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## Rent your room, legal?

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Renting out your room or apartment as vacation lodging might seem like a clever way to earn money. But it's illegal.

Now, two Los Angeles City council members want to explore legalizing and generating revenue from such "sharing economy" businesses, which help people use their assets to make money.

Councilmen Mike Bonin and Herb Wesson are proposing a study group to examine the impact of the sharing economy on Los Angeles, and whether regulations need to be changed to adapt to the rise of such business.

One of Bonin's main concerns is that as personal rentals become more popular, the city will lose potential revenue from hotels.

The study group would include representatives from seven city departments as well as other stakeholder groups to find the effects of shared economies on the city. It would also examine how city zoning, insurance and taxation laws relate to such businesses.

Bob Amano, executive director of the Hotel Association of Los Angeles, said that while he doesn't think personal short-term rentals present much competition to big hotels, he believes they should have to comply with rules.

"We're not opposed to entrepreneurs having business operations ... but we'd like to see that they are compliant to the national, state, county and local ordinances and regulations just like any other business in that same lodging industry," he said.

Other cities – Portland, San Francisco and New York – are exploring ways to tax and legalize shared economy businesses, too. Websites such as Airbnb, VBRO (Vacation Rentals By Owner), HomeAway and Home Exchange help connect renters with customers.

Malibu is starting to crack down on residents who operate short-term rentals of homes but don't pay the city-required taxes. The city's 12 percent transient occupancy tax doesn't apply just to lodging establishments but also to private residences that rent space for 30 days or less.

After noticing hundreds of advertisements online for short-term rentals, city staff realized that far more than the 53 registered owners could be renting out their homes – without coughing up occupancy taxes. The city gets about \$1 million annually from its six registered hotels and motels and \$225,000 from private homes.

Starting as early as June, the city can start issuing subpoenas to residents and websites advertising short-term rentals in town. It could result in several hundreds of thousands of dollars in revenue, the city said.

Los Angeles' transient occupancy tax is even higher than Malibu's, 14 percent, and in 2013 it raked in over \$165 million for the city.

Uma Klein has lived in Venice for 30 years and regularly rents part of her Venice home short-term to people through Airbnb, which has 10,000 listings in the Los Angeles area, according to the company. She opposes being taxed for the room she rents.

“We’re not a hotel,” she said. “I think most people do it out of necessity.” While she rents a room to help pay her mortgage, she said she also enjoys meeting people through Airbnb.

“Since I’m a long-term resident, I have a lot to offer (travelers),” she said. “I’m actually really enjoying it.”

Bonin said informal rentals are emerging quickly, especially in the 11th District, which includes Venice. He said he wants to encourage and regulate it before the business gets out of control. He said he has heard about people buying up whole buildings and turning the rooms into a series of short-term rentals.

“That’s an entirely different dynamic. That’s not shared economy; that’s being your own underground hotel, and that’s the kind of thing that would be subject to a lot of regulation,” he said. “A lot of people are doing Airbnb to support themselves, and that’s the kind of thing worth encouraging ... I think the shared economy is here to stay.”

The motion will go before City Council for a vote in coming weeks.

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