

Responsible Hotel Ordinance – Permit Requirement

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How do I know if I need to submit a Compliance Registration Application?

If you own or operate a hotel or short-term rental as defined on the <u>information sheet</u> within the City of Los Angeles, you must legally comply with the Responsible Hotel Ordinance and file a <u>Compliance Registration</u> <u>Application</u>.

How do I know if my business is in Los Angeles and if I need to file a registration Compliance Registration Application for my rental or hotel?

The law surrounding the Responsible Hotel Ordinance is for all businesses operating within the City of Los Angeles. As you may already be aware, the City of Los Angeles constitutes a variety of neighborhoods (e.g., Hollywood, Woodland Hills, Wilmington). If you receive City of Los Angeles services at the address of your rental or hotel (such as the Los Angeles Fire Department (LAFD), Los Angeles Police Department (LAPD), and/or the Los Angeles Department of Water and Power (DWP)), you are most likely within the jurisdiction of the Police Department. If you are unsure, please <u>click here and enter your address</u> to determine whether your property falls within the jurisdiction of the City of Los Angeles.

APPLICATION AND PAYMENT QUESTIONS

How does the registration process work? Is it an online registration?

Applicants should download and complete all necessary fields of the <u>Compliance Registration Application</u> <u>form</u>, sign it, and email it to either <u>rentals@lapd.online</u> (for short-term rentals) or <u>hotels@lapd.online</u> (for hotels/motels). In the coming year, Commission Investigation Division will work toward migrating the entire application and payment process to an online portal.

Where do I submit my Compliance Registration Application?

It is recommended that <u>applications</u> be sent by electronic mail. For a Short-term Rental, please email: <u>rentals@lapd.online</u> For a Hotel (or motel), please email: <u>hotels@lapd.online</u>

To ensure accessibility, applications may be mailed to us via the postal service. However, to minimize costs and delays, please consider emailing your application if possible.

Our mailing address is: Commission Investigation Division 100 W. First Street, Room #147 Los Angeles, CA 90012

What is the deadline to submit a Compliance Registration Application?

Under the ordinance, all hotels and short-term rentals are required to comply before October 1, 2024. However, Compliance Registration Applications will continue to be accepted on an ongoing basis.

What is the application fee?

The final fee has not yet been determined, but it is expected to be \$17 for hotels and \$15 for short-term rentals. The Board of Police Commissioners will review the application fee on <u>September 3, 2024</u>, and then forward the item to the City Council for adoption into the ordinance. **Please do not send payment at this time**; we will provide further instructions once the fees are finalized – your patience is appreciated.

How do I pay the application fee?

Please do not send payments - No application fee is currently being accepted. Upon receipt of a completed application determined to be compliant, it will be updated as "compliant (Invoice Pending)." Any other incomplete application will be returned or rejected. Once an application fee is established, applicants will be contacted and invoiced. You may also check <u>our website</u> for updates regarding the payment portal. **DO NOT send checks**; they will be returned to the sender and will add to administrative delays.

When will the payment portal be available?

Commission Investigation Division is working with our city partners to have an online portal up and running as quickly as possible. Applicants should either check back <u>here</u> for updates. Additionally, applicants who have submitted a completed application will be notified when the portal is available for payment.

When will an actual Board permit be implemented?

Commission Investigation Division is currently accepting emailed <u>Compliance Registration Applications</u>. As implementation progresses, updates will be provided on our <u>website</u>. The one-time application fee will register your business as compliant until the next steps can be clearly determined. If a Board permit is adopted, then it will be required to be renewed annually.

How do I know if I am eligible for a permit? And, what are the specific rules regarding permit denials?

Applicants that meet any of the following criteria are subject to denial of a permit (as governed by Chapter X, sections 103.404 and 103.405 of the Los Angeles Municipal Code).

- The Applicant has, within five years immediately preceding the date of filing of the application, been found to have intentionally or materially violated any federal, state, or local employment law;
- The Applicant has, within five years immediately preceding the date of filing of the application, been convicted of violating Section 487(m) [wage theft] of the California Penal Code;
- The Permittee has knowingly allowed or permitted prostitution, solicitation of prostitution on the premises, loud and unruly gatherings in violation of the law, illicit drug manufacturing or sales on the premises;

- The Applicant (for short-term rentals) has in the past 12 months been found to have listed a Short-Term Rental in the City of Los Angeles without having a <u>Home Sharing Registration number</u> from the Department of City Planning;
- The Applicant (for short-term rentals) has in the past five years allowed a property that is being used as a Low Occupancy Lodging (lodging for fewer than 18 persons) to be cited for a noise complaint more than five times in a 12-month period;
- The Applicant has in the past five years allowed a property that is being used as a Short-term Rental to be used as a party house that causes <u>Loud and Unruly gatherings</u> more than two times in a 12month period within the City.
- Been convicted of a felony or other crime involving human trafficking, sex trafficking, theft (including wage theft), embezzlement or moral turpitude, or any crime committed on the premises;
- Violated any federal, state, or local employment law with respect to the operation of the Hotel;
- Violated any federal, state, or local public health or safety law in the operation of the Hotel

We are dedicated to assisting our applicants throughout this process. Please do not hesitate to <u>contact us</u> if you have any questions or need further clarification regarding the criteria. We intend to maintain a clear and fair application process that balances the opportunity for individuals to generate income with the safety and well-being of our community.

BUSINESS AND TAX QUESTIONS

What is a BTRC, how do I know if I need one, and where do I get one?

The BTRC is the <u>Business Tax Registration Certificate</u>. Any individual or entity conducting business activities within the City of Los Angeles must obtain a BTRC. Renting your property to tenants in which you receive income is subject to taxation by the City of Los Angeles. A BRTC may be quickly and easily obtained <u>online</u>. You may <u>check online</u> if you are unsure whether your business has established a BTRC previously.

What if my Home Sharing Host Company (such as AIRBNB[™]) pays taxes to the City?

Some home-sharing host companies may collect and pay additional taxes from your tenants to the City of Los Angeles; however, those are not all the taxes owed by your business. The fees paid by your host company may include <u>Transient Occupancy Tax</u> (TOT) and <u>Per Night Fees</u>. You must still pay taxes to the City of Los Angeles based on income from your business (rental unit). This is why you are required to <u>obtain a BTRC</u>.

I am not a business (since my short-term rental is registered under my name). What do I put on the line asking for my "business legal name or DBA?"

The act of renting a lodging facility (even a single room) to the public in which you generate revenue (regardless of whether you make a profit) qualifies your endeavor as a business. Unless you have created a <u>corporation, LLC, other legal entity</u>, with the State of California or "Doing Business As" (<u>fictitious name</u> <u>statement</u>) with the County of Los Angeles, then your business should be your legal name.

Am I required to register in order to operate a short-term rental in Los Angeles?

Yes. In order to comply with the law and prevent potential administrative sanctions against your business, you should complete and submit a Compliance Registration Application.

Do I have to renew my Compliance Registration Application every year?

No. The <u>Compliance Registration Application</u> is a one-time requirement until Commission Investigation Division can implement the Hotel and Short-term rental permit. Businesses that submit a completed application will be issued an "authority to operate letter," which will remain valid until a permit portal can be established.

What is a Home Sharing Registration Number (HSRN), and how do I get one?

In 2018, the Los Angeles City Council adopted the <u>Home Sharing Ordinance</u>, which established a regulatory framework for the use of short-term lodging facilities on residential properties. Any person operating a short-term rental within the City of Los Angeles <u>must register</u> with the Los Angeles Department of Planning. Upon registration, businesses will obtain an HSRN. An HSRN is a required component of the Board permit requirement. Applications submitted without a valid HSRN will be rejected. Short-term Rental properties shall obtain the HSRN prior to submission of their Compliance Registration Application. This requirement is not applicable to commercial hotels and motels.

ENFORCEMENT QUESTIONS

I read that the Board of Police Commissioners is not doing enforcement; why not?

Commission Investigation Division is the regulatory arm of the "Board" and is subsequently tasked with Board permits including those established under the **Responsible Hotel Ordinance**. Funding was not identified to allow for the development of resources and personnel to enforce or even develop the necessary permit platform initially. Commission Investigation Division will continue to work toward developing an online (user-friendly) platform for permit processing and, as resources allow, building out the appropriate staff to address the permit requirements under the ordinance. Enforcement of most police permits entails a dedicated group of officers that identify, investigate, and cite permittees for violations of the law, permitting rules, or the lack of a permit.

It is estimated that the workload of Commission Investigation Division staff would (at least) triple in the case of the hotel permit. As such, staff will not be diverted to enforce the ordinance except in instances of extreme or particularly flagrant violations.

If enforcement is limited, will law violators be ignored?

No. The Police Department still maintains regular patrol functions to address criminal violations. Commission Investigation Division, on behalf of the Board, cannot enforce administrative or provisional violations of the ordinance. Uniformed or even undercover officers from your local police division may still respond to short-term rentals or hotels to enforce any violation of law including drug use and sales, prostitution, loud music, etc.

Based on the remote possibility of enforcement (against my permit), why should I comply with this mandate?

The failure to adhere to the compliance mandate may trigger certain administrative determinations that could significantly impact your business. Such administrative consequences could include:

- The Department of Planning, upon becoming notified of your lack of compliance, may (at their discretion) revoke or suspend your Home Sharing Registration Number or otherwise subject your business to undergo a "<u>discretionary review</u>." The estimated cost for a discretionary review application is \$5,660.
- Upon implementation of the Board permit and awareness that your business was operating without an "authority to operate letter" (during the compliance registration period), you may be ineligible for a Board permit.
- 3. A list of all hotels and short-term rentals that comply with this mandate is publicly available. Potential customers or other interested parties may query this list to determine if your business complies with this mandate.

If you're not conducting enforcement, how can I request an investigation into concerns about working conditions?

With the implementation of the Responsible Hotel Ordinance, mechanisms for investigating violations of the law remained unchanged. The City of Los Angeles' designated agency for addressing wage and labor concerns is the <u>Office of Wage Standards within the Bureau of Contract Administration</u>. Upon convictions or administrative determinations confirming that a business has violated labor laws, their permit may be denied, suspended, or revoked, such determinations should be reported to Commission Investigation Division using the <u>complaint process</u>.

If you're not conducting enforcement, how can I request an investigation into concerns about narcotic sales, loud parties, or prostitution?

If you are concerned about the possession, sale, or manufacturing of illicit drugs, loud parties, or prostitution activity occurring at a neighboring short-term rental or hotel, you should contact your <u>local area station</u> for investigation and enforcement. The local police division will then forward information regarding arrests or confirmed allegations to Commission Investigation Division, which may result in consequences against the businesses (hotels, motels, or short-term rentals), including permit denial, suspension, or revocation.