational noise levels in homes that are rented under this ordinance; however, there are no studies or other data that show home-sharing results in a substantial increase in noise levels in neighborhoods with short-term home-share rentals so as to violate local noise ordinance. Furthermore, it is anticipated that enforcement of existing Municipal Code noise regulations will generally ensure excess noise does not result from home-sharing. In fact, because the ordinance prohibits all full-time vacation home rentals, there is the potential for a decrease in the number of vacation rentals which could lead to the possible decrease in noise levels related to the operation of home-sharing.

- d) **Would the project result in a substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?**

**Less than Significant Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. There is the possibility of an increase in operational noise levels in homes that are rented under this

ordinance; however, there are no studies or other data that show home-sharing results in a substantial increase in noise levels in neighborhoods with short-term home-share rentals so as to violate local noise ordinance. Furthermore, it is anticipated that enforcement of existing noise Municipal Code regulations, for which funding is provided by the proposed Ordinance, will generally ensure excess noise does not result from home-sharing. In fact, because the ordinance prohibits all full-time vacation home rentals, there is the potential that implementation of this ordinance will actually result in a general decrease in noise levels associated with home-sharing activities.

- e) **For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. Additionally, major airports have an airport land use plan that provides guidance on noise levels and land use in adjacent areas. If a site were located within the vicinity of a major airport, the project site would be subject to the guidance provided in the airport land use plan. Therefore, the ordinance would not expose people residing or working in the Project area to excessive noise levels and no impact would occur.

- f) **For a project within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. Therefore, the ordinance would not expose people residing or working in the Project area to excessive noise levels and no impact would occur.

### 13. POPULATION AND HOUSING

- a) **Would the project induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. There is no potential for inducing population growth; therefore no related impacts would occur.

**b) Would the project displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere?**

**Less than Significant Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. Furthermore, the ordinance requires the dwellings used for home-sharing to be a person's primary residence. Therefore, it would not displace any existing housing, necessitating the construction of replacement housing elsewhere.

**c) Would the project displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?**

**Less than Significant Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is expected to occur for the reasons set forth above. Furthermore, generally the ordinance requires the dwellings used for home-sharing to be a person's primary residence. Therefore, it would not displace any residents, necessitating the construction of replacement housing elsewhere.

## **14. PUBLIC SERVICES**

**a) Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered government facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objective for any of the following public services:**

**(i) Fire protection?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. Furthermore, there is no evidence that home-sharing would increase demands on fire protection services so as to require the construction of new or expanded facilities. Therefore, no related impacts would occur.

**(ii) Police protection?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. Furthermore, there is no evidence that home-sharing would increase demands on police protection services so as to require the construction of new or expanded facilities. Therefore, no related impacts would occur.

**(iii) Schools?**



**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. Furthermore, there is no evidence that home-sharing would increase demands on schools so as to require the construction of new or expanded school facilities. Therefore, no related impacts would occur.

**(iv) Parks?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. Furthermore, there is no evidence that home-sharing would increase demands on parks so as to require the construction of new or expanded park facilities. Therefore, no related impacts would occur.

**(v) Other public facilities?**

**Libraries**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. Furthermore, there is no evidence that home-sharing would increase demands on libraries so as to require the construction of new or expanded library facilities. Therefore, no related impacts would occur.

## **15. RECREATION**

- a) Would the project increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. Furthermore, there is no evidence that home-sharing would increase the use of neighborhood and regional parks or other recreational facilities so as to cause the substantial physical deterioration of such facilities. Therefore, no related impacts would occur.

- b) Does the project include recreational facilities or require the construction or expansion of recreational facilities which might have an adverse physical effect on the environment?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. Therefore, the construction or expansion of recreational facilities would not be required. Therefore, no related impacts would occur.

## **16. TRANSPORTATION AND TRAFFIC**

- a) **Would the project conflict with an applicable plan, ordinance or policy establishing measures of effectiveness for the performance of the circulation system, taking into account all modes of transportation including mass transit and non-motorized travel and relevant components of the circulation system, including but not limited to intersections, streets, highways and freeways, pedestrian and bicycle paths, and mass transit?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. For the reasons set forth above, it is not anticipated the Home-Sharing Ordinance will result in an increase in use of residences, an increase in traffic or a change in traffic patterns that would cause a conflict with an applicable plan, ordinance, or policy establishing measures of effectiveness for the performance of the circulation system. Therefore, no related impacts would occur.

- b) **Would the project conflict with an applicable congestion management program, including, but not limited to level of service standards and travel demand measures, or other standards established by the count congestion management agency for designated roads or highways?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. For the reasons set forth above, it is not anticipated the Home-Sharing Ordinance will result in an increase in use of residences, an increase in traffic or a change in traffic patterns that would conflict with applicable congestion management programs. Therefore, no related impacts would occur.

- c) **Would the project result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. As discussed, it is anticipated that the proposed ordinance would likely result in a decrease in home-sharing activity; therefore, it is not expected that there would be any increase in the number of people visiting the City via airplane as a result of the ordinance. Thus, the ordinance would not result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks. Therefore, no impacts related to this issue would occur.

- d) **Would the project substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. For the reasons set forth above, it is not anticipated the Home-Sharing Ordinance will result in an increase in use of residences, an increase in traffic or a change in traffic patterns that would result in proposed changes for roadway designs or incompatible uses. Therefore, no related impacts would occur.

**e) Would the project result in inadequate emergency access?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. Therefore, no related impacts would occur.

**f) Would the project conflict with adopted policies, plans, or programs supporting alternative transportation (e.g., bus turnouts, bicycle racks)?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is reasonably foreseeable. Therefore, no related impacts would occur.

## **17. TRIBAL CULTURAL RESOURCES**

**a) Would the project be listed or eligible for listing in the California Register of Historical Resources, or in a local register of historical resources as defined in Public Resources Code section 5020.1(k)?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is expected to occur for the reasons set forth above. Most tribal cultural resources are anticipated with buried resources and land valued for association with tribal practices. The Home-Sharing ordinance will not result in any excavation of soils or ground disturbance. Therefore, no related impacts would occur.

**b) Would the project be a resource determined by the lead agency, in its discretion and supported by substantial evidence, to be significant pursuant to criteria set forth in subdivision (c) of Public Resources Code Section 5024.1? In applying the criteria set forth in subdivision (c) of Public Resources Code Section 5024.1, the lead agency shall consider the significance of the resource to a California Native American tribe.**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is expected to occur for the reasons set forth above. Most tribal cultural resources are anticipated with buried resources and land valued for association with tribal practices. The Home-Sharing ordinance will not result in any excavation of soils or ground disturbance. Therefore, no related impacts would occur.

Assembly Bill 52 (AB 52) established a formal consultation process for California Native American Tribes to identify potential significant impacts to Tribal Cultural Resources, as defined in Public Resources Code §21074, as part of CEQA. As specified in AB 52, lead agencies must provide notice inviting consultation to California Native American tribes that are traditionally and culturally affiliated with the geographic area of a Proposed Ordinance if the Tribe has submitted a request in writing to be notified of Proposed Ordinances. The Tribe must respond in writing within 30 days of the City's AB 52 notice. The Native American Heritage Commission (NAHC) provided a list of Native American groups and individuals who might have knowledge of the religious and/or cultural significance of resources that may be in and near the Project site. In accordance with AB 52, notice of

the Home-Sharing Ordinance was provided on June 28, 2018 to tribes who have requested such notice in the City of Los Angeles, and no tribes requested consultation.

## 18. UTILITIES AND SERVICE SYSTEMS

- a) **Would the project exceed wastewater treatment requirements of the applicable regional water quality control board?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is expected to occur for the reasons set forth above. The Home-Sharing ordinance is not intensifying the use of any existing residential structures beyond the baseline conditions. There is no evidence that home-sharing of primarily primary residences results in significant increases in the generation of wastewater. Therefore, no related impacts would occur.

- b) **Would the project require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is expected to occur for the reasons set forth above. There is no evidence that home-sharing generally results in significant increases in water usage or waste water generation that would require the construction of new water or wastewater treatment facilities or expansion of existing facilities. Therefore, no related impacts would occur.

- c) **Would the project require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is expected to occur for the reasons set forth above. It does not propose construction of new storm water drainage facilities or expansion of existing facilities. Therefore, no related impacts would occur.

- d) **Would the project have significant water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is expected to occur for the reasons set forth above. Therefore, no related impacts would occur.

- e) **Would the project result in a determination by the wastewater treatment provider which serves or may serve the project that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments?**

**No Impact** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is expected to occur for the reasons set forth above. Therefore, no related impacts would occur.

- f) **Would the project be served by a landfill with sufficient permitted capacity to accommodate the project’s solid waste disposal needs?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is expected to occur for the reasons set forth above. Therefore, no related impacts would occur.

- g) **Would the project comply with federal, state, and local statutes and regulations related to solid waste?**

**No Impact.** Based upon the analysis set forth above, the Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new development is expected to occur for the reasons set forth above. It affects existing residences which complies with all applicable federal, state, and local statutes and regulations related to solid waste generation, and no significant impacts related to this issue would occur.

## 19. MANDATORY FINDINGS OF SIGNIFICANCE

- a) **Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal, or eliminate important examples of the major periods of California history or prehistory?**

**No Impact.** For the reasons stated in this Initial Study, the Home-Sharing ordinance would not have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal, or eliminate important examples of the major periods of California history or prehistory. No new development is expected to occur for the reasons set forth above.

As discussed in **Section 5, Cultural Resources** and **Section 17, Tribal Cultural Resources**, the Home-Sharing ordinance would have no impacts to archaeological and paleontological resources and tribal cultural resources. No further analysis is required.

- b) **Does the project have impacts that are individually limited, but cumulatively considerable? (“Cumulatively considerable” means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects)?**

**No Impact.** For the reasons stated in this Initial Study, the Home-Sharing ordinance would not potentially result in any significant impacts and would not have the potential to contribute to significant cumulative impacts.

**c) Does the project have environmental effects, which will cause substantial adverse effects on human beings, either directly or indirectly?**

**No Impact.** For the reasons stated in this Initial Study, the Home-Sharing ordinance would not potentially cause substantial adverse effects on human beings, either directly or indirectly.

**CONCLUSION**

Based upon the information set forth above, in the staff report related to this ordinance and the substantial evidence contained in the whole of the record of proceedings, the City has determined that the adoption of this ordinance could not have a significant effect on the environment and a negative declaration may be adopted.

Attachment







# Los Angeles: Short-Term Rental Market Overview

By Host Compliance, LLC

**October 2017**



## I. Background & Methodology

Like communities around the world, the City of Los Angeles is interested in effectively and efficiently responding to the rapid growth of Internet-facilitated short-term rentals (STRs) in ways that best fit the needs of residents and neighborhoods. Host Compliance LLC has gathered data on the short-term rental market in Los Angeles and its districts to provide independent facts to facilitate a larger discussion of community goals, enforcement systems, and finding a workable balance in a dynamic environment. This report summarizes data collected in October 2017.

As a software, data and consulting services provider exclusively focused on helping local governments overcome the challenges associated with short-term vacation rentals, Host Compliance LLC has developed a set of proprietary data and analytics tools that can provide deep insights into the scale and scope of the short-term rental activity in any community. In this report, we will provide our findings from Los Angeles, with the hope that this fact-base will help inform the debate about how short-term rentals could be regulated in the City in the years to come.

### *General Methodology*

Host Compliance's data is collected weekly and we currently collect, aggregate and deduplicate all listing data, reviews, calendar info and photos across the world's 24 top short-term rental listing sites.<sup>1</sup> We estimate this represents 99% of the total vacation rental universe in Los Angeles's jurisdiction.

Gathering data across platforms presents unique presentation problems. One listing may list on multiple sites, or might be listed in multiple forms on the same site, and analysis can quickly be bogged down by constantly switching between unique rental units, listings, active listings, de-duplicated listings, etc. In this document, unless preceded by a modifier, 'listings' refers to all online advertisements, regardless of ownership, duplication, or activity. Each profile will give a breakdown between listings, active listings, listings that qualify as STRs, and unique rental units.

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<sup>1</sup> Airbnb.com, Booking.com, Agoda.com, Flipkey.com, HolidayLettings.com, HouseTrip.com, Niumba.com, HomeAway.com, VRBO.com, VacationRentals.com, travelmob.com, BedandBreakfast.com, HomeAway.co.uk, OwnersDirect.co.uk, HomeAway.de, Abritel.fr, Homelidays.com, HomeAway.es, Toprural.es, AlugueTemporada.com.br, HomeAway.com.au, Villas.com, Stayz.com.au, Bookabach.co.nz



Active listings are defined as any listing that has either had its booking calendar changed or received a review in the last year. These are strong indicators that a host is still actively managing a listing. Using information on activity, nightly minimum stays, and rental price, Host Compliance has been able to produce estimates of potential monthly and yearly revenue both for individual units and on a neighborhood-scale. These estimates can only be verified by a host-by-host audit.

### *Data Used for This Report*

Host Compliance's raw data can be analyzed by a number of parameters including:

- Listing site
- Location (as defined by a boundary box or polygon i.e. a neighborhood)
- Property type (e.g. single-family or multi-family)
- Room type (e.g. entire home, private room, shared room)
- Number of bedrooms and bathrooms, rental rate, and minimum rental period
- Host Name/ID
- Activity and revenue estimates
- First and last review date
- Date the property was first active

The data contained in this report is believed to be highly accurate and representative of the scale and scope of the short-term rental activity in Los Angeles as of the date of this report.

### *Data Note*

The data contained in this report was collected on or before October 7, 2017. Small differences in individual lines – discrepancies between listings numbers and percentages, percentages that add up to more or less than 100% - may be the result of rounding or updated data.

All of these numbers represent a moment in time, a specific snapshot of the marketplace as it is on the day of collection. Short-term renting is a dynamic, rapidly evolving industry, with individual hosts and entire listing platforms changing on a moment's notice. Absolute numbers change daily and can never truly be captured in a report. Instead, consider the themes, ratios, and trends as indicative, even if the data varies slightly.



## *Host Compliance Team*

### **Jeffrey Goodman**

Jeffrey is an urban planner and considered one of North America's leading authorities on short-term rentals and how they impact communities. He has contracted with both the City of New Orleans and Airbnb, and advised research on short-term rentals cities including San Francisco, Los Angeles, Portland, New Orleans, and New York. Jeff has spoken about short-term rentals across the country, including at the APA's National Planning Conference. He graduated from Yale College and earned his Masters of Urban Planning from Harvard University. He is the author of a featured article in Planning Magazine on the topic of STRs.

### **David Marcus**

David is a Caltech Applied and Computational Math graduate working at the intersection of data science and geospatial information management with eight years of experience building well-architected scalable software. Prior to Host Compliance, David founded Routefriend.com, a web-based application for planning trips on buses and trains, serving 1.5 million monthly users. David's most recent experience was at DwellAware where he served as the Lead Data Scientist for the data analytics company building products to quantify housing risks and costs for businesses and their customers in the residential real estate sector. Prior to DwellAware, David served in various technical roles at a number of software companies including aboutLife, UrbanMapping, AmericanTowns.com, Nielsen Analytic Consulting and Hewitt Associates. David earned his BS Degree in Applied & Computational Mathematics at California Institute of Technology and his MA in Anthropology from University of Kent.

### **Ulrik Binzer**

Ulrik is the Founder and CEO of Host Compliance, the industry leader in short-term rental monitoring and compliance solutions for local governments. A pioneer in the short-term rental enforcement solution space, Ulrik developed the first short-term rental compliance monitoring tools and now uses his expertise and insights to help local governments across North America implement, monitor and enforce short-term rental regulation. Ulrik previously served in a variety of leadership roles in management consulting, private equity, startups and the military and developed his strategic and analytical skill-set at McKinsey & Company and the Harvard Business School.

### 3. Short-term Rental Data

In the following pages the data on short-term rentals for Los Angeles are summarized, first for the city as a whole and then for the fifteen council districts.

Below are a number of charts that provide a broad overview of the STR market in Los Angeles. Each data sheet will give an overview of the listing types, characteristics, and an estimate of activity in the area. These are summary sheets; a deeper dive is possible with data Host Compliance has gathered.

#### 1. Los Angeles STR Market

<b>Neighborhood</b>	<b>Active Listings</b>	<b>Listings that fit STR definition</b>	<b>Unique Rental Units</b>
District 1	1,860	1,852	1,852
District 2	1,518	1,508	1,207
District 3	709	702	567
District 4	6,012	5,931	4,977
District 5	3,499	3,444	3,444
District 6	305	302	283
District 7	107	106	89
District 8	420	419	265
District 9	211	211	156
District 10	1,876	1,859	1,295
District 11	5,842	5,719	4,164
District 12	334	332	268
District 13	4,157	4,118	2,995
District 14	1,866	1,850	1,432
District 15	202	192	157
<b>TOTAL</b>	<b>28,918</b>	<b>28,545</b>	<b>23,151</b>

# City of Los Angeles

**28,918**

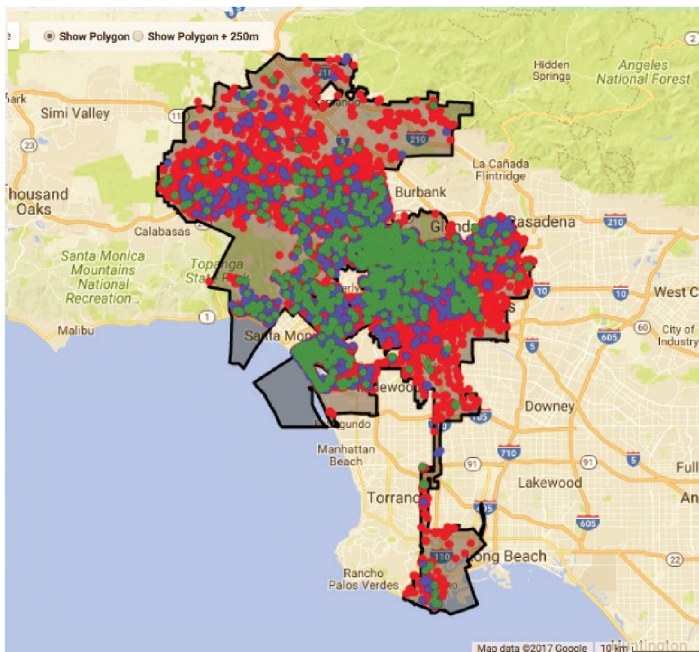
Active listings in jurisdiction

**28,545**

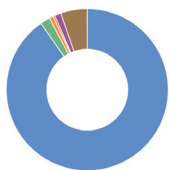
Listings in jurisdiction that fit STR definition

**23,151**

Unique properties in jurisdiction that fit STR definition

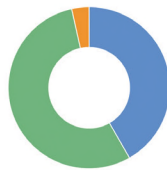


## Minimum Nights



- 1-7 nights [90%]
- 8-14 nights [2%]
- 15-21 nights [1%]
- 22-29 nights [0%]
- 30+ nights [1%]
- Not specified by Host [5%]

## Listing types

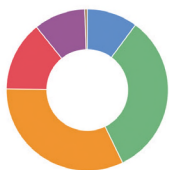


- Single Family Listing [42%]
- Multi Family Listing [55%]
- Unknown [3%]



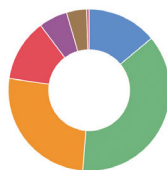
- Partial Home [31%]
- Entire Home [69%]
- Unknown [0%]

## Nightly Rate

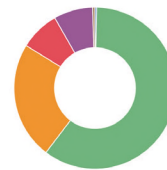


- \$0-\$50 [10%]
- \$50-\$100 [33%]
- \$100-\$200 [32%]
- \$200-\$400 [14%]
- \$400+ [10%]
- not provided [0%]

## Bedrooms / Bathrooms

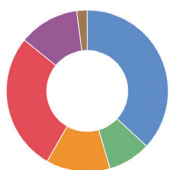


- 0 bedrooms [14%]
- 1 bedroom [37%]
- 2 bedrooms [26%]
- 3 bedrooms [12%]
- 4 bedrooms [6%]
- 5+ bedrooms [4%]
- unknown [1%]



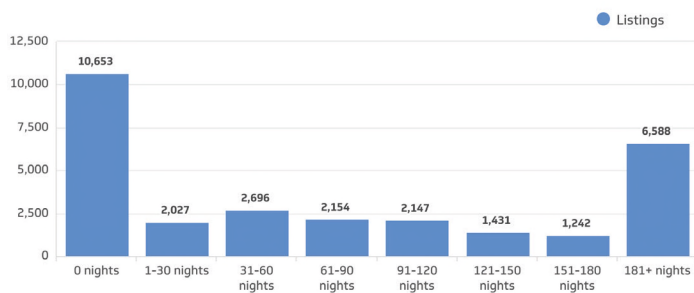
- 0 bathrooms [0%]
- 1 bathroom [60%]
- 2 bathrooms [23%]
- 3 bathrooms [8%]
- 4+ bathrooms [8%]
- unknown [0%]

## Estimated Annual Revenue



- \$0k [37%]
- \$0k-\$5k [9%]
- \$5k-\$10k [13%]
- \$10k-\$25k [28%]
- \$25k-\$50k [12%]
- \$50k+ [2%]

## Est. Annual Nights Rented



**EXHIBIT C:  
PLUM Committee Instruction, Adopted by City  
Council**

---

CPC-2016-1243-CA  
September 13, 2018

HOLLY L. WOLCOTT  
CITY CLERK

SHANNON D. HOPPE  
EXECUTIVE OFFICER

City of Los Angeles  
CALIFORNIA



ERIC GARCETTI  
MAYOR

OFFICE OF THE  
CITY CLERK

Council and Public Services Division  
200 N. SPRING STREET, ROOM 395  
LOS ANGELES, CA 90012  
GENERAL INFORMATION - (213) 978-1133  
FAX: (213) 978-1040

PATRICE Y. LATTIMORE  
ACTING DIVISION MANAGER

[CLERK.LACITY.ORG](http://CLERK.LACITY.ORG)

When making inquiries relative to  
this matter, please refer to the  
Council File No.: [14-1635-S2](#)

## OFFICIAL ACTION OF THE LOS ANGELES CITY COUNCIL

May 4, 2018

**Council File No.:** [14-1635-S2](#)

**Council Meeting Date:** May 02, 2018

**Agenda Item No.:** 16

**Agenda Description:** PLANNING AND LAND USE MANAGEMENT (PLUM) and HOUSING COMMITTEES' REPORTS relative to the proposed Home-Sharing Ordinance.

**Council Action:** PLANNING AND LAND USE MANAGEMENT AND HOUSING COMMITTEES' REPORTS AND AMENDING MOTIONS 16C, 16D, 16E, 16F, 16G, 16H, 16I, 16J, 16K - ADOPTED

**Council Vote:**

YES	BOB BLUMENFIELD
YES	MIKE BONIN
YES	JOE BUSCAINO
YES	GILBERT A. CEDILLO
YES	MITCHELL ENGLANDER
YES	MARQUEECE HARRIS-DAWSON
YES	JOSE HUIZAR
YES	PAUL KORETZ
YES	PAUL KREKORIAN
YES	NURY MARTINEZ
YES	MITCH O'FARRELL
YES	CURREN D. PRICE
YES	MONICA RODRIGUEZ
YES	DAVID RYU
YES	HERB WESSON

HOLLY L. WOLCOTT  
CITY CLERK



PLANNING AND LAND USE MANAGEMENT COMMITTEE REPORT relative to the proposed Home-Sharing Ordinance.

Recommendations for Council action:

1. INSTRUCT the Department of City Planning to amend the proposed Ordinance as follows:
  - a. 120-day Citywide Cap.
  - b. Adopt the framework that allows qualified hosts to participate in home sharing above 120 days via an administrative process that includes:
    - i. Neighbor notification to abutting property owners/occupants, including an outline of a complaint process.
    - ii. Host must have had a home sharing permit/registration for at least six months or have hosted for at least 60 days.
    - iii. Two-strike verified citation policy from an enforcement agency of the City of Los Angeles (Administrative Citation Enforcement, Los Angeles Department of Building and Safety, Los Angeles Housing and Community Investment Department, Los Angeles Police Department and Los Angeles Fire Department); if host has only one citation, it must be cleared to participate in the administrative approval.
  - c. Allow hosts to participate in home sharing above 120 days via a discretionary review process in the event that an administrative approval is denied.
  - d. Eliminate conversion by Transient Occupancy Residential Structures.
  - e. Annual renewal for all home sharing permits, including by-right, administrative and discretionary.
  - f. Landlord opt-out provision.
  - g. Per night surcharge to help offset cost of enforcement and compliance.
  - h. Enforcement enhancements to be included:
    - i. 24-hour/seven-days a week staffed hotline to receive complaints
    - ii. Real-time outreach to hosts to resolve issues.
    - iii. Web-based registration, renewal process.
    - iv. Establish task force for coordination between City agencies.

- i. Platform Agreement, including:
  - i. Actively remove listings that violate Home-Sharing Ordinance.
  - ii. Designate an employee or representative to respond to enforcement issues and coordinate sharing of information.
  - iii. Provide the City in electronic format, relevant information needed by the City to conduct enforcement.
  - iv. Abide by regulation of Transient Occupancy Tax (TOT) Ordinance.
  - v. Set aside ten percent of TOT and distribute equally Citywide to the General City Purpose Fund.

2. REFER the matter back to the Los Angeles City Planning Commission for consideration.

Applicant: City of Los Angeles

Case No. CPC-2016-1243-CA

Environmental No. ENV-2016-1277-ND

Fiscal Impact Statement: None submitted by the Department of City Planning. Neither the City Administrative Officer nor the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: Yes.

For: Downtown Los Angeles Neighborhood Council; Mar Vista Neighborhood Council; Sunland - Tujunga Neighborhood Council; West Hills Neighborhood Council.

For, if amended: Los Feliz Neighborhood Council; South Robertson Neighborhood Council; Westwood Neighborhood Council; Venice Neighborhood Council; Del Rey Neighborhood Council; Greater Valley Glen Neighborhood Council.

Against: Bel Air - Beverly Crest Neighborhood Council; Brentwood Neighborhood Council; Encino Neighborhood Council; Glassell Park Neighborhood Council; Neighborhood Council of Westchester - Playa Del Rey; Pacific Palisades Neighborhood Council; Rampart Village Neighborhood Council.

Against, unless amended: Central Hollywood Neighborhood Council; Westside Neighborhood Council.

Summary:

At a regular meeting held on April 10, 2018, the PLUM Committee considered the matter

regarding the Home Sharing Ordinance. Staff from the DCP provided the Committee with an overview of their most recent report of the options for a discretionary review process, a Citywide cap, an opt-out provision, feasibility of a pass-through surcharge to cover administrative and enforcement costs, and amendments to environmental clearance documents. The Committee members asked additional questions and presented further recommendations. After an in depth discussion, and the opportunity for public comment, the Committee recommended with an instruction for the DCP to amend the proposed Ordinance, as discussed, and to report back on further questions asked by the Committee members. The matter of the proposed Ordinance is now submitted to the Council for consideration.

Respectfully Submitted,



PLANNING AND LAND USE MANAGEMENT COMMITTEE

<u>MEMBER:</u>	<u>VOTE:</u>
HUIZAR	YES
HARRIS-DAWSON	YES
ENGLANDER	YES
BLUMENFIELD	YES
PRICE	YES

SD

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**

HOUSING COMMITTEE REPORT relative to the proposed Home-Sharing Ordinance.

Recommendation for Council action:

APPROVE the Planning and Land Use Management Committee report.

Fiscal Impact Statement: None submitted by the Department of City Planning (DCP). Neither the City Administrative Officer nor the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: Yes.

For:

Sunland - Tujunga Neighborhood Council  
West Hills Neighborhood Council  
Downtown Los Angeles Neighborhood Council  
Mar Vista Neighborhood Council

For, if amended:

Los Feliz Neighborhood Council  
Westwood Neighborhood Council  
South Robertson Neighborhood Council  
Venice Neighborhood Council

Against:

Neighborhood Council of Westchester-Playa Del Rey  
Glassell Park Neighborhood Council  
Bel Air - Beverly Crest Neighborhood Council  
Encino Neighborhood Council  
Pacific Palisades Neighborhood Council  
Brentwood Neighborhood Council

Against, unless Amended:

Central Hollywood Neighborhood Council  
Westside Neighborhood Council

**(Also referred to the Planning and Land Use Management Committee)**

Summary:

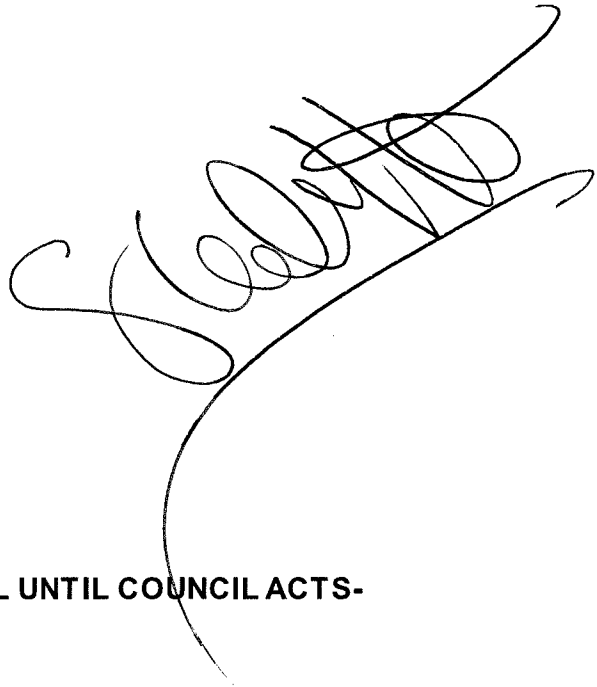
On April 25, 2018, your Committee considered various DCP reports and related California Environmental Quality Act findings, Negative Declaration, and Ordinance amending the Los Angeles Municipal Code, and the Los Angeles Administrative Code, to impose regulations permitting the sharing of primary residences, except units regulated by the Rent Stabilization Ordinance, and directing Transient Occupancy Taxes derived from Home-Sharing to the Affordable Housing Trust Fund, and a new Short-Term Rental Enforcement Trust Fund in response to Motion (Bonin - Wesson - Koretz) relative to policy governing short-term rentals in

the City.

After consideration and having provided an opportunity for public comment, the Committee recommended approval of the Planning and Land Use Management Committee report. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

HOUSING COMMITTEE

A large, stylized handwritten signature in black ink, appearing to read 'S. Cortez', is written over the right side of the page. The signature is written in a cursive, flowing style.

<u>MEMBER</u>	<u>VOTE</u>
CEDILLO:	YES
KREKORIAN:	ABSENT
HARRIS-DAWSON:	YES

ARL  
4/25/18

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**

MOTION

16C

I MOVE that the matter of the Planning and Land Use and Housing Committee reports relative to the proposed Home-Sharing Ordinance, Item No. 16 on today’s Council Agenda (CF 14-1635-S2), be amended for enforcement clarification pertaining to the previously approved instruction in CF 12-1824-S1 Planning and Land Use Management Committee Report November 28<sup>th</sup>, 2017 regarding Loud and Unruly Gatherings to include:

“Suspend hosts from participating in home sharing during the 30 days after they have been cited as a Loud and Unruly Gathering as codified in Section 41.58.1 of the LAMC as part of the recently approved Ordinance No. 185451.”

“Suspend hosts from participating in home sharing for one year if they have been cited with a third or higher violation as a Loud and Unruly Gathering as codified in Section 41.58.1 of the LAMC as part of the recently approved Ordinance No. 185451.”

PRESENTED BY: David E. Ryu  
DAVID E. RYU  
Councilmember, 4th District

SECONDED BY: Herb J. Wesson Jr.  
HERB J. WESSON JR.  
Councilmember, 10th District

Barbara

ORIGINAL

MAY 02 2018

# ITEM No. 16 -

16D

## MOTION

I MOVE that the matter of the Planning and Land Use Management (PLUM) and Housing Committees' Reports relative to the proposed Home-Sharing Ordinance, Item No. 16 on today's Council Agenda (CF 14-1635-S2), **BE AMENDED** to INSTRUCT the Planning Department to report on establishing a 120-day cap for "non-hosted" stays and no cap for "hosted" stays.

PRESENTED BY:

  
MITCH O'FARRELL  
Councilman, 13<sup>th</sup> District

SECONDED BY:



ORIGINAL

May 2, 2018ak

MOTION

Among the issues that have complicated the drafting of the Home Sharing Ordinance has been the occasional disruptions and nuisances caused by unruly short-term rental guests in residences in Los Angeles. One of the goals of the ordinance is to provide permitting and enforcement mechanisms that will give the City more ability to control these problems.

The City of Palm Springs, in permitting short-term rentals within its jurisdiction, has introduced the concept of a "Code of Conduct" to be provided to hosts to share with short-term visitors. This Code, which addresses behavioral, safety, security and basic "good neighbor" concepts, reportedly has been effective in reducing the complaints short-term rentals can cause. The City of Los Angeles should implement a Code of Conduct as well.

Additionally, research has shown that most generally law-abiding people likely will obey laws they know about. When a new law is introduced one of the most effective means of encouraging compliance is to educate the sector of the public most involved with the newly-regulated activity about the regulations. In adopting the Home Sharing Ordinance, the City should take appropriate steps to ensure that all hosts registering to engage in home sharing be provided with the text of the ordinance and any other documentation deemed appropriate so that they will be fully apprised of their rights, responsibilities and potential liabilities relating to participating in the activity.

I THEREFORE MOVE that the Department of City Planning be instructed to report back to the City Planning Commission and the City Council as soon as possible regarding amending the Planning and Land Use Management Committee report to include an amendment to Section 1e. of the Home Sharing Ordinance to require that a Code of Conduct be provided to each registered home sharing host and that the Department of City Planning be instructed to prepare this Code to coincide with implementation of this ordinance; and

I FURTHER MOVE that the Department of City Planning include in the report a recommended methodology for ensuring that every host is provided with the text of the adopted ordinance and any other collateral materials necessary upon registering to help them achieve full compliance.

PRESENTED BY: Paul Koretz  
PAUL KORETZ, Councilmember, Fifth District

SECONDED BY: [Signature]

ORIGINAL

MAY 02 2018



MOTION

The Home Sharing Ordinance (CF 14-1635-S2) includes a provisions that prohibits the use of rent stabilized rental units for the purposes of short-term rentals. This provision is widely supported.

Many years ago, the city had a designation for "apartment hotels," now largely unused. There is also a designation for "residential hotels." These buildings have housed Los Angeles residents for decades, and thus are both housing and typically governed by the Rent Stabilization Ordinance. Consequently they are among the type of units which should be protected from short-term rental use in the Home Sharing Ordinance.

Additionally, questions have arisen regarding how "rental units" and "tenants" are defined in the Municipal Code which should be clarified.

I THEREFORE MOVE that the Department of City Planning be instructed to report back to the City Planning Commission and the City Council as soon as possible regarding amending the Planning and Land Use Management Committee report be to clarify that buildings officially identified as "apartment hotels" or "residential hotels" as of the effective date of the Home Sharing Ordinance are considered residential housing for the purpose of this ordinance, and thus subject to all the terms and prohibitions of it, and that if they are subject to the RSO, these units are not eligible for Short-Term Rentals; and

I FURTHER MOVE that the report also consider amendments to appropriate sections of the Municipal Code to clarify that "Rental units" include all dwellings units, guest rooms, suites of rooms, and efficiency dwelling units in apartment hotels and residential hotels, and that a "tenant" be defined as a person who lives in a rental unit for 31 days or more.

PRESENTED BY: Paul Koretz  
PAUL KORETZ, Councilmember, Fifth District

SECONDED BY: [Signature]

MAY 02 2018


ORIGINAL

# ITEM No. 16 - G

## M O T I O N

I MOVE that the matter of the Planning and Land Use Management (PLUM) and Housing Committees' Reports relative to the proposed Home-Sharing Ordinance, Item No. 16 on today's Council Agenda (CF 14-1635-S2), **BE AMENDED** to request the City Attorney, with the assistance of the Department of City Planning, to report on the legality of precluding Rent Stabilization Ordinance (RSO) units from participating in Home-Sharing.

PRESENTED BY:



MITCH O'FARRELL  
Councilman, 13<sup>th</sup> District

SECONDED BY:



ORIGINAL

May 2, 2018<sub>ak</sub>

# ITEM No. 16 - #

## M O T I O N

I MOVE that the matter of the Planning and Land Use Management (PLUM) and Housing Committees' Reports relative to the proposed Home-Sharing Ordinance, Item No. 16 on today's Council Agenda (CF 14-1635-S2), **BE AMENDED**, as follows:

A. **Remove** any provision that would require 90% of the Transient Occupancy Tax revenues going to the Affordable Housing Trust Fund.

B. **Delete** PLUM Report subsection v. of Recommendation 1. section i. (Platform Agreement) which currently reads as follows:

*v. Set aside ten percent of TOT and distribute equally Citywide to the General City Purposes Fund.*

C. **Instruct** the City Administrative Officer with the assistance of the Planning Department and the Chief Legislative Analyst to report on ways for the City to address the negative impacts of the short term rental industry with the TOT revenue that has been collected, and looking at a way to develop proposed formula options for City-wide and local amelioration, including distributing a portion to each Council District.

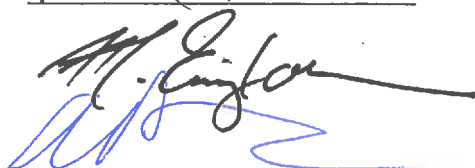
D. **Instruct** the City Administrative Officer with the assistance of the Planning Department and the Chief Legislative Analyst to identify daily surcharges, platform and host registration fees, for the purposes of administration, oversight and enforcement.

PRESENTED BY:



HERB J. WESSON, Jr.  
Councilman, 10<sup>th</sup> District

SECONDED BY:



ORIGINAL

**MOTION**

I THEREFORE MOVE that the Planning and Land Use Management Committee and Housing Committee Reports relative to the proposed Home Sharing Ordinance (CF14-1635-S2) BE AMENDED to *Instruct Planning Dept and Request City Atty to report back relative to:*

1. Allow qualified hosts to participate in home sharing above the 120 day cap via a discretionary approval process, unless the hosts meet the following criteria, in which case the approval is by right:
  - o Neighbor notification to abutting property owners/occupants
  - o Host must have had a home sharing permit/registration for at least 6 months or have hosted for at least 60 days
  - o No more than 2 documented violations from an enforcement agency of the City of Los Angeles
  - o However, for those qualified hosts in an R-1 and more restrictive zone, by right approval will not be granted if a majority of the property owners within a radius of 100 feet object within 30 days of notification

PRESENTED BY *Bob Blumefeld*  
BOB BLUMENFELD  
Councilmember, 3rd District

SECONDED BY: *Paul Krutz*

**RECEIVED**

MAY 02 2018

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*Handwritten signature*

# ITEM No. 16 - 5

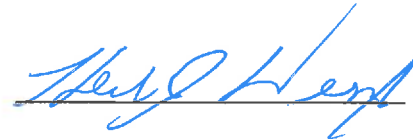
## M O T I O N

I MOVE that the matter of the Planning and Land Use Management (PLUM) and Housing Committees' Reports relative to the proposed Home-Sharing Ordinance, Item No. 16 on today's Council Agenda (CF 14-1635-S2), **BE AMENDED** to INSTRUCT the Department of City Planning to report back on an alternate, reduced, fee structure for "hosted stays."

PRESENTED BY:

  
MITCH O'FARRELL  
Councilman, 13<sup>th</sup> District

SECONDED BY:



ORIGINAL

May 2, 2018<sub>ak</sub>

**MOTION 16-K**

I HEREBY MOVE that Council INSTRUCT the Planning Department to report back relative to changing the current definition of "primary residence" from 6 months to 11 months; and, finding an exemption for those that can show that they are out of town for a lengthy period of time.

PRESENTED BY \_\_\_\_\_  
PAUL KORETZ  
Councilmember, 5th District

SECONDED BY \_\_\_\_\_  
JOSE HUIZAR  
Councilmember, 14th District

May 2, 2018  
CF 14-1635-S2

**EXHIBIT D:**  
**June 23, 2016 Staff Recommendation Report to CPC**

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CPC-2016-1243-CA  
September 13, 2018



## DEPARTMENT OF CITY PLANNING RECOMMENDATION REPORT

### City Planning Commission

**Date:** June 23, 2016  
**Time:** After 10:00 a.m.  
**Place:** Los Angeles City Council Chambers  
200 N. Spring St., Rm. 340  
Los Angeles, CA 90012

**Case No.:** DIR-2016-1243-CA  
**CEQA No.:** ENV-2016-1277-ND  
**Council No.:** 14-1635-S2  
**Location:** Citywide  
**Council District:** All

**Public Hearing:** May 21, 2016


**PROPOSED PROJECT:** The proposed Home-Sharing Ordinance (Exhibit A) amending Sections 12.03, 12.22, 12.24, 19.01 and 21.7.2 of the Los Angeles Municipal Code; and amending Section 5.522 of the Administrative Code; imposing regulations to permit sharing of one's primary residence, establishing an application fee and administrative fines for Home-Sharing, and directing Transient Occupancy Taxes derived from Home-Sharing to the Affordable Housing Trust Fund.

**RECOMMENDED ACTION:**

1. **Recommend** adoption of the proposed ordinance (Exhibit A) by City Council;
2. **Adopt** the staff report as its report on the subject;
3. **Adopt** the attached Findings;
4. **Recommend** that the City Council, based on the whole of the administrative record, determine that the ordinance is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15061(b)(3) and direct staff to file the Notice of Exemption with the County Clerk's office (See Exhibit C); and, pursuant to CEQA Guidelines Section 15074(b), adopt ENV-2016- 1277-ND and find that based on the whole of the administrative record, in the independent judgment of the decision-maker, the project will not have a significant effect on the environment and direct staff to file a Notice of Determination with the County Clerk's office.

VINCENT P. BERTONI, AICP  
Director of Planning

  
\_\_\_\_\_  
Ken Bernstein, AICP, Principal City Planner

  
\_\_\_\_\_  
Claire Bowin, Senior City Planner

  
\_\_\_\_\_  
Matthew Glesne, City Planner, 213.978.2666



## TABLE OF CONTENTS

<b>Project Analysis .....</b>	<b>A-1</b>
Project Summary	
Background	
Issues	
Conclusion	
<b>Findings .....</b>	<b>F-1</b>
General Plan/Charter Findings	
CEQA Findings	
<b>Public Hearing and Communications.....</b>	<b>P-1</b>
<b>Exhibits:</b>	
A – Proposed Ordinance	
B - Environmental Clearance	
C – Map of Short-Term Rentals in the City of Los Angeles	
D – Comparison of the Short-Term Rental Laws in Other Cities	

## PROJECT ANALYSIS

### Project Summary

In 2015 the Los Angeles City Council directed the Department of City Planning to draft an ordinance establishing a regulatory framework to legalize and regulate the short-term rental (for less than 30 days at a time) of one's own home. The sharing of one's own residential unit, in part or in whole, as short-term rentals is a practice that has grown rapidly in recent years, facilitated by the Internet. The Department has chosen to call this practice *home-sharing*. Home-sharing is not intended to include *vacation rentals*, where the home is not used as a primary residence and the home is used exclusively for transient guests.

Legalizing limited home-sharing embraces recent technological innovation that facilitates the efficient use of existing resources, including one's own residential space. There has been a large amount of compelling testimony from many Angelenos who credit home-sharing with providing meaningful assistance during difficult financial times or significantly enriching their lives. They state the practice enhances local economic development, can help the City with needed revenues and poses little to no impact to their neighborhoods. On the other hand, the Department has heard equally compelling testimony about lives and communities that have been negatively impacted by short-term rentals. Many have expressed significant concerns about the loss of neighborhood character, the loss of valuable housing stock and various nuisance activities associated with short-term rentals.

This issue has attracted intense interest from the community - from those on all sides. Some believe short-term rentals should be completely banned, while others believe there should be no limits to the activity. The challenge is to create simple, sensible and enforceable local policies that appropriately balance the rights of homeowners and renters with the interests of neighbors and other community members who may only experience the negative side-effects associated with people renting out their homes on a short-term basis. The proposed ordinance seeks to protect neighborhoods and preserve the City's critical housing stock. It holds hosts and platforms accountable, but still allows people to legally share their home with short-term guests.

Specifically, the proposed ordinance would:

- Define and establish a regulatory framework to legalize and regulate home-sharing in one's own primary residence (where one resides at least 6 months of the year)
- Require hosts to register with the City and limit home sharing to 120 days in a year
- Clarify and support the requirement to collect and remit Transient Occupancy Tax (TOT)
- Reiterate that vacation rentals and other short-term rentals not covered by the City's approved use definitions are unlawful
- Establish various tools and administrative fines to enforce illegal short-term rentals
- Prohibit any person from advertising home-sharing that is not registered with the City
- Require hosting platforms to disclose to the City on a regular basis the name of the host, the address of each listing, length of stay for each listing, and the price paid for each stay, subject to privacy protections
- Ban the ability of residential apartments to be converted to short-term uses, by modifying the Transient Occupancy Residential Structure regulations in the zoning code
- Direct the Transient Occupancy Tax generated from home-sharing towards pro-active enforcement of the ordinance and the Affordable Housing Trust Fund

## **Background**

The proposed ordinance is in response to issues raised from the dramatic increase in the number of residences being rented informally on a short-term basis (fewer than 30 days) in recent years. The total number of active short-term rental hosts and economic activity associated with just the largest hosting platform company (Airbnb) has nearly tripled over the last 19 months<sup>1</sup>. Airbnb estimates in 2015 there were about 12,270 active hosts in Los Angeles who accommodated 560,000 total guests. Assuming that Airbnb represents about 65% of the total listings in the City, as researchers have estimated, then there are likely about 20,000 total *active* listings for short-term rental in the City of Los Angeles<sup>2</sup>. This figure compares to a figure of 23,000 total listings (active and inactive) obtained by a “data scrape” of 18 of the top short-term rental websites completed at the beginning of June 2016.

Short-term rental Internet sites, referred to in the ordinance as *hosting platforms*, enable property owners, tenants and occupants to rent their living space to guests. The most common listings are from hosts who live on their property and offer a bedroom for rent in their home. Rentals can also take place in the entire home, a couch or suite of rooms. Typically, short-term rentals consist of a duration of a few days up to a few weeks. The average Airbnb length of stay is 4.5 days, and the average number of guests is 2.2.

While some level of home-sharing and vacation rental has likely always occurred in tourist-friendly cities, the ease with which one can now advertise a residence to vacationers from around the world has fundamentally changed the scale and intensity of this activity. The situation has been exacerbated in recent years as mainstream tourist industry websites like Expedia and Hotels.com have also begun advertising short-term rentals, increasing the reach of short-term rental listings beyond a once niche audience.

## **Current Regulations on Short-Term Rentals**

The rental of a portion of a dwelling for less than 30 days is presently not permitted by the zoning code in the vast majority of the City. This was confirmed by a recent Superior Court ruling (*Chen vs. Kraft (2016)*)<sup>3</sup>. Unless a property is located in a commercial (C) zone, and more than 500 feet from a residential zone, a special conditional use permit (CUP) must be obtained before any residential use can be rented on a short-term basis. Owners of buildings in R4, R5 or C zones may request one type of a CUP to enable an apartment/hotel hybrid use called a Transient Occupancy Residential Structure (TORS). Smaller structures with fewer than five guest rooms, if they are deemed to be historic, may apply for another type of a CUP to become a Bed and Breakfast and rent on a short-term basis in any zone.

The TORS designation was created in 1992, primarily to differentiate regular hotels from the influx of new “extended stay hotels”, which were becoming more like regular dwelling units with kitchens. Hotel and motel guest rooms are prohibited from having kitchens. The TORS definition (below) refers to buildings that contain dwelling units (with kitchens) and are used for less than 30 days. The definition from 12.03 of the LAMC is copied below:

*TRANSIENT OCCUPANCY RESIDENTIAL STRUCTURE. A residential building designed or used for one or more dwelling units or a combination of three or more dwelling units and not more than five guest rooms or suites of rooms wherein occupancy, by any person by reason of concession, permit, right of access, license, or*

---

<sup>1</sup> Martin, Hugo. *Airbnb estimates its home-sharing platform added \$920 million to L.A. economy*. May 9, 2016. Los Angeles Times.

<sup>2</sup> Samaan, Ray. *Short-Term Rentals and L.A.'s Lost Housing*. August 24, 2015. Los Angeles Alliance for a New Economy.

<sup>3</sup>The Appellate Court decision can be found here: <http://www.courts.ca.gov/opinions/documents/JAD16-01.PDF>

*other agreement is for a period of 30 consecutive calendar days or less, counting portions of calendar days as full days.*

The other zoning code definition that applies to short-term rental is Bed and Breakfast, which is defined as follows:

*BED AND BREAKFAST FACILITY. A building or portion thereof which is used as a temporary lodging place for fewer than thirty consecutive days and which does not contain more than five guest rooms and one kitchen.*

The current regulations were not designed for the situation Los Angeles finds itself in today and are therefore ill-suited to regulate the short-term rental market. For instance, the current regulations allow a more straightforward approval process for the conversion of entire rent-controlled apartment buildings into full-time hotel use/short-term rentals (as a TORS) than it does for the legitimate sharing of one's own home during a few weekends a year. Given the lack of clarity and specificity, enforcement of the current short-term rental market has been difficult (see the Enforcement section below).

The proposed ordinance (Exhibit A) establishes home-sharing as an accessory use to the primary residential structure, notwithstanding current zoning code definitions. However, all other applicable building, zoning and housing code provisions remain in effect.

### **Benefits of Short Term Rentals**

Short term rentals bring significant benefits to those who operate them, as well as their visitors. The activity makes efficient use of space by allowing residents to host guests in a room or unit when that room or unit might otherwise go unused. The Department has heard from many individuals who use short-term rentals as a way to help afford their own home, cover healthcare expenses, recover after the loss of a job, and have meaningful, culturally enriching interactions with visitors from around the world. Airbnb, the largest home-sharing platform currently on the market, recently published statistics claiming that nearly 23% of their hosts reported that the extra income helped prevent losing their home to foreclosure or eviction. Given the significant affordability challenges in Los Angeles, there is little doubt that short-term rentals help offset the housing cost burden for many families. On the other hand, it should also be noted that many of the listings tend to be located in the highest-priced neighborhoods in the city. Home-Sharing does not appear to be assisting many people living in low-income neighborhoods or those far from tourist destinations.

For visitors, short-term rentals often offer a more affordable and flexible option. The Department has received testimony regarding the many types of travelers that benefit from a more residential environment, including families with children, travelers with pets, large groups, etc. Kitchens are often available as part of home-sharing, which is a benefit to many. Many travelers also enjoy the feel of being in a "local" neighborhood as opposed to a typical commercial hotel district. As such, short-term rentals bring tourists to neighborhoods that may be underserved by hotels and therefore ordinarily do not receive tourist dollars. Airbnb recently estimated the economic impact of its visitors in Los Angeles was \$920 million in 2015, supporting 1,700 jobs.

### **Concerns with Short Term Rentals**

Concerns regarding short-term rentals fall largely into three categories: nuisance activity, impact on the housing stock and the relationship of home-sharing to existing building and zoning codes. These issues are discussed below.

#### Nuisance Activities

Nuisance activities that have been reported include instances of loud noise, parties, trash, inconsiderate guests, excessive coming and going as well as the commercial use of residential

properties for private events. More broadly, some neighbors of short-term rentals feel that these activities have resulted in the loss of stable residential character as their long-term neighbors are increasingly replaced by short-term guests.

### Impact on Housing Stock

Many have expressed concern regarding the potential impact of short-term rentals on the already strained housing stock of the city. The Census Bureau reports the first quarter 2016 rental vacancy rate in the Los Angeles region as 2.7%, which is currently the lowest of any major metropolitan area in the United States. To the extent rental units are removed from the long-term housing market to be used solely for short-term use, overall residential supply is reduced and the lack of housing will be exacerbated.

Many owners have an incentive to convert housing units from long-term to short-term use because, in some neighborhoods, there is a substantial financial premium to be earned from short-term rentals. Technology has allowed the easy pairing of willing hosts with willing renters leading to a situation where long-term rents are under pressure as the regular rental market increasingly competes with the short-term market. Some new multifamily developments in communities such as Hollywood have been renting brand new vacant units as short-term rentals, which reduces the normal pressure to lower the asking prices to otherwise lease up a building to long term tenants.

When units intended for long-term rental are lost or replaced as short-term rentals, this undercuts the City's housing goals, including Mayor Garcetti's 100,000 housing unit production goal by 2021. For every unit that is converted to short-term use, another unit must be created to make up for the loss. Any decrease in the supply of residential units available for the City's permanent residents may put an upward pressure on price.

As a national and local standard (reflected in LAMC 12.95.2), the housing market is deemed to have a shortage of housing units when the vacancy rate is less than 5%. Further, a vacancy rate of less than 3% is considered "severe". The General Plan, and more specifically the Housing Element, recognizes the issue of rising housing costs in Los Angeles, and its related impact on the City's most pressing issues, including homelessness, overcrowding, and reduced quality of life, traffic, and air quality.

Information consulted as part of this report suggests that there likely has been a citywide impact on rents, as the result of the increase in short-term rentals, and this impact may be more significant at the neighborhood level. Researchers found that the top nine Airbnb neighborhoods have seen rent increases more than double the city average<sup>4</sup>. In San Francisco, the result of lost housing units was estimated to have resulted in higher average monthly rents citywide of between \$19 and \$76 in early 2015<sup>5</sup>.

Another recent report from LAANE, released in August 2015, found that the percentage of hosts offering whole units had increased markedly in Los Angeles (from 48% to 64%) between October 2014 and July 2015<sup>6</sup>. While not all of these whole unit listings are necessarily removing housing stock, roughly 3,000 of these entire home listings, on Airbnb alone, were for more than 90 days. Other platforms, such as Home Away and VRBO, are believed to have higher percentages of entire home vacation rentals than Airbnb. The current trends shifting away from home-sharing and hosted stays add to concerns about the loss of permanent housing stock.

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<sup>4</sup> Samaan, Roy. 3 March 2015. <http://www.laane.org/wp-content/uploads/2015/03/AirBnB-Final.pdf>

<sup>5</sup> Kusisto, Laura. *Airbnb Pushes Up Apartment Rents Slightly, Study Says*. Wall Street Journal. 20 March 2015.

<sup>6</sup> Samaan, Roy. 3 March 2015. <http://www.laane.org/wp-content/uploads/2015/03/AirBnB-Final.pdf>

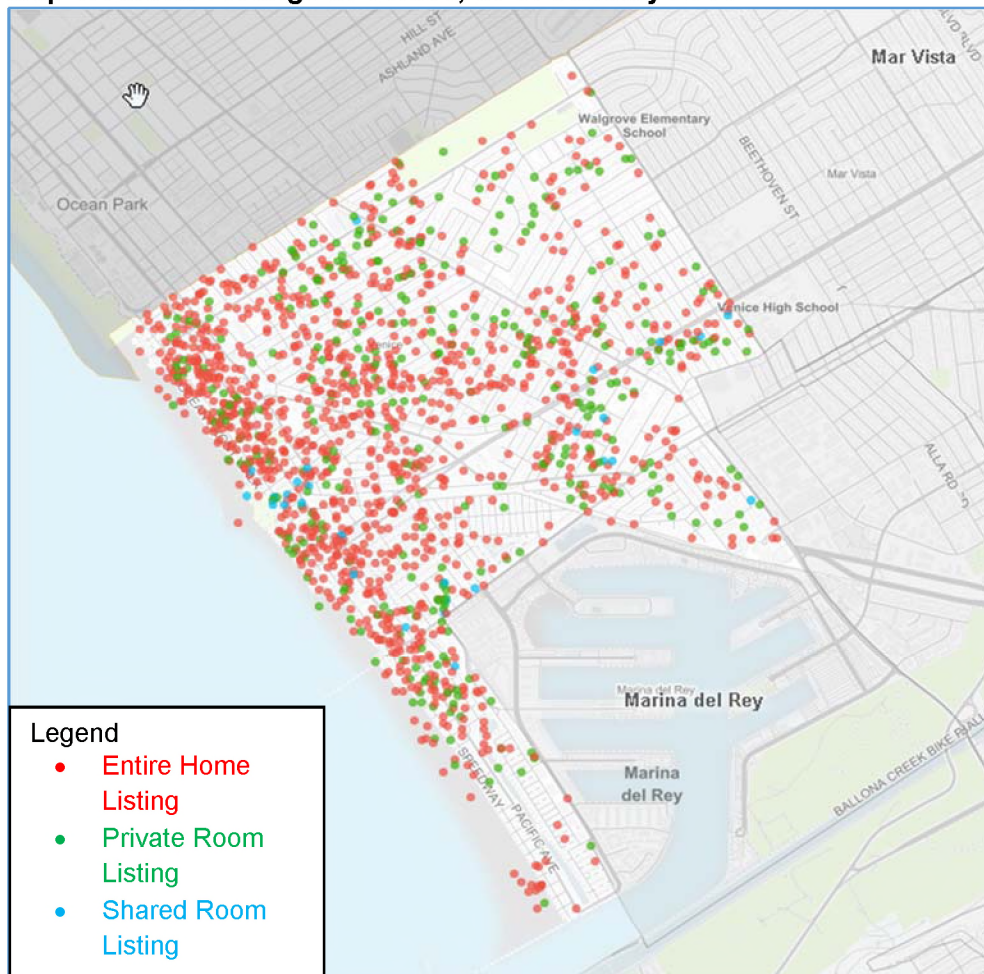
The Department has also received testimony relating to evictions of tenants based on claimed false pretense to establish a unit as a short-term rental. As a strong measure to stem any incentive for abuse, the ordinance would not permit home-sharing in units subject to the Rent Stabilization Ordinance.

### Local Neighborhood Impacts

It is clear that the benefits or burdens of short-term rental is not evenly felt across Los Angeles. Large sections of the City, such as South Los Angeles or the North Valley, have little activity. Listings are largely concentrated in an arc that traverses from Venice up through West LA, Hollywood, Northeast LA and downtown. As an example of the different amount of usage, a January 2016 review of Airbnb data accessed from the website insideairbnb.com shows that Leimert Park had about 19 listings on Airbnb, while Echo Park had about 500 listings<sup>7</sup>.

In terms of number of listings, one of the most impacted neighborhoods is Venice. According to the same January 2016 data, Venice (an area with about 21,000 homes) had approximately 1,500 short-term rental listings available, meaning almost one in fifteen homes there is available for short-term rental. 76% of those are entire home listings (seen in red in Map 1 below), well above the City average of 60%. The average nightly rate is over \$203 and the average listing is booked 112 times a year. The top half of active listings are rented on average of 200 nights a year.

**Map 1. Airbnb Listings in Venice, as of January 2016**



<sup>7</sup> This analysis uses insideairb.com based on data pulled from Airbnb's site in January 2016.

### Consistency with the Residential Use and Character

Vacation rentals “where the occupants are primarily transient in nature” (guests stay for 30 days or less) are classified under the International Building Code (IBC) - and therefore the LA Building Code - as R-1 occupancies. This occupancy type refers to uses such as hotels, motels, boarding houses and congregate living facilities, when used by guests for less than 30 days. Short-term rental use can fall within either the boarding house or congregate living definitions, depending on their arrangement<sup>8</sup>. Therefore, converting a single family dwelling to a primarily transient use, in addition to triggering zoning regulations, constitutes a change in use, which would typically require plan submission, approval and inspection by the Department of Building and Safety. Section 903.2.8 of the IBC requires an automatic sprinkler system to be installed in all Group R structures.

The proposed definition of Home-Sharing would differ from a transient use in the building code and zoning code because the primary occupancy would continue to focus on long-term residential use by a single-family unit, not short-term transient guests. This is ensured by the six-month per year residency requirement, in addition to the proposed 120-day cap, which would maintain the short-term rental use as an accessory use to the main structure.

### **Experience of Other Cities**

Many cities have adopted regulations on short-term rentals and home-sharing in the last few years. While approaches and outcomes have varied, there are several lessons to be learned from the experience of other cities. While some tourist-oriented cities (Anaheim, Big Bear and some desert cities) have chosen to embrace the practice largely without restrictions and other communities have chosen to completely ban the practice (e.g. Manhattan Beach, West Hollywood, Ojai), the majority of cities are opting for a hybrid approach, similar to the intent of the proposed ordinance.

Most applicable to Los Angeles are the experiences of cities with concerns about housing supply. While the City’s proposed ordinance has some unique features, most individual components of the proposed regulations can also be found in the laws passed by other cities. In some cases, the Department has included proposed language based on suggestions from other cities that are considering ways to improve upon current adopted regulations in those cities. Some of the most important examples are discussed below.

### San Francisco

San Francisco has probably spent more time and effort on the issue of short-term rental than any other city. The City has established an Office of Short Term Rental Administration within the Planning Department staffed with six employees to enforce regulations and respond to complaints. Despite all this attention, many community members remain dissatisfied with their local ordinance. The Budget and Legislative Analyst's office, has recently issued a report with several suggestions to increase the enforceability of the ordinance.

San Francisco’s law has many similarities to Los Angeles’ proposed ordinance, but several key differences. Like the proposed Los Angeles ordinance, San Francisco's law requires hosts to register, pay transient occupancy taxes and uphold cap on rentals: 90 days within a year. One key difference is that San Francisco makes an exception to the 90 day rule when visits are “hosted” (i.e. the host is present during the stay). However well intentioned, San Francisco’s Office of Short Term Rental has said it is virtually impossible to identify a hosted stay from a

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<sup>8</sup> Boarding House is defined as “A building arranged or used for lodging for compensation, with or without meals, and not occupied as a single-family unit.”

Congregate Living Facility is defined as “A building or part thereof that contains sleeping units where residents share bathroom and/or kitchen facilities.”

non-hosted *stay and therefore effectively enforce the 90 day non-hosted cap*. This is an important reason why the proposed ordinance maintains a 120 day limit on all stays, both hosted and non-hosted.

The City/County of San Francisco has approved new legislation that places additional requirements on hosting platforms to verify, prior to posting online, that the listings are for spaces that are registered with the city. Second, to prevent abuse after registration, the legislation would require that hosting platforms investigate and provide details on listings that appear to be illegal, as identified by city, within one business day. While a ballot initiative on short-term rentals was defeated last year, a second ballot initiative on this topic is planned for November that would put a 75-night cap on all short-term rentals, impose fines on platforms that list unregistered units, and allow neighbors to take private legal action to enforce the ordinance and recover attorney's fees if the city is shown to have not enforce the law. A similar ballot initiative was defeated last November.

### Santa Monica

In 2015, Santa Monica passed an ordinance on short-term rentals. It prohibits rentals of 30 days or less unless a primary resident is also present in the home (except during work hours, etc.), but does not limit the number of days that home-sharing may occur. Similar to the draft ordinance, Santa Monica's ordinance makes it illegal for hosting platforms to advertise an unlicensed rental and requires that platforms disclose listings to the City, including names, addresses, length of stay and amount paid.

Hosts found to be in violation have to reimburse City costs and remit illegally obtained revenue. In addition, any interested party is authorized to take private legal action to enforce the ordinance and recover attorney's fees (i.e. neighbors or affordable housing organizations). Three positions were created in the Planning and Development Services department for registering hosts and engaging in proactive short-term rental enforcement. Staff combines complaint-based information with online research to put case files together on potentially illegal listings in order to document abuse. The City periodically sends out notices of violation to both property owners and hosting platforms notifying them of listings that do not comply with the ordinance. Santa Monica officials report that owners of rental properties are typically able to gain compliance from tenants in terminating their listings and activity. Some of the platforms have been paying fines and taking down listings as well. After approximately a year of enforcement, Santa Monica officials report that the number of short-term rental listings is reportedly down about 30% from 1,400 to less than 1,000.

### Sacramento

In early 2016, Sacramento's City Council approved two ordinances allowing limited short-term rentals. The ordinances require the city to notify all neighbors within 200 feet that a permit has been issued and sets a six-guest limit per rental. Each owner is required to keep a register of guests and to ensure all postings on hosting platforms are permitted residences. A short-term vacation rental may operate from a location that is not the operator's primary residence for a total of 90 days in a calendar year. After the operator exceeds 90 days in a calendar year, a conditional use permit application must be filed.

### New York

In 2010, New York City adopted regulations stating that most dwellings can be occupied as permanent residences only, meaning for 30 consecutive days or more. Furthermore, the law requires that tenants be present during occupation by guests and that dwellings being used for other than permanent occupation be registered with the Department of Planning. This approach makes short-term rentals illegal in New York City if permanent tenants are not present during the guest's stay.



The New York State Attorney General issued a subpoena to Airbnb in October 2013 demanding information on New York City's hosts and listings to determine those that are bypassing the city's legislation. On May 21, 2014, the state reached an agreement with Airbnb under which the company will provide data on its listings in New York City. City regulators and the Attorney General nonetheless launched a joint enforcement initiative to shut down what they are calling "illegal hotels," examining web sites operated by hosting services, videotaping properties about which complaints have been received, and potentially conducting raids. Penalties for violations can cost up to \$2,500 per day.

### Portland

In 2014, Portland approved new regulations that legalized STRs in single-family homes and duplexes. Multifamily residential buildings were added in January 2015, along with significant enhancements in enforcement provisions. The new city ordinance enables the Portland Revenue Bureau to collect host names and addresses from short-term rental platforms. The ordinance also requires that companies prominently display permit numbers and refrain from advertising hosts without permits. It also gives the city authority to fine hosts and companies up to \$500 per violation.

In 2015 the City of Portland filed a \$2.5 million lawsuit against HomeAway.com for violations of the city's short-term rental code. The city accuses HomeAway.com of failing to collect hotel taxes; failing to provide names and addresses of local hosts upon request; failing to display the permit numbers for short-term rentals to demonstrate completion of health and safety inspections; and failing to register with the city within 15 days of commencing business. The case is currently ongoing.

### Proposed Ordinance

In crafting the proposed ordinance, the Department considered the City Council motion, the diverse and substantive input received from stakeholders across the city, discussions with City departments, and the best practices and experiences of other cities. The main provisions of the ordinance will be placed in the Use subsection (A) of the Exception section of the Zoning Code (LAMC 12.22). The ordinance is structured according to the *following subdivisions*:

- a) Purpose
- b) Definitions for new terms such as Home-Sharing, Primary Residence, Host and Hosting Platform
- c) Process for Home-Sharing registration (including renewal, suspensions and revocations)
- d) Prohibitions
- e) Host Responsibilities
- f) Hosting Platform Responsibilities
- g) Enforcement
- h) Administration and Regulations

In addition to the main ordinance, there are several proposed amendments to other parts of the Zoning Code and Administrative Code, including sections that would:

1. Prohibit the conversion (through a Conditional Use Permit, in R4 zones and above) of residential uses to Transient structures;
2. Establish new administrative fees for home-sharing registration and Nuisance Abatement hearings regarding home-sharing;

3. Include home-sharing in the definition of hotel, and hosting platforms in the definition of a secondary operator in the TOT code; and
4. Allocate TOT monies attributable to home-sharing to the Affordable Housing Trust Fund and pro-active enforcement.

The proposed ordinance, as amended, establishes home-sharing as a legal accessory use to a primary residence. The host interested in home-sharing will need to register for the Transient Occupancy Tax (by completing a Transient Occupancy Registration Certificate) prior to registering for home-sharing. Administrative Guidelines will be established prior to the effective date of the ordinance that will lay out the registration process as well as the documents required to prove a six month residency at the address where home-sharing will occur. The City aims to create a streamlined and straightforward on-line registration process to encourage easy compliance.

The Home-Sharing application process will establish the residency requirement and include a signed affidavit that the host pledges to comply with the Home-Sharing regulations. These include restrictions on the renting of space other than those approved for residential use, a limit to 120 days each calendar year, and a requirement that no more than one property be listed for home-sharing in Los Angeles. The process will also ensure that renters have permission from their landlords for home-sharing, that units subject to the Rent Stabilization Ordinance (RSO) or dedicated affordable housing units are not proposed for home-sharing, and that units with active Orders to Comply do not engage in home-sharing.

#### Registration

Home-Sharing registration would be good for two years. Hosts would be permitted to renew if they are shown to have been in compliance with the provisions of the ordinance, pay a renewal fee, document any changes on their initial application, and provide records to document the number and length of each home-sharing stay during the past year. A process for suspending and revoking registrations, based on violations of the law and/or repeated nuisance activity, is outlined in the law. If there are violations, the Department may revoke authorization, or modify an approval by adding conditions using an existing Administrative Nuisance Abatement process in LAMC 12.27.1. The process provides a venue for Zoning Administrators to hear from neighbors and the accused individuals in order to fully evaluate the extent of excessive nuisances and provide for an effective solution.

#### Prohibitions and Enforcement

The prohibition subdivision (d) includes important regulations on the ban on advertising short-term rental listings without including a registration number, the 120 day limit and the ban on more than one set of guests (or more than one booking) at a time. These are explained further in the *Key Issues* section below.

Most hosting platforms have created ways for property addresses to be hidden until after a property has been booked. This is different than most other types of business. As such, cities across the country are realizing they require the cooperation and assistance of the entities that facilitate this activity - the hosting platforms. The City's ordinance reflects this reality, by requiring that platforms actively prevent, remove and cancel any listings they know to be illegal (those without registration numbers, those rented more than 120 days a year and/or more than one listing at multiple addresses). Beyond that, it requires that platforms provide to the City, on a monthly basis: 1) address of all sites facilitated or advertised by the Platform; 2) total number of nights that the unit was booked; and 3) amounts paid for each stay.

Platforms can be fined \$500 per day for advertising an illegal listing, \$1,000 per day for refusing (upon formal request) to provide the addresses of unregistered short term rentals to the City,

and \$1,000 per day on any refusal to submit monthly documents required for City to verify the accuracy of the Transient Occupancy Tax payment.

### **Key Issues**

Based on public input thus far, there appears to be a fair amount of consensus on the core of the proposed ordinance: the primary residency requirement, a system of registration, and TOT collection. However, the Department has heard strong disagreement from those engaged in home-sharing on a few of the limitations that are proposed in the draft ordinance. Others, with concerns about short-term rentals, have questioned the effectiveness of enforcement. These issues will be analyzed in detail in this section of this report.

### **Issues Raised by Those Involved in Home-Sharing**

#### **Limitation on the Nights Home-Sharing Can Occur**

Based on the number of comments received from hosts of short-term rentals during the comment period, the originally proposed 90-day limitation is a top concern from impacted hosts. Hosts claim that as long as they are living in the unit used for home-sharing as a primary resident, concerns about impact to the housing stock and significant nuisances are largely misplaced.

Many hosts have requested that the Department make a distinction between hosted stays, which many believe should not be subject to limits on the number of days, versus non-hosted stays, which could be limited. San Francisco's ordinance differentiates between hosted stays, which are unlimited and non-hosted stays, which are limited to 90 days. However, San Francisco's Planning Department has reported that it is "virtually impossible" to discern what is occurring on a night to night basis.<sup>9</sup> Until the City can be assured that platforms will make basic records available, and as long as regulating agencies are limited in staff capacity to audit and confirm self-reported information, this challenge is likely to persist.

Given the challenges of differentiating between hosted and non-hosted stays, as experienced by other cities, the Department proposes to continue with a single strategy that imposes the same day limitation on hosted stays as well as non-hosted. But, in light of the fact that the new primary residence registration requirement will limit future hosts to those that are occupying their own primary residence and are therefore much more likely to primarily offer hosted stays, the Department proposes to increase the day limitation from 90 to 120 days a year. From information obtained by some of the platforms the 120 day restriction will not impact the vast majority of current hosts. For example, Airbnb issued a report on the impacts on housing in Los Angeles in September 2015 that found that 86% of entire home listings in L.A. are rented for less than 120 days a year. On the other hand, the limit on the number of permissible short-term rental nights per year would create an economic incentive to otherwise rent the unused bedroom to long-term tenants, which is advantageous to the permanent housing market and helps minimize neighborhood nuisance concerns.

#### **Ban in Units Subject to the Rent Stabilization Ordinance (RSO)**

Pursuant to the Council motion, the proposed ordinance prohibits hosts from renting units or buildings that are not their primary residence or are units covered by the RSO. The aim is to protect this critically important housing stock from possible abuse by removing any incentives to evict tenants or to convert long-term housing to short-term rentals. The RSO housing stock is particularly vulnerable to fraud or illegal evictions due to its regulations, which limit rent

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<sup>9</sup> Phil Matier and Andy Ross, 'No way of enforcing' Airbnb law, S.F. planning memo says. (March 22, 2015). San Francisco Chronicle.

increases and evictions of long-term tenants. There are also regulatory issues with the RSO and Ellis Act that complicate matters with their use for home-sharing.

It is believed from public testimony and analysis of current listings that the majority of short-term rental use is in single-family neighborhoods. Most rental leases in Los Angeles already ban the practice of subletting. The ordinance requires that all renters demonstrate they have explicit permission from a landlord before being allowed to register for home-sharing.

Opponents of the RSO ban state that as long as they are living in the unit subject to home-sharing there can be no abuse. Many lower-income renters of RSO units would also benefit economically from home-sharing, making their living costs more manageable. Despite these significant policy considerations, the Department is recommending retention of the ban on home-sharing in RSO units. Without a ban, tenants may be evicted based on allowable reasons such as family occupancy or significant repairs, even if the intent may be actually to open the unit to short-term rental. Once an eviction occurs, it is difficult to prove that a prior tenant was not evicted in accordance with the law. In the end, the need for an RSO ban depends on the enforcement of the ordinance and how well the process is able to disrupt illegal vacation rentals in RSO units.

#### Concurrent Guest Stays

The draft ordinance would not permit hosts to rent to multiple sets of guests (through multiple bookings) at the same time. This is meant to prevent the establishment of a use more akin to a boarding house or bed and breakfast, whereby multiple guests are using a property intended as a primary residence.

The originally proposed enforcement language ((6)a.(1)) may have caused confusion and concern amongst hosts on this point. It read that there could be fines imposed for “multiple listings by the same host.” The Department heard from many hosts concerned that this language would prohibit the flexibility to list different spaces on the platforms, including a primary listing for a shared space while they are home, as well as an entire home listing for when away on vacation. This was not the intent and the language has been re-worded in the proposed ordinance with more precise language intended to capture multiple illegal listings of more than one property. Multiple listings on the same property will be permitted, although they cannot be booked at the same time.

#### Primary Resident Requirement

The ordinance requires that any home used by home-sharing include a host who is a primary resident on that property. This is defined as having resided on the property for more than six months a year. The primary residence threshold was established as a key component of the home sharing ordinance as it serves as a means to limit the number of residential units that can be used for home-sharing to those units that are already occupied as one’s home. Limiting home sharing to units that are the host’s primary residence also ensures that the unit is not otherwise available as a full-time rental. Units that are not occupied by a primary resident are therefore presumed to be available as a year round rental. The primary residence requirement strikes a balance by allowing residents who live in their homes to participate in the home-sharing economy while protecting the vast majority of units from otherwise being removed from the year round rental market and requisitioned for the arguably more lucrative short-term rental market.

While the vast majority of people on both sides of this issue agree with the primary residence requirement, some owners of vacation rentals have expressed that they wish to be legalized as part of home-sharing as well. The vacation rental owners argue that certain neighborhoods have excess demand for tourist stays and their second homes or vacation properties serve the City well. However, it appears these neighborhoods (Venice, Hollywood Hills, etc.) have also seen

some of the worst abuses where the City has heard some of the greatest concerns with the activity. If the Commission is interested in pursuing vacation rentals where there is no permanent primary residence, the Department recommends that it be a separate process from home-sharing, such as considering an expansion of the current Conditional Use Permit for Bed and Breakfasts (which are only allowed in historically designated properties currently). Another option would be to permit the use of home sharing in units not occupied by a primary resident for a very limited number of days.

## **Issues Raised by Hosts and Platforms**

### Registration Process

Most cities with short-term rental ordinances have enacted a registration process to regulate the activity. Registration provides a method to ensure a host is a primary resident, that they can be contacted if there is a complaint, and that they otherwise meet the ordinance's regulations. Hosts have generally stated that they have no objection to registering, but have urged the City to create a simple and efficient process.

The ordinance does not specify the details of the Home-Sharing registration process, which will be further developed through administrative guidelines to be published prior to the effective date of the ordinance. However, the ordinance does specify that hosts will need to register with the Office of Finance for a Transient Occupancy Registration Certificate (TORC) prior to receiving Home-Sharing registration authorization. The current process to obtain a TORC is laid out in LAMC 21.7.6 and involves submitting a form online including some basic information such as the name of the operators and the address of the "hotel" (referring to all transient stays). The City hopes to integrate the TOT registration process as efficiently as possible with the Home-Sharing registration process, as well as explore "pass through" cooperation agreements with Platforms.

### Impact on the Economy

Many hosts and platforms have argued that any limits on short-term rentals reduce economic benefits that accrue to local neighborhoods. Small businesses have commented that they appreciate the business from visitors and Airbnb claims their guests have brought \$980 million to the local economy in 2015. However, short-term rentals can only be said to increase total economic activity to the extent they induce travel that would not have been possible otherwise. The Department was not able to find any research on this point.

Any benefits to the local economy must also be weighed with losses. For example, San Francisco's economist estimated that for every long-term housing unit that disappears from the stock, there is a loss of \$250,000 to \$300,000 per year in impact to the city's economy. Those losses may outpace the money that a short-term rental remits to the city in transient occupancy taxes, plus whatever hosts earn and visitors spend.

The City has also heard testimony from workers who fear the loss of their jobs as a result of the ordinance. House cleaning workers for vacation rentals fear they may lose their job if enforcement is enhanced, while hotel workers fear the same if there are not strong protections against illegal short term rentals. A 2016 report by CBRE has shown that the Los Angeles region has the highest rate of "hotel penetration" by Airbnb than any other market<sup>10</sup>. That is, the amount of revenue earned through Airbnb as a percentage of total hotel room revenue is higher than any other market. Researchers at Boston University published a 2016 paper analyzing the impact of Airbnb listings on nightly hotel prices in Austin, Texas and found that a 10% increase in Airbnb listings is associated with a statistically significant .34 percent decrease in hotel

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<sup>10</sup>CBRE. *The Sharing Economy Checks In: An Analysis of Airbnb in the United States*. February 2016.

revenues, with lower budget hotels most affected. Therefore, while citywide impacts on net jobs are likely to be minimal, different sectors may be impacted differently.

### Privacy

Some hosts have expressed concerns regarding the public availability of information regarding their home-sharing activity/business. For example, hosts have written that they “don’t feel comfortable knowing that information about how often and how much income I earn from home sharing could be available to anyone who asks.” As written, the ordinance would obtain information on the number of nights rented as home-sharing when the platforms provide this data to the City, as well as when hosts provide information at the time of renewal. This requirement is largely a repetition of existing Transient Occupancy Tax law, whereby all “hotel” operators (broadly defined) must provide monthly statements to City regarding total rents charged and received (LAMC 21.7.7) as part of the reporting and remitting regulations. Given the nature of home-sharing, the additional requirement to include total number of days rented appears reasonable and necessary to ensure proper collection and remittance of the TOT, as well as ensure enforcement of the ordinance’s provisions. However, to address privacy and safety concerns, the proposed ordinance includes revised language that information on stays submitted by platforms and hosts will not be made publicly available. This exemption will not apply to information on any application form for home-sharing, which is considered a public record and placed in a public case file. This is the same for any business in the City seeking to operate with a permit or approval anywhere in the City.

## **Key Issues Raised by Those with Concerns about Home-Sharing**

### Loss of Residential Character

The City has heard from many residents who are concerned by the presence of short-term rentals in their neighborhood. Many feel short-term rentals constitute a commercial and/or transient activity, which should not be legalized in any form in the City.

Residential zones are intended to create, maintain and promote residential neighborhoods. However, in Los Angeles, like most cities, they also allow for some nonresidential uses to the extent they maintain the overall image and character of the residential neighborhood. For example, the zoning code permits accessory uses “customarily incidental” to the main uses in single-family residential zones, including Accessory Living Quarters (which are meant as a place for the homeowner’s guests to stay temporarily) as well as certain home occupation uses.

The Home-Sharing Ordinance defines home-sharing as *accessory use* to a primary residence. The ordinance’s primary residence requirement (which requires at least six-month per year residency), along with the 120 day annual limit, ensures that home-sharing remains subservient to the main use as a long-term residential structure. When used for home-sharing, the home maintains its residential qualities, such as sleeping and eating, etc. The ordinance also includes a prohibition on non-residential uses altogether, including but not limited to, sales or exchange of products, events that charge a fee, or the promotion, display or servicing of any product conducted on the premises.

### Health and Safety

The ordinance requires a host to provide on-site fire extinguishers, smoke detectors, carbon monoxide detectors and information related to emergency exit routes and a local emergency contact person. It also includes a clause that precludes home-sharing in any multi-unit building with “an open Order to Comply or other code violation...” (unless it can be shown to be unrelated to the activity). This would require the compliance with any potential code violations before home-sharing can begin or resume.

Some cities such as Portland and Austin have required a full inspection as part of the permit process, in order to ensure the safety of the space. The ordinance does not include this provision primarily based on a concern that an inspection requirement would add a significant barrier towards registration, which undercuts a primary aim of the ordinance. For many online platforms, it is also important to acknowledge that the safety and well-being of guests is already partially supported by the guests' access to information and reviews of the hosts. As bookings (and therefore revenues) are largely based on positive reviews from past guests, hosts are incentivized to provide safe and clean accommodations.

#### Party Houses and Other Nuisances

Properties being rented on a short-term basis are ripe for becoming venues for parties. The Department received considerable testimony about homes turning into "party houses", which keep neighbors up at night and cause a neighborhood nuisance. On April 29, 2016 the Office of City Attorney released a report, Council File No. 12-1824, on the broader subject of "party houses", as the activity takes place in both short-term and long-term residential homes. The primary residence requirement helps alleviate many concerns about the inappropriate and disruptive use of a property. Most "party houses" have been reported to be non-owner occupied. As mentioned above, the ordinance also includes a ban on commercial activities, including "events that charge a fee." In addition, regular noise and use regulations remain in force.

To some extent, concerns about parties, noise, trash and parking would appear to be associated primarily with non-hosted stays in vacation rentals. When problems do occur as a result of home-sharing, contacting the on-site owner/host can normally resolve the problem. Similarly, the primary residence requirement alleviates the concern about the loss of long-term neighbors in certain impacted areas.

#### Enforcement

##### *Current Enforcement*

LADBS is responsible for code enforcement in single-family homes, and the Housing and Community Investment Department (HCID) is responsible for multi-family properties. Current violators are subject to the same fines and penalties established in the LAMC with regard to other types of code violations. Additional fines and penalties specific to home-sharing activity are included in the draft ordinance and may be established by the Council.

By its nature, effective enforcement of codes relating to uses like short-term rentals is a difficult task. Compliance is currently based primarily on complaints. When inspectors arrive, there are usually few tell-tale signs of any violation. If no one opens the door or is uncooperative, there may be little visual evidence to warrant an enforcement order. While some operators are unsophisticated, others are highly savvy and may instruct guests on how respond to inspections. The financial temptation created by short-term rentals creates an incentive to flout local regulations and the temporary and hidden nature of the use makes it difficult to spot.

As of August 25, 2015 HCID has received and investigated 52 complaints regarding STRs on multi-family properties, mostly in CD 4 and CD 11, and found 16 properties with violations. Twenty-two had no evidence of an STR and fourteen are scheduled for inspection, are pending research, or are being monitored. LADBS has not formally tracked short-term rental complaints, but officials estimate receiving approximately a dozen or more per year specifically related to this issue. LADBS has investigated several cases in Venice and Silver Lake and has issued citations for related violations.

If a property owner ignores enforcement orders to comply, the matter is referred to the Office of City Attorney to take further action. These referrals require evidence of a transaction to prove that an unlawful act has taken place, which may include taking witness statements, issuing subpoenas, or engaging in undercover transactions.

### *Proposed Enforcement*

A primary goal of the proposed ordinance is to create the regulatory framework and tools needed to increase effective enforcement against illegal short-term rentals. It introduces a number of prohibitions that do not exist today and allows for an array of tools to be used in enforcing the law. Today, successful enforcement is significantly hampered because nearly all short-term rentals and home-sharing activities violate existing codes. The proposed ordinance allows enforcement agencies to draw a clearer distinction between “bad actors” and legitimate, beneficial home-sharing.

A critical provision of the ordinance requires the registration number to be provided on each piece of advertising. This enables the City and the public to easily determine whether a listing/rental is approved or not.

The City’s enforcement agencies can then use information systems to track listings without registration numbers or those exceeding the annual limit on rental activity and link violations to each property. Enforcement of minor penalties could occur using the enforcement agency’s existing processes, or new tools such as the Administrative Citation Enforcement (ACE) program could be used to “write tickets” on listing infractions. Repeated or egregious violations could result in the modification or revocation of a home-sharing registration in the manner prescribed in the Administrative Nuisance Abatement program Section 12.27.1. This process allows for a due process and quasi-public hearing with a Zoning Administrator, if requested.

However, there are several barriers to enforcement. First, unless there has been a complaint against a specific property, it is difficult to determine the address from an illegal online listing alone (unless it includes a registration number). Second, it is not clear who exactly is responsible for the rental, usually either the property owner or a tenant. Third, compliance with limits on the number of days permitted to be rented for short-term use each year are difficult to verify. Fourth, it will take significant resources and coordination to do the type of pro-active enforcement of online listings that is envisioned to be needed under the ordinance. In such scenarios, the City lacks an easy and direct method for determining if a listing is legitimate, who is responsible and whether a complaint’s allegations of short term rental violations at a specific address correspond to listings on a platform. According to other cities, hosting platforms have generally not been very cooperative without legal and/or regulatory consequences.

To address these critical issues, the ordinance proposes a system whereby platforms must verify compliance with the registration requirements by actively preventing or canceling any non-permitted listings, particularly those that can be easily identified (such as those without registration numbers). This requirement is similar to what Portland and Santa Monica have currently, as well as what Seattle and San Francisco are currently proposing. The ordinance also lays out a system whereby the City will request information on particular listings believed to be non-compliant, from hosting platforms, which must then either provide contact information or directly contact the hosts regarding the potential violation. In addition, the ordinance requires monthly reporting of short-term rental activity on each Platform, including address, registration number and the number of nights booked during the period. Therefore, the City will be able to track properties across platforms to prevent non-compliance on the 120 day provision. Hosts are also required to maintain records for three years of nightly bookings, which are available for viewing, upon request of the Office of Finance. If it is suspected that a host is renting for more than the allotted 120 days, then these records could be requested. The City can then immediately assess tax and penalties based on known violations. Much of this framework is based on existing Transient Occupancy Tax regulations on transient operators, as found in Article 1.7 of the LAMC.



In addition to the provisions in the ordinance, the Department proposes an administrative system whereby:

- Upon enactment of this ordinance, the City (or a qualified consultant) shall begin to actively monitor hosting platform listings to ensure that they are only listing home-sharing units that have registered with the City.
- The City (or qualified consultant) shall complete a comprehensive review of active Platform listings and produce an inventory of potentially non-compliant listings discovered during the review
- Subsequent reviews of hosting platforms shall occur at least quarterly
- The City shall, upon completion of a hosting platform review or discovery of a potentially non-compliant listing, immediately provide notice by electronic mail of all listings that do not have valid registration number or are otherwise not in compliance with this Chapter. These notices shall also be provided to property owners and the Office of City Attorney.
- For each listing that a hosting platform fails to provide with the requested information within 21 City business days of the notice being sent by the City, the hosting platform shall be subject to the administrative penalties and enforcement provisions of this Chapter, including but not limited to payment of civil penalties of up to \$1,000 per day until the hosting platform complies with subsection (Q)(2).

Because of the nature of short-term rentals, the ordinance envisions a new way for the public to contact the City regarding potentially illegal short-term rentals - likely a dedicated email monitored by short-term rental enforcement staff who will be able to take the appropriate follow-up steps to verify compliance. This will allow the complaint process to be more easily integrated with the registration database. Residents who are disturbed by illegal listings will also continue to be able to utilize the existing channels, including using 311 or the enforcement agency's code enforcement system (online and phone).

Finally, it is worth noting that education is probably the easiest, cheapest and least adversarial way to increase compliance. The City plans to work with platforms to making sure they are partners in getting the word out on the new regulations.

#### *Private Right of Action*

Many opponents of short-term rentals have commented that, if a home-sharing ordinance is to pass, it should include a "private right of action," which refers to someone's legal ability to enforce statute's provisions through litigation. A private right of action can only be used when language is included in a statute. In practice, the right would allow neighbors to sue other neighbors for violations of the proposed ordinance. San Francisco's short-term rental law includes a limited private right of action, only available to certain housing-related non-profits, and only when the City has been documented as being unable to enforce the existing laws.

However, a right of private action would be unprecedented in the City of Los Angeles' zoning code, and an existing remedy is already in place under the Professional Business Practices code, which allows one to take action when one is actually harmed by an illegal/nuisance land use. The Department recommends that this issue be revisited in a year's time, only if City enforcement has proven to be ineffective.

## FINDINGS

### General Plan/Charter Findings

#### **City Charter Section 556**

In accordance with Charter Section 556, the proposed ordinance is in substantial conformance with the purpose, intent and provisions of the General Plan in that it would further accomplish the following goals, objectives and policies of the General Plan outlined below.

#### General Plan Framework Findings

The proposed ordinance will meet the intent and purposes of the General Plan Framework Element to encourage the creation of housing opportunities for households of all types and income levels, while at the same time preserving the existing residential neighborhood stability of residentially zoned neighborhoods. Home-sharing, as an accessory use to primary residences, furthers those goals as they increase the utilization of empty space within homes to assist with housing costs without significantly changing neighborhood character. In particular, the ordinance would further the intent and purpose of the Framework Element of the following relevant Goals and Objectives:

The proposed ordinance is consistent with Land Use Goal LU-4, which seeks to preserve and enhance the residential character of existing neighborhoods, and furthers Land Use Policy LU-4.2, which seeks to create convenient supporting services and alternative residential types when they meet standards for development that protect neighborhood character.

The ordinance requires that home-sharing only occur in structures approved for residential use. Allowing for limited short-term accommodation of guests as an accessory use to dwelling units is an activity that is incidental and accessory to the primary residential use. Residents have always hosted guests from out of town in extra rooms, for short or long term periods. The charging of rent, in and of itself, is not any different from what occurs in almost one-third of the City's single-family residential zones, which are currently renter-occupied. In the Los Angeles Zoning Code, short term rentals of less than 30 days are already permitted through a CUP in Bed and Breakfast establishments, which may be located in any zone. Other accessory uses, such as Accessory Living Quarters, already permit the short-term stay of guests in residential zones.

As the definition states, home-sharing is considered an accessory use to a (primary) residence. As such, the dwelling unit is already used for sleeping, cooking, eating, and living. The unit may be considered a residential dwelling regardless of whether its renters are primarily short term or long term or whether it is vacant most of the time. Granted, short term rentals also have commercial characteristics in terms of providing lodging for a fee. However, as a fundamentally residential use, home-sharing is consistent with the General Plan Land Use categories that allow residential uses within the range of uses.

#### Housing Element 2013-2021

The ordinance furthers the aim of preserving housing stock (Objective 1.2) through its focus on new ways to enforce the current bans on vacation rentals, the ban on conversions of units subject to the RSO to short-term rentals as well as the proposed prohibition on conversions of apartment buildings to Transient Occupancy Residential Structures. The Housing Element also calls for amending the zoning code to facilitate innovative housing models to make housing more affordable, including shared housing and congregate housing (Program 67). The Home-Sharing ordinance will allow thousands of Angelenos to efficiently use space in their homes to afford the cost of housing. As such, the ordinance furthers the following Housing Element policies:

1.1.1 Expand affordable homeownership opportunities and support current homeowners in retaining their homeowner status.

1.2.1 Facilitate the maintenance of existing housing in decent, safe and healthy condition.

1.2.2 Encourage and incentivize the preservation of affordable housing, including non-subsidized affordable units, to ensure that demolitions and conversions do not result in the net loss of the City's stock of decent, safe, healthy or affordable housing.

1.4.1 Streamline the land use entitlement, environmental review, and building permit processes, while maintaining incentives to create and preserve affordable housing.

### **City Charter Section 558(b)(2)**

In accordance with Charter Section 558(b)(2), the adoption of the proposed ordinance would be in conformity with public necessity, convenience, general welfare and good zoning practice. The ordinance would align the City with many cities across the country that have recognized the need for new regulations regarding the fast expanding use of residential spaces for short-term rentals. Current regulations simply do not differentiate between the sharing of one's own primary residence (home-sharing) and the conversion or rental of otherwise vacant units for short-term rental (vacation rental). This needlessly stifles efficient use of residential space and prevents hosts from sharing their home on occasion to help afford housing cost. The lack of current regulations specific to this new use also makes enforcement very difficult. A new regulatory framework is needed to adapt to the sharing economy, including new tools to enforce regulations against vacation rentals. The ordinance would limit home-sharing to 120 days per year, which ensures the primary use of any residential structure used for this purpose would remain as a long-term residential structure (and not transient), thereby protecting residential areas from uses that are primarily transient in nature.

### **City Charter Section 559**

In accordance with Charter Section 559, and in order to ensure the timely processing of this ordinance, the City Planning Commission authorizes the Director of Planning to approve or disapprove for the Commission any modification to the subject ordinance as deemed necessary by the Office of City Attorney. In exercising that authority, the Director must make the same findings as would have been required for the City Planning Commission to act on the same matter. The Director's action under this authority shall be subject to the same time limits and shall have the same effect as if the City Planning Commission had acted directly.

### **CEQA Findings**

The proposed ordinance qualifies under the "common sense" CEQA exemption pursuant to CEQA Guidelines Section 15061(b)(3) and 15060(c)(2), which provides that, where it can be seen with certainty that there is no possibility that a project may have a significant effect on the environment, the project is not subject to CEQA. CEQA only applies to projects that have the potential for causing a significant effect on the environment - either through a direct impact or reasonably, foreseeable indirect impact. The proposed ordinance does not have that possibility.

Direct impacts of the ordinance on the environment will be minor. It is not expected to prompt any new development or direct physical effects. The expected result of the ordinance is fewer intensive short-term rental operations in vacation rentals compared to what currently exists in the City, along with better regulations governing the sharing of one's own home for short-term rentals. Both results are unlikely to create a foreseeable physical impact on the environment as total tourist trips to the City of Los Angeles are not expected to change noticeably as a result of the ordinance. A more complete analysis of the potential impact of the ordinance on the environment is included as Exhibit B.

As set forth above, the City believes the “common sense” exemption is most appropriate for this project. However, in case there is a challenge to this project and a court disagrees, the City has prepared a Negative Declaration for this project (Exhibit B.2).

## **PUBLIC HEARING AND COMMUNICATIONS**

There has been an exceptional amount of public input and communications on this issue, including prior to the proposed ordinance being drafted. Three “community listening sessions” were held in Mar Vista, North Hollywood and the downtown area in late September and early October 2015. Approximately 600-700 persons showed up to the three meetings, which featured a brief staff presentation and the opportunity to provide written or oral comments on the topic. The Department also provided boards for attendees to mark their support or disagreement for about 20 regulatory ideas other cities have used in regulating short-term rentals.

The majority of speakers at the listening sessions were “hosts” currently engaged in home-sharing, who spoke about their positive experiences. Many credited short-term rental income with providing meaningful assistance during difficult financial times or otherwise having a positive impact on their lives. They stated that the practice enhances local economic development, can help the City with needed revenues and poses little to no impact on their neighborhoods. On the other hand, the City heard testimony about lives and communities who have been negatively impacted by short-term rentals. Neighbors expressed concern about commercial activities and nuisance in residential areas as well as the loss of housing stock. Issues regarding safety in multiple-family buildings, over-concentration of units and “party houses” were other frequent complaints.

Also during this early period, the Department also distributed a brief questionnaire to neighborhood groups, interested parties and meeting attendees. The questionnaire attempted to gauge public attitudes towards short-term rentals as well ask about several specific regulatory approaches. Approximately 1,300 responses were received in just over two weeks.

While in the process of drafting the ordinance, the Department met with groups opposed to, and in favor of, short-term rentals, including community organizations, representatives of several hosting platforms and hotel and tourism organizations. Staff also researched the regulations and experiences of many other comparable cities, spoke to key experts in different cities and consulted various academic reports and studies that have been published in the past year.

The proposed ordinance was released on April 15, 2016. More than 2000 written and oral responses have been received in response to the draft, including comments received at the May 21, 2016 staff public hearing. The public hearing featured 289 speakers, including approximately 43 generally supportive and 41 (largely hosts) with concerns. The majority are from hosts with concerns about some of the limitations (mostly the 90 day limit and the ability to rent more than one space at a time), privacy, and ease of registration. The second largest number of comments came from those who prefer the practice to remain unpermitted. The third largest grouping came from supporters of the ordinance, which included many community and nonprofit organizations concerned about the impacts of unregulated short-term rentals. The remainder came from neighborhood council or other groups/individuals with suggestions to improve the ordinance. The main issues mentioned in the public comment period are discussed individually in the *Key Issues* section.

### **Changes from the April 15th draft ordinance to the proposed June 14<sup>th</sup> ordinance (Exhibit A)**

Significant changes from the April 15th draft ordinance are listed below for the public. Please also consult the tracked change version of the proposed ordinance in Exhibit A.

1. Clarifies that notwithstanding any code provision to the contrary, home-sharing shall be permitted in accordance with the ordinance 12.22 A.31 (c)(2)(b)
2. Clarifies that a major purpose of the ordinance is to protect housing stock
3. Clarifies that home-sharing may occur in a structure approved for residential use.
4. Clarifies that properties converted from units subject to the RSO ordinance to single family homes are not eligible until five years after the conversion.
5. States that, to the extent permitted by law, the records submitted by hosts and hosting platforms per certain provisions, shall be redacted to protect personal information.
6. Adds that if any property has an open Order to Comply as a result of code violations, home-sharing cannot occur until it has been resolved.
7. Increases the number of days hosts are able to operate Home-Sharing rentals during the year was from 90 to 120.
8. Clarifies that hosting platforms assume the same duties and liabilities as the Host when it is assigned the functions or responsibilities regarding the collection and remittance of the Transient Occupancy Tax.
9. Clarifies it is not a violation for hosts to maintain more than one listing at any given time (however they may not be booked at the same time).
10. Ensures that the regulations and terminology used by the proposed ordinance (Host, Home-Sharing and Hosting Platform) are in accordance with the Transient Occupancy Tax code (Article 1.7 of the LAMC)
11. Clarifies that certain hosting platform responsibilities for sharing information are dependent upon being designated a secondary operator pursuant to Article 1.7 of the LAMC .
12. Changes from 100% to 95% the percentage of TOT attributable to short-term rental that would accrue to the Affordable Housing Trust Fund.
13. Additional minor technical or clarification changes

### **Next Steps**

The scope and breadth of the City's activities regarding short-term rentals and home-sharing cannot be distilled solely in an ordinance. To be a successful policy, the Department recommends that the following additional steps be implemented within the next year:

- Establish registration protocols and administrative guidelines
- Begin education campaign regarding the ordinance with public, preferably in cooperation with the hosting platforms
  - Establish proactive enforcement program, either through third party consultants or staffing
  - Evaluate the program and return to the City Planning Commission and Council with any adjustments necessary to ensure the success of the program.

# **EXHIBIT A: Proposed Ordinance**

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CPC-2016-1243-CA  
June 23, 2016



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

An ordinance amending Sections 12.03, 12.22, 12.24, 19.01 and 21.7.2 of the Los Angeles Municipal Code; and amending Section 5.522 of the Charter and Administrative Code, imposing regulations to permit sharing of one’s primary residence as a short-term rental, establishing an application fee and administrative fines for Home-Sharing, and directing Transient Occupancy Taxes derived from Home-Sharing to the Affordable Housing Trust Fund.

**THE PEOPLE OF THE CITY OF LOS ANGELES  
DO ORDAIN AS FOLLOWS:**

Section 1. The definition of Accessory Use in Section 12.03 of the Los Angeles Municipal Code is amended to include:

The use of a Primary Residence for the purposes of Home-Sharing shall be considered accessory to a residential use.

Section 2. The definition of Home-Sharing is added to Section 12.03 of the Los Angeles Municipal Code to read:

**HOME-SHARING.** An accessory use of a Host’s Primary Residence for the purposes of providing temporary lodging, for compensation, for periods of 30 consecutive days or less.

Section 3. Section 12.22 A of the Los Angeles Municipal Code is added to read as follows:

**31. Home-Sharing.** Notwithstanding any other provisions of this article to the contrary, and in all zones wherein residential uses are permitted by right, the following shall apply:

**(a) Purpose.** The purpose of this Subdivision is to allow for the efficient use and sharing of residential structures without detracting from residential character or the City’s housing stock.

**(b) Definitions.** When words are capitalized in this Subdivision they refer to defined terms in the Municipal Code, including this section as well as 12.03, 21.7.2 and 151.02. For the purposes of this Subdivision, the following words and phrases are defined:

- (1) **HOME-SHARING HOSTING PLATFORM.** An entity that facilitates Home-Sharing through advertising, match-making or any other means and from which the Platform derives revenues, including, but not limited to, booking fees or advertising revenues, from providing or maintaining the marketplace.
- (2) **HOST.** An individual who has the legal right to rent his/her Primary Residence for Home-Sharing under this Subdivision.



- (3) **PRIMARY RESIDENCE** The sole property on which the Host conducts Home-Sharing and in which the Host resides at least 6 months of the year.

**(c) Home-Sharing Registration**

- (1) **Application.** To register for Home-Sharing, a Host shall file an application with the Department of City Planning on a form provided by the Department, and shall include all information required by the instructions on the application and the guidelines adopted by the Director of Planning. Any filing fees required under Section 19.01 E. shall be included with the application. Beyond basic information needed to verify the identification of the Host and his or her Primary Residence, the application shall also include information for a local responsible contact person, a list of all Hosting Platforms to be used and the portion of the unit to be used for Home-Sharing.
- (2) **Eligibility Requirements:** The following requirements must be met at the time of Home-Sharing registration:
- (a) The Host must obtain a Transient Occupancy Registration Certificate from the Office of Finance.
  - (b) Home-Sharing may only be authorized and take place in the Primary Residence approved for residential use.
  - (c) Renters or lessees of units may not engage in Home-Sharing without prior written approval by the Landlord. If a renter or owner is subject to the rules of a lease agreement, homeowner's or condo association, or any other legal contract, allowance to engage in Home-Sharing through this subsection shall not be inferred to grant any permission that invalidates provisions in those documents.
  - (d) Renters of units subject to the Rent Stabilization Ordinance may not engage in Home-Sharing.
  - (e) Any multi-unit buildings, used for Home-Sharing, shall not have any open Orders to Comply or any other code violation that is the subject of enforcement or criminal proceedings, unless the violation is completely unrelated to the safety or habitability of the space being used for Home-Sharing, as determined by the agency which issued the order.
  - (f) No Person may apply for, or obtain, more than one Home-Sharing registration, or otherwise operate more than one Home-Sharing unit or guest room, in the City of Los Angeles.
- (3) **Expiration and Renewal.** A Home-Sharing registration is valid for a maximum of two years from the date of issuance. It may not be transferred and is valid only at the original Home-Sharing site. A Home-Sharing registration may be renewed bi-annually if the Host meets the renewal requirements including: (1) pays the renewal

fee; (2) is deemed to have been in substantial conformance with the provisions of this Subdivision for the past two years; (3) documents and provides any changes that have occurred to the information on the current Home-Sharing application; and 4) submits Home-Sharing records described in Subsection (e) 2 for the last two years to demonstrate compliance with this Subdivision as part of the renewal. These records will not be made public. Without a renewal application submitted within 2 years to the date of the issuance of the Home-Sharing registration, or prior renewal, a registration is considered null and void.

- (4) **Suspensions and Revocations.** Notwithstanding any other provision of this Code to the contrary, the Director may require the modification, discontinuance or revocation of Home-Sharing approval if it is found that violations of this section have occurred, in addition to any other city, state, or federal regulation, ordinance or statute. Home-Sharing may not occur while an Order to Comply issued by an enforcement agency remains open. Otherwise, the Director shall give notice to the record owner and lessee(s) of the real property affected to appear at a public hearing at a time and place fixed by the Director and show cause why the Home-Sharing approval should not be modified, discontinued, or revoked pursuant to section 12.27.1 (B). If a registration is revoked, the Host must wait at least three years before they can apply and/or register for Home-Sharing again.

**(d) Prohibitions.**

- (1) No Person shall advertise, undertake, maintain, authorize, book or facilitate any renting to Transient guests in a manner that does not comply with this Subdivision.
- (2) No Person shall advertise any Home-Sharing activity without a City issued Home-Sharing registration number included on a visible location on the advertisement.
- (3) No Person shall operate Home-Sharing for more than 120 days each calendar year.
- (4) A second dwelling unit on a single-family zoned lot may not be used for Home-Sharing, unless it is the Primary Residence of a Host.
- (5) No Person shall offer or engage in Home-Sharing in any part of the property not approved for residential use, including but not limited to, a vehicle parked on the property, a storage shed, recreation room, trailer or garage or any temporary structure like a tent.
- (6) A Host may maintain multiple listings on a Hosting Platform, however, only one listing may be booked at any given time.
- (7) A Host may not rent all or a portion of his home for the purposes of Home-Sharing to more than one group of guests, under more than one booking, at any given time.
- (8) Home-Sharing is not permitted in units that are subject to affordable housing covenants, are in units subject to the Rent Stabilization Ordinance, and/or are income-restricted under City, state, or federal law.

- (9) Properties that are converted from units subject to the RSO ordinance to single family homes are not eligible for Home-Sharing until five years after the property has been converted to the single family home.
- (10) Non-residential uses shall not be permitted, including but not limited to, sales or exchange of products, events that charge a fee, or the promotion, display or servicing of any product is conducted on the premises.
- (11) No Persons shall advertise Home-Sharing on a Hosting Platform not included on the Home-Sharing registration form without prior noticing of the Department of City Planning and amending of the Home-Sharing application form.

**(e) Host Requirements**

- (1) A Host shall be responsible for any nuisance violations, as described in LAMC section 12.27.1.B, arising at a property during Home-Sharing activities.
- (2) The Host shall keep and preserve, for a period of three years, all records as may be necessary to determine the amount of such tax as he may have been liable for the collection of and payment to the City, including the number and length of each Home-Sharing stay, and the price paid for each stay. The Office of Finance shall have the right to inspect these records at all reasonable times. Hosts shall provide a copy of the records from the last two years to the Department of City Planning at the time of renewing the Home-Sharing registration.
- (3) The Host shall fully comply with all the requirements of LAMC Article 1.7 (Transient Occupancy Tax) and successor sections.
- (4) A Host shall provide and maintain fire extinguishers, smoke detectors, carbon monoxide detectors and information related to emergency exit routes and emergency contact information.

**(f) Hosting Platform Requirements.**

- (1) Actively prevent, remove and cancel any illegal listings and bookings of short term rentals including where a listing has been offered: without a Home-Sharing registration number; by a Host who has more than one listing in the City of Los Angeles; or, for a rental unit that exceeds 120 days in a calendar year.
- (2) In cases where advertisements appear on Hosting Platforms that are not in compliance with this Subdivision, work with the Department of City Planning to identify contact information and investigate and resolve any violations. This includes contacting the alleged violator, particularly in cases where the City is unable to locate them, and instructing them to apply for Home-Sharing. If the Home-Sharing registration is not applied for within 21 days of the notice, the listing shall be removed from the Hosting Platform.
- (3) Provide to the Department of City Planning, within 45 days of the effective date of this Ordinance, contact information for an employee or representative that will respond to requests for information or verification of violations of this section. Hosting Platforms established after the effective date, provide this information prior to facilitating Home-Sharing or renting to Transient guests.

- (4) Provide to the Department of City Planning and Office of Finance, on a monthly basis, a log in an electronic format, including the Home-Sharing registration number, address of all sites maintained, authorized, facilitated or advertised by the Hosting Platform for Transient use during the period, the total number of nights that the residential unit was occupied during the period and the amounts paid for each stay. If the Hosting Platform does not have the technical capability to collect such information, it shall provide written documentation to the City of Los Angeles within 75 days of adoption of this Ordinance that it either does not participate in the booking of Home-Sharing or provide alternative methods to comply with the intent of this provision, to the satisfaction of the Department of City Planning. This information will not be made publicly available.
- (5) If a Host assigns its functions or responsibilities regarding the collection and remittance of the Transient Occupancy Tax to a Hosting Platform, the Platform and the Host shall have the same duties and liabilities as the Host, including but not limited to the collection and remittance of the tax to the City on a monthly basis.

**(g) Enforcement of Violations.** Any Person violating this Subdivision shall be guilty of a misdemeanor and or civil remedies provided for by this code, at law or in equity, or any combination of these.

- (1) The provisions in this subsection 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. The selection of the appropriate remedies lies within the sole discretion of the issuing Department and, as applicable, by the City Attorney, and shall be consistent with the purpose and intent of this Article.
- (2) Any person who has failed to comply with the provisions of this Subdivision may be subject to the provisions of Section 11.00 of this Code. The Owner of the property in violation may be assessed a minimum inspection fee, as specified in Section 98.0412 of this Code for each site inspection.
- (3) The Administrative Citation Enforcement (ACE) program in Article 1.2 of this Chapter may be utilized to issue administrative citations and fines pursuant to this section.
- (4) The Director may require the modification, discontinuance, or revocation of any Home-Sharing registration in the manner prescribed in the Administrative Nuisance Abatement program Section 12.27.1
- (5) The Director shall have the authority to prescribe additional conditions and standards of operation for any Home-Sharing that may require additional conditions to avoid nuisance conditions or violations of this section.
- (6) Violation or failure to comply shall constitute a violation of this chapter and shall be subject to the same penalties as any other violation of this chapter, except as follows:
  - a. Hosting Platform
    1. \$500 Fine per day for advertising a listing in violation of this Section, including but not limited to listings without a City Home-Sharing

registration number, multiple listings across more than one property by the same Host or, a listing where the Host's home address does not match the listing location, and any listings rented for more than 120 days a calendar year.

2. \$1,000 Fine per day on any refusal to provide the addresses of un-registered short term rentals to the City.
3. \$1000 Fine per day on any refusal to submit monthly documents required for City to verify the accuracy of the City's Transient Occupancy Tax.

b. Property Owner and/or Host

1. A minimum \$200 Fine, or two times the nightly Rent charged, whichever is greater, per day, for advertising a residence for the purposes of Home-Sharing without compliance with this Subdivision.
2. \$2,000 Fine per day for Home-Sharing beyond the 120 day limit in a year.
3. For the purposes of establishing an Administrative Violation under the Administrative Citation Enforcement program for the Transient use of buildings, structures, or land for which approval are required but were not obtained, the Administrative Fine levied shall be in the amounts described in LAMC section 11.2.04 (a)(2). If no approval could have been obtained and no variance was sought, the Administrative Fine levied shall be at four times (4x) the amounts in that section. The square footage for the use in violation shall be the amount of indoor space to which the Transient guests have access. If the square footage is unable to be ascertained, it shall be assumed to be between 500 and 2,500 square feet.

**(h) Administration and Regulations.** City Departments and Agencies may promulgate regulations, which may include but are not limited to application requirements, interpretations, conditions, reporting requirements, enforcement procedures, and disclosure requirements, to implement the provisions of this Chapter. No Person shall fail to comply with any such regulation.

(FROM THIS POINT FORWARD ALL UNDERLINED TEXT IS NEW CODE AND ~~STRIKEOUT~~ IS DELETED)

Section 4. Section 12.24 to read as follows:

**W. Authority of the Zoning Administrator for Conditional Uses/Initial Decision.**

**24. Hotels.**

(a) Hotels (including motels), apartment hotels, transient occupancy residential structures, or hostels in the CR, C1, C1.5, C2, C4, and C5 Zones when any portion of a structure proposed to be used as a hotel (including a motel), apartment hotel, transient occupancy residential structure or hostel is located within 500 feet of any A or R Zone. Approval of a conversion from another residential use to a Transient Occupancy Residential Structure under this paragraph shall not be permitted.

(b) Hotels (including motels), apartment hotels, transient occupancy residential structures or hostels, in the M1, M2 and M3 Zones when more than half of the lot on which the use is located is in the CR, C1, C1.5, C2, C4, C5 or CM Zones. In approving a request for a use in the M1, M2 and M3 Zones, the Zoning Administrator, in addition to the findings otherwise required by this section, shall also find that approval will not displace viable industrial uses. Approval of a conversion from another residential use to a Transient Occupancy Residential Structure under this paragraph shall not be permitted.

(c) Hotels, motels, apartment hotels, transient occupancy residential structures and hotels in the R4 or R5 Zones, unless expressly permitted by Sections 12.11 or 12.12. In the R5 Zone, incidental business may be conducted, but only as a service to persons living there, and provided that the business is conducted within the main building, that the entrance to the business is from the inside of the building and that no sign advertising the business is visible from outside the building. If the proposed use is to be established by the conversion of an existing residential use, then a relocation assistance plan shall be drawn up and approved in a manner consistent with Section 12.95.2G. Approval of a conversion from another residential use to a Transient Occupancy Residential Structure under this paragraph shall not be permitted.

Section 5. Section 19.01, Section P is amended and Section Z of is added to read:

**P. Modifications or Discontinuance of Use Pursuant to Nuisance Abatement Proceedings.**

**[FILING FEE]**

Type of Application	Fee
Home-Sharing Administrative Hearing	\$TBD

**Z. Home-Sharing Registration Application Fee.**

**[FILING FEE]**

<u>Type of Application</u>	<u>Fee</u>
<u>Home-Sharing Application</u> <u>(Section 12.22)</u>	<u>\$TBD</u>

Section 6: Section 21.7.2 of the Los Angeles Municipal Code is amended to read as follows:

**SEC. 21.7.2. DEFINITIONS.**

Except where the context otherwise requires, the definitions given in this section govern the construction of this article.

(b) Hotel. "Hotel" means any structure, or any portion of any structure, which is occupied or intended or designed for occupancy by transients for dwelling, lodging or sleeping purposes, and includes any hotel, inn, tourist home or house, Home-Sharing, motel, studio, hotel, bachelor hotel, lodging house, rooming house, apartment house, dormitory, public or private club, or other similar structure or portion thereof, and shall further include any trailer court, camp, park or lot where trailer spaces, or combinations of such spaces and trailers, including mobile homes, are occupied or intended or designed for occupancy by transients for dwelling, lodging or sleeping purposes.

(f) **Operator.** (Amended by Ord. No. 176,005, Eff. 7/7/04.) "Operator" means the person who is either the proprietor of the hotel or any other person who has the right to rent rooms within the hotel, whether in the capacity of owner, lessee, mortgagee in possession, licensee or any other capacity. The owner or proprietor who is primarily responsible for operation of the hotel shall be deemed to be the principal operator. If the principal operator performs or assigns its functions, in whole or in part, through a managing agent, a booking agent, a room seller or room reseller, or any other agent or contractee, including but not limited to Hosting Platforms, on-line room sellers, on-line room resellers, and on-line travel agents, of any type or character other than an employee, those persons shall be deemed to be secondary operators.

Section 7: Chapter 122 of the Administrative Code is amended to read as follows:

**Sec. 5.522. Creation and Administration of the Affordable Housing Trust Fund**

(h) Ninety-five percent of transient occupancy taxes equal to the amount which would be derived from a transient occupancy tax received by the City, which are attributable to any Transient use other than a hotel, motel, apartment hotel or hostel, shall be placed in the fund.

**EXHIBIT B:**  
Environmental Clearance

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B1: Statutory Exemption  
B2: Negative Declaration

CPC-2016-1243-CA  
June 23, 2016





## CEQA NARRATIVE

### Home-Sharing Ordinance CPC-2016-1243-CPC

#### Project Description

An ordinance amending Sections 12.03, 12.22, 12.24, 19.01 and 21.7.2 of the Los Angeles Municipal Code; and amending Section 5.522 of the Charter and Administrative Code, imposing regulations to permit sharing of certain primary residences as short-term rentals, establishing an application fee and administrative fines for Home-Sharing, and directing Transient Occupancy Taxes derived from Home-Sharing to the Affordable Housing Trust Fund.

#### Summary

The proposed ordinance qualifies under the “common sense” CEQA exemption pursuant to CEQA Guidelines Section 15061(b)(3) and 15060(c)(2), which provides that, where it can be seen with certainty that there is no possibility that a project may have a significant effect on the environment, the project is not subject to CEQA. CEQA only applies to projects that have the potential for causing a significant effect on the environment - either through a direct impact or reasonably, foreseeable indirect impact. The proposed ordinance does not have that possibility.

Direct impacts of the ordinance on the environment will be minor as it is not expected to spur any new development or direct physical effects. The City reasonably expects that implementation of the ordinance will result in fewer primary residences being offered for short-term rentals compared to what currently exists in the City, and better regulation of the activity of sharing certain primary residences for short-term rentals. Both results are unlikely to create a foreseeable physical impact on the environment.

#### Current Environment

For the purpose of CEQA, the analysis of potential environmental impacts from a “project” is based upon a comparison of the potential impacts of a project with the baseline. The baseline is generally the existing conditions at the time the City commences the environmental review of the project (CEQA Guidelines, section 15125(a)). This is the case even when the existing conditions are the result of prior illegal activities, including of zoning and building code violations (See *Riverwatch v. County of San Diego* (1999) 76 Cal.App.4<sup>th</sup> 1428, 1452-1453, *Citizens for East Shore Park v. State Lands Commission* (2011) 202 Cal.App.4<sup>th</sup> 549, 559-560.).

Short-term rentals have a strong and fast-growing presence in many neighborhoods of the City, despite their current illegality in all but a few cases (legal Bed and Breakfasts or Transient Occupancy Residential Structures). The staff report cites two recent estimates that have put the total market at about 20,000 active short-term rental listings in the City. The figure has been increasing fast over the last few years (likely doubling every 12-16 months).

The City has gathered some basic information on guest stays using Airbnb, which is the largest platform facilitating short-term rentals in the City. Based on a Department analysis of a “data

scrape” of Airbnb information for the City in late 2015, roughly 15% of Airbnb users rent their units for more than 120 days a year, nearly 40% of hosts have multiple listings and almost 60% of listings are of whole units. More recently Airbnb released figures that show 84% of Airbnb hosts in Los Angeles are sharing their permanent home, and the typical Airbnb listing in Los Angeles is rented 62 nights per year. Over 560,000 total guests stayed with Airbnb hosts in Los Angeles in 2015, with an average number of 2.2 guests per trip and an average length of stay of 4.5 days. These figures likely represent about 65% of the total short-term rental market.

### **Proposed Ordinance**

The proposed ordinance includes new regulations to enable the legalization of a portion of the short-term rentals already in existence. In addition, the short-term rentals permitted by this ordinance will be subject to an enhanced regulatory environment. As set forth in the staff report, the ordinance includes the following key provisions:

1. All short-term rentals must be registered with the City.
2. Only primary residences may be shared as short-term rentals.
3. Primary residences that are subject to the City’s Rent Stabilization Ordinance are prohibited as shared short-term rentals.
4. No primary residence may be shared as a short-term rental for more than 120 days per year.
5. Full-time vacation rentals are prohibited.

In addition, the ordinance includes additional enforcement tools and resources, including setting aside 5% of the anticipated revenue from the Transient Occupancy Tax (likely to be at least \$500,000 per year), which could be used to enforce the provisions of the ordinance<sup>1</sup>. (see the *Enforcement* section in the staff report).

### **Analysis**

The City’s analysis shows, consistent with other studies that many of the short-term rental *listings* are for shared housing or part-time single-listings. However, the greatest amount of short-term rental activity (or total bookings) involve the full-time rental of entire single family residences (i.e. vacation rentals.) Fully 35% of Airbnb revenues are from hosts with multiple listings entire single family residences. While reliable numeric break-downs according to the ordinance’s provisions are not available, it appears the ordinance would have its greatest impact on the more active and intensively used listings, specifically the full-time “short-term” rental of single family residences as vacation rentals.

Stays in residential short-term rentals may occur at the expense of occupancies at typical hotels, motels and bed and breakfasts. Therefore any change to the regulatory environment must consider the impact on hotel and motel occupancy rates. The best research the City has located regarding the relationship between hotels and Airbnb is based on a study of Austin, TX. While the study found a significant relationship between hotel revenues and Airbnb, it found a

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<sup>1</sup> Final decisions on year-to-year funding are made by the City Council separate from this ordinance.

near-zero impact on occupancy rates, which is more relevant for assessing environmental impacts. Specifically, the study found that a 10% increase in Airbnb listings is associated with a .0005 percent decrease in hotel occupancy rates. This is in line with current information in Los Angeles, where demand for hotel rooms has increased significantly in recent years, despite the ascendance of short-term rentals. Given this, if a 20-40% reduction in short-term activity were to occur, as is reasonably be estimated, changes in hotel occupancy rates would barely register (an estimated .001-.002 percent increase). This .001 to .002 percent projected increase compares to an increase in occupancy rate of about 4.7% recorded in Los Angeles County through March 2016. Based on the current number of 2.6 million nights booked in hotel rooms in the Los Angeles-Long Beach region<sup>2</sup>, this would equate to an increase of between 2,600 and 5,200 guest stays in hotel rooms per year. The impacts on hotels are thereby considered negligible.

In the longer run, Airbnb may be seen to also affect the hotel industry's investment decisions. However, the opposite has appeared to be true. Currently, during a time of rapid increase in short-term rentals, hotel development is undergoing a significant increase. In January 2016, the Los Angeles Tourism and Convention Board reported that approximately 14,650 new rooms in development in 83 hotels were under development. Given past behavior of the hotel industry in constructing a significant number of hotels during a time when short-term rentals have been fast increasing, the ordinance is not likely to influence decisions on whether to construct a new hotel or not. The increase in hotel development will help more than absorb the largely insignificant increase in hotel occupancy rates associated with the ordinance.

One way to get a better sense of potential effects is to look at the results in a city that adopted similar regulations. Santa Monica passed an ordinance about a year ago that features important similarities to the proposed ordinance - in terms of requiring registration numbers, placing responsibility on both hosts and platforms to enforce the law. Total short-term listings in the city are believed to have dropped from about 1,400 listings to less than 1,000 in the course of about a year's time (a decline of 30%) The reduction of online listings in Santa Monica is due in large part to the staff resources devoted to pro-active enforcement. The proposed ordinance contemplates the availability of TOT resources (five percent of the total derived from short-term rentals) to hire a team of staff persons and/or invest in a technological solution. However, any final decision on expenditure of resources will be taken by the City Council in the future.

Today, there is very little effective enforcement against short-term rentals, most of whom are believed to be operating in violation of current zoning regulations. Therefore, if someone is interested in renting out residential space on an online hosting platform, they are unlikely to wait until a new regulatory system is put in place to engage in such activities. They are already engaging in short term rental activities.

As such, the proposed ordinance would not likely induce any new short-term rental to take place. The City expects many owners of the few thousand homes that are ineligible for Home-

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<sup>2</sup> Bank of America/Meryll Lynch. Lodging. October 2015. *Airbnb: Deep dive with data from AirDNA*.

Sharing will re-evaluate their choice of renting units as a short-term rental business. Many are likely to end their activities, leading to a net reduction in short-term rental activity. Any reduction in short-term rental activity is likely to reduce any environmental impacts from a CEQA point of view.

At the more local level, the impact on the residential environment is also likely to be minimal regardless of the exact magnitude of the change. With the regulations set forth by the Home-Sharing ordinance, the operation of Home-Sharing uses would be similar to the operation of a regular occupied home in any residential neighborhood. In fact, often times a bedroom or unit being used exclusively for short-term rental is likely to be used less intensely than a full-time, long-term occupied bedroom or unit. However, in other cases, spaces used for short-term rentals would be vacant. Again, countervailing trends are likely to balance out.

Given the credible evidence currently available, it appears reasonable to believe that the growth rates of short-term rentals will slow considerably and that the number of short-term rentals should decline from the current level. However, noticeable change to the physical environment is not likely not occur either way. If short-term rentals drop, some percentage of long-term rental may increase and vice-versa (in addition to the projected slight increase in hotel room stays). In the end the balance of forces - likely fewer short-term rental usage versus potentially higher impacts associated with some amount of reversion to long-term rental uses - is likely to roughly balance out and lead to almost no perceivable environmental impact.

## **EVALUATION**

### **Summary**

The above analysis concludes that short-term rental activity is likely to slow or decline as a result of the ordinance for the following reasons: (1) the ordinance as currently proposed permits only residential units used as primary residences to be used as short-term rentals; (2) ordinance prohibits residential units subject to the City's rent stabilization ordinance from use as short-term rentals; (3) the ordinance permits an individual or entity to list only one unit or single family residence as a short-term rental; and (4) the ordinance requires that all short-term rentals be registered with the City. These regulations will necessarily limit the units available to be used as short-term rentals and may discourage individuals that are currently listing units or residences as short-term rentals from continuing to do so because of the registration requirement and the additional regulations. Reductions in the number of short-term rentals should be more pronounced in areas with greater concentrations of entire residences that are listed as short-term rentals. This appears to be in areas with the highest demand, such as Venice, Hollywood and Silverlake. The proposed ordinance amends Sections 12.03, 12.22 and 12.24 of the zoning code and will be applicable to all parcels in which residential uses are permitted or currently exist.

Below is a discussion of potential impacts in each environmental topic area. In most cases, impact areas are not impacted at all, or only tangentially. In cases where there may be a potential effect, the net result would be minor. As a result, the preliminary study finds no potential impacts.

This evaluation is a programmatic review of the impact of short-term rentals on residential neighborhoods.

### **Aesthetics**

The Home-Sharing ordinance would only affect the use of a residential building and not its physical shape or size. The analysis of the short-term rental market in Los Angeles indicates that, if anything, the ordinance is likely to reduce the amount of such activity in Los Angeles. There should be no more exterior lighting than if not used for home-sharing.

Mitigation Measures: None.

Conclusion: No impact to aesthetics.

### **Agriculture & Forestry Resources**

The amendment will not result in the loss or conversion of any Prime Farmland, Unique Farmland, or Farmland of Statewide Importance. No loss of forest land or conversion of forest land to non-forest use will occur.

Mitigation Measures: None.

Conclusion: No impact to agricultural resources.

### **Air Quality**

The proposed amendment will not obstruct the implementation of SQAMD plans, nor will it violate any air quality standard or contribute substantially to an existing or projected air quality violation. As no construction is proposed, it will not result in the cumulative net increase of any criteria pollutant for which the project region is non-attainment, expose sensitive receptors to pollutants, or create objectionable odors. Any future development and resulting structures would be subject to the same building and environmental review process that currently exists and impacts to sensitive receptors and the creation of objectionable odors would be subject to subsequent environmental review and analyzed during the application process.

Mitigation Measures: None.

Conclusion: No impact to air quality.

### **Biological Resources**

The proposed text amendment will not impact state or federally listed species, riparian habitat, wetlands, sensitive natural communities, migratory fish or wildlife species, adopted Habitat Conservation Plan, Natural Community Plan, trees, or marine animals. No construction is proposed as part of this amendment. Future development projects will be subject to subsequent environmental review and will be evaluated for potential impacts to biological resources.

Mitigation Measures: None.

Conclusion: No impact to biological resources.

### **Cultural Resources**

The proposed amendment only pertains to the use of an existing residential property and in no way grants approval of physical changes to a structure. Although it may be possible for a vacation rental permit to be granted for a historic property, any external changes would be subject to the policies of the City's Historic Preservation Overlay Zone Ordinance or the Cultural Heritage Ordinance. The Home-Sharing ordinance applies to existing homes in established residential neighborhoods and would therefore not have the potential to destroy a unique paleontological resource or disturb any human remains. Future development projects will be subject to subsequent environmental review and will be evaluated for potential impacts to cultural resources.

Mitigation Measures: None

Conclusion: No impact to cultural resources.

### **Geology & Soils**

The use of an existing home for Home-Sharing would not increase the potential to expose more people to strong seismic ground shaking, ground failure, or landslides than that of the existing single family uses. All homes constructed in the recent past have required soils reports and foundation plans that respond to the regional soils and potential for ground shaking.

Mitigation Measures: None.

Conclusion: No impact to geology and soils.

### **Greenhouse Gas Emissions**

The amendment will not cause an increase in cumulative greenhouse gas emissions nor will it conflict with an applicable plan, policy, or regulation adopted for the purposes of reducing greenhouse gases. Any future structures and uses would be subject to the application review process that currently exists.

Mitigation Measures: None

Conclusion: No impact to greenhouse gas emissions.

### **Hazards & Hazardous Materials**

Home-Sharing use of existing single dwellings would not involve the routing or transport, use or disposal of hazardous materials. There are no known residential sites within the City that are listed on a hazardous materials site. There are no residential sites within the airport land use plan boundaries in the City. Therefore there is no potential for a vacation rental property to be located within the airport land use boundary. The proposed uses will have no impact to any emergency response plan for emergency evacuation plan above that of an existing single family residence. The potential for wildland fires does not exist as the vacation rental uses will be conducted only at existing developed residential locations.

Mitigation Measures: None.

Conclusion: No impacts to hazards or hazardous materials.

### **Hydrology & Water Quality**

The Home-Sharing Ordinance affects use of existing structures that have been previously permitted. These residential sites will not affect run-off or surface water body. Therefore, there is no potential for future significant and different impacts on hydrology and water quality. Impacts on hotels are considered to be negligible.

Mitigation Measures: None.

Conclusion: No impacts to hydrology and water quality

### **Land Use & Planning**

The Home-Sharing Ordinance does not conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project. General plan and zoning consistency is addressed in detail in this report.

Mitigation Measures: None.

Conclusion: No impacts to land use & planning

### **Mineral Resources**

The Home-Sharing Ordinance will have no effect on mineral resources locally or regionally, either in availability or future value. No loss or use of known mineral resources will occur.

Mitigation Measures: None.

Conclusion: No impacts to mineral resources

### **Noise**

The Home-Sharing Ordinance does not expose additional persons to, or generate, excess noise levels. The ordinance should reduce the number of large vacation rentals often used for parties and other gatherings in short-term rentals, as these uses are not normally someone's primary residence. This should reduce exposure or generation of excess noise. The ordinance will also have a hotline for complaints, which will be able to be used for home-sharing, in the event of excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies. Impacts on hotels are considered to be negligible.

Mitigation Measures: None.

Conclusion: No impacts to noise

### **Population & Housing**

The Home-Sharing ordinance will not induce substantial population growth in an area, either directly or indirectly. The ordinance would not result in any new development and is likely to slow or reduce the amount of short-term rental activity in residences. It will not result in the construction of any new homes or businesses. As such, it will also not result in the net loss of any existing housing units affordable to very low- or low-income households (as defined by federal and/or City standards), through demolition, conversion, or other means. The prohibition



on RSO and Transient Occupancy Residential Structures, on top of the proposed enforcement tools, are important assurances that greater protections will be in place.

Mitigation Measures: None.

Conclusion: No impacts to hazards or public services

### **Public Services**

The home-sharing ordinance would not adversely impact response time on any street intersections with a level of service (LOS) of E or F. The ordinance does not create a net increase in trips to Los Angeles. Trips may slightly increase in some areas and decrease in others, but generally commercial areas with hotels are likely to see more activity. Hotels tend to be located downtown and the LA basin, in general - in areas well-served by freeways and public transit (and therefore relatively low regional vehicle miles travelled).

Mitigation Measures: None.

Conclusion: No impacts to public services

### **Recreation**

The proposed ordinance would not increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated.

Mitigation Measures: None.

Conclusion: No impacts to recreation

### **Transportation & Traffic**

The ordinance would not cause an increase in traffic which is substantial in relation to the existing traffic load and capacity of the street system (i.e., result in a substantial increase in either the number of vehicle trips, the volume to capacity ratio on roads, or congestion at intersections). As the ordinance is projected to have a negligible to insignificant impact on hotel occupancy, traffic impacts are also considered to be negligible. The most impacted streets for short-term rentals in Los Angeles now may have a three to four active listings within a quarter-mile or so. These are not sufficient numbers to cause a significant diversion or shift in traffic patterns. Also, as mentioned under public services above, guest stays will be more likely to occur in areas with low regional vehicles mile travel and better public transportation access than most residential structures used as vacation rentals.

### **Utilities & Service Systems**

The proposed ordinance will not violate any water or wastewater treatment requirements or contribute substantially to wastewater generation. As no construction is proposed, it will not result in a need for new water or wastewater treatment facilities. Any future development and resulting structures would be subject to the same building and environmental review process that currently exists. Additionally, as the ordinance will likely result in less short-term rentals, the utilities and services impacts will likely be lowered.

Mitigation Measures: None.

Conclusion: No impacts to recreation

## **CONCLUSION**

Based upon the information currently available regarding the current usage of short-term rentals in the City of Los Angeles and the effect on Santa Monica's short-term rentals after it adopted an ordinance that includes similar regulations and restrictions as those included in the proposed ordinance, as well as the other information set forth above, in the staff report related to this ordinance and the substantial evidence contained in the whole of the record of proceedings, the City has determined that it can be seen with certainty that there is no possibility the adoption and enforcement of this ordinance may have a significant effect on the environment.

**CITY OF LOS ANGELES**

OFFICE OF THE CITY CLERK  
 ROOM 360, CITY HALL  
 LOS ANGELES, CALIFORNIA 90012

**CALIFORNIA ENVIRONMENTAL QUALITY ACT  
 INITIAL STUDY  
 AND CHECKLIST**  
 (Article IV B City CEQA Guidelines)

<b>LEAD CITY AGENCY</b> City of Los Angeles Department of City Planning	<b>COUNCIL DISTRICT</b> All	<b>DATE</b> June 14, 2016
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**RESPONSIBLE AGENCIES**

<b>PROJECT TITLE/NO.</b> Home Sharing Ordinance CPC-2016-1243-CA	<b>CASE NO.</b> ENV-2016-1277-ND
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<b>PREVIOUS ACTIONS CASE NO.</b> N/A	<input type="checkbox"/> DOES have significant changes from previous actions. <input checked="" type="checkbox"/> DOES NOT have significant changes from previous actions.
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**PROJECT DESCRIPTION:**  
 Home Sharing Ordinance establishes regulatory framework to permit sharing of primary residences.

**ENVIRONMENTAL SETTING:**  
 City of Los Angeles

**PROJECT LOCATION**  
 City of Los Angeles

<b>PLANNING DISTRICT</b> All	<b>STATUS:</b> <input type="checkbox"/> PRELIMINARY <input checked="" type="checkbox"/> PROPOSED <u>June 2016</u> <input type="checkbox"/> ADOPTED
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<b>EXISTING ZONING</b> N/A	<b>MAX. DENSITY ZONING</b> N/A	<input checked="" type="checkbox"/> DOES CONFORM TO PLAN  <input type="checkbox"/> DOES NOT CONFORM TO PLAN  <input type="checkbox"/> NO DISTRICT PLAN
<b>PLANNED LAND USE &amp; ZONE</b> N/A	<b>MAX. DENSITY PLAN</b> N/A	
<b>SURROUNDING LAND USES</b> N/A	<b>PROJECT DENSITY</b> N/A	

**DETERMINATION (To be completed by Lead Agency)**

On the basis of this initial evaluation:

I find that the proposed project COULD NOT have a significant effect on the environment, and a NEGATIVE DECLARATION will be prepared.

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I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because revisions on the project have been made by or agreed to by the project proponent. A MITIGATED NEGATIVE DECLARATION will be prepared.

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I find the proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.

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I find the proposed project MAY have a “potentially significant impact” or “potentially significant unless mitigated” impact on the environment, but at least one effect 1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and 2) has been addressed by mitigation measures based on earlier analysis as described on attached sheets. An ENVIRONMENTAL IMPACT REPORT is required, but it must analyze only the effects that remain to be addressed.

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I find that although the proposed project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an earlier EIR or NEGATIVE DECLARATION pursuant to applicable standards, and (b) have been avoided or mitigated pursuant to that earlier EIR or NEGATIVE DECLARATION, including revisions or mitigation measures that are imposed upon the proposed project, nothing further is required.

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SIGNATURE

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TITLE

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## EVALUATION OF ENVIRONMENTAL IMPACTS:

- 1) A brief explanation is required for all answers except “No Impact” answers that are adequately supported by the information sources a lead agency cites in the parentheses following each question. A “No Impact” answer is adequately supported if the referenced information sources show that the impact simply does not apply to projects like the one involved (e.g., the project falls outside a fault rupture zone). A “No Impact” answer should be explained where it is based on project-specific factors as well as general standards (e.g., the project will not expose sensitive receptors to pollutants based on a project-specific screening analysis).
- 2) All answers must take account of the whole action involved, including off-site as well as on-site, cumulative as well as project-level, indirect as well as direct, and construction as well as operational impacts.
- 3) Once the lead agency has determined that a particular physical impact may occur, then the checklist answers must indicate whether the impact is potentially significant, less than significant with mitigation, or less than significant. “Potentially Significant Impact” is appropriate if there is substantial evidence that an effect may be significant. If there are one or more “Potentially Significant Impact” entries when the determination is made, an EIR is required.
- 4) “Negative Declaration: Less Than Significant With Mitigation Incorporated” applies where the incorporation of a mitigation measure has reduced an effect from “Potentially Significant Impact” to “Less Than Significant Impact.” The lead agency must describe the mitigation measures, and briefly explain how they reduce the effect to a less than significant level (mitigation measures from Section XVII, “Earlier Analysis,” cross referenced).
- 5) Earlier analysis must be used where, pursuant to the tiering, program EIR, or other CEQA

process, an effect has been adequately analyzed in an earlier EIR, or negative declaration. Section 15063 (c)(3)(D). In this case, a brief discussion should identify the following:

- a) Earlier Analysis Used. Identify and state where they are available for review.
- b) Impacts Adequately Addressed. Identify which effects from the above checklist were within the scope of and adequately analyzed in an earlier document pursuant to applicable legal standards, and state whether such effects were addressed by mitigation measures based on the earlier analysis.
- c) Mitigation Measures. For effects that are “Less Than Significant With Mitigation Measures Incorporated,” describe the mitigation measures which were incorporated or refined from the earlier document and the extent to which they address site-specific conditions for the project.

- 6) Lead agencies are encouraged to incorporate into the checklist references to information sources for potential impacts (e.g., general plans, zoning ordinances). Reference to a previously prepared or outside document should, where appropriate, include a reference to the page or pages where the statement is substantiated
- 7) Supporting Information Sources: A sources list should be attached, and other sources used or individuals contacted should be cited in the discussion.
- 8) This is only a suggested form, and lead agencies are free to use different formats; however, lead agencies should normally address the questions from this checklist that are relevant to a project’s environmental effects in whichever format is selected.
- 9) The explanation of each issue should identify:
  - a. The significance criteria or threshold, if any, used to evaluate each question; and
  - b. The mitigation measure identified, if any, to reduce the impact to less than significance.

**ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED:**

The environmental factors checked below would be potentially affected by this project, involving at least one impact that is a “Potentially Significant Impact” as indicated by the checklist on the following pages.

- |   |  |   |
|---|--|---|
| <input type="checkbox"/> Aesthetics               | <input type="checkbox"/> Agricultural and Forestry Resources | <input type="checkbox"/> Air Quality                        |
| <input type="checkbox"/> Biological Resources     | <input type="checkbox"/> Cultural Resources                  | <input type="checkbox"/> Geology/Soils                      |
| <input type="checkbox"/> Greenhouse Gas Emissions | <input type="checkbox"/> Hazards & Hazardous Materials       | <input type="checkbox"/> Hydrology/Water Quality            |
| <input type="checkbox"/> Land Use/Planning        | <input type="checkbox"/> Mineral Resources                   | <input type="checkbox"/> Noise                              |
| <input type="checkbox"/> Population/Housing       | <input type="checkbox"/> Public Services                     | <input type="checkbox"/> Recreation                         |
| <input type="checkbox"/> Transportation/Traffic   | <input type="checkbox"/> Utilities/Service Systems           | <input type="checkbox"/> Mandatory Findings of Significance |

**INITIAL STUDY CHECKLIST (To be completed by the Lead City Agency)**

**BACKGROUND**

PROPONENT NAME	PHONE NUMBER
City of Los Angeles Department of City Planning	213.978.2666

**PROPONENT ADDRESS**

200 N. Spring St. Los Angeles, CA 90012

**AGENCY REQUIRING CHECKLIST**

City of Los Angeles Department of City Planning

**DATE SUBMITTED**

June 14, 2016

**PROPOSAL NAME (If Applicable)**

Home-Sharing Ordinance

  ENVIRONMENTAL IMPACTS

(Explanations of all potentially and less than significant impacts are required to be attached on separate sheets)

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
<b>I. AESTHETICS.</b> Would the project:				
a. Have a substantial adverse effect on a scenic vista?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b. Substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c. Substantially degrade the existing visual character or quality of the site and its surroundings?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d. Create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>II. AGRICULTURE AND FOREST RESOURCES.</b> In determining whether impacts to agricultural resources are significant environmental effects, lead agencies may refer to the California Agricultural Land Evaluation and Site Assessment Model (1997) prepared by the California Department of Conservation as an optional model to use in assessing impacts on agriculture and farmland. In determining whether impacts to forest resources, including timberland, are significant environmental effects, lead agencies may refer to information compiled by the California Department of Forestry and Fire Protection regarding the state's inventory of forest land, including the Forest and Range Assessment Project and the Forest Legacy Assessment project; and forest carbon measurement methodology provided in Forest Protocols adopted by the California Air Resources Board. Would the project:				
a. Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b. Conflict with existing zoning for agricultural use, or a Williamson Act contract?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c. Conflict with existing zoning for, or cause rezoning of, forest land (as defined in Public Resources Code section 12220(g)), timberland (as defined by Public Resources Code section 4526), or timberland zoned Timberland Production (as defined by Government Code section 51104(g))?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d. Result in the loss of forest land or conversion of forest land to non-forest use?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
e. Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland, to non-agricultural use or conversion of forest land to non-forest use?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>III. AIR QUALITY.</b> Where available, the significance criteria established by the applicable air quality management or air pollution control district may be relied upon to make the following determinations. Would the project:				
a. Conflict with or obstruct implementation of the applicable air quality plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b. Violate any air quality standard or contribute substantially to an existing or projected air quality violation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c. Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions which exceed quantitative thresholds for ozone precursors)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d. Expose sensitive receptors to substantial pollutant concentrations?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e. Create objectionable odors affecting a substantial number of people?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>IV. BIOLOGICAL RESOURCES.</b> Would the project:				
a. Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Wildlife or U.S. Fish and Wildlife Service?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b. Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, or regulations, by the California Department of Fish and Wildlife or U.S. Fish and Wildlife Service?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c. Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d. Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>



	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
corridors, or impede the use of native wildlife nursery sites?				
e. Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f. Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**V. CULTURAL RESOURCES:** Would the project:

a. Cause a substantial adverse change in the significance of a historical resource as defined in §15064.5?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b. Cause a substantial adverse change in the significance of an archaeological resource pursuant to §15064.5?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c. Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d. Disturb any human remains, including those interred outside of dedicated cemeteries (see Public Resources Code, Ch. 1.75, §5097.98, and Health and Safety Code §7050.5(b))?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e. Cause a substantial adverse change in the significance of a site, feature, place, cultural landscape, sacred place, or object with cultural value to a California Native American Tribe that is listed or determined eligible for listing on the California register of historical resources, listed on a local historical register, or otherwise determined by the lead agency to be a tribal cultural resource?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**VI. GEOLOGY AND SOILS.** Would the project:

a. Expose people or structures to potential substantial adverse effects, including the risk of loss, injury or death involving:				
i. Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
ii. Strong seismic ground shaking?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
iii. Seismic-related ground failure, including liquefaction?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
iv. Landslides?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
b. Result in substantial soil erosion or the loss of topsoil?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c. Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction or collapse?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d. Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial risks to life or property?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e. Have soils incapable of adequately supporting the use of septic tanks or alternative waste water disposal systems where sewers are not available for the disposal of waste water?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**VII. GREENHOUSE GAS EMISSIONS.** Would the project:

a. Generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b. Conflict with an applicable plan, policy or regulation adopted for the purpose of reducing the emissions of greenhouse gases?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**VIII. HAZARDS AND HAZARDOUS MATERIALS.** Would the project:

a. Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b. Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c. Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d. Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e. For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
f. For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g. Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
h. Expose people or structures to a significant risk of loss, injury or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**IX. HYDROLOGY AND WATER QUALITY.** Would the project:

a. Violate any water quality standards or waste discharge requirements?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b. Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c. Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner which would result in substantial erosion or siltation on- or off-site?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d. Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner which would result in flooding on- or off site?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e. Create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f. Otherwise substantially degrade water quality?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g. Place housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
h. Place within a 100-year flood hazard area structures which would impede or redirect flood flows?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
i. Expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
j. Inundation by seiche, tsunami, or mudflow?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>X. LAND USE AND PLANNING.</b> Would the project:				
a. Physically divide an established community?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b. Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c. Conflict with any applicable habitat conservation plan or natural community conservation plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>XI. MINERAL RESOURCES.</b> Would the project:				
a. Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b. Result in the loss of availability of a locally-important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>XII. NOISE.</b> Would the project result in:				
a. Exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b. Exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c. A substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
d. A substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e. For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
f. For a project within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**XIII. POPULATION AND HOUSING.** Would the project:

a. Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b. Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c. Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**XIV. PUBLIC SERVICES.** Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services:

a. Fire protection?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b. Police protection?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c. Schools?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d. Parks?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e. Other public facilities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**XV. RECREATION.**

a. Would the project increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b. Does the project include recreational facilities or require the construction or expansion of recreational facilities which might have an adverse physical effect on the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**XVI. TRANSPORTATION/TRAFFIC.** Would the project:

a. Conflict with an applicable plan, ordinance or policy establishing measures of effectiveness for the performance of the circulation system, taking into account all modes of transportation including mass	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
transit and non-motorized travel and relevant components of the circulation system, including but not limited to intersections, streets, highways and freeways, pedestrian and bicycle paths, and mass transit?				
b. Conflict with an applicable congestion management program, including, but not limited to, level of service standards and travel demand measures, or other standards established by the county congestion management agency for designated roads or highways?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c. Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d. Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e. Result in inadequate emergency access?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f. Conflict with adopted policies, plans, or programs regarding public transit, bicycle, or pedestrian facilities, or otherwise decrease the performance or safety of such facilities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**XVII. UTILITIES AND SERVICE SYSTEMS.** Would the project:

a. Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b. Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c. Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d. Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e. Result in a determination by the wastewater treatment provider which serves or may serve the project that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
f. Be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g. Comply with federal, state, and local statutes and regulations related to solid waste?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**XVIII. MANDATORY FINDINGS OF SIGNIFICANCE.**

a. Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b. Does the project have impacts that are individually limited, but cumulatively considerable? ("Cumulatively considerable" means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c. Does the project have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>



**DISCUSSION OF THE ENVIRONMENTAL EVALUATION** (Attach additional sheets if necessary)

<b>PREPARED BY</b>	<b>TITLE</b>	<b>TELEPHONE #</b>	<b>DATE</b>
William Hsu	Planning Assistant		June 14, 2016



## ENVIRONMENTAL IMPACT ANALYSIS

### 1. AESTHETICS

a) **Would the project have a substantial adverse effect on a scenic vista?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. There will be no changes to a structure's physical shape or size nor would it create any physical changes to the environment. Therefore, no impact on a scenic vista will result.

b) **Would the project substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. It does not include scenic resources within a state scenic highway. No impact related to the ordinance will occur.

c) **Would the project substantially degrade the existing visual character or quality of the site and its surroundings?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. The existing visual character or quality of the site and its surroundings will not be impacted.

d) **Would the project create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. It will not introduce new sources of substantial light or glare. No impact related to this issue would occur.

### 2. AGRICULTURE AND FORESTRY RESOURCES

a) **Would the project convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. It will not impact or convert any farmland to non-agricultural use. Therefore, no impacts related to this issue would occur.

b) **Would the project conflict with existing zoning for agricultural use, or a Williamson Act Contract?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. It will not change any land zoned for agricultural use, and the site is not under a Williamson Act Contract. Thus, there is no conflict with existing zoning for agricultural use, or a Williamson Act Contract. Therefore, no impacts related to this issue would occur.

**c) Would the project conflict with existing zoning for, or cause rezoning of, forest land (as defined in Public Resources Code section 12220[g]), timberland (as defined by Public Resources Code section 4526), or timberland zoned Timberland Production (as defined by Government Code section 51104 [g])?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. It will not change any land zoned as forest land or timberland. Therefore, no impacts related to this issue would occur.

**d) Would the project result in the loss of forest land or conversion of forest land to non-forest use?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. It does not propose changes to any forest land. Therefore, no impacts related to this issue would occur.

**e) Would the project involve other changes in the existing environment, which due to their location or nature, could result in conversion of Farmland, to non-agricultural use?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. No agricultural uses are included as part of the project. Therefore, no impacts related to this issue would occur.

### **3. AIR QUALITY**

**a) Would the project conflict with or obstruct implementation of the applicable air quality plan?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. It will not conflict or obstruct implementation of applicable air quality plan.

**b) Would the project violate any air quality standard or contribute substantially to an existing or projected air quality violation?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. It will not violate air quality standards or contribute substantially to an existing or projected violation. The time limit on home-sharing will likely lower existing emissions.

**c) Would the project result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions, which exceed quantitative threshold for ozone precursors)?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. It will not generate or emit any criteria pollutant. No related impacts would occur.

**d) Would the project expose sensitive receptors to substantial pollutant concentrations?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. It will not generate or emit any criteria pollutant. No related impacts would occur.

**e) Would the project create objectionable odors affecting a substantial number of people?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. There is no creation of objectionable odors and therefore no impact.

#### **4. BIOLOGICAL RESOURCES**

**a) Would the project have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulation, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur, which will not impact or modify any habitats. Therefore, no impacts related to this issue would occur.

**b) Would the project have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur, which will not impact or modify any riparian habitats. Therefore, no impacts related to this issue would occur.

**c) Would the project have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur, which will not impact or modify any wetlands. Therefore, no impacts related to this issue would occur.

**d) Would the project interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur, which will not impact or modify any wildlife corridors. Therefore, no impacts related to this issue would occur.

**e) Would the project conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur, which will not conflict with existing policies protecting biological resources. Therefore, no impacts related to this issue would occur.

**f) Would the project conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. It is not subject to a Habitat Conservation Plan, a Natural Community Conservation Plan, or other such plan. Therefore, the project would not conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan, and no impacts related to this issue would occur.

## **5. CULTURAL RESOURCES**

**a) Would the project cause a substantial adverse change in the significance of a historical resource as defined in §15064.5?**

**No Impact.** State CEQA Guidelines Section 15064.5 defines an historical resource as: 1) a resource listed in or determined to be eligible by the State Historical Resources Commission for listing in the California Register of Historical Resources; 2) a resource listed in a local register of historical resources or identified as significant in a historical resource survey meeting certain state guidelines; or 3) an object, building, structure, site, area, place, record or manuscript which a lead agency determines to be significant in the architectural, engineering, scientific, economic, agricultural, educational, social, political, military, or cultural annals of California, provided that the lead agency's determination is supported by substantial evidence in light of the whole record. A project-related significant adverse effect would occur if a project were to adversely affect a historical resource meeting one of the above definitions. The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. No historic structures will be affected by the ordinance. The ordinance is not proposing any physical changes. Thus, the ordinance would not cause a substantial adverse change in the significance of a historical resource as defined in §15064.5. Therefore, no impacts related to historical resources would occur as a result of the ordinance.

**b) Would the project cause a substantial adverse change in the significance of an archaeological resource pursuant to 15064.5?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. No grading or excavation is proposed. Therefore, no impacts related to this issue would occur.

**c) Would the project directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. No grading or excavation is proposed. Therefore, no impacts related to this issue would occur.

**d) Would the project disturb any human remains, including those interred outside of formal cemeteries?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. No grading or excavation is proposed. Therefore, no impacts related to this issue would occur.

## **6. GEOLOGY AND SOILS**

**a) Would the project expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving:**

**(i) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. All homes constructed in the recent past have required soils reports and foundation plans that respond to the regional soils and potential for ground shaking, and all structures comply with seismic building standards.

**(ii) Strong seismic ground shaking?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. It would not increase the potential to expose more people to strong seismic ground shaking than that of the existing single family uses. All homes constructed in the recent past have required soils reports and foundation plans that respond to the regional soils and potential for ground shaking, and all structures comply with seismic building standards.

**(iii) Seismic-related ground failure, including liquefaction?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. It would not increase the potential to expose more people to strong seismic ground failure than that of the existing single family uses. All homes constructed in the recent past have required soils reports and foundation plans that respond to the regional soils and potential for ground shaking, and all structures comply with seismic building standards.

**(iv) Landslides?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. It would not increase the potential to expose more people to landslides than that of the existing single family uses. All homes constructed in the recent past have required soils reports and foundation plans that respond to the regional soils and potential for ground shaking, and all structures comply with seismic building standards.

**b) Would the project result in substantial soil erosion or the loss of topsoil?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. No physical changes to the environment are proposed and no effects on soil erosion or loss of topsoil are anticipated to occur. Therefore, no impacts related to this issue would occur.

**c) Would the project be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction or collapse?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. All homes constructed in the recent past have required soils reports and foundation plans that respond to the regional soils and potential for ground shaking, and all structures comply with seismic building standards. Therefore, no related impacts would occur.

**d) Would the project be located on expansive soil, as identified on Table 18-1-B of the Uniform Building Code (1994), creating substantial risks to life or property?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. All homes constructed in the recent past have required soils reports and foundation plans that respond to the regional soils and potential for ground shaking, and all structures comply with seismic building standards. Therefore, no related impacts would occur.

**e) Would the project have soils incapable of adequately supporting the use of septic tanks or alternative wastewater disposal systems where sewers are not available for the disposal of wastewater?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. Existing residences are connected to the City's existing sewer system and would not require the use of septic tanks or alternative wastewater disposal systems. Thus, the Project would not result in any impacts related to soils that are incapable of adequately supporting the use of septic tanks or alternative wastewater disposal systems where sewers are not available for the disposal of wastewater. Therefore, no impacts related to this issue would occur.

## **7. GREENHOUSE GAS EMISSIONS**

**a) Would the project generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. This will not add car trips, and it will not cause an increase in cumulative greenhouse gas emissions.

**b) Would the project conflict with an applicable plan, policy or regulation adopted for the purpose of reducing the emissions of greenhouse gases?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. It will not conflict with an applicable plan, policy, or regulation adopted for the purposes of reducing greenhouse gases.

## 8. HAZARDS AND HAZARDOUS MATERIALS

a) **Would the project create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. It does not involve routine transport, use, or disposal of hazardous materials. Therefore, no impacts related to this issue would occur.

b) **Would the project create significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. It does not involve release of hazardous materials. Therefore, no impacts related to this issue would occur.

c) **Would the project emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. It does not involve emission or handling of hazardous materials. Therefore, no impacts related to this issue would occur.

d) **Would the project be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. There are no known residences located in a hazardous materials site. Therefore, no impacts related to this issue would occur.

e) **For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. There are no known residences located within the airport land use plan boundaries in the City. Therefore, no impacts related to this issue would occur.

f) **For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. There are no known residences located within the vicinity of a private airstrip in the City. Therefore, no impacts related to this issue would occur.

**g) Would the project impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. No aspects of the ordinance would inhibit access to hospitals, emergency response centers, school locations, communication facilities, highways and bridges, or airports. Thus, no impacts related to this issue would occur.

**h) Would the project expose people or structures to a significant risk of loss, injury or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. There is no increased potential to risks involving wildland fires. Therefore, no impacts related to this issue would occur.

## **9. HYDROLOGY AND WATER QUALITY**

**a) Would the project violate any water quality standards or waste discharge requirements?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. Therefore, it would have no impact on water quality standards or waste discharge and would not violate any water quality standards or waste discharge requirements.

**b) Would the project substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. Therefore, it would have no impact on groundwater supplies.

**c) Would the project substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner, which would result in substantial erosion or siltation on- or off-site?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. Therefore, it would have no impact on existing drainage patterns.

**d) Would the project create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. Therefore, it would have no



impact on runoff water which would exceed the capacity of existing or planned stormwater drainage systems.

**e) Would the project otherwise substantially degrade water quality?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. Therefore, it would have no impact on water quality.

**f) Would the project place housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. Therefore, no impacts related to this issue would occur.

**g) Would the project place within a 100-year flood hazard area structures which would impede or redirect flood flows?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. Therefore, no impacts related to this issue would occur.

**h) Would the project expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. There is no potential to increase risk involved with flooding. Therefore, no impacts related to this issue would occur.

**i) Would the project expose people or structures to a significant risk of loss, injury or death involving inundation by seiche, tsunami, or mudflow?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. There is no potential to increase risk involved with seiche, tsunami, or mudflow. Therefore, no impacts related to this issue would occur.

## **10. LAND USE AND PLANNING**

**a) Would the project physically divide an established community?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. There will be no physical division of an established community. Therefore no related impacts would occur.

**b) Would the project conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. There would be no conflict with any applicable land use plan, policy, or regulation. Therefore no related impacts would occur.

**c) Would the project conflict with any applicable habitat conservation plan or natural community conservation plan?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. Therefore, it would not conflict with any applicable habitat conservation plan or natural community conservation plan, and impacts related to this issue would occur.

## **11. MINERAL RESOURCES**

**a) Would the project result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. Thus, it would not result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state. Therefore, no impacts related to issue would occur.

**b) Would the project result in the loss of availability of a locally-important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. Thus, it would not result in the loss of availability of a locally-important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan. Therefore, no impacts related to issue would occur.

## **12. NOISE**

**a) Would the project result in exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?**

**Less than Significant Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. There is a potential decrease in number of vacation rentals which could lead to the possible decrease in noise levels.

**b) Would the project result in exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. There is no potential for exposure to groundborne vibration or noise. Therefore, no impacts related to issue would occur.

**c) Would the project result in a substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?**

**Less than Significant Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. There is a potential decrease in number of vacation rentals which could lead to the possible decrease in noise levels.

**d) Would the project result in a substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?**

**Less than Significant Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. There is a potential decrease in number of vacation rentals which could lead to the possible decrease in noise levels.

**e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. There are no known residences located an airport land use plan in the City Therefore, the ordinance would not expose people residing or working in the Project area to excessive noise levels and no impact would occur.

**f) For a project within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. There are no known residences located within the vicinity of a private airstrip in the City. Therefore, the ordinance would not expose people residing or working in the Project area to excessive noise levels and no impact would occur.

### **13. POPULATION AND HOUSING**

**a) Would the project induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. There is no potential for inducing population growth. Therefore no related impacts would occur.

**b) Would the project displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. Therefore, it would not displace any existing housing, necessitating the construction of replacement housing elsewhere.

**c) Would the project displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. Therefore, it would not displace any residents, necessitating the construction of replacement housing elsewhere.

## **14. PUBLIC SERVICES**

**a) Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered government facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objective for any of the following public services:**

**(i) Fire protection?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. Therefore no related impacts would occur.

**(ii) Police protection?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. Therefore no related impacts would occur.

**(iii) Schools?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. Therefore no related impacts would occur.

**(iv) Parks?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. Therefore no related impacts would occur.

**(v) Other public facilities?**

### **Libraries**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. Therefore no related impacts would occur.

## **15. RECREATION**

**a) Would the project increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. Therefore no related impacts would occur.

**b) Does the project include recreational facilities or require the construction or expansion of recreational facilities which might have an adverse physical effect on the environment?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. Therefore no related impacts would occur.

## **16. TRANSPORTATION AND TRAFFIC**

**a) Would the project conflict with an applicable plan, ordinance or policy establishing measures of effectiveness for the performance of the circulation system, taking into account all modes of transportation including mass transit and non-motorized travel and relevant components of the circulation system, including but not limited to intersections, streets, highways and freeways, pedestrian and bicycle paths, and mass transit?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. There is no conflict with applicable plan, ordinance, or policy establishing measures of effectiveness for the performance of the circulation system. Therefore no related impacts would occur.

**b) Would the project conflict with an applicable congestion management program, including, but not limited to level of service standards and travel demand measures, or other standards established by the count congestion management agency for designated roads or highways?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. There is no conflict with applicable congestion management programs. Therefore no related impacts would occur.

**c) Would the project result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. Thus, the ordinance would not result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks. Therefore, no impacts related to this issue would occur.

**d) Would the project substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. There is no proposed changes for roadway designs or incompatible uses. Therefore no related impacts would occur.

**e) Would the project result in inadequate emergency access?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. Therefore no related impacts would occur.

**f) Would the project conflict with adopted policies, plans, or programs supporting alternative transportation (e.g., bus turnouts, bicycle racks)?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. Therefore no related impacts would occur.

## **17. UTILITIES AND SERVICE SYSTEMS**

**a) Would the project exceed wastewater treatment requirements of the applicable regional water quality control board?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. Therefore no related impacts would occur.

**b) Would the project require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. It does not propose construction of new water or wastewater treatment facilities or expansion of existing facilities. Therefore no related impacts would occur.

**c) Would the project require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. It does not propose construction of new storm water drainage facilities or expansion of existing facilities. Therefore no related impacts would occur.

**d) Would the project have significant water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. Therefore no related impacts would occur.

**e) Would the project result in a determination by the wastewater treatment provider which serves or may serve the project that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. Therefore no related impacts would occur.

**f) Would the project be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. Therefore no related impacts would occur.

**g) Would the project comply with federal, state, and local statutes and regulations related to solid waste?**

**No Impact.** The Home-Sharing ordinance only affects the use of existing residential structures in established neighborhoods and no new developments will occur. It affects existing residences which complies with all applicable federal, state, and local statutes and regulations related to solid waste generation, and no significant impacts related to this issue would occur.

## **18. MANDATORY FINDINGS OF SIGNIFICANCE**

**a) Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal, or eliminate important examples of the major periods of California history or prehistory?**

**No Impact.** For the reasons stated in this Initial Study, the Home-Sharing ordinance would not have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal, or eliminate important examples of the major periods of California history or prehistory.

**b) Does the project have impacts that are individually limited, but cumulatively considerable? ("Cumulatively considerable" means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects)?**

**No Impact.** For the reasons stated in this Initial Study, the Home-Sharing ordinance would not potentially result in any significant impacts would not have the potential to contribute to significant cumulative impacts.

**c) Does the project have environmental effects, which will cause substantial adverse effects on human beings, either directly or indirectly?**

**No Impact.** For the reasons stated in this Initial Study, the Home-Sharing ordinance would not potentially cause substantial adverse effects on human beings, either directly or indirectly.

# **EXHIBIT C:**

## **Map**

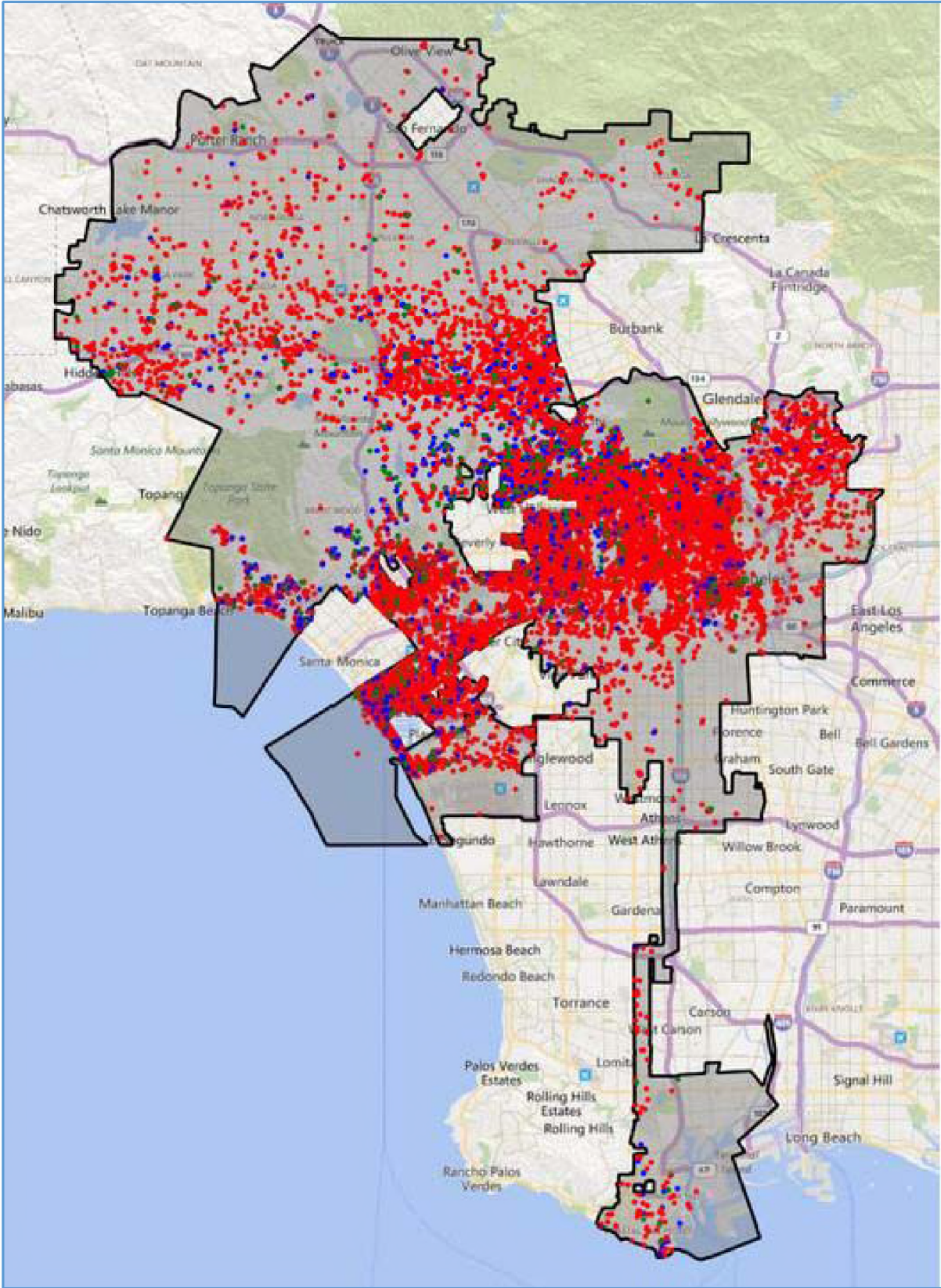
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CPC-2016-1243-CA  
June 23, 2016





Exhibit C – Map of Short-Term Rental Listings In Los Angeles  
CPC-2016-1243-CA



Source: Hostcompliance.com proprietary data, June 2016



## **EXHIBIT D: Comparison of Other Cities**

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CPC-2016-1243-CA  
June 23, 2016



Exhibit D - Comparison of the Short-Term Rental Laws in Other Cities  
CPC-2016-1243-CA – June 14, 2016

City	Primary Residence Only?	Host Registration Required?	Reg. Fee	Registration Number on Permit?	Days/Year Permitted	Host Requirements	Platform Requirements?	Other Provisions
<b>Los Angeles</b> (proposed June 14 <sup>th</sup> ordinance)	Y – must live there 6 months of the year	Y	Y (TBD)	Y	120	Responsible for nuisance activities; Maintain records for 3 years; Present them for renewal; Maintain safety equipment and provide local contact person information	Must prevent/cancel illegal listings; Must provide monthly data (addresses, nights rented) - unless exempt; Must provide contact person	Ban in units subject to the Rent Stabilization Ordinance (RSO)  Unit must not be subject to a current Order to Comply from an enforcement agency  Remove the current ability to convert an apartment building into a Transient Occupancy Residential Structure (i.e. short term rental use)
<b>Malibu</b>	N	Y (except Airbnb users)	\$25 (TOT)	N	Unlimited	Pay TOT	Subject to subpoena for host data	
<b>Sacramento</b>	N (but limited to 90 days)	Y		N	90 if not primary resident	Keep a register of guests; Ensures all listings are in permitted residences		Neighbor notification within 200 feet  Consent of property owner;  Six-guest limit  No weddings, events, fundraisers, etc.
<b>San Francisco</b>	Y - must live there 9 months of the year	Y	\$50	Y	90 for entire home; Unlimited if host is present	Maintain records for 2 years	Platforms now responsible for verifying and preventing illegal listings	Private Right of (legal) by housing non-profits allowed; Liability insurance required  Established new multi-agency short term rental office
<b>San Jose</b>	N	Y			180 for entire home; Unlimited if host is present			
<b>Santa Monica</b>	Y; host must be present	Y	None	Y	Unlimited if host is present. Zero days if unhosted	Illegal to advertise an unlicensed rental	Report quarterly to the City (address, nights, name)	Private right of legal action authorized  Specialized enforcement employees
<b>Portland</b>	Y - must live there 9 months	Y (2 years)	\$100 (MF)/ \$178 (SF)	Y	Technically not a limit on stays, but host cannot be gone for more than 3 months (95 days)	Safety self-certify checklist for smoke detectors, etc.	Ensure that hosts are licensed (\$500/day); and permit the city to request listing information Platforms; Collect taxes	Renting 3-5 bedrooms is a CUP  Requires landlord's written permission  In MF buildings, limited to 1 unit or 25% (w/ever greater)
<b>Nashville</b>	N	Y		N	Three Types 1) owner occupied, 2) non-owner occupied, 3) non-owner occupied multi-family)	Must rent to a single party of individuals		One year waiting period for Permit if caught operating without one  Permit revocations if 3 complaints  Occupancy caps (4 sleeping rooms x 2 persons ea + 4 more = 12 people max)
<b>Austin</b>	Not if owner occupied	Y (12 mo.)	\$285(incl ude \$50 noticing fee)	Y	Depends on type of short-term rental permit: Type 1) owner occupied SF homes; 2) vacation rentals/2nd homes; 3) multi-family buildings.	Home must be inspected (allows third party)		Over-Concentration Limits (3% of Census Tract); Neighbor Notification
<b>Palm Springs</b>	N	Y	\$225	Y	Unlimited	Host or agent must be able to respond quickly to a notice of disturbance/violation	No	Occupancy Limits = 2 + 2/bedroom (5 additional day guests allowed)
<b>New York City</b>	Y	N	N/A	N/A	Unlimited if host is present. Zero days unhosted.	Be present at residence	Airbnb was subpoenaed by NY Attorney General for listings data	29 member special short-term rental enforcement task force - with both proactive and complaint-based staff including a a "certified database administrator

Please Note: The list of regulations for every city is not intended to be exhaustive. Also, most cities with short-term rental ordinances require payment of the "hotel tax," require the issuance of a business license and include a unique set of administrative fines.

**EXHIBIT E:  
October 19, 2017 Department Report to PLUM  
Committee**

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CPC-2016-1243-CA  
September 13, 2018

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October 19, 2017

Los Angeles City Council  
c/o Office of the City Clerk  
City Hall, Room 395  
Los Angeles, California 90012

Attention: Planning and Land Use Management (PLUM) Committee

**REPORT BACK RELATIVE TO PROPOSED HOME-SHARING ORDINANCE (COUNCIL FILES 14-1635-S2, 14-1635-S3)**

On June 13, 2017, the Committee considered the proposed Home Sharing Ordinance (HSO) and requested the Department of City Planning (DCP) and the Housing and Community Investment Department (HCIDLA) to report on the following:

1. An analysis of the current state of short-term rentals in the City, including but not limited to a) the number of impacted housing units and loss of affordability, b) concentration areas Citywide and c) percentage of RSO and covenanted rental housing
2. The number of nuisances related to short-term rentals;
3. Rationale for key ordinance provisions, including a) primary residency, b) 180-day limit and c) prohibition on utilization of RSO and affordable units for home-sharing.
4. Proposed registration and enforcement processes and potential fee structures, including best practices from other cities.
5. Various policy options
6. Potential revenue impact of proposed draft regulations and potential variations as well as alternative funding options;

**1. CURRENT STATE OF SHORT TERM RENTALS (STR) IN THE CITY, INCLUDING POTENTIAL IMPACTS**

**a. Number of STR properties and impact on long-term rental housing stock**

Committee members requested more detailed data and analysis on the impact of STR on the City's housing stock. To analyze the impacts, it is necessary to determine how many otherwise rentable spaces are being used for STR.

Based on Citywide data provided by short-term rental services company Host Compliance, LLC (see Attachment 1), there are approximately 29,000 STR listings within the City of Los Angeles,



which represent 23,000 unique STR rental units after duplicates and units available for longer-term stays are excluded.

Of these 23,000 active unique STR listings, approximately 15,900 (69%) are “entire home” listings. However, not all of these units are actively rented or otherwise empty year-round, and therefore do not necessarily represent a loss in housing stock. The Host Compliance report estimates there are a total of 11,400 listings in Los Angeles renting for more than 90 days in the last year, with about 6,600 rented for more than 180 days. Units rented for more than 90 days a year as STRs are unlikely to be available as long-term rentals. Therefore the number of listings for STRs that are unavailable for long-term rentals in Los Angeles is likely between this range of 6,600 and 11,400. However, when factoring in Host Compliance’s 12.4 percent duplication rate, the range of unique housing units used primarily for STRs is reduced to a range of between approximately 6,000-10,000 housing units. The estimated nights per year is shown below.

*Table 1. Estimated Annual Nights Rented Per Year for Short Term Rental*

Nights Hosted	Number of Listings	% of Listings
<b>0 to 30 nights</b>	12,680	43.8%
<b>31 to 90 nights</b>	4,850	16.8%
<b>91 to 120 nights</b>	2,147	7.4%
<b>121 to 180 nights</b>	2,673	9.2%
<b>Over 190 nights</b>	6,588	22.8%
<b>Total</b>	<b>28,918</b>	<b>100.0%</b>

*Source: Host Compliance LLC. October 2017. Los Angeles: Short-Term Rental Market Overview*

Compared to the number of total housing units in the City, the range of 6,000-10,000 housing units potentially lost to STR is a relatively small portion of the 1.45 million total housing units in the city<sup>1</sup> (less than 1 percent). However, the fast growth of the practice and its concentration in certain neighborhoods threatens housing availability, affordability and residential stability of an increasing number of communities throughout Los Angeles. This is particularly the case because of the region’s low rental housing vacancy rates (reported most recently as 3.8 percent). This ordinance is intended as an effort to limit these effects.

To understand how many long-term housing units are potentially converted to STRs each year, the STR growth rate must be analyzed. Overall, Host Compliance’s data from May 2016 and September 2017 shows STRs have grown by 45 percent over the last 16 months, which translates to a 34 percent growth rate over 12 months<sup>2</sup>. Given the current range of 6,000-10,000 dedicated STR units, a 34 percent growth rate indicates an increase of approximately 1,500 to 2,500 STR units in the last year. While not all of these spaces would necessarily be rented out to a long-term tenant otherwise, that would be a viable alternative in most cases. For perspective, the City has lost about 1,300 units subject to the Rent Stabilization Ordinance (RSO) each year from all demolitions and condominium conversions combined since 2001.

**b. Concentration of STRs Citywide**

STR activity occurs across the City but appears to be highly concentrated in a relatively small number of neighborhoods. The highest concentration of listings appear to be in neighborhoods like Venice, Hollywood, Mid-Wilshire, Echo Park, Downtown, East Hollywood, Beverly Grove, Los Feliz, and Sherman Oaks. The highest concentration appears to be in Venice, which now has

<sup>1</sup> U.S. Census Bureau American Community Survey, 2015,

<sup>2</sup> These past growth rates are not an indicator of future growth under the proposed Home Sharing Ordinance.

approximately 1,600 entire home Airbnb listings alone (2,100 total Airbnb listings), compared to 21,500 total housing units. When considering how quickly units have moved from long term to STR, compared to the amount of new housing that has been added (about 150 units since 2010), it is clear STR can have a significant impact on the housing stock in certain neighborhoods.

### **c. Concentration of Covenanted Affordable Housing and Rent Stabilized Units**

Approximately 55 percent of active STR listings in Los Angeles are located in multi-family buildings, according to the 2017 Host Compliance report (Attachment 1). Eighty percent of multifamily units in Los Angeles are subject to the Rent Stabilization Ordinance (RSO), so it is possible that 44 percent of current STR units are RSO units. Airbnb performed their own analysis looking at actual RSO address locations and estimated to the Department that between 2,000-3,000 units covered by the RSO were active on the Airbnb platform, accounting for roughly 7-10 percent of the tax revenue generated by Airbnb hosts in Los Angeles. Differences between these two figures may be explained by a high number of listings in RSO units that are not very active.

There is considerable overlap between areas with high levels of Airbnb activity and evictions. This does not necessarily imply a causation between these phenomena. Ellis Act evictions are likely to occur in areas that are experiencing a surge in market interest, which also tend to coincide with areas that many guests want to visit. (See "*Restrictions on RSO Units*" on pg. 5 for more on the rationale for the restriction on RSO units).

## **2. NUMBER OF NUISANCE COMPLAINTS RELATED TO STR**

On multiple-family properties, for which code enforcement is the responsibility of HCIDLA, there have been a total of 419 STR complaints opened since March 2015 (as of September 27, 2017). At least 133 cases have been closed but 286 remain open/pending. A total of 12 cases have been referred to the Office of City Attorney for further action, eight of which are in Council District 11, three in Council District 5 and one in Council District 2. HCIDLA reports that these complaints are normally related to the illegal use of the building and that many tenants report that the high turnover of strangers in their apartment building is in itself a nuisance.

For single family homes, LADBS, (the code enforcement agency for all single-family properties) reports that in the past four years there have been approximately 200 STR-related complaints. However, this is just an estimate as the total includes any complaint with related keywords such as "short term," "Airbnb," "transient," etc. The type of violation cannot be discerned from the available data, so it is possible that some of these complaints were for issues unrelated to STR.

The proposed ordinance is based upon the principle that sharing one's own home creates fewer neighborhood impacts as compared to an absentee landlord (or tenant) renting out their otherwise empty unit. If there is a neighbor to talk to, most nuisance problems can be managed. And if someone lives in a unit, the STR does not occur at the expense of a long-term housing unit. Therefore, enforcement of the primary residence requirement is the central deterrent against absentee hosts, nuisances and housing impact concerns.

## **3. KEY ORDINANCE PROVISIONS**

Zoning laws in most cities, including Los Angeles, have traditionally treated "transient" uses (properties inhabited for a period of less than 30 days) much differently than long-term residential uses. This distinction has roots in the original rationale for zoning laws - that an unchecked proliferation of commercial uses in a residential area can reduce its desirability as a place to live. In Los Angeles, transient uses such as hotels and apartment hotels are only permitted in commercial areas (C zones) and higher-intensity residential areas (R4 and R5 zones), normally through a Conditional Use Permit (CUP). Allowing transient uses throughout the City marks a

significant change from this principle, with the potential for significant negative impacts given the rapid growth of this industry.

Limiting the use of STR to one's own primary residence and the establishment of a cap on the number of days a property can be rented per year can help to strike a balance between allowing legitimate home sharing and protecting residential neighborhoods and long-term housing stock. The discussion below is intended to better illuminate the issues involved.

#### **a. Primary Residence**

The initial City Council Motion (CF 14-1635-S) directed the Department of City Planning to prepare an ordinance to allow short term rental (STR) in one's own primary place of residence. This focus on primary residences is the most common way other cities have attempted to limit the negative impacts on neighborhoods and the City's long-term housing stock, while allowing greater use of space in one's own home. It is the centerpiece of the proposed ordinance as well.

Primary Residence is defined in the proposed ordinance as "the property on which the host conducts Home-Sharing and in which the host resides at least 6 months of the year." This would be verified at the time of registration (see "*Best Practices for Registration and Fee Structures*" on pg. 5). This definition precludes STR in a property where the host does not reside. Often these types of secondary units are called "vacation rentals."

The new primary residency requirement would not affect the majority of existing STR hosts. Airbnb recently stated in a September 2017 report that approximately 84 percent of hosts rent out their primary residence. However, most research supports that a larger percent of overall hosting activity, in terms of the overall number of nights rented, (and therefore revenue generation) comes from absentee hosts not living on site (see the discussion on "*Potential Revenue Impacts*" on pg. 11).

#### **b. 180-Day Limit**

The Department originally proposed a 90-day limit on the number of nights that could be rented each year for short-term stays. This provision was intended to protect residential character, emphasize the part-time (accessory) nature of this activity and limit its impact to neighbors and the City's housing stock. In response to testimony by hosts that a cap of 90 days per year was too low, the Department increased the proposed cap to 120 days in the draft ordinance presented to the City Planning Commission. The Commission, in turn recommended the current 180 day cap.

With regards to residential character, the concern is that full-time STRs could lead to a variety of nuisances associated with transient and tourist guest stays. While most hosts and guests are respectful and impacts are usually minor, more intensively used properties are more likely to have negative effects that may not be easily addressed by absentee operators.

By capping STR activity at just less than half the year, a limit of 180 days ensures that STR activity remains an accessory use of a building and not its primary use. This is relevant for both the Zoning Code and Building Code. The Building Code, for example, has higher life-safety standards for transient use.

Finally, a cap on the number of nights per year a property can be used for STR is intended to prevent an economic incentive for landlords to rent vacant units to short-term guests. When STR becomes more profitable, there is a significant rise in the pressure to potentially remove existing tenants and more units may be removed from the long-term rental market.

The exact break-even point between the potential financial benefits of long-term and short-term rentals varies significantly by neighborhood, but appears to average somewhere between 83 and 177 days per year Citywide, according to two contrasting studies by the Los Angeles Alliance for a New Economy (LAANE) and Airbnb respectively. The lower estimate suggested by LAANE considered the rents households were actually paying (contract rent as reported in the American Community Survey), while Airbnb's estimate is based on current average asking rents. Both methodologies likely have relevance in different situations.

### **c. Restrictions in RSO Units**

The proposed ordinance would not permit home-sharing in units subject to the Rent Stabilization Ordinance (RSO). This is primarily to ensure the protection of this critical rental housing stock.

The Department has heard testimony from landlords who mentioned that one of the reasons they switched from long-term rentals to STRs is because STRs are not subject to many of the provisions of the RSO. For example, by switching to STRs, there are no limits on allowable rent increases, no long term commitments and the potential for significantly more revenue.

The Department has heard testimony relating to evictions of tenants based on false pretenses. For example, tenants have been evicted based on a claim that a landlord's family member was going to move in but later it was claimed the unit was converted to a STR. The restriction on RSO units is meant to preserve this critical stock of affordable housing and provide a clear line to aid enforcement and prevent any incentive for abuse in these buildings.

The Department has heard from many landlords and property owners who are concerned about STR activity in their buildings. Subletting or renting a unit for STR is typically against the terms of a standard lease. Also, any allowance of STRs in RSO buildings may require additional CEQA analysis. The Housing Department reports that organizations representing both landlords and tenants agree in opposing short term rentals in RSO units, which would reduce the number of affordable units available for rent. Any changes to the current RSO restriction would need to be carefully evaluated to consider any potential negative impacts on existing RSO tenants, the potential for upward pressure on initial RSO rents, and the potential reduction in the number of RSO units available to full time residents. The Department continues to recommend a cautious approach to RSO units. This does not preclude the City from allowing RSO units to participate in Home-Sharing in the future, but the ordinance as currently drafted protects the units and their renters until the City can evaluate the effectiveness of enforcing the proposed Home-Sharing ordinance.

## **4. REGISTRATION AND ENFORCEMENT PROCESSES**

### **a. Best Practices for Registration and Fee Structures**

The goal of a registration structure is to have as many legitimate hosts register and receive registration numbers as possible. This is important for enforcement purposes so that efforts can be concentrated on the non-permitted commercial operators who will not have registration numbers. Therefore an important goal is to make it as easy as possible to register for home-sharing. Processes requiring multiple stops or in-person visits to City offices are likely to be less utilized than online application systems.

In cities that currently regulate STRs, hosts are typically required to register or obtain licenses or permits. To pay for the administrative costs associated with STR permits, most cities levy a fee for the service. However, up-front registration costs may be a barrier for many, particularly more casual hosts.

One option to pay for new administrative and enforcement costs is by applying a specialized fee. For example, the City of Denver charges an Occupational Privilege Tax when hosts receive more than \$500 a month from STRs. Chicago charges a 4.5 percent Hotel Accommodations Tax along with a 4 percent Shared Housing Surcharge that is imposed on STR listings. In California, Proposition 218 and Proposition 26 highly regulate added taxes and fees and staff is taking those rules into account in preparing the Home Sharing ordinance. Generally, a fee or surcharge is permitted to be charged without voter approval if it applies only to a select group of property owners for the reasonable regulatory costs of issuing permits, performing investigations, inspections, administrative enforcement, etc.

The proposed ordinance dedicates 10 percent of all TOT revenues generated from Home Sharing to administration and enforcement of the ordinance. This year, based on \$40 million in TOT revenues (from Airbnb bookings alone), a 10 percent allocation to administration and enforcement amount would have been \$4 million; however the City Administrative Officer (CAO) estimates a reduction of annual expected revenues closer to \$25 million annually, representing a low-end estimate of \$2.5 million for administration and enforcement. Either figure would be sufficient to cover the startup and year-one cost of the program. An alternative option to this set aside would be to impose a fee with reduced revenue generation, within the limits of Proposition 218 and 26. The percentage of TOT revenues dedicated to administration and enforcement could be adjusted as needed in the following years. Please see Table 3 below as well as the Potential Revenue Impacts section on pg. 11 for alternative options to fund these essential functions.

*Table 3. Registration Fee and Tax Structures in Selected Cities*

City	Registration Term	Fee	Tax	Primary Residence Requirement
San Francisco	2 Years	\$250	14% TOT	Yes
Denver	1 Year	\$25	10.75% Occupational Privilege Tax +	Yes
Chicago	1 Year	0\$	4.5% Hotel Accommodation Tax + 4% Shared Housing Surcharge	No
Santa Monica	N/A	0\$	14% TOT	Yes (plus stays must be hosted)
New Orleans	1 year	\$50-\$500	TOT plus \$1 a night surcharge	Yes, except in nonresidential zones.
Los Angeles (proposed)	2 years	TBD	14% TOT	Yes

Effective enforcement of the primary residency requirement begins at the start of the process when a host applies for home sharing (discussed under “*Definition and Verification of Primary Residence*” above). A host that successfully completes the application process will receive a registration number. The registration number must be placed on all online and print advertisements (listings) for the STR property. If an individual lists their property in violation of the proposed regulations, the ordinance provides multiple ways to enforce. These enforcement strategies are summarized in Table 3, Enforcement Options:

Verification of a host's primary residence is one of the reasons the ordinance requires a registration process. Registration also helps with tracking, verifying compliance with TOT payment, and overall enforcement. The City intends to utilize an easy-to-use online application process to verify the identity of the hosts and establish proof of their residency. The ordinance allows for application instructions and guidelines to be developed by the Department of City Planning for this purpose. Appropriate documentation may include a combination of: driver's license, motor vehicle registration, car insurance, bank statements, voter registration/balloting materials, and/or tax documents. The Department is also in discussions with the Department of Water and Power (DWP) and LA County Assessor's Office, to determine whether their information can be of assistance in verifying a host's residency.

#### **b. Best Practices for Enforcement**

Many communities that have adopted STR regulations have found effective enforcement to be difficult. This is due in large part to the temporary and private nature of the use. Most cities have been unable to secure cooperation from hosting platforms to ensure they will not list illegal STRs. This has put the onus on cities to devote resources to regulate STRs.

However, over the past few years, a combination of stricter regulations, court decisions and policy shifts by some hosting platforms has led to more cooperation and enhanced enforcement capabilities. Many cities are moving in the direction of imposing platform accountability for listing illegal postings, including Seattle, San Francisco, Portland, and Santa Monica. Some hosting platforms are complying with STR limitations in certain cities and/or have begun practicing self-enforcement against users that are clearly commercial operators or places of other criminal activity.

Most cities utilize their own staff to comb through online platforms, building a record of violations and sending warning letters out to property owners. New York City funds a 48-person multi-agency Office of Special Enforcement dedicated to STRs that includes building inspectors, attorneys, police officers and administrative staff. San Francisco and Santa Monica have six and three STR staff respectively.

In most cases, upon notification of the property owner and/or host, cities report that the STR activity is ceased and the listing is removed. In other cases, the listing is not removed and/or the owner is non-responsive. In those cases, the proposed ordinance follows the lead of cities like Santa Monica and San Francisco in requiring that hosting platforms remove the listings or face penalties. Penalties have been assessed by cities against both hosts and platforms. This framework appears fairly effective according to staff from both cities, which have both seen significant declines in commercial STR listings. However, the system is both labor- and time-intensive for city staff to enforce.

San Francisco recently settled a court case with Airbnb and HomeAway that upheld the San Francisco ordinance's strict requirements on hosting platforms. Under the settlement agreement, both companies are required to build a system that prevents illegal listings from being posted. San Francisco has reported that the settlement immediately resulted in hundreds of illegal units being removed from various listing platforms. The new system has not been fully operationalized to evaluate its success. Similarly, in Chicago and New Orleans, Airbnb has worked with local governments to create a system whereby they pass through registration information and commit to remove listings that do not qualify. Both systems are new and it is too early to determine the results of these policies.

Finally, a 2016 Council Motion (CD 14-1635-S3) directed the Department of City Planning to consider technology-based options for the implementation and enforcement of the proposed ordinance. Many cities are increasingly utilizing technology-based solutions to counter illicit STR

activity, given that much of this activity is conducted online. Possible areas where technology based options might be helpful include:

- Creation of an online/mobile registration portal;
- Creation of an online database to maintain information on legal and illegal listings;
- Weekly monitoring of dozens of hosting platform websites for illegal listings;
- Creation of an automated system which can issue notice of violation letters; and
- Creation of a 24/7 hotline that accepts complaints, including audio or visual documentation, along with a service that contacts the host within 15 minutes and may also notify law enforcement.

In line with the motion, the Department is set to release a Request for Information (RFI) and looks forward to receiving information on the various technology options that may exist to aid in enforcement of the ordinance. The Department can report back on the details it receives through this process at a later date.

Table 3 below outlines the two main types of enforcement strategies other cities have utilized and which remain as options for the City. The first is the existing code enforcement process, relying on the way code enforcement is typically done today. The alternative to this approach would rely more on proactive strategies of searching the internet for illegal listings (posted without a registration number, or beyond 180 days booking in a year). It could be complemented by an IT consultant as described above.

*Table 4. Enforcement Options*

	<b>Existing</b>	<b>Proactive Option</b>
<b>How Violations are Spotted?</b>	Complaint-based	Proactive internet searches for illegal listings (by staff or IT consultant)
<b>First Step</b>	LADBS/HCIDLA staff investigates and schedules site visit (or alternatively could simply verify illegal web listing exists on that date)	Screenshot of web posting is sent along with a Notice of Violation letter to the property owner.
<b>Second Step</b>	Order to Comply if violation is confirmed	Second Notice of Violation letter is sent to owner and hosting platform
<b>Fines and Penalties</b>	Subject to the same penalties in the LAMC with regard to other types of code violations.  \$367 - doubling after 45 days	New fines and penalties specific to home-sharing activity are included in the proposed ordinance and may be established by City Council  \$500 per night (or 2x nightly rate) for listing without registration number  \$2,000 for exceeding 180 days  \$1,000 per night for Hosting Platforms posting illegal listings, and refusing to provide their property addresses

A traditional enforcement model that relies upon complaints may not effectively prevent absentee hosts or vacation rentals, nor prevent units subject to the Rent Stabilization Ordinance (RSO) from being utilized or allow for enforcement of the 180-day cap. Enforcement staff are not traditionally pro-actively searching for violations and when they do receive a complaint, it may take a number of days to follow up due to workload demands. In addition, an inspector may not immediately have access to the premises to determine whether a STR has actually occurred or for how many days.

To ensure effective enforcement of the ordinance, the Department recommends that sufficient resources be dedicated to proactive enforcement. The proposed ordinance accomplishes this by dedicating ten percent of TOT revenues generated by STR for the administration and enforcement of the ordinance.

Based on research on best practices in other cities, it appears that it is far more efficient to include information technology (IT) solutions for STR enforcement, rather than solely relying on traditional complaint-based code enforcement. Given the complicated nature of creating an efficient registration system and locating and enforcing against illegal online listings, specialized expertise and capabilities are required. Technology solutions are available to automate the process of searching for non-compliant listings as well as other time-intensive enforcement activities.

Platforms have not clearly indicated whether or how they plan to comply with the regulations of the Home Sharing Ordinance (HSO) to, for example, prevent, remove and cancel any illegal STR listings. Airbnb has demonstrated a willingness in other cities to use a pass-through registration system and prevent unapproved listings from being listed on the site. In addition, they have offered certain cities a “One Host One Home” policy, which limits hosts to entire home listings at just one address within the local jurisdiction (with some exceptions). But it remains unclear how platforms will respond to the exact provisions of the HSO.

To better coordinate and direct City enforcement strategies, it is recommended that the City Council also direct the Department, HCIDLA, LADBS, Office of Finance and the City Attorney’s office to form an STR enforcement working group to develop the administrative procedures necessary to effectively and efficiently enforce the provisions of the ordinance. The working group would then report back to the City Council with ongoing recommendations.

## **5. POLICY OPTIONS**

### **a. Options for Secondary Residences**

Councilmembers requested that staff present policy options for secondary residences. Beyond the broader policy concerns with expanding beyond primary residences (discussed above), there are practical difficulties in determining what is a legitimate secondary residence vs. a third or fourth.

If there is interest in removing the primary residency requirement to allow for secondary homes to be used as STRs, the Department recommends that it be through a parallel process apart from the proposed home sharing ordinance. As the impacts of secondary residence activity are likely to be higher, a discretionary process such as the current Conditional Use Permit (CUP) for Bed and Breakfasts is available to permit and regulate such activity. This may be addressed through a separate ordinance or may be folded into the current procedures. If the decision is made to include in the current procedures, the proposal will require additional analysis and development.

It is important to note that expanding the proposed ordinance to allow secondary residences to participate in STR activity or to expand the pool of residential units permitted for use as STRs, may require additional environmental evaluation pursuant to the California Environmental Quality



Act (CEQA) to analyze the impact of permitting this type of STR activity in the City. The Initial Study and Negative Declaration dated July 22, 2016 prepared for the ordinance analyzed primary non-RSO residences as authorized for short term rentals. The addition of non-primary residences may require additional environmental review to assess the potential environmental impacts of such modifications.

An analysis of the potential impacts to the zoning and building codes would also be necessary to ensure that allowing a transient use to become the primary use of structures is done in a way that is consistent with the City's land use and building occupancy regulations.

Policy options for non-primary residence STRs are as follows:

1. Allow non-primary residence STRs without restriction.
2. Allow for a Conditional Use Permit (CUP) for all types of vacation rentals; however, place a limit of one vacation rental per host/property owner.
3. Bifurcate the entitlement process based on type of vacation rentals.
  - o Create an enhanced Home-Sharing registration process for select types of properties including owner-occupied duplexes, Accessory Dwelling Units (ADUs) and secondary homes that are lived in during the year.
  - o Require a CUP for corporate rentals and other types of vacation rentals.

#### **b. Use Transient Occupancy Tax (TOT) Revenue to Supplement the Affordable Housing Linkage Fee's Affordable Housing Impact Trust Fund**

The proposed ordinance amends Chapter 122 of the Administrative Code to allocate ninety percent of Transient Occupancy Tax (TOT) revenues attributable to home-sharing to the Affordable Housing Trust Fund and ten percent for administration and enforcement. This allocation could contribute an estimated \$18 to \$35 million dollars for affordable housing each year. This funding would supplement any fees raised for affordable housing through the proposed Affordable Housing Linkage Fee.

The FY 16-17 budget did not allocate any STR revenues towards the Affordable Housing Trust Fund, as all revenues (approximately \$40 million) were directed towards the General Fund. Any reallocation of these revenues for future years must be carefully analyzed for any fiscal impacts.

#### **c. Option to Limit Number of Hosts per Neighborhood**

Given the concentration of STR activity in certain neighborhoods, implementing a limit on the number of allowable STR hosts by neighborhood is one option the Department considered early in the ordinance development process. A few other cities have adopted STR policies which incorporate geographic variability, including Austin, New Orleans and Louisville. After consideration, staff did not recommend the inclusion of geographic variability based on implementation challenges and the benefits of a single system to improve user compliance.

To introduce a limit on the number of STR hosts by neighborhood, several issues will need to be addressed, including the selection of appropriate neighborhood boundaries, how to determine the methodology for assigning each neighborhood's quota and a priority registration system for areas where demand will outpace supply.

In other cities that currently regulate STR activity, the most common regulatory approaches are to implement a limit on the number of days or to include a primary residency requirement. This approach has many of the same effects as a neighborhood-based host quota, and may diffuse STR activity from over-concentrated areas.

## **6. POTENTIAL REVENUE IMPACTS**

**a. Potential Revenue Impacts of 180 Day Limit and Overall Ordinance**

The CAO recently projected the revenue impact of the proposed ordinance, including enforcement of the 180-day cap, based on available data from Airbnb Transient Occupancy Tax (TOT) payments. The CAO's *Budget Memo No. 118*, dated May 3, 2017, analyzed the current amount of STR/Airbnb activity that takes place outside of the bounds of the ordinance, and assumes it all would be lost with adoption of the proposed ordinance. The CAO has reported, based on available data from Airbnb, that approximately 63.4% of receipts generated through the company's TOT payment to the City are likely from properties that are primary residences. The CAO memo states this would represent a decrease from last year's \$33.7m to \$18.2m (a decrease of 46%). The memo estimates that about 80% of the projected decline is a result of the primary residence requirement and 20% from the limitations of the 180-day cap. Therefore, the CAO projects that the revenue loss from the 180-day limit, by itself, is \$3.1 million.

Airbnb has also offered a projected revenue impact of the ordinance. In an April 2017 letter to the City Council, Airbnb estimated that over a full year, its hosts would pay over \$37 million in TOT taxes for Los Angeles. If the ordinance caps STRs at 180 days annually and allows hosts to rent out only their primary residence – as currently proposed – Airbnb estimates that the City would lose \$15 million of that possible revenue.

The Department has not performed its own detailed financial analysis of potential revenue impacts. Any TOT revenue estimate relies on a number of complex assumptions in terms of projecting the future of hosts and guests. The CAO's estimate takes a conservative approach that assumes every booking that did not occur within the legal parameters of the proposed ordinance this year would not pay TOT in future years (either through another legal home-share or a hotel room). In September 2017, Airbnb released a report that showed its TOT payments were in excess of what had been anticipated – up to almost \$40 million in 2016. Any restrictions on the operation of STRs will result in some level of reduced TOT revenue.

**b. Alternative Options to Fund Administration and Enforcement**

As discussed above, the proposed ordinance would allocate 10% of the TOT on all Home Sharing stays to fund enforcement of the ordinance. If the City Council would instead prefer to maintain all, or some, of the 10% of TOT for the General Fund, it can choose to create new funding sources, such as a fee on hosting platforms for the City services rendered and/or a registration fee for hosts.

Airbnb alone reported 1.2 million guest stays last year, with the average stay about 4 days. Charging an additional \$1 per night fee would generate \$4.8 million, about the same as the proposed 10% of TOT. This type of fee would require a review by the City Attorney to ensure it complies with State law.

If the Council wanted to charge hosts to register for Home-Sharing, it becomes more difficult to estimate expected revenues because the number of hosts who would register is hard to predict. Some cities have seen only 10-20% registration rates after one year, which could mean anywhere from 2,000-4,000 hosts of the 23,000 could be expected to register. Assuming 2,500 hosts register in year one, a \$170 per host fee could potentially raise the same amount of revenue to fund sufficient administration and enforcement. A lower or bifurcated rate might induce more to register.

**CONCLUSION**

The Department hopes this report has been helpful and is happy to continue to explore additional policy options for this complex and important policy discussions. If you have any questions, please

contact Matthew Glesne of the Department of City Planning at (213)978-2666 or matthew.glesne@lacity.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Vincent P. Bertoni". The signature is fluid and cursive, with the first name "Vincent" written in a larger, more prominent script than the last name "Bertoni".

VINCENT P. BERTONI, AICP  
Director of Planning

Attachment: Los Angeles: Short-Term Rental Market Overview

VPB:KJK:KB:CB:MG:CH:mn

Attachment



# Los Angeles: Short-Term Rental Market Overview

By Host Compliance, LLC

**October 2017**



## I. Background & Methodology

Like communities around the world, the City of Los Angeles is interested in effectively and efficiently responding to the rapid growth of Internet-facilitated short-term rentals (STRs) in ways that best fit the needs of residents and neighborhoods. Host Compliance LLC has gathered data on the short-term rental market in Los Angeles and its districts to provide independent facts to facilitate a larger discussion of community goals, enforcement systems, and finding a workable balance in a dynamic environment. This report summarizes data collected in October 2017.

As a software, data and consulting services provider exclusively focused on helping local governments overcome the challenges associated with short-term vacation rentals, Host Compliance LLC has developed a set of proprietary data and analytics tools that can provide deep insights into the scale and scope of the short-term rental activity in any community. In this report, we will provide our findings from Los Angeles, with the hope that this fact-base will help inform the debate about how short-term rentals could be regulated in the City in the years to come.

### *General Methodology*

Host Compliance's data is collected weekly and we currently collect, aggregate and deduplicate all listing data, reviews, calendar info and photos across the world's 24 top short-term rental listing sites.<sup>1</sup> We estimate this represents 99% of the total vacation rental universe in Los Angeles's jurisdiction.

Gathering data across platforms presents unique presentation problems. One listing may list on multiple sites, or might be listed in multiple forms on the same site, and analysis can quickly be bogged down by constantly switching between unique rental units, listings, active listings, de-duplicated listings, etc. In this document, unless preceded by a modifier, 'listings' refers to all online advertisements, regardless of ownership, duplication, or activity. Each profile will give a breakdown between listings, active listings, listings that qualify as STRs, and unique rental units.

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<sup>1</sup> Airbnb.com, Booking.com, Agoda.com, Flipkey.com, HolidayLettings.com, HouseTrip.com, Niumba.com, HomeAway.com, VRBO.com, VacationRentals.com, travelmob.com, BedandBreakfast.com, HomeAway.co.uk, OwnersDirect.co.uk, HomeAway.de, Abritel.fr, Homelidays.com, HomeAway.es, Toprural.es, AlugueTemporada.com.br, HomeAway.com.au, Villas.com, Stayz.com.au, Bookabach.co.nz



Active listings are defined as any listing that has either had its booking calendar changed or received a review in the last year. These are strong indicators that a host is still actively managing a listing. Using information on activity, nightly minimum stays, and rental price, Host Compliance has been able to produce estimates of potential monthly and yearly revenue both for individual units and on a neighborhood-scale. These estimates can only be verified by a host-by-host audit.

### *Data Used for This Report*

Host Compliance's raw data can be analyzed by a number of parameters including:

- Listing site
- Location (as defined by a boundary box or polygon i.e. a neighborhood)
- Property type (e.g. single-family or multi-family)
- Room type (e.g. entire home, private room, shared room)
- Number of bedrooms and bathrooms, rental rate, and minimum rental period
- Host Name/ID
- Activity and revenue estimates
- First and last review date
- Date the property was first active

The data contained in this report is believed to be highly accurate and representative of the scale and scope of the short-term rental activity in Los Angeles as of the date of this report.

### *Data Note*

The data contained in this report was collected on or before October 7, 2017. Small differences in individual lines – discrepancies between listings numbers and percentages, percentages that add up to more or less than 100% - may be the result of rounding or updated data.

All of these numbers represent a moment in time, a specific snapshot of the marketplace as it is on the day of collection. Short-term renting is a dynamic, rapidly evolving industry, with individual hosts and entire listing platforms changing on a moment's notice. Absolute numbers change daily and can never truly be captured in a report. Instead, consider the themes, ratios, and trends as indicative, even if the data varies slightly.



## *Host Compliance Team*

### **Jeffrey Goodman**

Jeffrey is an urban planner and considered one of North America's leading authorities on short-term rentals and how they impact communities. He has contracted with both the City of New Orleans and Airbnb, and advised research on short-term rentals cities including San Francisco, Los Angeles, Portland, New Orleans, and New York. Jeff has spoken about short-term rentals across the country, including at the APA's National Planning Conference. He graduated from Yale College and earned his Masters of Urban Planning from Harvard University. He is the author of a featured article in Planning Magazine on the topic of STRs.

### **David Marcus**

David is a Caltech Applied and Computational Math graduate working at the intersection of data science and geospatial information management with eight years of experience building well-architected scalable software. Prior to Host Compliance, David founded Routefriend.com, a web-based application for planning trips on buses and trains, serving 1.5 million monthly users. David's most recent experience was at DwellAware where he served as the Lead Data Scientist for the data analytics company building products to quantify housing risks and costs for businesses and their customers in the residential real estate sector. Prior to DwellAware, David served in various technical roles at a number of software companies including aboutLife, UrbanMapping, AmericanTowns.com, Nielsen Analytic Consulting and Hewitt Associates. David earned his BS Degree in Applied & Computational Mathematics at California Institute of Technology and his MA in Anthropology from University of Kent.

### **Ulrik Binzer**

Ulrik is the Founder and CEO of Host Compliance, the industry leader in short-term rental monitoring and compliance solutions for local governments. A pioneer in the short-term rental enforcement solution space, Ulrik developed the first short-term rental compliance monitoring tools and now uses his expertise and insights to help local governments across North America implement, monitor and enforce short-term rental regulation. Ulrik previously served in a variety of leadership roles in management consulting, private equity, startups and the military and developed his strategic and analytical skill-set at McKinsey & Company and the Harvard Business School.



### 3. Short-term Rental Data

In the following pages the data on short-term rentals for Los Angeles are summarized, first for the city as a whole and then for the fifteen council districts.

Below are a number of charts that provide a broad overview of the STR market in Los Angeles. Each data sheet will give an overview of the listing types, characteristics, and an estimate of activity in the area. These are summary sheets; a deeper dive is possible with data Host Compliance has gathered.

#### 1. Los Angeles STR Market

<b>Neighborhood</b>	<b>Active Listings</b>	<b>Listings that fit STR definition</b>	<b>Unique Rental Units</b>
District 1	1,860	1,852	1,852
District 2	1,518	1,508	1,207
District 3	709	702	567
District 4	6,012	5,931	4,977
District 5	3,499	3,444	3,444
District 6	305	302	283
District 7	107	106	89
District 8	420	419	265
District 9	211	211	156
District 10	1,876	1,859	1,295
District 11	5,842	5,719	4,164
District 12	334	332	268
District 13	4,157	4,118	2,995
District 14	1,866	1,850	1,432
District 15	202	192	157
<b>TOTAL</b>	<b>28,918</b>	<b>28,545</b>	<b>23,151</b>

# City of Los Angeles

**28,918**

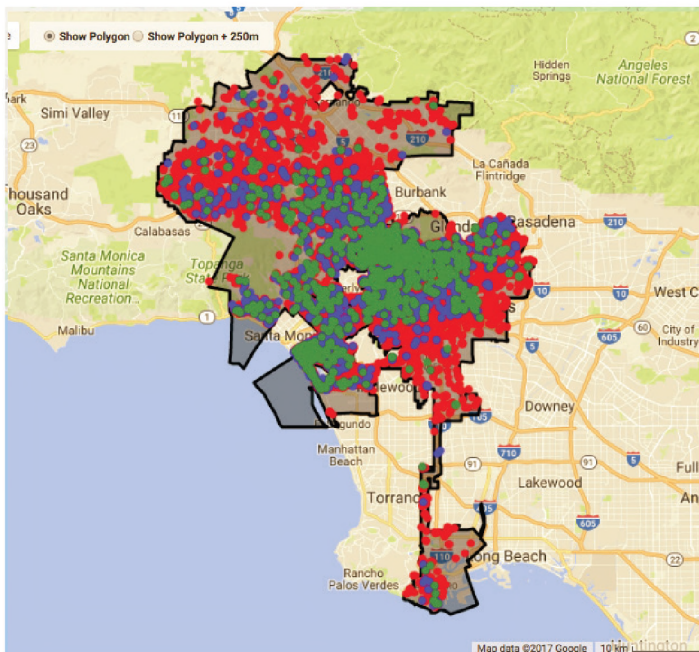
Active listings in jurisdiction

**28,545**

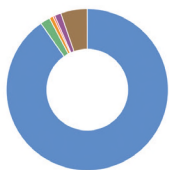
Listings in jurisdiction that fit STR definition

**23,151**

Unique properties in jurisdiction that fit STR definition

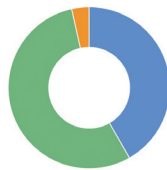


## Minimum Nights



- 1-7 nights [90%]
- 8-14 nights [2%]
- 15-21 nights [1%]
- 22-29 nights [0%]
- 30+ nights [1%]
- Not specified by Host [5%]

## Listing types

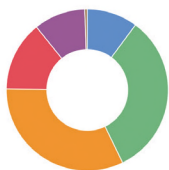


- Single Family Listing [42%]
- Multi Family Listing [55%]
- Unknown [3%]



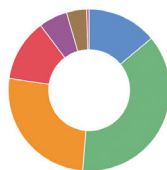
- Partial Home [31%]
- Entire Home [69%]
- Unknown [0%]

## Nightly Rate

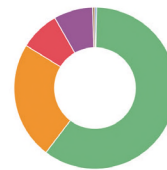


- \$0-\$50 [10%]
- \$50-\$100 [33%]
- \$100-\$200 [32%]
- \$200-\$400 [14%]
- \$400+ [10%]
- not provided [0%]

## Bedrooms / Bathrooms

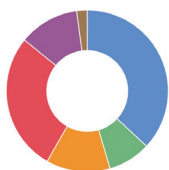


- 0 bedrooms [14%]
- 1 bedroom [37%]
- 2 bedrooms [26%]
- 3 bedrooms [12%]
- 4 bedrooms [6%]
- 5+ bedrooms [4%]
- unknown [1%]



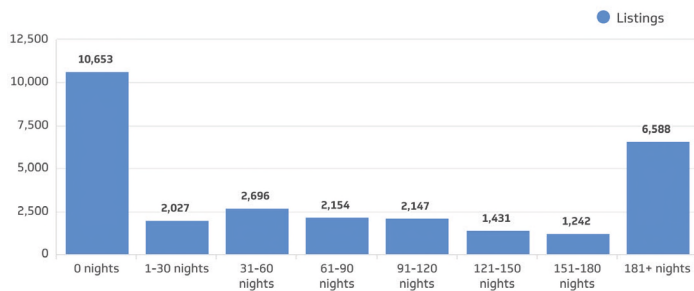
- 0 bathrooms [0%]
- 1 bathroom [60%]
- 2 bathrooms [23%]
- 3 bathrooms [8%]
- 4+ bathrooms [8%]
- unknown [0%]

## Estimated Annual Revenue



- \$0k [37%]
- \$0k-\$5k [9%]
- \$5k-\$10k [13%]
- \$10k-\$25k [28%]
- \$25k-\$50k [12%]
- \$50k+ [2%]

## Est. Annual Nights Rented

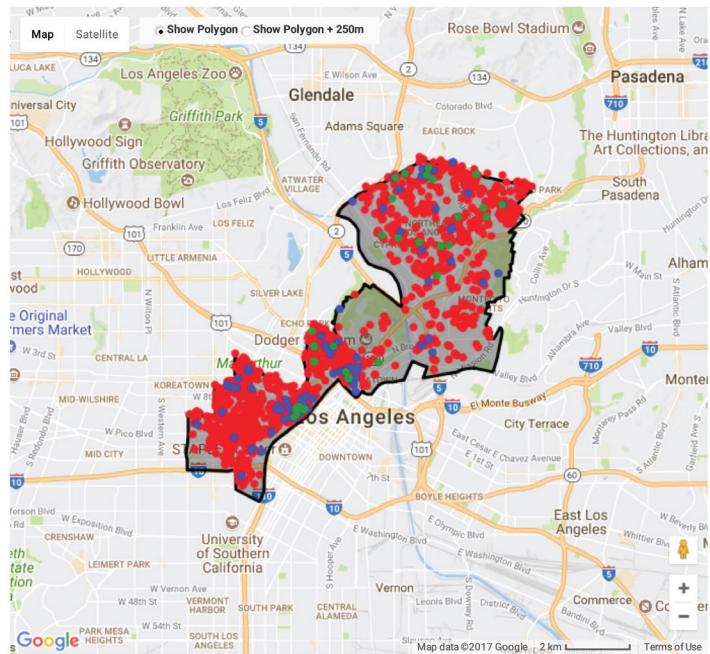


# District 1

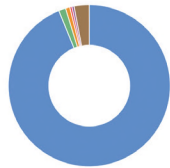
**1860**  
Active listings  
in jurisdiction

**1852**  
Listings in  
jurisdiction that  
fit STR  
definition

**1852**  
Unique  
properties in  
jurisdiction that  
fit STR  
definition

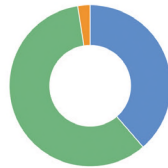


### Minimum Nights



- 1-7 nights [94%]
- 8-14 nights [1%]
- 15-21 nights [1%]
- 22-29 nights [0%]
- 30+ nights [0%]
- Not specified by Host [3%]

### Listing types

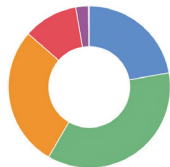


- Single Family Listing [39%]
- Multi Family Listing [59%]
- Unknown [2%]



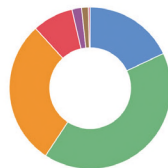
- Partial Home [40%]
- Entire Home [60%]
- Unknown [0%]

### Nightly Rate

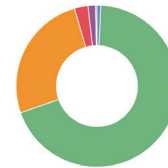


- \$0-\$50 [22%]
- \$50-\$100 [36%]
- \$100-\$200 [28%]
- \$200-\$400 [11%]
- \$400+ [3%]
- not provided [0%]

### Bedrooms / Bathrooms

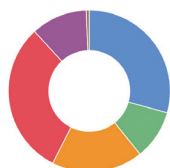


- 0 bedrooms [18%]
- 1 bedroom [41%]
- 2 bedrooms [29%]
- 3 bedrooms [8%]
- 4 bedrooms [2%]
- 5+ bedrooms [1%]
- unknown [0%]



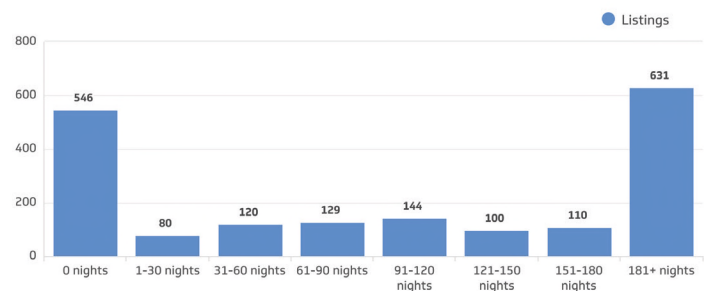
- 0 bathrooms [1%]
- 1 bathroom [69%]
- 2 bathrooms [26%]
- 3 bathrooms [3%]
- 4+ bathrooms [1%]
- unknown [0%]

### Estimated Annual Revenue



- \$0k [29%]
- \$0k-\$5k [10%]
- \$5k-\$10k [18%]
- \$10k-\$25k [31%]
- \$25k-\$50k [11%]
- \$50k+ [1%]

### Est. Annual Nights Rented

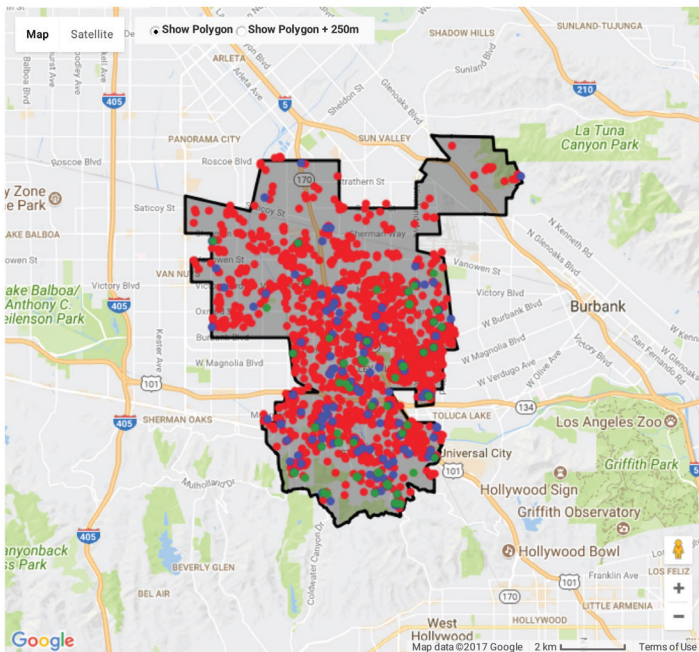


# District 2

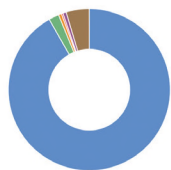
**1518**  
Active listings  
in jurisdiction

**1508**  
Listings in  
jurisdiction that  
fit STR  
definition

**1207**  
Unique  
properties in  
jurisdiction that  
fit STR  
definition



## Minimum Nights

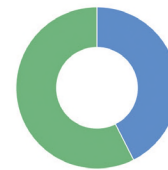


- 1-7 nights [92%]
- 8-14 nights [2%]
- 15-21 nights [1%]
- 22-29 nights [0%]
- 30+ nights [1%]
- Not specified by Host [5%]

## Listing types

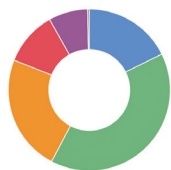


- Single Family Listing [50%]
- Multi Family Listing [47%]
- Unknown [3%]



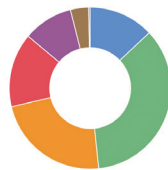
- Partial Home [43%]
- Entire Home [57%]
- Unknown [0%]

## Nightly Rate

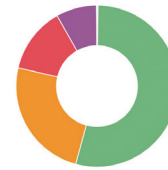


- \$0-\$50 [18%]
- \$50-\$100 [40%]
- \$100-\$200 [23%]
- \$200-\$400 [11%]
- \$400+ [8%]
- not provided [0%]

## Bedrooms / Bathrooms

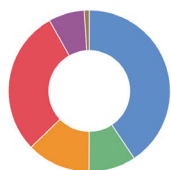


- 0 bedrooms [13%]
- 1 bedroom [35%]
- 2 bedrooms [23%]
- 3 bedrooms [15%]
- 4 bedrooms [10%]
- 5+ bedrooms [4%]
- unknown [0%]



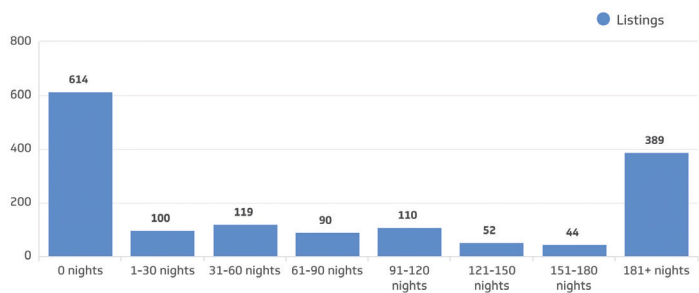
- 0 bathrooms [0%]
- 1 bathroom [54%]
- 2 bathrooms [24%]
- 3 bathrooms [13%]
- 4+ bathrooms [8%]
- unknown [0%]

## Estimated Annual Revenue



- \$0k [41%]
- \$0k-\$5k [9%]
- \$5k-\$10k [13%]
- \$10k-\$25k [29%]
- \$25k-\$50k [7%]
- \$50k+ [1%]

## Est. Annual Nights Rented

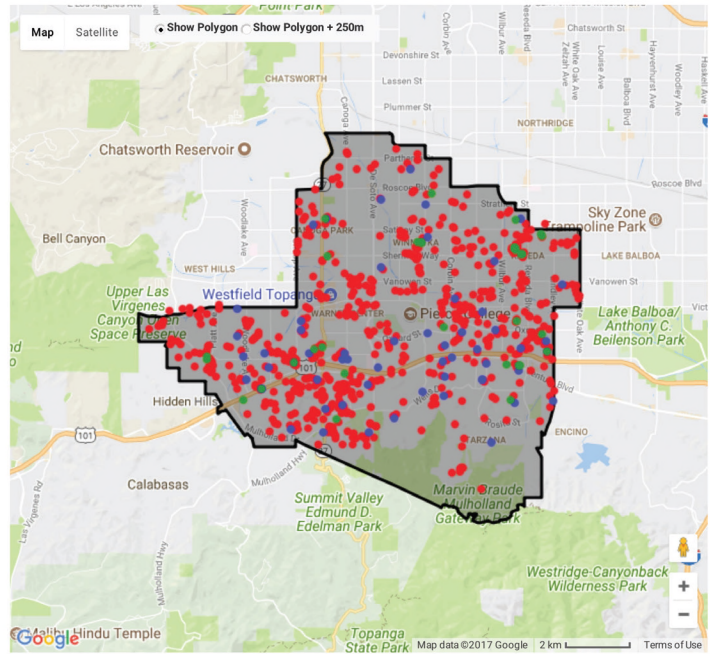


# District 3

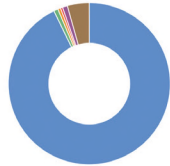
**709**  
Active listings  
in jurisdiction

**702**  
Listings in  
jurisdiction that  
fit STR  
definition

**567**  
Unique  
properties in  
jurisdiction that  
fit STR  
definition



### Minimum Nights



- 1-7 nights [93%]
- 8-14 nights [1%]
- 15-21 nights [1%]
- 22-29 nights [0%]
- 30+ nights [1%]
- Not specified by Host [4%]

### Listing types



- Single Family Listing [67%]
- Multi Family Listing [29%]
- Unknown [4%]



- Partial Home [47%]
- Entire Home [53%]
- Unknown [0%]

### Nightly Rate

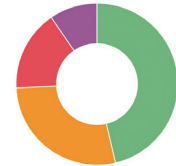


- \$0-\$50 [16%]
- \$50-\$100 [42%]
- \$100-\$200 [23%]
- \$200-\$400 [10%]
- \$400+ [8%]
- not provided [0%]

### Bedrooms / Bathrooms

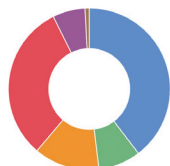


- 0 bedrooms [10%]
- 1 bedroom [30%]
- 2 bedrooms [19%]
- 3 bedrooms [22%]
- 4 bedrooms [11%]
- 5+ bedrooms [8%]
- unknown [0%]



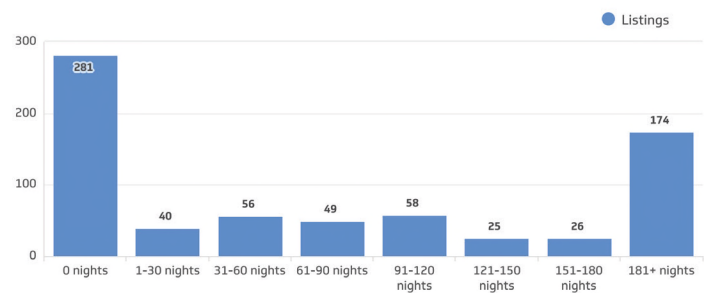
- 0 bathrooms [0%]
- 1 bathroom [46%]
- 2 bathrooms [28%]
- 3 bathrooms [16%]
- 4+ bathrooms [10%]
- unknown [0%]

### Estimated Annual Revenue



- \$0k [40%]
- \$0k-\$5k [8%]
- \$5k-\$10k [13%]
- \$10k-\$25k [31%]
- \$25k-\$50k [6%]
- \$50k+ [1%]

### Est. Annual Nights Rented



# District 4

**6012**

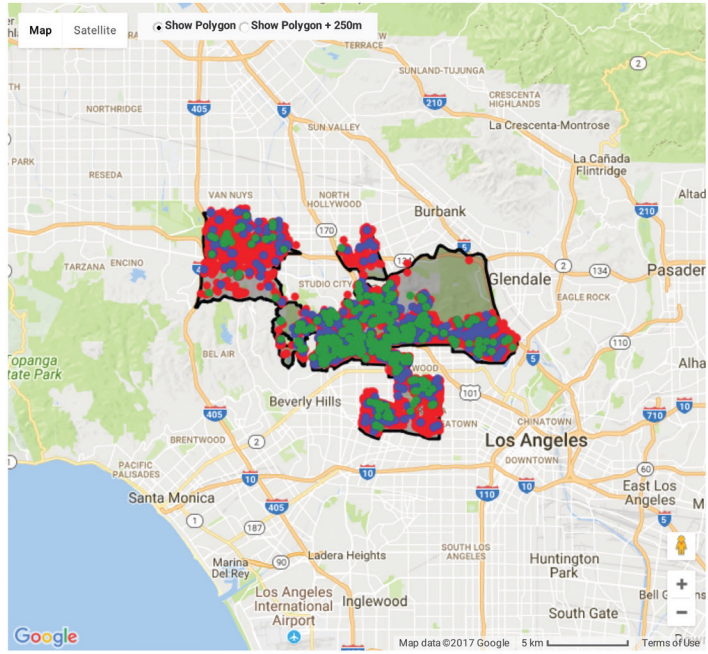
Active listings in jurisdiction

**5931**

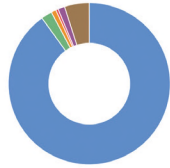
Listings in jurisdiction that fit STR definition

**4977**

Unique properties in jurisdiction that fit STR definition



### Minimum Nights



- 1-7 nights [90%]
- 8-14 nights [2%]
- 15-21 nights [1%]
- 22-29 nights [0%]
- 30+ nights [1%]
- Not specified by Host [5%]

### Listing types

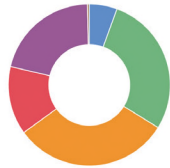


- Single Family Listing [43%]
- Multi Family Listing [54%]
- Unknown [3%]



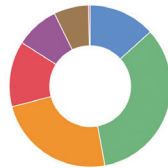
- Partial Home [25%]
- Entire Home [75%]
- Unknown [0%]

### Nightly Rate

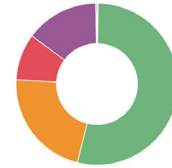


- \$0-\$50 [6%]
- \$50-\$100 [28%]
- \$100-\$200 [31%]
- \$200-\$400 [14%]
- \$400+ [21%]
- not provided [0%]

### Bedrooms / Bathrooms



- 0 bedrooms [13%]
- 1 bedroom [34%]
- 2 bedrooms [24%]
- 3 bedrooms [13%]
- 4 bedrooms [9%]
- 5+ bedrooms [7%]
- unknown [0%]



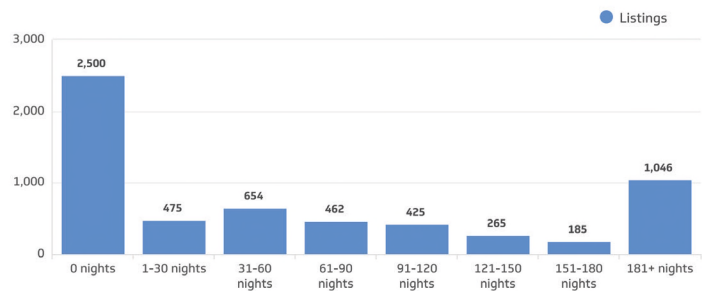
- 0 bathrooms [0%]
- 1 bathroom [54%]
- 2 bathrooms [22%]
- 3 bathrooms [9%]
- 4+ bathrooms [15%]
- unknown [0%]

### Estimated Annual Revenue



- \$0k [42%]
- \$0k-\$5k [8%]
- \$5k-\$10k [13%]
- \$10k-\$25k [23%]
- \$25k-\$50k [12%]
- \$50k+ [3%]

### Est. Annual Nights Rented



# District 5

**3499**

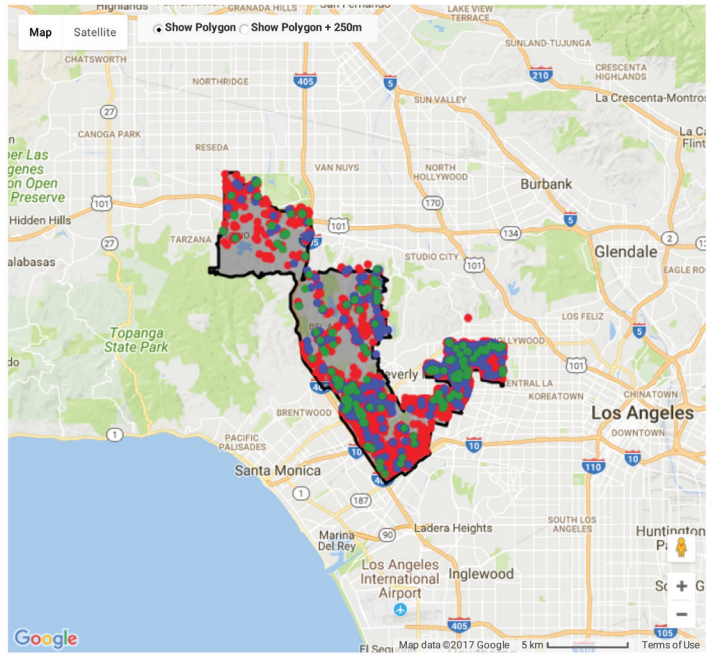
Active listings in jurisdiction

**3444**

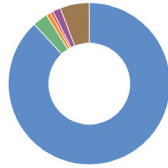
Listings in jurisdiction that fit STR definition

**3444**

Unique properties in jurisdiction that fit STR definition



### Minimum Nights



- 1-7 nights [88%]
- 8-14 nights [3%]
- 15-21 nights [1%]
- 22-29 nights [1%]
- 30+ nights [2%]
- Not specified by Host [6%]

### Listing types

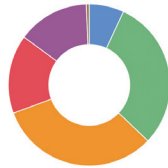


- Single Family Listing [34%]
- Multi Family Listing [62%]
- Unknown [4%]



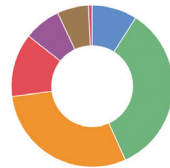
- Partial Home [31%]
- Entire Home [69%]
- Unknown [0%]

### Nightly Rate

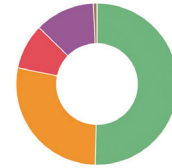


- \$0-\$50 [7%]
- \$50-\$100 [30%]
- \$100-\$200 [32%]
- \$200-\$400 [16%]
- \$400+ [14%]
- not provided [1%]

### Bedrooms / Bathrooms

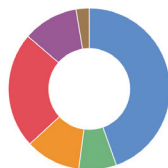


- 0 bedrooms [9%]
- 1 bedroom [34%]
- 2 bedrooms [30%]
- 3 bedrooms [13%]
- 4 bedrooms [7%]
- 5+ bedrooms [6%]
- unknown [1%]



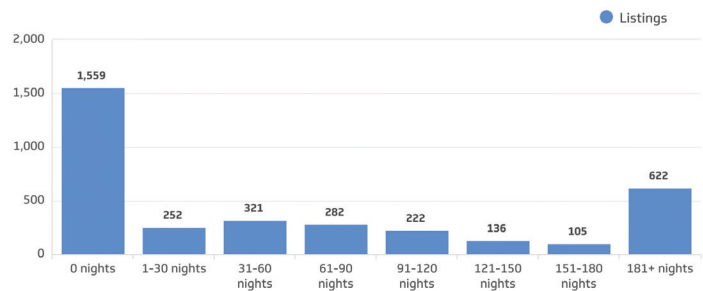
- 0 bathrooms [0%]
- 1 bathroom [50%]
- 2 bathrooms [28%]
- 3 bathrooms [9%]
- 4+ bathrooms [12%]
- unknown [1%]

### Estimated Annual Revenue



- \$0k [45%]
- \$0k-\$5k [8%]
- \$5k-\$10k [11%]
- \$10k-\$25k [23%]
- \$25k-\$50k [11%]
- \$50k+ [3%]

### Est. Annual Nights Rented

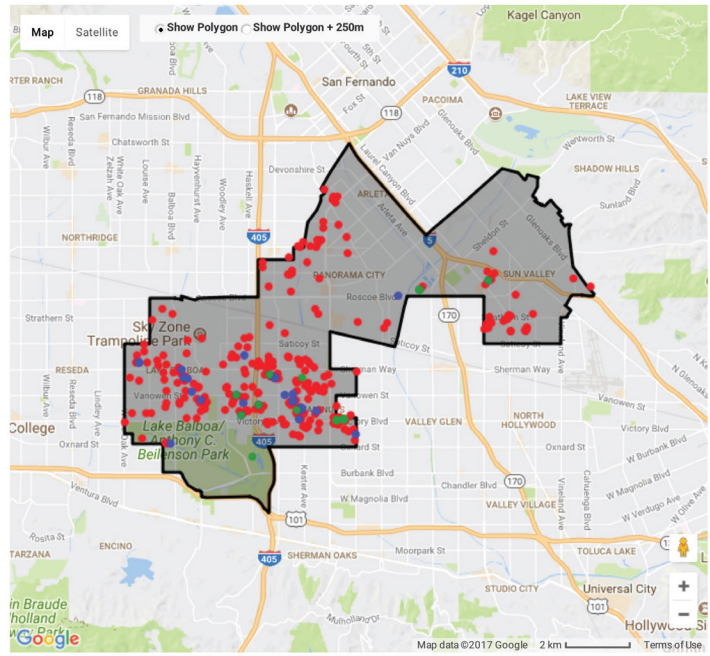


# District 6

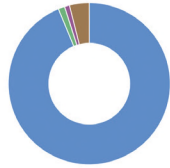
**305**  
Active listings  
in jurisdiction

**302**  
Listings in  
jurisdiction that  
fit STR  
definition

**283**  
Unique  
properties in  
jurisdiction that  
fit STR  
definition



### Minimum Nights



- 1-7 nights [94%]
- 8-14 nights [1%]
- 15-21 nights [0%]
- 22-29 nights [0%]
- 30+ nights [1%]
- Not specified by Host [4%]

### Listing types

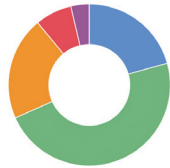


- Single Family Listing [57%]
- Multi Family Listing [39%]
- Unknown [4%]



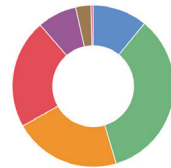
- Partial Home [44%]
- Entire Home [56%]
- Unknown [0%]

### Nightly Rate

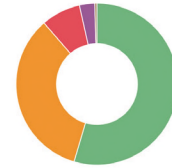


- \$0-\$50 [21%]
- \$50-\$100 [48%]
- \$100-\$200 [21%]
- \$200-\$400 [7%]
- \$400+ [4%]
- not provided [0%]

### Bedrooms / Bathrooms

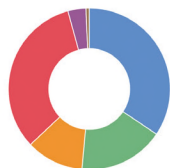


- 0 bedrooms [11%]
- 1 bedroom [34%]
- 2 bedrooms [21%]
- 3 bedrooms [22%]
- 4 bedrooms [8%]
- 5+ bedrooms [3%]
- unknown [0%]



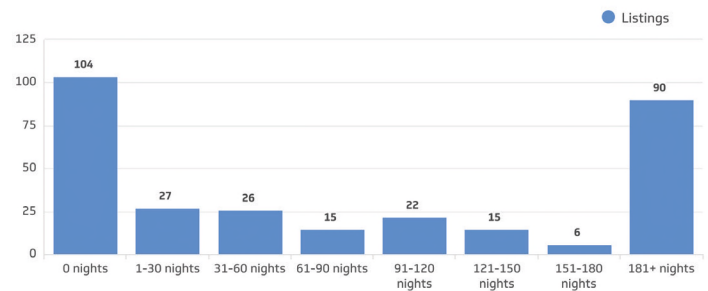
- 0 bathrooms [0%]
- 1 bathroom [55%]
- 2 bathrooms [34%]
- 3 bathrooms [8%]
- 4+ bathrooms [3%]
- unknown [0%]

### Estimated Annual Revenue



- \$0k [34%]
- \$0k-\$5k [17%]
- \$5k-\$10k [11%]
- \$10k-\$25k [33%]
- \$25k-\$50k [4%]
- \$50k+ [1%]

### Est. Annual Nights Rented



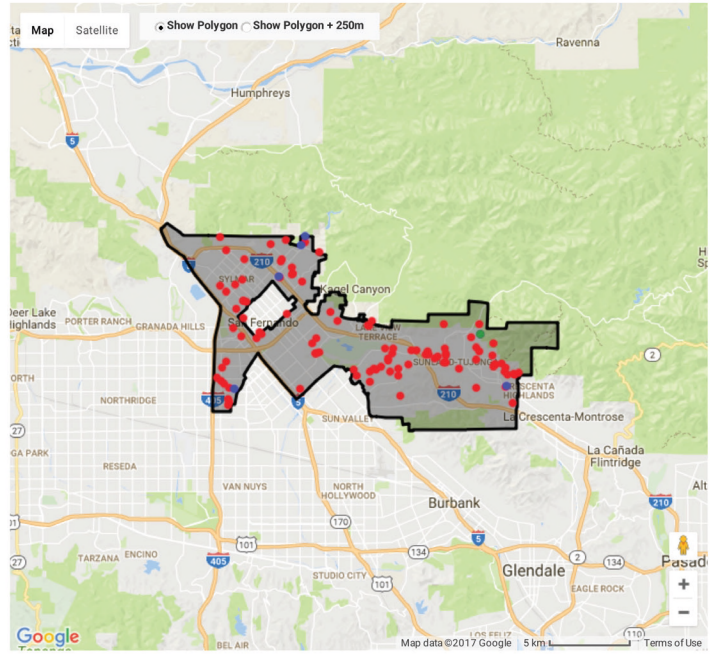


# District 7

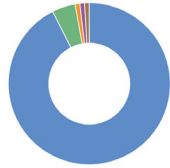
**107**  
Active listings  
in jurisdiction

**106**  
Listings in  
jurisdiction that  
fit STR  
definition

**89**  
Unique  
properties in  
jurisdiction that  
fit STR  
definition

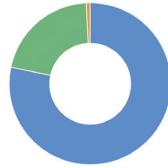


### Minimum Nights



- 1-7 nights [93%]
- 8-14 nights [5%]
- 15-21 nights [1%]
- 22-29 nights [0%]
- 30+ nights [1%]
- Not specified by Host [1%]

### Listing types

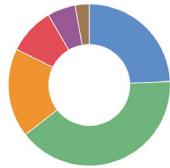


- Single Family Listing [78%]
- Multi Family Listing [21%]
- Unknown [1%]



- Partial Home [63%]
- Entire Home [37%]
- Unknown [0%]

### Nightly Rate

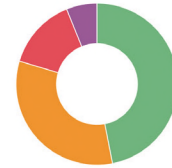


- \$0-\$50 [24%]
- \$50-\$100 [40%]
- \$100-\$200 [18%]
- \$200-\$400 [9%]
- \$400+ [6%]
- not provided [3%]

### Bedrooms / Bathrooms

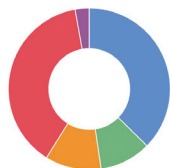


- 0 bedrooms [6%]
- 1 bedroom [35%]
- 2 bedrooms [22%]
- 3 bedrooms [22%]
- 4 bedrooms [10%]
- 5+ bedrooms [4%]
- unknown [0%]



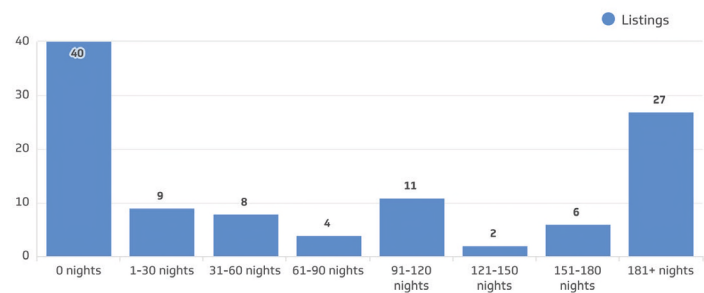
- 0 bathrooms [0%]
- 1 bathroom [47%]
- 2 bathrooms [33%]
- 3 bathrooms [14%]
- 4+ bathrooms [6%]
- unknown [0%]

### Estimated Annual Revenue



- \$0k [37%]
- \$0k-\$5k [10%]
- \$5k-\$10k [11%]
- \$10k-\$25k [38%]
- \$25k-\$50k [3%]
- \$50k+ [0%]

### Est. Annual Nights Rented

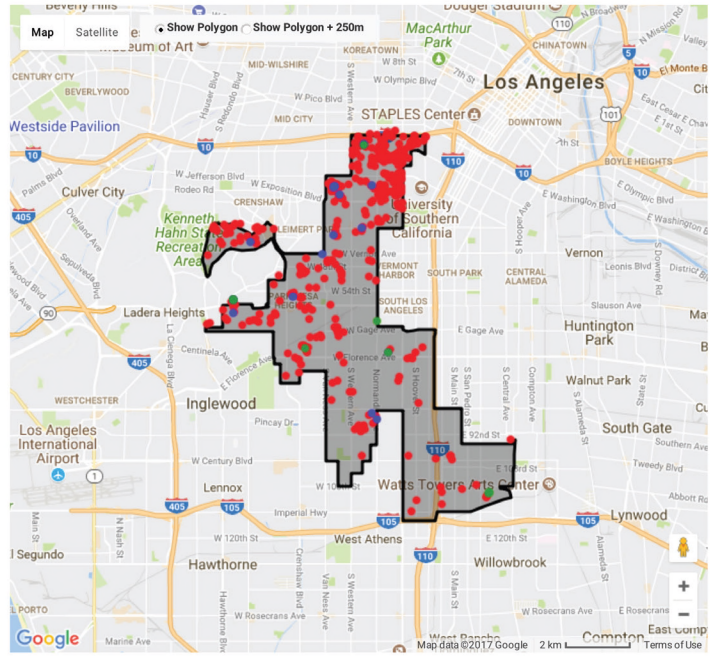


# District 8

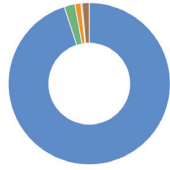
**420**  
Active listings  
in jurisdiction

**419**  
Listings in  
jurisdiction that  
fit STR  
definition

**265**  
Unique  
properties in  
jurisdiction that  
fit STR  
definition



### Minimum Nights



- 1-7 nights [95%]
- 8-14 nights [2%]
- 15-21 nights [1%]
- 22-29 nights [0%]
- 30+ nights [0%]
- Not specified by Host [1%]

### Listing types

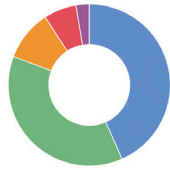


- Single Family Listing [62%]
- Multi Family Listing [35%]
- Unknown [3%]



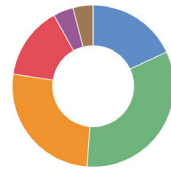
- Partial Home [65%]
- Entire Home [35%]
- Unknown [0%]

### Nightly Rate

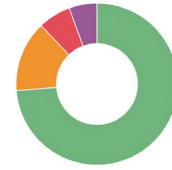


- \$0-\$50 [43%]
- \$50-\$100 [37%]
- \$100-\$200 [10%]
- \$200-\$400 [7%]
- \$400+ [3%]
- not provided [0%]

### Bedrooms / Bathrooms

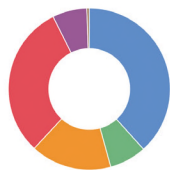


- 0 bedrooms [18%]
- 1 bedroom [33%]
- 2 bedrooms [26%]
- 3 bedrooms [15%]
- 4 bedrooms [4%]
- 5+ bedrooms [4%]
- unknown [0%]



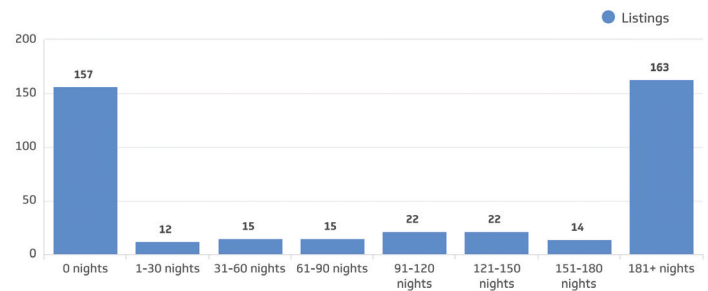
- 0 bathrooms [0%]
- 1 bathroom [74%]
- 2 bathrooms [14%]
- 3 bathrooms [7%]
- 4+ bathrooms [6%]
- unknown [0%]

### Estimated Annual Revenue



- \$0k [38%]
- \$0k-\$5k [7%]
- \$5k-\$10k [16%]
- \$10k-\$25k [31%]
- \$25k-\$50k [7%]
- \$50k+ [0%]

### Est. Annual Nights Rented

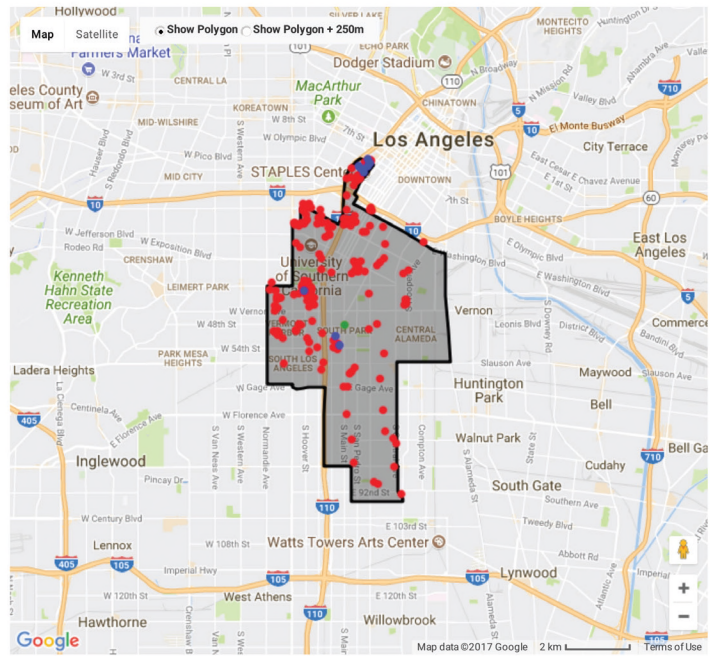


# District 9

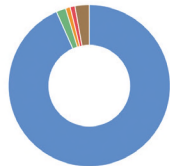
**211**  
Active listings  
in jurisdiction

**211**  
Listings in  
jurisdiction that  
fit STR  
definition

**156**  
Unique  
properties in  
jurisdiction that  
fit STR  
definition

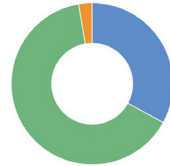


### Minimum Nights



- 1-7 nights [93%]
- 8-14 nights [2%]
- 15-21 nights [1%]
- 22-29 nights [1%]
- 30+ nights [0%]
- Not specified by Host [3%]

### Listing types



- Single Family Listing [33%]
- Multi Family Listing [64%]
- Unknown [3%]



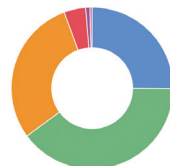
- Partial Home [49%]
- Entire Home [51%]
- Unknown [0%]

### Nightly Rate

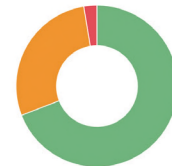


- \$0-\$50 [43%]
- \$50-\$100 [32%]
- \$100-\$200 [14%]
- \$200-\$400 [5%]
- \$400+ [6%]
- not provided [0%]

### Bedrooms / Bathrooms

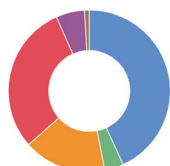


- 0 bedrooms [25%]
- 1 bedroom [40%]
- 2 bedrooms [29%]
- 3 bedrooms [4%]
- 4 bedrooms [1%]
- 5+ bedrooms [0%]
- unknown [0%]



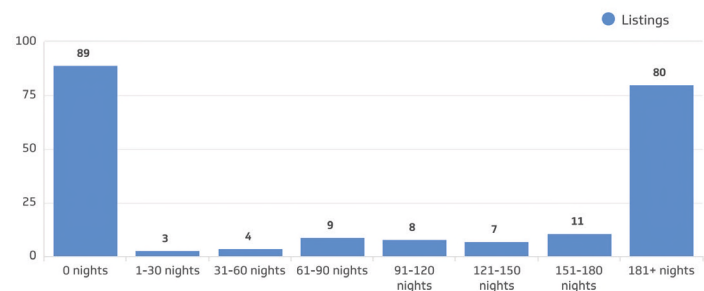
- 0 bathrooms [0%]
- 1 bathroom [69%]
- 2 bathrooms [28%]
- 3 bathrooms [3%]
- 4+ bathrooms [0%]
- unknown [0%]

### Estimated Annual Revenue



- \$0k [43%]
- \$0k-\$5k [4%]
- \$5k-\$10k [17%]
- \$10k-\$25k [30%]
- \$25k-\$50k [6%]
- \$50k+ [1%]

### Est. Annual Nights Rented

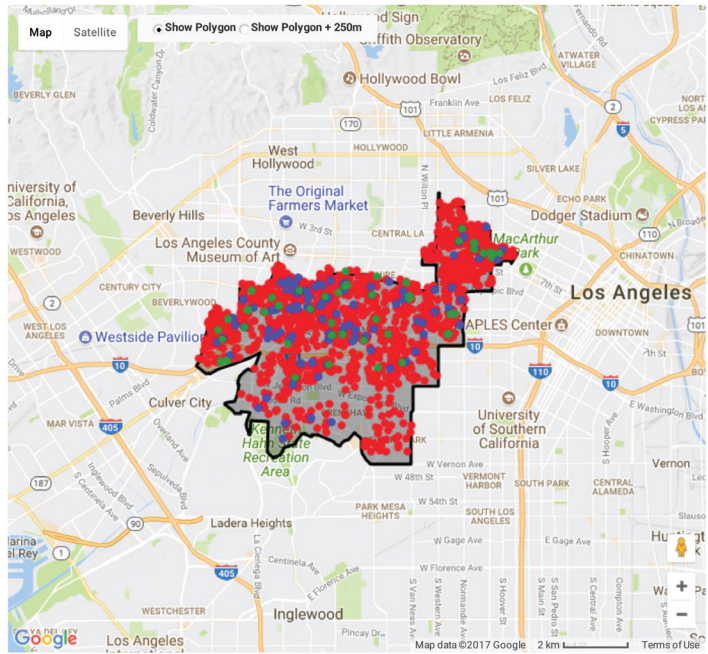


# District 10

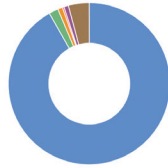
**1876**  
Active listings  
in jurisdiction

**1859**  
Listings in  
jurisdiction that  
fit STR  
definition

**1295**  
Unique  
properties in  
jurisdiction that  
fit STR  
definition



### Minimum Nights



- 1-7 nights [92%]
- 8-14 nights [2%]
- 15-21 nights [1%]
- 22-29 nights [0%]
- 30+ nights [1%]
- Not specified by Host [4%]

### Listing types

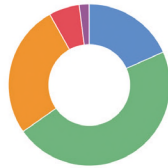


- Single Family Listing [43%]
- Multi Family Listing [54%]
- Unknown [3%]



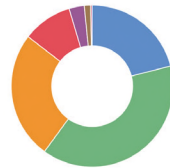
- Partial Home [46%]
- Entire Home [54%]
- Unknown [0%]

### Nightly Rate

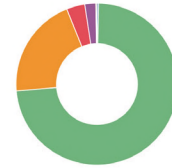


- \$0-\$50 [18%]
- \$50-\$100 [47%]
- \$100-\$200 [27%]
- \$200-\$400 [6%]
- \$400+ [2%]
- not provided [0%]

### Bedrooms / Bathrooms

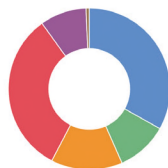


- 0 bedrooms [21%]
- 1 bedroom [39%]
- 2 bedrooms [25%]
- 3 bedrooms [10%]
- 4 bedrooms [3%]
- 5+ bedrooms [1%]
- unknown [0%]



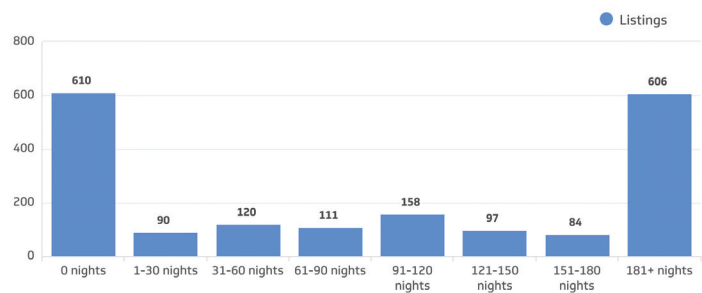
- 0 bathrooms [0%]
- 1 bathroom [73%]
- 2 bathrooms [20%]
- 3 bathrooms [4%]
- 4+ bathrooms [2%]
- unknown [0%]

### Estimated Annual Revenue



- \$0k [33%]
- \$0k-\$5k [10%]
- \$5k-\$10k [14%]
- \$10k-\$25k [32%]
- \$25k-\$50k [9%]
- \$50k+ [1%]

### Est. Annual Nights Rented

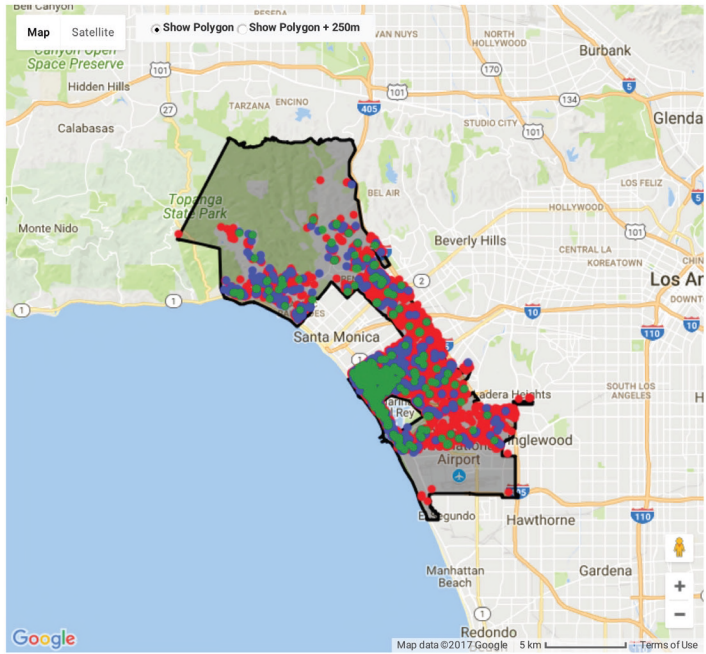


# District 11

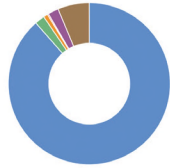
**5842**  
Active listings  
in jurisdiction

**5719**  
Listings in  
jurisdiction that  
fit STR  
definition

**4164**  
Unique  
properties in  
jurisdiction that  
fit STR  
definition



### Minimum Nights

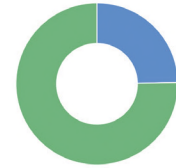


- 1-7 nights [89%]
- 8-14 nights [2%]
- 15-21 nights [1%]
- 22-29 nights [0%]
- 30+ nights [2%]
- Not specified by Host [6%]

### Listing types

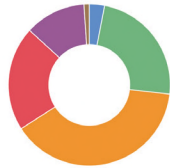


- Single Family Listing [44%]
- Multi Family Listing [52%]
- Unknown [3%]



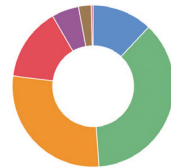
- Partial Home [25%]
- Entire Home [75%]
- Unknown [0%]

### Nightly Rate

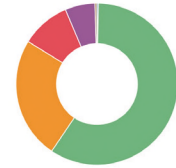


- \$0-\$50 [3%]
- \$50-\$100 [24%]
- \$100-\$200 [39%]
- \$200-\$400 [21%]
- \$400+ [12%]
- not provided [1%]

### Bedrooms / Bathrooms

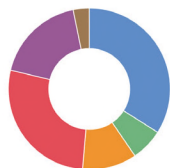


- 0 bedrooms [12%]
- 1 bedroom [37%]
- 2 bedrooms [28%]
- 3 bedrooms [15%]
- 4 bedrooms [5%]
- 5+ bedrooms [3%]
- unknown [0%]



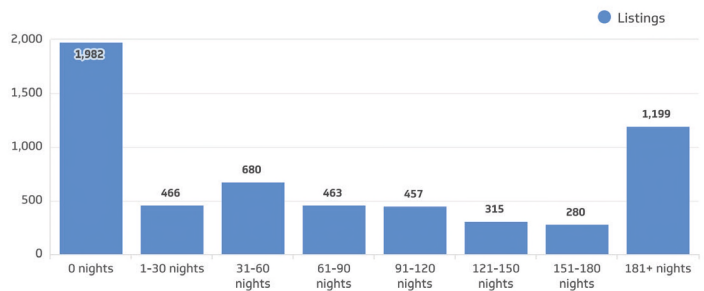
- 0 bathrooms [0%]
- 1 bathroom [59%]
- 2 bathrooms [24%]
- 3 bathrooms [10%]
- 4+ bathrooms [6%]
- unknown [0%]

### Estimated Annual Revenue



- \$0k [34%]
- \$0k-\$5k [6%]
- \$5k-\$10k [11%]
- \$10k-\$25k [27%]
- \$25k-\$50k [18%]
- \$50k+ [3%]

### Est. Annual Nights Rented



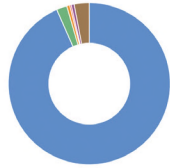
# District 12

**334**  
Active listings  
in jurisdiction

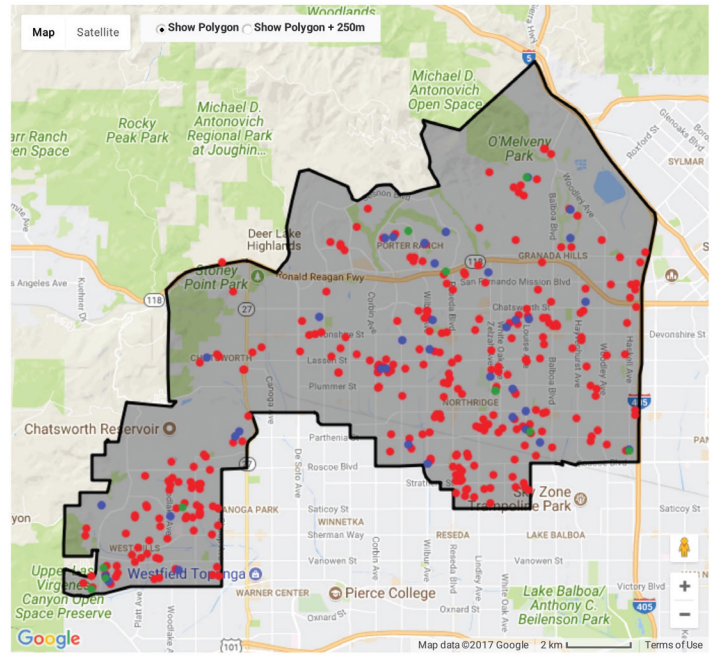
**332**  
Listings in  
jurisdiction that  
fit STR  
definition

**268**  
Unique  
properties in  
jurisdiction that  
fit STR  
definition

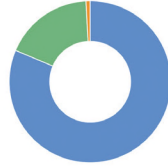
### Minimum Nights



- 1-7 nights [93%]
- 8-14 nights [2%]
- 15-21 nights [1%]
- 22-29 nights [0%]
- 30+ nights [1%]
- Not specified by Host [3%]



### Listing types

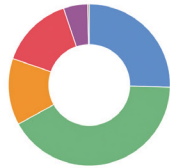


- Single Family Listing [81%]
- Multi Family Listing [18%]
- Unknown [1%]



- Partial Home [58%]
- Entire Home [42%]
- Unknown [0%]

### Nightly Rate

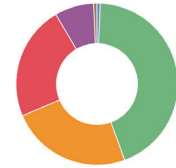


- \$0-\$50 [25%]
- \$50-\$100 [42%]
- \$100-\$200 [13%]
- \$200-\$400 [15%]
- \$400+ [5%]
- not provided [0%]

### Bedrooms / Bathrooms



- 0 bedrooms [9%]
- 1 bedroom [27%]
- 2 bedrooms [12%]
- 3 bedrooms [21%]
- 4 bedrooms [20%]
- 5+ bedrooms [10%]
- unknown [0%]



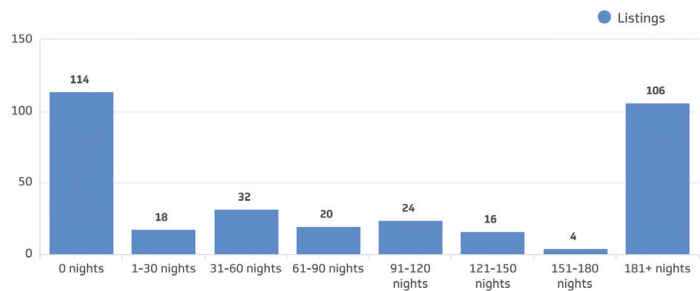
- 0 bathrooms [1%]
- 1 bathroom [44%]
- 2 bathrooms [24%]
- 3 bathrooms [23%]
- 4+ bathrooms [8%]
- unknown [1%]

### Estimated Annual Revenue



- \$0k [34%]
- \$0k-\$5k [9%]
- \$5k-\$10k [16%]
- \$10k-\$25k [33%]
- \$25k-\$50k [7%]
- \$50k+ [0%]

### Est. Annual Nights Rented

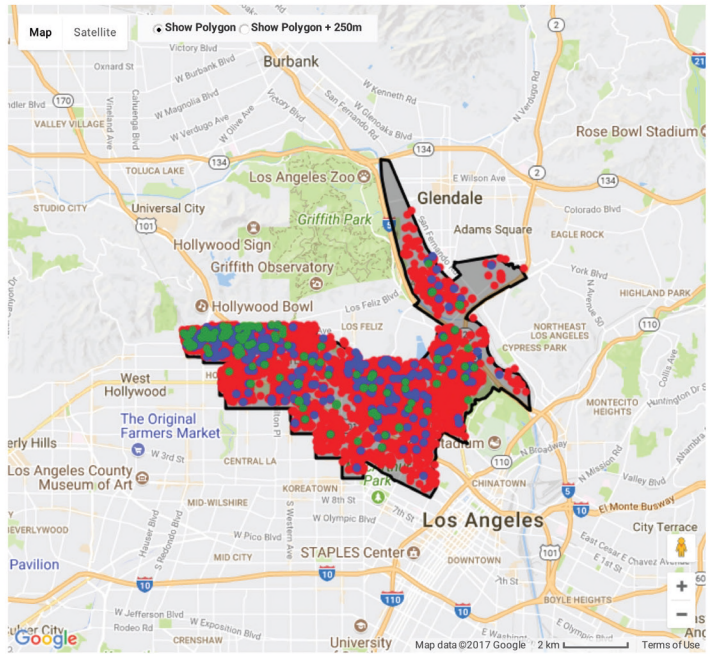


# District 13

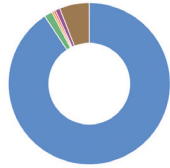
**4157**  
Active listings  
in jurisdiction

**4118**  
Listings in  
jurisdiction that  
fit STR  
definition

**2995**  
Unique  
properties in  
jurisdiction that  
fit STR  
definition

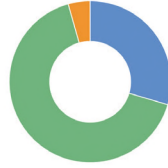


### Minimum Nights



- 1-7 nights [91%]
- 8-14 nights [2%]
- 15-21 nights [0%]
- 22-29 nights [0%]
- 30+ nights [1%]
- Not specified by Host [6%]

### Listing types

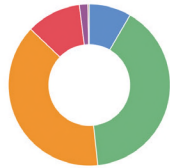


- Single Family Listing [30%]
- Multi Family Listing [66%]
- Unknown [4%]



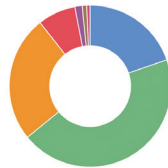
- Partial Home [26%]
- Entire Home [74%]
- Unknown [0%]

### Nightly Rate

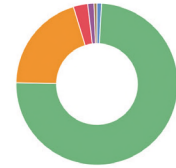


- \$0-\$50 [8%]
- \$50-\$100 [40%]
- \$100-\$200 [39%]
- \$200-\$400 [11%]
- \$400+ [2%]
- not provided [0%]

### Bedrooms / Bathrooms

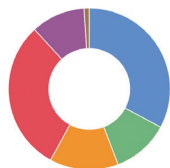


- 0 bedrooms [20%]
- 1 bedroom [44%]
- 2 bedrooms [25%]
- 3 bedrooms [8%]
- 4 bedrooms [1%]
- 5+ bedrooms [1%]
- unknown [1%]



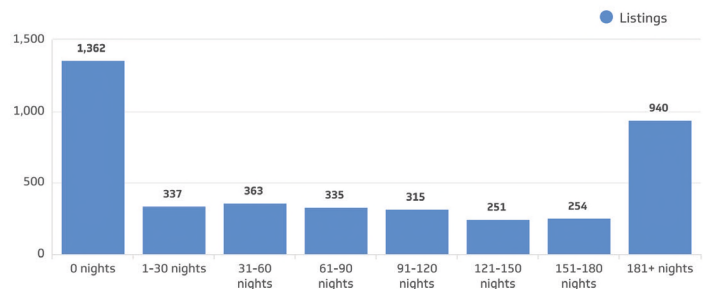
- 0 bathrooms [1%]
- 1 bathroom [74%]
- 2 bathrooms [20%]
- 3 bathrooms [3%]
- 4+ bathrooms [1%]
- unknown [1%]

### Estimated Annual Revenue



- \$0k [33%]
- \$0k-\$5k [11%]
- \$5k-\$10k [14%]
- \$10k-\$25k [30%]
- \$25k-\$50k [11%]
- \$50k+ [1%]

### Est. Annual Nights Rented



# District 14

**1866**

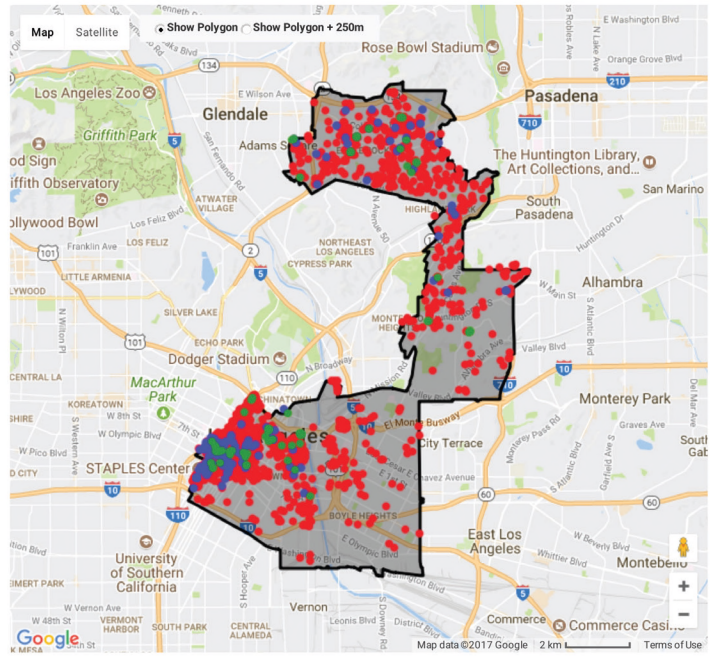
Active listings in jurisdiction

**1850**

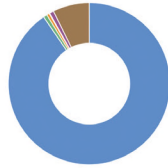
Listings in jurisdiction that fit STR definition

**1432**

Unique properties in jurisdiction that fit STR definition

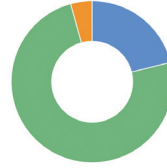


### Minimum Nights

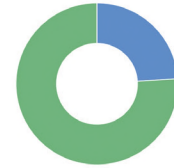


- 1-7 nights [90%]
- 8-14 nights [1%]
- 15-21 nights [1%]
- 22-29 nights [0%]
- 30+ nights [1%]
- Not specified by Host [7%]

### Listing types

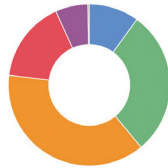


- Single Family Listing [21%]
- Multi Family Listing [75%]
- Unknown [4%]



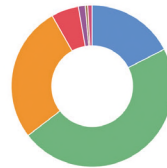
- Partial Home [24%]
- Entire Home [76%]
- Unknown [0%]

### Nightly Rate

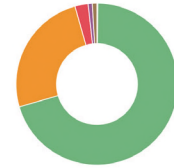


- \$0-\$50 [10%]
- \$50-\$100 [29%]
- \$100-\$200 [38%]
- \$200-\$400 [16%]
- \$400+ [7%]
- not provided [0%]

### Bedrooms / Bathrooms

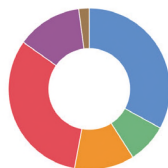


- 0 bedrooms [17%]
- 1 bedroom [47%]
- 2 bedrooms [27%]
- 3 bedrooms [5%]
- 4 bedrooms [1%]
- 5+ bedrooms [0%]
- unknown [1%]



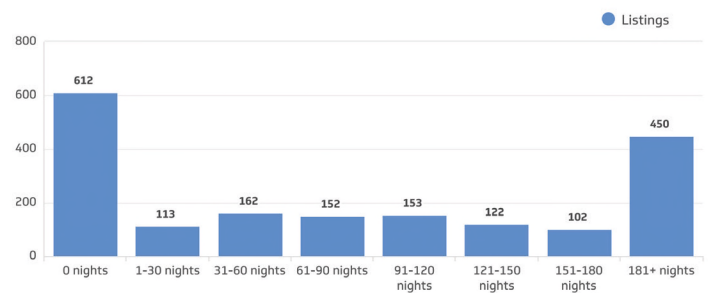
- 0 bathrooms [0%]
- 1 bathroom [70%]
- 2 bathrooms [25%]
- 3 bathrooms [3%]
- 4+ bathrooms [1%]
- unknown [1%]

### Estimated Annual Revenue



- \$0k [33%]
- \$0k-\$5k [8%]
- \$5k-\$10k [12%]
- \$10k-\$25k [32%]
- \$25k-\$50k [13%]
- \$50k+ [2%]

### Est. Annual Nights Rented



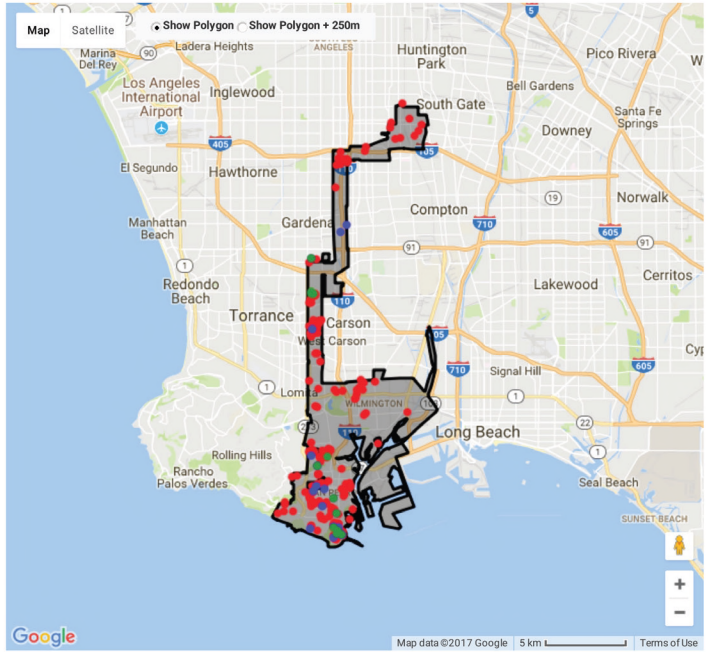


# District 15

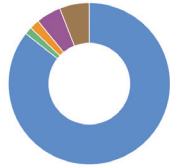
**202**  
Active listings  
in jurisdiction

**192**  
Listings in  
jurisdiction that  
fit STR  
definition

**157**  
Unique  
properties in  
jurisdiction that  
fit STR  
definition

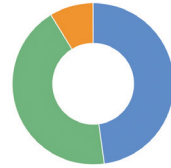


### Minimum Nights



- 1-7 nights [86%]
- 8-14 nights [1%]
- 15-21 nights [2%]
- 22-29 nights [0%]
- 30+ nights [5%]
- Not specified by Host [6%]

### Listing types

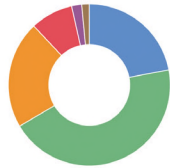


- Single Family Listing [48%]
- Multi Family Listing [43%]
- Unknown [9%]



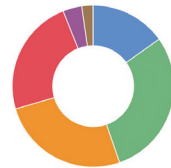
- Partial Home [51%]
- Entire Home [49%]
- Unknown [0%]

### Nightly Rate

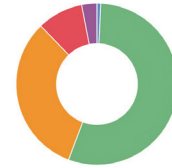


- \$0-\$50 [22%]
- \$50-\$100 [45%]
- \$100-\$200 [22%]
- \$200-\$400 [9%]
- \$400+ [2%]
- not provided [2%]

### Bedrooms / Bathrooms



- 0 bedrooms [15%]
- 1 bedroom [30%]
- 2 bedrooms [26%]
- 3 bedrooms [23%]
- 4 bedrooms [4%]
- 5+ bedrooms [2%]
- unknown [0%]



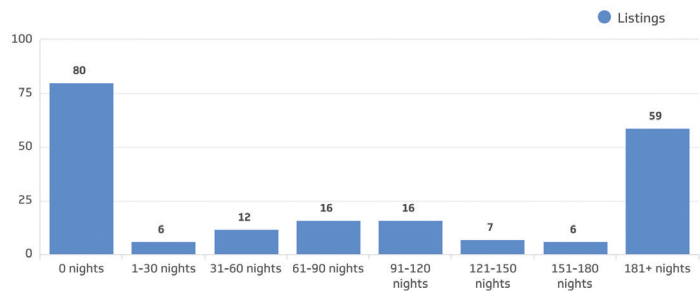
- 0 bathrooms [1%]
- 1 bathroom [55%]
- 2 bathrooms [32%]
- 3 bathrooms [9%]
- 4+ bathrooms [3%]
- unknown [0%]

### Estimated Annual Revenue



- \$0k [40%]
- \$0k-\$5k [8%]
- \$5k-\$10k [12%]
- \$10k-\$25k [32%]
- \$25k-\$50k [8%]
- \$50k+ [0%]

### Est. Annual Nights Rented



**EXHIBIT F:**  
**January 11, 2018 Department Report to PLUM**  
**Committee**

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CPC-2016-1243-CA  
September 13, 2018

DEPARTMENT OF  
CITY PLANNING

CITY PLANNING COMMISSION

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(213) 978-1274

<http://planning.lacity.org>

January 11, 2018

Los Angeles City Council  
c/o Office of the City Clerk  
City Hall, Room 395  
Los Angeles, California 90012

Attention: PLUM Committee

Dear Honorable Members:

**SECOND SUPPLEMENTAL REPORT BACK RELATIVE TO PROPOSED HOME-SHARING  
ORDINANCE (COUNCIL FILES 14-1635-S2, 14-1635-S3)**

On October 24, 2017, the Committee considered the proposed Home-Sharing Ordinance (HSO) for the second time. During the discussion, the PLUM Committee continued the matter and instructed the Department of City Planning (DCP), in consultation with the Office of the City Attorney and the City Administrative Officer, to report back on the following additional policy considerations:

- 1) Options or mechanisms to allow short-term rentals in properties beyond the proposed cap in either the current ordinance; or, a companion ordinance which may deal with vacation rentals and/or corporate housing;
- 2) The maximum legally justified fines for non-compliance or violations of a short-term rental ordinance by platforms or hosts;
- 3) Options for splitting the revenues from TOT collected for short-term rentals to be deposited in the General Fund and/or the Affordable Housing Trust Fund;
- 4) Options for a cap on the number of days that short-term rentals are allowed based on the break-even point for when short-term rentals are more lucrative than long-term rentals, including analysis of best practices from other jurisdictions;
- 5) Options for a companion ordinance that would expand and update the process which allows for corporate housing in non-primary residences;
- 6) Options for establishing a Standardized Platform Agreement for those who provide the service of connecting guests with hosts including:
  - a) mechanism to memorialize the agreement with platforms;
  - b) the legal authority; and
  - c) allowing for recovery for administrative and enforcement costs through fees.

- 7) Establishing an opt-out provision for landlords to exclude their properties from participating in home-sharing;
- 8) The implications of removing the proposed annual cap on home-sharing activity in a primary residence;
- 9) The possibility of requiring applicants to self-certify primary residency under penalty of perjury, with consideration of:
  - a) Easing the burden of upfront administration staffing and costs;
  - b) For investigation or verification, whether the City could require that supporting documentation be furnished upon demand at any time; and
  - c) Attaching large and escalating penalties and fines;
- 10) To conduct or carry out a Fee Study for a \$4 per day surcharge (pass-through to guests) for listings on all platforms, with the intent of reducing the per square foot amount of the proposed Linkage Fee.

The Department's response to each of the ten items is detailed below.

1. Options or mechanisms to allow short-term rentals in properties beyond the proposed cap in either the current ordinance; or, a companion ordinance which may deal with vacation rentals and/or corporate housing;

There are a number of policy options if the City Council is interested in modifying the proposed 180-day per year cap on short-term rentals. Please see response to question five for suggestions about vacation and/or corporate housing.

Option A. Retain or lower the cap but allow qualified hosts to exceed the cap through a discretionary review process

If the City Council wanted to allow hosts to exceed the cap, a discretionary process could be established for this purpose. This would allow for a more detailed case-by-case approach to ensure properties with intensified short-term rental activity are operated by responsible hosts in safe and habitable spaces.

One potential approach could allow short-term rentals beyond the cap through a Conditional Use Permit (CUP) if certain conditions are met, including:

- a) A neighbor notification/input process;
- b) Increased accountability for any nuisance behavior (e.g. two "strikes" (code violations) to lose registration, versus three for everyone else); and
- c) Standard CUP findings on compatibility and adverse impact.

This discretionary option would allow for a more careful case-by-case approach but would also result in a significant administrative burden for staff and applicants. There are 3,900 Airbnb listings that exceeded 180 days of short-term rental activity last year alone. Even if a minority of these current listings chose to apply for a CUP under these potential rules, it would create a significant burden on Planning staff and require additional staff positions and/or resources to process the applications. In addition, this option allows for significant financial incentives for short-term rental hosts without any additional protections for existing housing stock. For these reasons, the Department had not recommended this approach.

Option B. Retain or lower the cap but allow for exceptions based on policy priorities

A second option could allow for select hosts to exceed the cap based on type of listing.

*Exempt Hosted Listings*

Many cities with nightly short-term rental caps allow for unlimited stays when a host is present in the residence (i.e. "hosted" stays). Hosted activity protects the housing stock, ensures residential use is maintained and limits nuisance behavior by guests. This option would allow hosted stays to exceed the cap.

Unfortunately, it has proven difficult for any city to be able to verify whether each guest stay is hosted on a nightly basis. The City could require self-certification under the penalty of perjury and accept the use of complaints and proxy IT data to enforce violations, but enforcement would continue to be an issue of concern.

*Exempt Shared Spaces or Private Rooms*

Alternatively, the City could consider exemptions from the cap for shared spaces or private rooms only (not entire homes). This approach, however, also has its challenges from an enforcement perspective. While most platforms describe shared spaces separately (as self-reported by hosts), not all may make this information transparent. Another concern with this approach is that certain spaces may not neatly fit into the intended categories. For example, attached units are sometimes described as an entire home and many entire home listings are backyard detached spaces rather than separate units. For enforcement reasons, the Department had not recommended this approach.

While other policy options such as exemptions using a geographic-based approach or financial hardship were considered, ultimately the challenges with implementing these options would be considerable. Planning staff recommends that the cap remain at the Citywide level.

2. The maximum legally justified fines for non-compliance or violations of a short-term rental ordinance by platforms or hosts.

The proposed ordinance creates new fines for property owners, hosts and hosting platforms in LAMC 12.22 A.31 (g). The proposed fines on hosts and property owners are \$500, or two times the nightly rate (whichever is greater) for listing unregistered properties for rent, and \$2,000 per day for each day a unit is rented in excess of the 180 day cap. Platforms are subject to fines of \$1,000 per illegal listing, for refusal to provide information on property address and usage to the City.

Other cities have a range of fines for hosts and platforms. Miami Beach is believed to have the highest fines in the United States: \$20,000 against hosts with illegal short-term rentals. New York City has fines of up to \$7,500 against illegal hosts, but most cities have much lower fines ranging from \$250 to \$1,000.

3. Options for splitting the revenues from TOT collected for short term rentals to be deposited in the General Fund and/or the Affordable Housing Trust Fund (with CAO).

The proposed ordinance allocates 90 percent of the TOT collected from home-sharing to the Affordable Housing Trust Fund and ten percent for administration and enforcement. Alternatively, Council could decide to allocate all of the TOT revenue from short-term rentals to the General Fund and fund affordable housing and home-sharing registration and enforcement activities through separate budget allocations. Another option would be to retain all of the TOT from short

term rentals for either affordable housing and/or the general fund and establish an administrative fee on all hosts to cover the City's administrative and enforcement costs. This idea of an administrative fee or surcharge is discussed in more detail in item ten, below.

- Options for a cap on the number of days that short-term rentals are allowed based on the break-even point for when short-term rentals are more lucrative than long-term rentals, including analysis of best practices from other jurisdictions.

The October 19, 2017 DCP report discussed the "break-even point" for when short-term rentals become more lucrative than long-term rentals. It presented two studies by parties on either side of the issue (Los Angeles Alliance for a New Economy (LAANE) and Airbnb). The two studies used different methodologies to find a wide variation in the Citywide average break-even point - 83 to 177 days, while individual neighborhoods in Los Angeles ranged from 51 to 321 days (LAANE and Airbnb respectively).

The main difference in the studies is that the LAANE figures are based on median rent levels being paid by existing tenants, while the Airbnb study used asking rents for prospective tenants. Both have relevance in different situations, with the LAANE study addressing concerns about the pressure to evict existing tenants. The Airbnb methodology is based on the assumption that the decision to go short-term rental is only made once a unit is available. In reality, both instances occur; therefore, the appropriate break-even point depends on whether one wishes to take a more conservative approach to protect existing renters

Assuming the more permissive methodology in the Airbnb study the current 180-day cap is near the citywide average break-even point. The initial DCP recommendation of 90 days was a more conservative recommendation intended to minimize any impact on existing housing. A cap of 120 days would strike a midpoint, while a cap greater than 180 days would not be recommended.

Other cities with short-term rental regulations have developed various approaches to nightly caps.

- New York City and Santa Monica - Zero days on unhosted stays (where the host is not present)
- Washington, D.C. - 15 days in entire home listings
- New Orleans - 90 day cap on unhosted stays
- San Francisco - 90 day cap on unhosted stays
- Sacramento - 90 days if not a primary residence
- Portland - 95 days on unhosted stays
- San Jose - 180 days if an entire home listing
- Philadelphia - 180 days, or up to 90 days without permit

- Options for a companion ordinance that would expand and update the process which allows for corporate housing in non-primary residences.

In order to consider potential options to allow for short-term corporate housing rentals in non-primary residences it is important to first acknowledge the extent to which the current zoning code allows for this activity. In multi-unit buildings, the *Transient Occupancy Residential Structure* (TORS) designation allows for partial or total short-term rental use in high-density zones (R4, R5 and C) through a Conditional Use Permit (CUP) approved by a Zoning Administrator.

The TORS designation was established in the early 1990s to allow for extended-stay hotels to include kitchens in the guest rooms, something otherwise not allowed. It is used today for corporate rental buildings providing a mix of short- and medium/long-term rentals (in high density zones through a CUP). The concern is that the TORS definition is broad enough to permit the

whole or partial conversion of existing apartment buildings currently providing important long-term housing to short-term rentals, which was not the original intent in creating the TORS use. In line with the direction in the original City Council Motion to preserve rental housing stock, the proposed ordinance would disallow the conversion of existing residential buildings to a TORS while preserving the opportunity for new buildings to request a TORS designation.

There are several options should the City Council choose to allow for short-term corporate rentals.

Option A - Require Conditions and Standards to Allow Transient Occupancy Residential Structure (TORS) Conversions

Instead of preventing TORS conversions altogether, as currently proposed, one option would be to require additional standards and conditions in order to limit the potential negative impacts. This option would allow certain apartments in high-density areas to continue to convert to extended-stay hotels and corporate rentals, but would not allow TORS in new construction. Applicants for TORS conversions must obtain a Certificate of Occupancy, Business Tax Registration Certificate (as needed) and Transient Occupancy Registration Certificate, as well as meet the following requirements:

- a) Transient leases may not be offered or leased for fewer than a set number of consecutive days;
- b) No more than 180 days of short-term rental may be provided per year in each unit;
- c) To the extent possible, long-term and short-term tenants should be grouped together on the same floor or section of a building;
- d) No changes may be made which would alter the residential character or appearance of the dwelling unit or property in any manner which precludes its residential use; and
- e) Building is not subject to the Rent Stabilization Ordinance (RSO).

Option B - Add Conditions and Standards to New Construction TORS Projects

Maintain the proposed amendments to LAMC 12.24 W.24 that would not allow TORS conversions, but add some or all of the first three additional conditions and standards described in Option A above to the TORS CUP process for new construction to the existing TORS ordinance.

Option C - Continue to Allow Existing TORS Conversion Process

Reversing the proposed amendments to LAMC 12.24 W.24 would continue to allow TORS conversions in the same method as today. This would essentially allow any apartment building in the R4, R5 or C zones to convert either some or all of the units to short-term rentals.

Due to the degree that the topic of allowing non-primary residences to be used as vacation rentals ventures outside of the currently proposed home-sharing ordinance, a separate vacation rental ordinance may be warranted. Consideration of vacation home policies may benefit from additional outreach and staff development, including any required environmental analysis.

6. Options for establishing a Standardized Platform Agreement for those who provide the service of connecting guests with hosts including:
  - a) A mechanism to memorialize agreement with platforms;
  - b) The legal authority; and
  - c) Allowing for recovery for administrative and enforcement costs through fees.

The proposed ordinance establishes responsibilities for hosts and hosting platforms to legally partake in home-sharing activity. If the City were to require agreements with platforms to

memorialize these responsibilities, it could have the benefit of allowing for some customization depending on the capabilities of the individual platform. Such an agreement could also allow for an incentive-based approach whereby, in exchange for remitting TOT and potentially paying a per-night booking administration fee, the platform could:

- Shield hosts from needing to register and file monthly reports Business Tax Registration Certificates (BTRCs) with the Office of Finance;
- Allow hosts to operate on the platform with a pending registration; and
- Provide the ability to implement a “pass through registration” process with hosting platforms.

A discussion regarding potential administrative fees for recovery for administrative and enforcement costs is discussed in number ten below.

7. Establishing an opt-out provision for landlords to exclude their properties from participating in home-sharing;

The proposed ordinance includes a provision to require landlord/property owner approval before a tenant is registered for home-sharing. This is to ensure, among other things, that a tenant does not inadvertently violate their lease by home-sharing, which could lead to an eviction.

An administrative provision to allow landlords to proactively exclude their properties from participating in home sharing could work within this system. No change to the ordinance is required. Provisions for how property owners can add their properties to the list will be included in the forthcoming administrative guidelines.

8. The implications of removing the proposed annual cap on home-sharing activity in a primary residence

The October 19, 2017 DCP report summarized the rationale for a cap on the number of nights that may be rented per year. The response to question one above provides some options for removing the annual cap for certain types of users. Removing the cap altogether would likely require additional environmental analysis and could have significant implications, including:

- Allowing year-round short-term rentals in all neighborhoods in the City;
- Continued loss/conversion of about 1,500-2,500 units of housing per year to full time short-term rental activity;
- Proliferation of short-term rentals and potential nuisance impacts in areas popular with tourists such as Venice, Hollywood and Downtown.

9. The possibility of requiring applicants to self-certify primary residency under penalty of perjury, with consideration of:

- a) Easing the burden of upfront administration staffing and costs;
- b) For investigation or verification, if the City could require that supporting documentation be furnished upon demand at any time;
- c) Attaching large and escalating penalties and fines;

The proposed ordinance creates a process whereby hosts will need to register with the City for home-sharing. A major purpose of this process is to establish key requirements such as primary residency, landlord permission and RSO status. Documents proving that a host resides at the property to be used for home sharing would need to be submitted to the City. The goal of the proposed ordinance would be to allow for submissions of all required documents online or through a mobile application.



A self-certification system for establishing primary residency would ease the administrative burden of the verification process. Documents would not need to be submitted or verified, which could speed the registration process. However, this approach would possibly open the door for significant fraud and abuse, making it more difficult to prevent units from being converted to short-term rentals. The City would be largely reliant on public complaints. It could also do periodic audits to determine the extent of the fraud or use other indicators from an online listing to try to locate potential vacation rentals.

The city of Denver has instituted a self-certification process for establishing primary residency. It acknowledges that significant fraud occurs (a figure of 30-40% was mentioned) but believes the administrative benefits and cost savings outweigh the potential downsides. Denver relies largely on complaints but has also begun a process of proactively identifying potential violations. The City also requires that supporting documentation be furnished upon demand and enforces escalating penalties.

10. Conduct or carry out a Fee Study for a \$4 per day surcharge (pass-through to guests) for listings on all platforms, with the intent of reducing the per square foot amount of the proposed Linkage Fee.

The establishment of a surcharge on hosts of short term rentals, to offset the proposed Affordable Housing Linkage Fee, would be limited by Proposition 26 and the California Mitigation Fee Act. The surcharge could be established under Proposition 26, but must go to the specific costs of administering the home-sharing program, otherwise voter approval would be required to enact the fee. Under Proposition 26, jurisdictions establishing a fee must establish that a specific benefit (affordable housing in this case) is being conferred on the payer of the fee and that is exclusive to the payer. Unlike the recently adopted Affordable Housing Linkage Fee, the suggested surcharge would not be charged on new development so could not be considered a mitigation fee. However, as discussed in the October 19, 2017 DCP report and mentioned above under the response to question three, a surcharge could be placed on listings to help pay for reasonable administrative and enforcement costs. This surcharge could supplant some portion (or all) of the 10 percent TOT allocation. Should Council elect to direct some or all of the TOT revenues collected from short-term rentals to the General Fund, the increased revenue could be used to reduce the fees charged through the Linkage Fee or address other policy priorities. This would be a separate policy discussion of the City Council.


## CONCLUSION

The Department will continue to provide policy details to help inform the City Council's consideration of short-term rental regulations.

If you have any questions, please contact Matthew Glesne of the Department of City Planning at (213) 978-2666 or at [matthew.glesne@lacity.org](mailto:matthew.glesne@lacity.org).

Sincerely,

VINCENT P. BERTONI, AICP  
Director of Planning



Kevin J. Keller, AICP  
Executive Officer

**EXHIBIT G:  
March 22, 2018 Department Report to PLUM  
Committee**

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CPC-2016-1243-CA  
September 13, 2018

**DEPARTMENT OF  
CITY PLANNING**

**CITY PLANNING COMMISSION**

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March 22, 2018

Los Angeles City Council  
c/o Office of the City Clerk  
City Hall, Room 395  
Los Angeles, California 90012

Attention: PLUM Committee

Dear Honorable Members:

**THIRD SUPPLEMENTAL REPORT BACK RELATIVE TO PROPOSED HOME-SHARING  
ORDINANCE (COUNCIL FILES 14-1635-S2, 14-1635-S3)**

On February 6, 2018, the Committee considered the proposed Home Sharing Ordinance (HSO) after two previous hearings. During the discussion, the PLUM Committee continued the matter and instructed the Department of City Planning (Department), in consultation with the Office of the City Attorney and the City Administrative Officer (CAO), to report back on the following additional policy considerations:

1. A general framework and review process that would allow qualified hosts to participate in home-sharing above the citywide cap, whereby the general framework should include review process options that address: identifying the appropriate department and decision maker; application filing fees; public hearing requirements, including neighbor notification parameters; appeal process provisions; and, non-compliance penalties, including appropriate fees and/or registration sanctions;
2. Options for neighbor sign-off as part of the discretionary process to allow qualified hosts to participate in home-sharing above the citywide cap; and,
3. A lower overall cap for home-sharing of 120 days, by which this change would only occur if a discretionary process is included allowing a mechanism to go above the citywide cap.
4. The financial implications (with the CAO) of imposing a pass-through fee to cover administrative and enforcement costs related to home-sharing, and how this would impact the portion of the Transient Occupancy Tax currently proposed to be used for this purpose.

Furthermore the PLUM Committee instructed the DCP to:

5. Include language in the proposed ordinance related to an opt-out provision for property owners to identify their properties as not available for short-term rentals and preclude registration.
6. Prepare, as needed, any amendments to the associated environmental clearance document.

The Department's response to each of the six items is detailed below.

**1. General framework and review process that would allow qualified hosts to participate in home-sharing above the citywide cap**

The draft ordinance defines home-sharing as the short term rental (less than 30 days) of one's own residence for periods that cannot exceed 180 days per calendar year. A limitation on home-sharing activity was proposed to maintain the predominantly residential component of homes and neighborhoods, to minimize the potential for nuisance activity and to preserve the City's housing supply by reducing the financial incentive to convert viable long-term rental spaces to short-term/transient use.

Based on the PLUM Committee instruction and discussion the Department has developed a general framework that would allow qualified hosts to participate in home-sharing beyond the annual cap. The "extended home-sharing" framework creates a two-tiered system in which hosts are permitted to exceed the cap through an administrative clearance system wherein hosts receive approval after certain conditions are met. If hosts are unable to meet these requirements a discretionary process is available to them that would include a longer processing time and increased application costs.

*Administrative Clearance*

The initial step in the "extended home sharing" framework for ministerial approvals above the cap involves a neighboring property notification process. Neighbors offer an ability to know first-hand whether a home-sharing operator is creating a nuisance or disruption that requires more in-depth review. The first part of the framework would require that a notice of the subject property's application to exceed the short term rental cap is mailed to owners and occupants within a 100 foot radius of the subject property. A property would be allowed an exception from the cap when a set of conditions are met, which may include:

1. All requirements for home-sharing registration have been met;
2. That there have been no objections received from neighboring owners and occupants within 100 feet of the location (after written notification and 15 days to respond); and
3. That the property is not the subject of an enforcement action the result of any nuisance violation described in LAMC 12.27.1.B during the last three years.

Administratively cleared expanded home sharing registrations will be valid for one year and shall require renewal on an annual basis to remain in effect (compared to renewals every two years for regular home-sharing). Renewal requirements would include a review of nuisance violation records to ensure that no issues have arisen in the previous year. Verified violations of the LAMC or other nuisance related infractions would result in the inability to re-register for extended home-

sharing at the end of the annual period. Hosts would need to wait until the proposed three year "no violation" period expires to re-register.

Filing fees for the administrative clearance process will cost \$1,149 in addition to notification costs. These filing fees will be less than a discretionary-review option which is more staff-intensive. The Administrative Clearance application fee would cover the cost of mailing out the notices, fielding comments from neighbors, and verifying any nuisance violations, and would be consistent with the fees charged for other ministerial, administrative reviews.

#### *Discretionary Review*

If an applicant is unable to meet the criteria for an administrative exception, then a discretionary process could be provided to offer additional opportunity for relief beyond the annual cap. This discretionary process is proposed as an Extended Home Sharing Use Permit. The following draft findings could be required to be met as part of staff discretionary review:

- 1) That the project will enhance the built environment in the surrounding neighborhood or will perform a function or provide a service that is essential or beneficial to the community, city, or region;
- 2) That the project's operations and other significant features will be compatible with and will not adversely affect or further degrade adjacent properties, the surrounding neighborhood, or the public health, welfare, and safety; and
- 3) That the project substantially conforms with the purpose, intent and provisions of the General Plan, the applicable community plan, and any applicable specific plan.

These findings could be evaluated along with the following home-sharing specific considerations, or could be supplemented with additional findings based on the following:

- 1) There is no substantial evidence of continued nuisance behavior from the location; and
- 2) The impact on street access, parking or circulation in the surrounding neighborhood is limited; and
- 3) The proposed location will not result in an undue concentration of short-term rentals in the immediate area and will not create a cumulative impact to the residential character of the neighborhood
- 4) The home-sharing space is not well-suited as a long-term rental.

The initial decision maker for this process as initially proposed is the Director of Planning, with appeals to the Area Planning Commission. As a result of the discretionary process, the Director may approve the extended home-sharing use in whole or in part, impose conditions, or deny the application. A public hearing would not be required, however, the Director would have the option of holding a public hearing at his/her discretion. Any required public hearing shall include posting at the site, and written notice to property owners and occupants within 100 feet.

The Director may impose conditions of approval related to the interests addressed in the findings above. A copy of the written decision will be sent to the applicant, to all abutting/adjacent owners of properties and to interested parties. Appeals by an applicant or aggrieved person that owns property or resides within the 100 foot radius may be filed and shall be heard by the Area Planning Commission.

Application Filing Fees for this entitlement could be approximately \$5,660, which is based on existing fees for a closely matching entitlement process, a Conditional Use Permit (CUP) of the Zoning Administrator for Other Similar Quasi-Judicial Approvals. This fee is an initial estimate and will be subject to change after direction from Council is received and further analysis is completed.

Discretionary permits will be valid for a two year period. Upon renewal, consistent with the administrative renewal process described above, a review of nuisance violation records would take place to ensure that no verified infractions have arisen during the previous two years. Properties without any violations would be eligible for an expedited renewal. Properties with infractions would not be eligible for renewal until three years from the infraction. Upon renewal, the Director will also verify that no additional nuisance complaints have been received. If there are indications that any conditions of approval or other home-sharing requirements may have been violated, the Director may choose to hold a public hearing to further investigate, similar to a Plan Approval process per LAMC 12.24. M. The Director shall also have the authority to revoke a permit, temporarily suspend a permit, or place further restrictions/conditions on a permit.

### *Penalties*

As part of the extended home-sharing use, enhanced penalties for non-compliance or nuisance behavior would be recommended for consideration. Increased fines can be established for properties operating under an extended home-sharing registration. Also, rather than a “three-strikes” policy for revocation (based on three violations of the ordinance), the standard could be “two-strikes” for extended home-sharing.

Finally, it is important that the registration renewal process account for any nuisance complaints and violations that have accrued during the past registration period. For example, the administrative clearance registration or renewal process would not be available to hosts if there has been a verified nuisance violation. The discretionary process would allow for a process to ensure any conditions of the determination unique to the property are maintained.

### *Staffing and Resources*

In the prior January 11, 2018 report, the Department identified a concern regarding the level of staffing resources needed under a discretionary approach to extended home-sharing. There is the potential for a high number of applicants given the level of activity in the marketplace. While it is not known how many hosts will be eligible after the new regulations are in place, today there are an estimated 6,700 properties in Los Angeles that exceed 180 days of short-term rental a year (and 7,500 properties that exceed 120 days of short term rental a year). Even if many of the current hosts operating beyond the 180 day cap per year are not eligible for home-sharing (due to the primary residence and other requirements), there is a potential for several hundred to several thousand applications for extended home sharing each year. The fees for the registration are expected to cover the costs for staff time.

Based on the potential caseload of several hundred to several thousand applications per year, a new Home-Sharing section within the Department of City Planning would be established. Position authorities would be required for a team of staff to process the requests. Depending on the number of applications, it is estimated that launching this new section may require a staff of up to ten planners, consisting of up to one Principal Planner and one Senior City Planner as senior managers, in addition to two City Planners and four City Planning Associates. Two clerical staff may also be required as necessary.

Additional staff may be necessary to maintain appropriate case processing times for the discretionary cases. In the event of larger numbers of applications, a second module of planners may be required to expand case processing staff by geography. This may need to include up to three City Planners, six City Planning Associates, and two clerical staff, depending on the number and distribution of cases.

Finally, additional space allocation would be required for the Development Services Center, City Hall, and/or Van Nuys in order to accommodate this new section within the Planning Department. Staffing is expected to be primarily funded through filing fees intended to be full cost recovery. These fees are needed in addition to the proposed 10% TOT allocation (or fee option discussed below in #4) that would be used for general administration and enforcement.

## **2. Options for neighbor sign-off as part of the discretionary process to allow qualified hosts to participate in home-sharing above the citywide cap**

A major consideration is the role of public notice and neighbor consent as part of an extended home-sharing use determination. As proposed for consideration, a formal objection from notified neighbors (within 100 feet) would disqualify an applicant from the ministerial (by-right) exception from the annual cap. Applicants could still apply for extended home-sharing through a discretionary process.

The proposed framework for an administrative permit to exceed the cap would require notice be sent to adjacent neighbors. Neighbors could register comments or concern within the notified comment period. Any objections received would require discretionary process outlined above in lieu of an administrative process.

As an alternative, a streamlined process would allow administrative approvals of extended home sharing with neighbor notification only, without a comment period. As these are annual permits, any violations that may occur during the subsequent twelve-months would render a property ineligible for renewal at the conclusion of the initial permit.

Other policy options include modifying the proposed 100-foot notification radius, to either a more expansive or narrower notification radius. On a standard 50 foot wide lot, the 100-foot notification radius would include two properties on each side, as well as the properties across the street. This is designed to capture the neighbors likely to be directly impacted by the activity.

## **3. A lower overall cap for home-sharing of 120 days, by which this change would only occur if a discretionary process is included allowing a mechanism to go above the citywide cap.**

The Department's initial recommendation to the City Planning Commission on August 25, 2016 was to place a 120-day annual cap on home-sharing activity. As discussed in the Department's January 11, 2018 report to the PLUM Committee, a cap of 90 or 120 days would be recommended based on the break-even point of short-term rentals over long-term rentals to ensure long-term rentals remain the priority in housing policy. Establishing caps in these ranges would prioritize long-term renters.

The creation of a mechanism for qualified properties to exceed the cap (extended home-sharing) could be established in conjunction with lowering the currently drafted 180 day cap. Responsible operators would have an opportunity to exceed the cap through a review process that would require performance criteria and neighbor notification.

At the February 6, 2018 meeting, PLUM Committee members also discussed the possibility of a establishing an upper limit to extended home-sharing, above the 120 day cap. A committee member discussed a 120 day standard cap and a 240 day extended cap through an administrative process. Under this scenario, an administrative clearance would authorize up to 240 annual days of home sharing. Such a scenario would meet the needs of the majority (approximately 75%) of current hosts who rented short-term in Los Angeles last year. Any host who sought to exceed the 240 day cap would be required to apply for the discretionary permit. It is important to state that options to increase the days of home sharing may provide financial incentives to favor short-term rentals over long-term use of the City's housing stock.

**4. The financial implications of imposing a pass-through fee to cover administrative and enforcement costs related to home-sharing, and how this would impact the portion of the Transient Occupancy Tax (TOT) currently proposed to be used for this purpose.**

A fee to offset the costs for administrative and enforcement costs relating to home-sharing was discussed in the prior two Department reports (October 19, 2017 and January 11, 2018). A fee may be enacted to the extent it is reasonably related to the cost of the City services to administer and enforce the registration process. Depending on the intent, the fee could supplement, reduce or completely replace the currently proposed 10% TOT allocation for administration and enforcement. Such a fee could be based on a flat fee per night booked.

While the City does not have precise figures for the entire home-sharing universe, there were approximately 456,000 nights booked on Airbnb alone in 2016. Assuming Airbnb is approximately 60% percent of the home-sharing marketplace and there will be a 46% reduction in taxable activity after adoption of the ordinance (CAO 2017 estimate), plus a 34% increase since 2016 equals an estimated 550,000 nights booked in 2017. Using this information, the following additional revenues for administration and enforcement could be collected based on different fee rates:

- A \$3 per night fee would provide approximately \$1.65 million, and
- A \$4 per night fee would provide approximately \$2.2 million, and
- A \$5 per night fee would provide approximately \$2.75 million.

The proposed ordinance dedicates 10% of all TOT revenue generated from Home Sharing to administration and enforcement of the ordinance. Based on an estimated TOT revenue of \$25 million, this would result in \$2.5 million for administration and enforcement. Therefore, a \$5 per night fee could cover the cost of general administration and enforcement, effectively replacing the need for the TOT allocation.

**5. Include language in the proposed ordinance related to an opt-out provision for property owners to identify their properties as not available for short-term rentals and preclude registration.**

The current language regarding landlords and homeowners agreement states:

Renters or lessees of units may not engage in Home-Sharing without prior written approval by the Landlord. If a renter or owner is subject to the rules of a lease agreement, homeowner's or condo association, or any other legal contract, allowance to engage in Home-Sharing through this subsection shall not be inferred to grant any permission that invalidates provisions in those documents.



The following language can be added at the end of this paragraph:

Property owners or a qualified condo association may request, in writing, that their properties be prevented from being authorized for Home Sharing. These homes may not be listed unless the City is notified, in writing, by one of those entities, that the property may again be used for this purpose.

**6. Prepare, as needed, any amendments to the associated environmental clearance document.**

The Department has prepared updated environmental analysis and materials that will be circulated prior to final City Council action.

**CONCLUSION**

The Department will continue to provide policy details to help inform the City Council's consideration of short-term rental regulations.

If you have any questions, please contact Matthew Glesne of the Department of City Planning at (213) 978-2666 or at [matthew.glesne@lacity.org](mailto:matthew.glesne@lacity.org)

Sincerely,



VINCENT P. BERTONI, AICP  
Director of Planning

VPB:KJK:AV:CB:MG:mn