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## Sharing Economy / Comprehensive Study Report / Working Group Council File: 14-0593

2 messages

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aware@lastrac.org <aware@lastrac.org>

Thu, Aug 28, 2014 at 2:01 PM

To: sharon.tso@lacity.org, Miguel.Santana@lacity.org, Richard.williams@lacity.org

Cc: councilmember.Labonge@lacity.org, paul.koretz@lacity.org, councilmember.martinez@lacity.org

Dear Miguel Santanta, Sharon Tso and Councilmembers:

We are writing pursuant to the Motion (Council File: 14-0593) recently passed by the Los Angeles City Council to convene a working group to prepare a report on the "sharing economy" to help the City better understand its impact.

We are a citywide group of stakeholders (Short Term Rentals Awareness Coalition (STRAC),) concerned with the mass proliferation and over-saturation of illegal non-owner occupied short-term rentals in our City.

The Los Angeles short-term rental market is now dominated by two extremely problematic abuses of the so-called "sharing economy" or peer-to-peer sharing: Rentals in residential neighborhoods where entire properties have been into motels and hotels in disguise by real estate developers now dominate the short-term rental market. This serious problem is destroying the peaceful enjoyment of life in our residential neighborhoods.

There is also a trend toward illegal conversion of properties protected under the RSO ordinances located in commercial zones.

We are asking that the City of Los Angeles **immediately ensure the enforcement of current zoning code regulations** in compliance with the recent memorandum from the Department of Planning which clearly sets out how current zoning laws regulate rentals in the City of Los Angeles and the prohibition on short-term rentals in single-family and lower-density multi-family residential zones. We also ask the City look into the abuses by real estate investors of rent-controlled buildings in commercial zones.

As the Council considers the Short-term rental issue we urge the following:

**1. Consider the Impact on Affordable Housing and Rent Control.** There is concern about how the much more lucrative short-term rental business impacts the availability of affordable housing and rent-controlled units in Los Angeles communities, especially in areas attractive to tourists. Our members have been told by numerous developers how they have been able to skirt rent control regulations in Los Angeles by renting out the properties on a long term basis to colleagues whose master leases allow them to sublet the units and properties to short-term tenants for short-term market rates. These units are

then lost to long-term residents whose rents would otherwise be protected by rent control. Additionally, long-term residents often have been evicted under false pretenses to allow the owner to enter into a more lucrative business, such as the short-term rental market. The impact of short-term rentals on housing supply and price needs to be carefully studied.

**2. Avoid Negative Impact of Developers Running Disruptive Commercial Businesses in Residential Communities.** In many instances, developers are purchasing properties in residential communities and converting entire buildings to short-term rentals and rather than a short-term rental benefiting the small homeowner who needs to rent out a room to make ends meet, the business is dominated by big commercial interests who grab up every available property, sell rooms every night of the week at much higher rates than paid by long term residents and who, in doing so, skirt zoning laws, taxation, insurance, safety standards and licensing in the City. We need to develop ways in which a single homeowner has some flexibility in renting out rooms, but at the same time, we avoid the negative impacts of commercialized short-term residential industries carried out by professional developers in residential neighborhoods.

**3. Consider the Impact on Quality of Life of Residential Communities.** Although cloaked in the myth of the "shared economy," unregulated short-term, transient rentals are destroying the fabric of traditional neighborhoods. In many places where there is a lucrative large-scale short-term rental trend, there has been a noticeable impact on the quality of life and neighborhood cohesion in the community. There is evidence that in just one street in Venice, at least nine properties have been converted to transient rentals. As the constant revolving door of strangers in and out of the homes on the street grows, long-term residents complain about exacerbated parking problems, the noise from tourists, and trash from visitors with no connection with the community and that loss of sense of community, as they now have few opportunities to get to know their neighbors.

There are greater impacts in certain communities where there are more tourists and others interested in short-term rental housing, and the impact on these specially impacted communities should be specifically considered in evaluating how the short-term rental business may affect the quality of life and neighborhood cohesion in a community.

**4. Enforce Current Laws Until Zoning, Taxation, Insurance, Safety, and Licensing Issues Are Addressed and Until We Consider the Impact on Long Term Rental Housing.** The illegal practice of short-term rentals in residential areas has become a problem throughout our City and we urge your office to distribute the memorandum from the Department of City Planning to the Neighborhood Councils throughout your district so that they will have this important tool in understanding where and in what situations short-term rentals are illegal. We further urge your office to encourage the enforcement of the current regulations until the issues raised in the Sharing Economy Motion has been addressed, including zoning, taxation, insurance, safety, and licensing

issues in the City, and until the impact of short-term rentals on the social cohesion within neighborhoods and on the housing supply has been fully evaluated.

Thank you for your consideration of our points and we ask that you use this opportunity for smart, proactive urban planning -- that protect our neighborhoods, rent control ordinances and affordable housing.

The LASTRAC Team

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