



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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Fifth District

August 25, 2021

To: Supervisor Hilda L. Solis, Chair  
Supervisor Holly J. Mitchell  
Supervisor Sheila Kuehl  
Supervisor Janice Hahn  
Supervisor Kathryn Barger

From: Fesia A. Davenport  
Chief Executive Officer

## **NINTH QUARTERLY PROGRESS REPORT ON SHORT-TERM RENTALS ORDINANCE DEVELOPMENT (ITEM NO. 3, AGENDA OF MARCH 19, 2019)**

On March 19, 2019, the Board of Supervisors (Board) adopted a motion by Supervisors Barger and Kuehl directing the Chief Executive Officer, in conjunction with County Counsel, the departments of Regional Planning (DRP), Public Health, Treasurer and Tax Collector (TTC), and the Los Angeles County Development Authority (LACDA), to report back in 270 days with a set of County of Los Angeles (County) ordinances comprehensively regulating Short-Term Rentals (STRs) in the County's unincorporated area. In the motion, the Board identifies the following provisions that should be included: 1) general operating regulations; 2) registration requirements; 3) code enforcement; and 4) Voluntary Collection Agreements (VCA) with host platform companies (e.g., Airbnb, Vrbo, and others) if used. The planned ordinances will require coordination with other regulatory bodies, including the California Coastal Commission. Further, the motion directs the selected departments to conduct community outreach with stakeholders, town councils, and communities affected by the proposed regulations. This memorandum is the working group's ninth quarterly progress report and includes required next steps for development of the STR ordinance.

### **BACKGROUND**

In response to the motion, the Chief Executive Office (CEO) formed a working group and submitted its first quarterly report to the Board on June 19, 2019. The previous report, the eighth quarterly report, was submitted on May 14, 2021. Informed by models from other jurisdictions and the Board's vision, the reports outline considerations for regulations, registration, and compliance monitoring. The working group reviewed regulatory schemes for several jurisdictions, including the City of Los Angeles' (City) Home-Sharing Ordinance, effective as of July 1, 2019. On October 16, 2019, the working group invited the City's Department of Planning to present an overview of technology, which the City is currently

utilizing, and a discussion of lessons learned in establishing an STR registration and compliance monitoring system. Also, to better understand the perspective of online host platforms, the CEO staff met with Airbnb, an online booking marketplace advertising over 75 percent of the 2,651 unique STR listings in the County's unincorporated area.<sup>1</sup>

Since the last quarterly update, County Counsel, TTC, and CEO continue to conduct bi-weekly meetings to review and refine the draft STR Ordinance, discuss operational challenges and STR issues, establish a compliance monitoring and enforcement scheme, and identify funding for start-up costs.

### **COMPREHENSIVE ORDINANCE DEVELOPMENT PROGRESS AND NEXT STEPS**

The proposed STR Ordinance requires integration with the existing County Code requiring updates to several different Titles within the Code. As it is contemplated that STRs will require an annual registration, a process closely related to business licensing, County Code Title 7 - Business Licenses, requires expansion to include a new Division 3 - Short-Term Rental Registration. Title 4 - Revenue and Finance, Chapter 4.72, Transient Occupancy Tax (TOT), also requires updates to address collection and remittance of TOT assessed on STR stays. Should the Board adopt the STR Ordinance, Title 22, Planning and Zoning, will then be amended to add STR as a permitted accessory land use in residential zones to enable DRP's Zoning Enforcement Division to assist TTC with enforcement, and to include the STR Ordinance in the County's Local Coastal Programs (LCPs) for applicability in the unincorporated Coastal Zones within the jurisdiction of the California Coastal Commission. As the Coastal Commission will not review the STR Ordinance for certification in the LCPs until it is adopted by the Board, the STR Ordinance will not take effect in the Coastal Zones until Coastal Commission certification for inclusion in the LCPs.

In July 2021, the Government Services Division of County Counsel routed Title 7, Division 1: Business Licenses - General Licensing Procedures for comprehensive review and approval by County Counsel management as required before a proposed ordinance is finalized and presented to the Board for approval. The review includes Title 7 - Business Licenses, currently comprised of two Divisions: Division 1 - General Licensing Procedures, detailing general licensing administrative requirements for businesses, and Division 2 - Specific Businesses, containing specific licensing requirements for approximately 100 business activities licensed by the TTC. The repeal and replacement of the present Title 7 Division 1 is part of the TTC's broader plan to modernize terminology, bring the long-outdated Title 7 into compliance with State and federal laws and current County policies (e.g., enforcement of minimum wage laws.) The new Division 1 will contain the required addition of both enforcement and due process procedures for STRs and specific businesses licensed by the TTC.

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<sup>1</sup> Host Compliance, September 2019.

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In August 2021, the Government Services Division of County Counsel routed Title 7 Division 3, and Title 4 - Revenue and Finance, Chapter 4.72 to County Counsel management for comprehensive review and approval. The proposed addition of Division 3 to Title 7 includes the complete ordinance addressing all STR activity including registration and certification. The registration process for STRs is preferable to licensing as registration will be comparatively less costly than a full business license but will still allow for adequate County enforcement and oversight. The revised Chapter 4.72, Transient Occupancy Tax, addresses collection and remittance of TOT for STR stays. Completion of the comprehensive review by County Counsel is expected by late Fall of 2021.

### **STR Funding**

The COVID-19 pandemic has rapidly evolved into an unprecedented global health crisis and spurred a severe economic downturn. The fallout has resulted in a significant decrease in several key revenue sources for the County, including TOT revenues. TTC, as the lead agency for STR registration and monitoring, is conducting a cost recovery study to determine the funding needed for ongoing staffing and administration for the STR Ordinance. Due to uncertainty involving the duration of this emergency, the CEO continues to evaluate available one-time funding to cover these costs. Presently, the CEO and TTC are working to identify funding sources for initial funding for program operations, including TTC staffing.

In November 2021, the CEO will provide the next quarterly update to the Board. Should you have any questions concerning this matter, please contact me or Julia Orozco, Acting Senior Manager, at (213) 974-1151 or [jorozco@ceo.lacounty.gov](mailto:jorozco@ceo.lacounty.gov).

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c: Executive Office, Board of Supervisors  
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Regional Planning  
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