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Short Term Rentals

The increasingly serious affordable housing crisis in Los Angeles County (County) has been further exacerbated by the meteoric rise in the use of short term rentals. Companies such as Airbnb, HomeAway, FlipKey, onefinestay, and VRBO connect owners to travelers and visitors for short-term rentals of residential units, which removes otherwise affordable rental units from the market for long term occupancy. In some cases, single lessors rent entire apartments and homes as short term rentals. In other cases, leasing companies rent out several units in multi-unit buildings. The Los Angeles Alliance for a New Economy (LAANE) reports that the success of short-term rentals cause landlords to take rental units off the market, which can greatly impact rents and rental vacancy rates within a neighborhood.

Unregulated short term rentals can also destabilize neighborhoods and create serious quality of life impacts due to increased traffic, crowded parking, and greater noise, as well as increased fire risk from out of town occupants unaware of the risks associated with high fire severity zones. Short term rentals get an unintended boost

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from the fact that they are not subject to the same health and safety regulations as hotels and, if unregulated, do not remit Transient Occupancy Tax (TOT). This fact alone has amounted to several million dollars in lost revenue for the County each year. In 2016, the City of Los Angeles instituted a 14 percent transient occupancy tax (TOT) on Airbnb units under a three-year agreement. The City has already generated \$13 million in revenue, of which a portion has been used to support rapid re-housing programs for the homeless.

Many cities across the state, including the City of Los Angeles, have ordinances to regulate short term rental activities. Adopting an ordinance regulating short term rentals will help ease the burden on our affordable rental stock and rents, and ensure that such rentals do not create an undue burden on existing residents and neighborhoods.

WE, THEREFORE, MOVE that the Board of Supervisors direct the Chief Executive Officer (CEO) in conjunction with County Counsel, the Departments of Regional Planning and Public Health, and the Treasurer and Tax Collector to report back in writing within 180 days with recommendations for regulating short term rentals. The report should include the following elements:

1. An assessment of the impact of short term rentals on affordable residential rental stock in the unincorporated areas;
2. A survey of other jurisdictions' short term rental ordinances;
3. A survey of stakeholder opinions; and
4. An estimated cost to regulate and enforce short term rentals along with an estimate of potential new revenues from TOT.