

Ad Hoc Committee on Home Sharing and Party House Ordinances

Proposed modifications to the
home sharing ordinance



Home Sharing and Party Houses

The home sharing ordinance was meant to mitigate party house issues.

Party house issues continue, and with public health restrictions easing, we would not be surprised if there are more home sharing and party house problems than ever beginning this summer.

This is why ordinance modification is critical.

BABCNC is a center of home sharing



A December CPRA request for information on approved, denied and pending permits in four of the BABCNC zip codes – 90077, 90069, 90046 and 90210 – yielded over 900 line items.



These included 190 active permits, 369 denied permits, 80 pending permits and 156 inactive permits in the BABCNC area.



Note that under the possible Vacation Rental Ordinance, denials would likely not happen.

Why?

Some residents are renting out a room in their homes or are renting their primary residences intermittently. This is not the problem.

The City allowed many overly large homes to be built. These homes are either sitting on the market or are being bought by investment entities for growth potential and revenue stream. In either case, short-term rental is, from their perspective, a productive use of the property.

The historically strong real estate market and the lucrative nature of the short-term rental business means that many homes in our area are being bought for investment purposes by corporate entities.

- This phenomenon is not “home sharing”. It’s the commercial business of luxury short-term rentals.

Problems Cause by Short-Term Rentals

Residents are impacted when:

- Short-term renters throw large parties and or are just plain loud.
- Short-term renters do not perform basic neighborly functions such as appropriately putting out their trash.
- Our streets are turned over to tourists, degrading the sense of community. This is happening all over the world.
- Neighbors are aware when a nearby short-term rental doesn't meet the criteria for engaging in home sharing, eroding their faith in the integrity and efficacy of our City government.

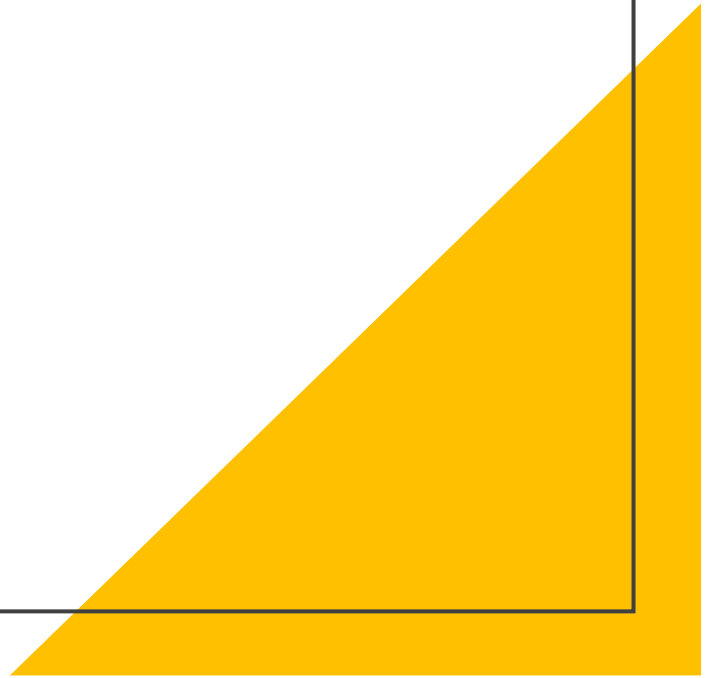
Residents are potentially impacted when:

- Visitors to our high fire hazard severity zones don't take proper precautions.

Our Committee Process

- Met regularly to discuss problems being encountered in neighborhoods across the BABCNC area.
- Held an enforcement forum with City officials who are connected to home sharing and party house enforcement to gather further information. Based on this information, the Committee took the following actions.
 - Developed a “Party House Handbook” for stakeholders coping with problem locations. (tiny.cc/PartyHouseHandbook)
 - Developed the list of proposed modifications we are discussing today.

PROBLEMS &
SUGGESTIONS FOR
CORRECTIVE
LEGISLATION



Non-Compliant listings abound.


Because of the platform agreement with Airbnb, non-compliant listings have moved to other websites. There are hundreds of non-compliant listings on the internet, and there are sites that individually have hundreds of non-compliant listings.

Planning Department staff has reported to us that there are no plans to enter into similar platform agreements with other websites.

Without an agreement, there can be no monitoring of properly-displayed and valid permit numbers or of number of rental nights.

There can also be no certainty that revenue from these rentals is appropriately taxed.


To address this issue:

- Listing entities that offer more than 5 home shares in Los Angeles should be required to enter into platform agreements with the City.
 - A complete list of websites that the host is using for booking should be provided as part of the permit application.
- 
- A large yellow triangle is positioned in the bottom right corner of the slide, pointing towards the top right.

Permit information is difficult to obtain.

Whenever a stakeholder has a question about a permit, Planning must be contacted. The official policy is that a CPRA request must be submitted for every request for information.

To address this issue:

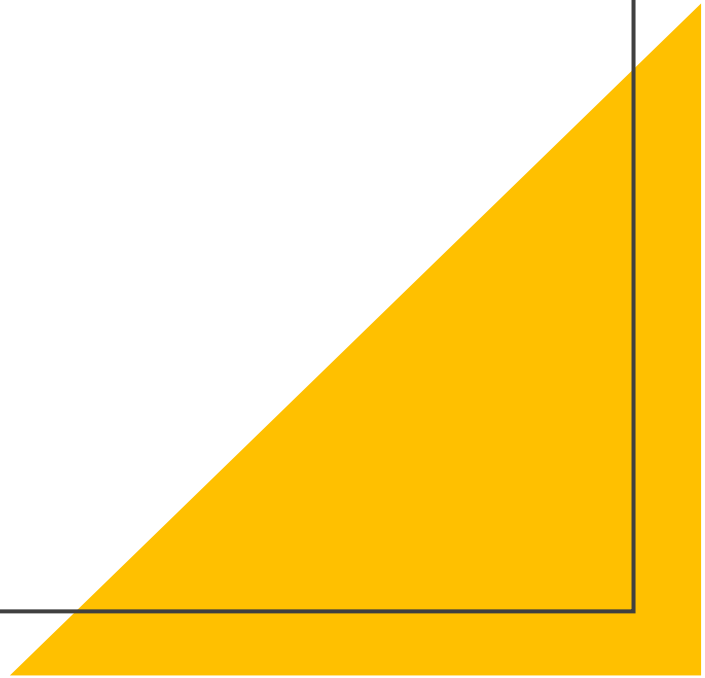
- Permit information for all applications should be publicly available on the internet and this should include information about fines, citations and complaints.
 - Should include websites used by applicant and links for all listings.
- 
- A large yellow triangle is positioned in the bottom right corner of the slide, pointing towards the top right.

There is widespread dishonesty about primary residency.

- Neighbors know who lives next door to them and who does not.
- Landlord affidavits in our area are generally suspect.
- Many homeowners claim that a residence is a primary residence when they live elsewhere. Some even reside outside of the country and may have never even visited the property.
- Planning has a policy of not “investigating” neighbor allegations of fraudulent claims.
- We have even heard of Planning staff telling a homeowner who was not a primary resident to submit required documents anyway. The permit was granted.

To address this issue:


- County assessor's information should be the **ONLY WAY** a property owner can prove primary residency.



We believe that most hosts don't sufficiently mitigate risks.

- Standard homeowner's insurance won't apply if there is damage to neighbors' property.
- We are in a very high fire hazard severity zone. While there are special conditions for acting as a host in these areas, these conditions are among those that are "self-enforced".

To address this issue:

- Proof of insurance covering home sharing activity should be required in the permit process. A minimum amount for liability coverage should be established. This protects hosts as well as neighbors.
 - Approved hosts must acknowledge that they are responsible for all fire damage related to their home sharing activity.
- 
- A large yellow triangle is positioned in the bottom right corner of the slide, pointing towards the top right.

Illegal listings are rampant. Fines are rarely levied.

The ordinance allows for **owners** to be fined up to twice the nightly rent per day for listing illegally.

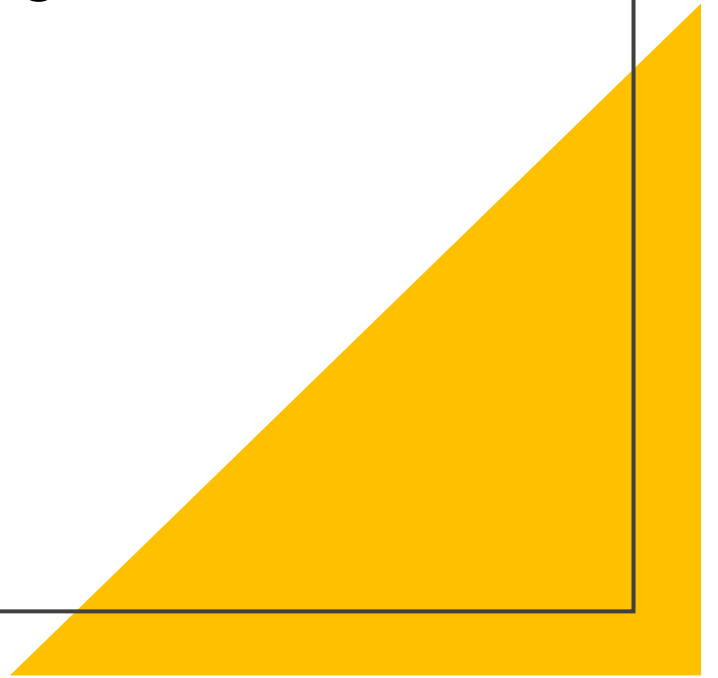
When fines are issued, they are at levels too low for our area. When a residence is renting for thousands of dollars per night, a \$500 total fine (our understanding of the fine amount in use now) is not going to deter illegal activity.

The ordinance allows for a \$1000 fine for **websites** that book rentals that are not legal.

The Planning Department has never issued such a fine, and, when questioned, appeared not to know that this was in the ordinance.

To address this issue:

- Remove discretion from the fine process and levy higher fines, particularly for higher value rentals.



Communication between departments is not automated.

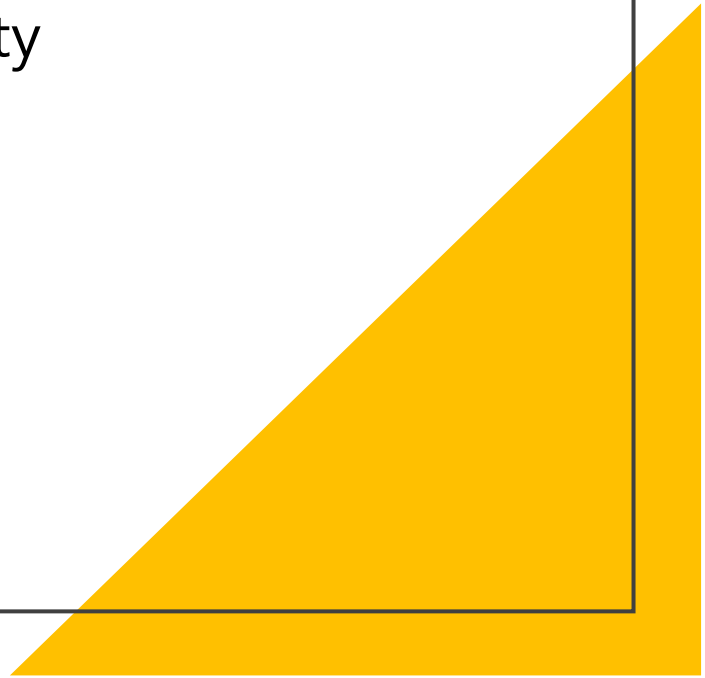
As far as we were able to tell, there was no reporting mechanism related to the properties receiving ACE violations.

This means that it is up to community members to ensure that violations are properly recorded by Planning.

NO properties have had permits suspended or revoked. This is not because everything is going smoothly.

To address this issue:

- An automated process for communication of fines and violations to City Planning and all other relevant City departments must be developed.



Public Comment and Discussion

