

BUDGET & FINANCE

MOTION

As the City of Los Angeles is suffering an affordable housing crisis, various media outlets and studies report that the proliferation of unregulated short-term rentals contributes to a tighter housing market, a loss of potential revenue to the City and an overall decrease in the quality of life for residents near these rentals.

A March 2015 study by Los Angeles Alliance for a New Economy (LAANE) reports that unregulated short-term rental platforms, can create financial incentives for owners to take housing units off the rental market. The study by LAANE estimates that more than 7,000 houses and apartments have been taken off the rental market in metro Los Angeles for use as short-term rentals. This trend has a direct impact on the housing shortage that already exists in Los Angeles

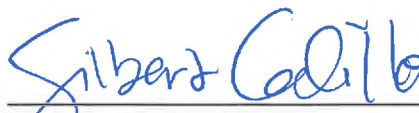
The CAO, under CF 14-0593 (Wesson-LaBonge), will be issuing a report on both the positive and negative impacts of the “sharing economy” industries, like short-term rentals. The report will include a review of best practices, input for preparing an ordinance and policy recommendations. More Specifically, CF 14-1635 (Bonin-Wesson), speaks directly on regulating short-term rentals and to include recommendations and ordinance to collect Transit Occupancy Tax (TOT) from these types of business.

As short-term rentals take over a significant portion of the rental housing market, further escalating rent prices – the demand for affordable housing will become even greater. The City’s Affordable Housing Trust Fund, which funds the construction, rehabilitation and preservation of affordable housing has been reduced as state and federal resources have significantly diminished.

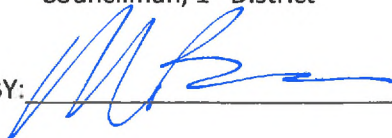
If the City pursues regulations of the growing short-term rental industry as indicated by above mentioned council files, it is in the interest of the City to dedicate any new revenue generated into the Affordable Housing Trust Fund.

I THEREFOR MOVE that the City Administrative Office be directed to report within 45 days on the feasibility of directing all or a portion of the Transient Occupancy Tax received from short-term rentals to the City’s Affordable Housing Trust Fund, as the City explores regulatory mechanisms and policy recommendations relative to short-term rentals.

PRESENTED BY:


GILBERT A. CEDILLO
Councilman, 1st District

SECONDED BY:



APR 2 2 2015

ORIGINAL