



STAFF REPORT

Meeting Date: April 19, 2016
To: Honorable Mayor & City Council
From: Ryan Gohlich, AICP, Assistant Director of Community Development/City Planner
Subject: Request by Vice Mayor Krasne to Discuss Short Term Rentals
Attachments: 1. Public Correspondence

INTRODUCTION

At the request of Vice Mayor Krasne this report transmits information on the current regulation of short-term rentals in the City of Beverly Hills. The report also contains information on the regulations that the Cities of Santa Monica, West Hollywood and Manhattan Beach adopted in 2015 to address short-term rentals. Vice Mayor Krasne is asking the City Council to consider modifying the City's regulations to allow limited rentals in single family areas where the owner of the property remains on the premises during the rental period. Public correspondence received on this matter is included as Attachment 1.

DISCUSSION

Short term rentals

Websites and hosting platforms such as Airbnb and VRBO (Vacation Rental By Owner) make it relatively easy for individuals to list their residential properties as short-term vacation rentals. These sites allow those interested in "home-sharing" (renting rooms in a home) and those interested in renting entire dwelling units (short-term rentals) for periods ranging from one night to several months to advertise available rentals. While these rentals can provide options for visitors wishing to stay in the City and extra income for those who rent out bedrooms or units, it has been observed that the proliferation of short-term rentals can negatively impact the quality of life in residential neighborhoods and the availability of permanent housing in a community.

Proponents state that short-term rentals:

- provide additional income for those who wish to host a guest or rent out an entire dwelling unit, and
- provide additional options for those wishing to visit the City.

Critics state that short-term rentals:

- negatively impact the character of single-family and multiple-family neighborhoods,
- cause increased noise and traffic impacts in neighborhoods,
- remove permanent housing from the market, and
- allow visitors to stay in the City without paying the transit occupancy tax that the City would receive from a hotel room rental.

Over the last several years, as online short-term rental platforms have increased in popularity, various cities, including the City of Beverly Hills, have adopted regulations in an attempt to regulate such uses in residential zones.

Existing City Regulations

The City of Beverly Hills regulates short-term rentals in the Beverly Hills Municipal Code (BHMC). In 2014, the City Council proactively adopted an ordinance that included several changes to the BHMC that regulate short-term rentals in the City. Among other things, the ordinance included the following:

- new definitions added to BHMC Section 10-3-100:
 - “Single housekeeping unit - A traditional family or the functional equivalent of a traditional family, whose members are a nontransient interactive group of one or more persons, where if consisting of more than one person, such persons jointly occupy a single dwelling unit, jointly use common areas, share household activities and responsibilities (e.g., meals, chores, and expenses), and where, if the unit is rented or leased, all adult members jointly agree to occupy and be responsible for the entire premises of the dwelling unit under a single written rental agreement or lease and the make up of the household occupying the unit is determined by the residents of the unit rather than the landlord or property manager.”
 - “Single family transient use - Rental or lease of a single family dwelling unit for a period of less than 30 days”

- “Multi-family transient use - multiple family transient use” is defined as: “Rental or lease of a multi-family dwelling unit for a period of less than 30 days”
- Establishment of the following limits on short-term rentals:
 - Single family dwelling units (and second units) in single family zones cannot be rented for periods shorter than six months; however, the code allows an exception to this rule. This exception allows a property owner to rent a single family dwelling unit for a period of shorter than six months twice a year, and
 - Multiple family dwelling units cannot be rented for periods shorter than 30 days.

Enforcement of these regulations is both proactive and on a complaint basis. There are currently 69 open code enforcement cases related to short term rentals in residential zones.

Regulations in Other Cities

City of Santa Monica Regulations

On May 12, 2015 the Santa Monica City Council adopted new regulations that specifically address transient occupancy in single and multifamily properties. The “Home-sharing ordinance” adopted by the City of Santa Monica prohibits short-term vacation rentals and regulates “home-sharing” and includes the following provisions:

- The ordinance authorized home sharing. Home sharing is defined by the City of Santa Monica as hosting a visitor in a home for 30 days or less, for compensation, while at least one primary resident is present on-site throughout the visitors stay. Anyone operating a home-share must obtain a City business license and collect Transit Occupancy Tax, and
- The ordinance prohibits short-term vacation rentals. The City of Santa Monica defines this as the rental of any whole or part of a rental unit to anyone for 30 days or less where the guest has exclusive private use of the residence.

City of West Hollywood Regulations

The City of West Hollywood adopted regulations on September 21, 2015, that clarified the prohibition of short term rentals in the City. The City of West Hollywood prohibits rental of any unit or part of any unit to anyone for a period of 30 days or shorter.

City of Manhattan Beach

The City of Manhattan Beach adopted regulations on June 16, 2015, to address short term rentals in the City. The regulations do not allow short-term rentals in residential zones. Prior to the adoption of these regulations nothing in the City of Manhattan Beach Zoning Code prohibited the short-term rental of dwelling unit, although the City had established a permit for rentals in a defined area of the City that were rented during the weekend of a specific volleyball tournament held in the City.

Regulation Challenges

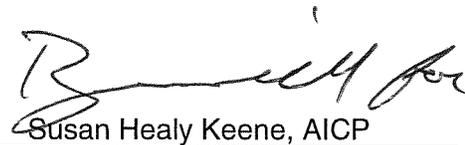
There are a number of challenges related to the regulation and enforcement of short term rentals in urban environments. It can be difficult to determine if someone is renting out their unit, as many people who use online sites do not list the address of the dwelling unit in the advertisement. Additionally, it can be difficult to track of the number of times a year that a unit is rented. With a system like Santa Monica's, where a property owner may "host" a guest in a dwelling unit while the permanent resident is also at the property, it can be difficult to determine if the property owner is remaining on the property during a guest's stay. Staff anticipates that there could also be challenges associated with collecting Transit Occupancy Tax from individual hosts, if this is a requirement.

FISCAL IMPACT

City Council discussion of this matter does not have any fiscal impact; however, any proposed amendments to the zoning code would incur costs due to the staff time and public noticing needed to process such amendments. Significant changes in the City's regulations may also require ongoing staffing for education, outreach, and enforcement.

RECOMMENDATION

Staff seeks direction from the City Council regarding any desired changes to the City's Municipal Code.



Susan Healy Keene, AICP

Approved By

Attachment 1

Public Correspondence

> -----Original Message-----

> From: Better Bike [<mailto:mark.elliott@betterbike.org>]

> Sent: Tuesday, April 05, 2016 1:41 PM

> To: Nancy Krasne

> Cc: WebCBH MAYORANDCITYCOUNCIL

> Subject: Short-term rentals

>

> Dear Vice-Mayor Krasne,

>

> I want to thank you for asking that Council discuss short-term rentals. In line with your existing commitment to maintenance of affordable multiple-family rental stock in Beverly Hills, your interest in this area, too, is crucial if the city is to prevent an erosion in the number of permanent units in favor of short-term rentals.

>

> From my perspective on South Reeves Drive, the availability of short-term rentals appears to be a growing market. Once a seldom sight, these days I see a rotating roster of unfamiliar faces with roller bags in tow. Today airbnb.com lists a handful of apartments between Wilshire and Olympic - a number of them often available year-round - with one in particular indicated on the 100 block of Reeves (the next block up). Unusually, that one is candid about its location: it features a picture of the building.

>

> Many listings on airbnb.com are not so candid, however. Which makes me wonder about the extended-vacancy units here on my block. These were once a rarity; are property owners now warehousing units for eventual short-term use? That of course is the broadest concern. I wish I could be at the study session to express my concern in person.

>

> As we know, the least-costly and politically-feasible means of providing affordable units is not to let those in existence disappear, either as short-term rentals, condo conversions, or Ellis Act displacement. Arguably Beverly Hills has not historically been fully committed to address any of these challenges, but we have an opportunity with short-term rentals now, before that market matures in the city.

>

> Regards,

>

> Mark Elliot

>

> cc:City Council

From: Deborah Blum [<mailto:dblum@me.com>]
Sent: Saturday, February 20, 2016 10:23 AM
To: Nancy H. Krasne <nancy@krasne.com>; jmirisch@beverlyhills.org
Subject: Santa Monica Municipal Code re: short term rentals

FYI

Santa Monica, CA

- **Home-Sharing Ordinance.** Santa Monica's Home-Sharing Ordinance went into effect on June 12, 2015.
 - **Hosted rentals** (Santa Monica calls home-sharing) where at least one of the primary residents lives on site throughout the visitor's stay are allowed for 30 days or less. The law requires a business license, taxes and compliance with other health and safety laws.
 - **Un-hosted rentals** (Santa Monica calls vacation rentals) are prohibited unless they are 30 days and longer. If a primary resident is not living on site throughout the stay, Santa Monica's law prohibits short-term rental.
 - The city's Planning and Community Development department maintains an informational website with more information on home sharing. You can access it [here](#).
- **Business License Requirement.** Hosts are required to register with and receive a business license from the City authorizing home sharing. For more information, please review Article 6 of the [Municipal Code](#), visit the [Finance Department's helpful website](#) on the business license process and the Planning and Community Development department's [home-sharing website](#), or contact the city directly.
- **Transient Occupancy Tax.** Hosts are required to collect and pay a "Transient Occupancy Tax" to the city. More information about the transient occupancy tax is available on the [City's website](#). Los Angeles County may also assess transient occupancy taxes on guest stays of 30 days or less. More information can be found on the [County's website](#).
- **Municipal Code.** Article 9 of the [Santa Monica Municipal Code](#), the Land Use and Zoning Ordinance, regulates uses in Santa Monica. You should consult Article 9 to see if your listing is consistent with zoning requirements or use definitions. In May 2015, Santa Monica passed an ordinance permitting rentals while a host is home.
- **Rent Control.** Santa Monica also has rent control rules and regulations that may impact your listing. You should [review these regulations](#) or contact the Rent Control Department for more information.
- **Building and Housing Regulations.** Article 8 of the [Santa Monica Municipal Code](#) specifies minimum construction, design, and maintenance standards for buildings, including regulations on habitability, health, and safety. Certain regulations applicable to residential and non-residential uses may be relevant to your listing. You should consult Article 8 or contact the [Building and Safety Division](#) to see if your listing implicates any requirements.
- **Other Rules.** It's also important to understand and abide by other contracts or rules that bind you, such as leases, condo board or co-op rules, HOA rules, or rules established by tenant organizations. Please read your lease agreement and check with your landlord if applicable.