

Los Angeles Times Editorial

How to regulate Airbnb and 'homesharing'



Residents, advocates and affordable housing supporters rally on the Venice Beach boardwalk on Aug. 3, 2015 to call for the regulation of short-term rentals in Los Angeles. (Los Angeles Times)

The Times Editorial Board

Here's the short-term rental dilemma: Websites like [Airbnb](#) and VRBO have made vacation rentals and house-sharing incredibly popular by making it easier for travelers to find homey, affordable lodgings and for homeowners to earn extra money by renting out all or part of their dwellings. But short-term rentals are not only illegal in Los Angeles' residential communities, they can create nuisances in neighborhoods and take much-needed housing off the market.

Cities in the U.S. and abroad have struggled to manage the resulting boom in short-term rentals. Some cities, such as Hermosa Beach and Ojai, have decided to ban short-term vacation rentals (those less than 30 days) altogether. Mayor [Eric Garcetti](#) and members of the City Council have rightfully recognized that the "sharing economy" offers real benefits to residents and the city. That's why L.A. is following the lead of Santa Monica, San Francisco and other big cities that have attempted to legalize and control short-term rentals. So far, however, those cities have found it's easy to adopt regulations on short-term rentals; it's far more difficult to actually enforce them.

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On Thursday, the Los Angeles Planning Commission will consider a proposed "[Home-Sharing Ordinance](#)" that seeks to set the rules and tries to fix the enforcement problem. The law would dramatically scale back the number of short-term rentals in the city — currently estimated at

20,000 active listings — and give authorities more power to penalize both the hosts and the websites that violate the new rules.

The law would only allow people to rent out their primary residence, and for no more than 90 days a year. Hosts would have to register with the city, display a valid registration number on their advertisement and pay L.A.'s 14% hotel tax, which could generate millions of dollars a year for the city. The ordinance would bar short-term rentals of second homes or investment properties, as well as apartments covered by the city's rent-stabilization law. This is to discourage property owners from turning long-term rentals into short-term rentals, which can change the character of a community, tighten the housing supply and make neighborhoods less stable. Yes, limiting home sharing to primary residences will remove an option for people who have vacation homes and for real estate investors. It will also probably diminish the availability and affordability of temporary rentals. Still, this is a necessary trade-off in a city with too few apartments and too high rents.

A source says apartment-sharing startup Airbnb has raised \$1 billion in debt financing from big U.S. banks.

Airbnb will use the money, experts say, to expand into new markets like Cuba and invest in new services. Think local tours, food and beverage. Airbnb will also continue to explore different customer segments like corporate travel.

L.A.'s proposed regulations are good ones, but other cities have found that good laws are futile without simple registration and strong enforcement. Los Angeles has to make it as easy as possible for hosts to register and to pay taxes. In order to enforce the rules, the city will need the cooperation of Airbnb and the other websites and, if necessary, the authority to penalize them for failing to help weed out illegal rentals from their websites.

Most home-sharing websites hide the full names of hosts and the addresses of the available property until the rental has been booked. That makes it hard for cities to investigate and crackdown on illicit listings. Airbnb and others have argued that they should not be held liable for the behavior of hosts who use their service, and that the government should not compel them to turn over data on who is hosting and how often. They've fought city regulations, like L.A.'s proposal, that would fine them for failing to require a registration number on the advertisement or for refusing to submit hosts' data.

The Times Editorial Board has shared those concerns in the past, noting that, in general, government shouldn't force private companies to monitor customer behavior on its behalf. Yet there is no escaping the fact that cities cannot effectively regulate short-term rentals without a measure of cooperation from the booking websites. At the moment, these websites are facilitating illegal transactions; short-term rentals are against the law in L.A. If the city is going to legalize home sharing and allow this new branch of the hospitality industry to grow — bringing great financial benefits to Airbnb and other booking websites — then these companies must recognize and embrace their role in carrying out the new regulations.

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