

Airbnb in Los Angeles

Briefer

Proposed Ordinance

Los Angeles Council Members Mike Bonin and Herb Wesson, Jr. have proposed a motion (# 14-1635-S2) to control the impacts that the short-term rental industry have on neighborhoods in Los Angeles by holding hosts of short-term and platforms like Airbnb accountable.

The motion calls for the authorization of home sharing, but strictly prohibits 'rogue' hotels which threaten rental housing. The motion calls for the City Planning Department and the City Attorney's office to craft an ordinance that would:

1. Authorize a host to rent all or part of their primary residence to short-term visitors, permitting someone to rent a spare room, back house, etc. while they are there or out of town
2. Prohibit hosts from renting units or buildings that are not their primary residence or are units covered by the Rent Stabilization Ordinance (RSO), forbidding speculators from creating a syndicate of short-term rental properties, and prohibiting the loss of valuable rental housing stock
3. Captures Transit Occupancy Tax from all hosts

Under the proposed ordinance:

- Rentals are capped at no more than 180 days a year and hosts are required to register with the City and provide that registration number on advertised listings.
- Hosts with illegal listings will face a fine of \$200/day fine, or two times the nightly rent charged to their guest per day - whichever is greater - and hosts who break the 180-day cap, will face a fine of \$2,000 per day for every day over the limit.
- The hosting platform will face a fine of \$500 per day for the posting of an illegal listing, and a fine of \$1,000 per day for any refusal to provide the addresses of unregistered hosts.

In short, the proposed legislation seeks to provide governing rules for the growing industry of online platforms that allow tourists to stay in residential neighborhoods for less than 30 days and gives hosts an ability to supplement their income by renting out an extra room or guest house, or their entire residence while they are away. The proposal would curb the negative impacts that the proliferation of short-term rentals have had on neighborhoods like Venice, including reducing affordable housing stock by the converting of regular rental housing into short-term rentals by commercial operators and off-site management companies.

The Bonin-Wesson proposal attempts to strike a balance between banning short-term rentals entirely and simply collecting a hotel tax by prohibiting unregulated, underground hotels in

residential neighborhoods. So far, Airbnb has cautiously welcomed the proposal while groups like the Los Angeles Short Term Rental Alliance that advocate for rental operators and owners strongly oppose.

Topline Housing Stats

Housing Issue

- At just 2.7 percent, Los Angeles has the lowest vacancy rate of any other large city in the U.S. and is one of the worst cities for renters¹
- As Airbnb is flooding an already limited supply of housing with short-term rentals, rents continue to rise as more and more units of housing are converted into tourist rentals
- Rent in top cities for Airbnb in L.A. is 20% higher than the citywide average
- The Los Angeles Alliance for a New Economy estimates that short-term rentals have removed nearly 11,000 units from the housing market
- Commercial operators who manage two or more entire homes or apartments generate nearly 90% of Airbnb's entire revenue in Los Angeles
- Between July 2015 and May 2017, there were on average 147 units of housing per month converted from units of permanent housing into short-term rental listings
- Between 2013 and 2017, properties where tenants were evicted under the Ellis Act were heavily concentrated in Los Angeles neighborhoods that Airbnb has a strong presence and generates the most revenue
 - Because landlords can make substantially more revenue by listing a unit for short-term, transient purposes rather than renting to a long-term term tenants, it is likely that landlords cited the Ellis Act as a way to re-rent those residential units on the short-term market
- The top five Los Angeles neighborhoods for Airbnb are Venice, Hollywood, Downtown L.A., Hollywood Hills, and Silver Lake.

¹ Curbed, "Los Angeles Has the Fewest Available Rentals of Any of the Biggest US Cities." January 2016.