

SUBJECT: ZONE TEXT AMENDMENT PROHIBITING CORPORATE  
RENTALS OF DWELLING UNITS

INITIATED BY: DEPARTMENT OF COMMUNITY DEVELOPMENT  
(Bianca Siegl, Long Range & Mobility Planning Manager)  
(Michelle Levy, Senior Planner)  
(Garen Srapyan, Associate Planner)

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### STATEMENT ON THE SUBJECT

On October 20, 2016, the Planning Commission of the City of West Hollywood held a duly noticed public hearing, heard all pertinent testimony and voted to direct staff to return with a resolution recommending that the City Council deny a zone text amendment prohibiting corporate rentals of dwelling units in the City.

### RECOMMENDATION

Staff recommends that the Planning Commission adopt the following:

- 1) Draft Resolution No. PC 16-1181: **“A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF WEST HOLLYWOOD RECOMMENDING TO THE CITY COUNCIL DENIAL OF AN ORDINANCE AMENDING CHAPTER 19 OF THE WEST HOLLYWOOD MUNICIPAL CODE TO PROHIBIT CORPORATE RENTALS OF DWELLING UNITS, CITYWIDE, WEST HOLLYWOOD, CALIFORNIA.”** (EXHIBIT A)

### BACKGROUND

The intent of the proposed zone text amendment is to further clarify the City’s restrictions on the use of dwelling units to include all forms of short-term transient uses (corporate rentals), which may disrupt the stability of residential communities, present public safety challenges, and reduce the availability of affordable and market-rate housing.

Following the public hearing, each Commissioner expressed multiple and varying reasons for why he or she would individually vote to recommend denial of the proposed ordinance to the City Council. The decision to recommend denial was unanimous. The Commission expressed that the proposed amendment would discourage employees from living and working in the City, and in doing so, discourages walkability in the City and the economic prosperity of corporations and its employees whom wish to do business in the City.

The reasons stated can be summarized as follows:

- The proposed zone text amendment does not solve the issues identified because there is no available data to show that a significant number of dwelling units in the City of West Hollywood are being taken off the market and reserved for corporate housing. An outright ban of corporate rental units in the City of West Hollywood without any data in regards to the extent of the problem would be premature.
- The proposed zone text amendment could be detrimental to the rental market and potentially keep dwelling units open and vacant; rather than having those units available on a short-term basis to businesses that are doing business in the City of West Hollywood. Market-rate housing units should be treated as market-rate housing and available for anyone wanting to occupy the unit at a market rate.
- The proposed ordinance contains a loophole. The proposed zone text amendment would not preclude corporations from purchasing a condominium unit and making it available to its employees.
- Lastly, the proposed zone text amendment would be difficult to enforce.

#### *Recommended Alternatives to Consider*

During the public hearing, the Commission did express other variations of the proposed ordinance that may avoid these issues stated above and would consider supporting alternate proposals. These alternate proposals could include such strategies such as: (1) restricting corporate rentals for rent-stabilized and/or affordable housing units only, so as to promote availability of these units to the intended residents in need of housing, and (2) requiring a restriction on corporate rentals to be included in the Conditions, Covenants and Restrictions for only new condominium projects.

These alternatives will be included in the staff report to the City Council.

#### **EXHIBITS**

- A. Draft Resolution No. PC 16-1181 (DENIAL)

## RESOLUTION NO. PC 16-1181

### **A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF WEST HOLLYWOOD RECOMMENDING TO THE CITY COUNCIL DENIAL OF AN ORDINANCE AMENDING CHAPTER 19 OF THE WEST HOLLYWOOD MUNICIPAL CODE TO PROHIBIT CORPORATE RENTALS OF DWELLING UNITS, CITYWIDE, WEST HOLLYWOOD, CALIFORNIA.**

The Planning Commission of the City of West Hollywood does hereby resolve as follows:

#### SECTION 1. Findings.

1. Ordinance No. 15-985 took effect on October 21, 2015, reaffirming the City's prohibition of short-term vacation rentals for thirty (30) days or less. Additionally, the Ordinance applies to existing units in the City of West Hollywood as well as any proposed new units. The Ordinance was adopted in response to recommendations received from the City's Shared Economy Task Force, which focused primarily on vacation rentals.

2. Since the adoption of Ordinance No. 15-985 in 2015, the City became aware short-term rentals in the form of Corporate housing. Corporate housing provides fully-furnished living accommodations to persons traveling for business purposes, and which may involve rentals exceeding 30 days.

3. To address these issues, the City Council directed the City Attorney to prepare an ordinance further clarifying the City's restrictions on the use of dwelling units to include all forms of short-term transient uses, which may disrupt the stability of residential communities, present public safety challenges, and reduce the availability of affordable and market-rate housing.

SECTION 2. A public hearing with Planning Commission was called and noticed in accordance with Municipal Code requirements, specifically by publication in the Beverly Press newspaper, the West Hollywood Independent Newspaper, required state and local agencies, and the City website and by announcement on City Channel 6 by October 6, 2016.

SECTION 3. The proposed text changes to the City's Zoning Code are categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15061 of the CEQA Guidelines, which states that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The proposed text amendments address the long-term tenancy of dwelling units, as those units were intended and therefore would not have a significant effect on the environment. Nevertheless, CEQA does not apply to projects that are disapproved under 14 CCR 15270.

SECTION 4. The Planning Commission of the City of West Hollywood hereby recommends denial of Zone Text Amendment 2016-0003 prohibiting corporate rentals of dwelling units. Following the public hearing, each Commissioner expressed multiple and varying reasons for why he or she would individually vote to recommend denial of the proposed ordinance to the City Council. The decision to recommend denial was unanimous. The reasons stated can be summarized as follows. The proposed zone text amendment does not solve the issues identified because there is no available data to show that a significant number of dwelling units in the City of West Hollywood are being taken off the market and reserved for corporate housing. An outright ban of corporate rental units in the City of West Hollywood without any data in regards to the extent of the problem would be premature.

- The proposed zone text amendment could be detrimental to the rental market and potentially keep dwelling units open and vacant; rather than having those units available on a short-term basis to businesses that are doing business in the City of West Hollywood. Market-rate housing units should be treated as market-rate housing and available for anyone wanting to occupy the unit at a market rate.
- The proposed ordinance contains a loophole. The proposed zone text amendment would not preclude corporations from purchasing a condominium unit and making it available to its employees.
- Lastly, the proposed zone text amendment would be difficult to enforce.

For these reasons, the Planning Commission finds that the proposed zone text amendment is not consistent with the Goals and Policies of the General Plan. The proposed amendment would discourage employees from living and working in the City, and in doing so, discourage walkability in the City and the economic prosperity of corporations and its employees whom wish to do business in the City.

The Commission finds that other variations of the proposed ordinance may avoid these issues and would consider supporting alternate proposals. These alternate proposals could include such strategies as restricting corporate rentals for rent-stabilized and/or affordable housing units only, so as to promote availability of these units to the intended residents in need of housing, or to require a restriction on corporate rentals be included in the Conditions, Covenants and Restrictions for only new condominium projects.

SECTION 5. Based on the foregoing, the Planning Commission of the City of West Hollywood hereby recommends denial to the City Council of Zoning Text Amendment 2016-0003, which is attached hereto as Attachment A, to further clarify the scope of the City's prohibition against the use of dwelling units for purposes other than bona fide residential occupancy

**PASSED, APPROVED AND ADOPTED** by the Planning Commission of the City of West Hollywood at a regular meeting held this 1<sup>th</sup> day of December, 2016 by the following vote:

AYES: Commissioner:

NOES: Commissioner:

ABSENT: Commissioner:

ABSTAIN: Commissioner:

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DAVID AGHAEI, CHAIRPERSON

ATTEST:

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BIANCA SIEGL, PLANNING MANAGER  
LONG RANGE AND MOBILITY PLANNING

*Decisions of the Planning Commission are subject to appeal in accordance with the procedures set forth in West Hollywood Municipal Code Chapter 19.76. Any action to challenge the final decision of the City of West Hollywood made as a result of the public hearing on this application must be filed within the time limits set forth in Code of Civil Procedure Section §1094.6.*

# Attachment A

(New text indicated with underlining, deleted text with strikethrough.)

Section 1. A new land use is added to the alphabetical list of land uses in Table 2-2 of Section 19.06.030 in Chapter 19.06 of Title 19 of the West Hollywood Municipal Code to read as follows:

LAND USE <sup>2</sup>	PERMIT REQUIRED BY ZONE				Specific Use Regulations
	R1	R2	R3	R4	
<u>Corporate Housing</u>	=	=	=	=	<u>19.36.100(B)</u> <u>19.48.060</u>

Section 2. A new land use is added to the alphabetical list of uses in Table 2-5 of Section 19.10.030 in Chapter 19.10 of Title 19 of the West Hollywood Municipal Code to read as follows:

LAND USE <sup>2</sup>	PERMIT REQUIRED BY ZONE						Specific Use Regulations
	CN	CC/SSP	CA	CR	PDCSP	PF <sup>3</sup>	
<u>Corporate Housing</u>	=	=	=	=	=	=	<u>19.36.100(B)</u> <u>19.48.060</u>

Section 3. The following new definitions are added in alphabetical order to the alphabetical list of definitions in Section 19.90.020 of Chapter 19.90 of Title 19 of the West Hollywood Municipal Code to read as follows:

**Corporate housing.** The temporary occupancy of any dwelling unit, by any person (1) who does not intend to use it as their domicile, or who has not entered into a written rental or lease agreement to occupy the unit for at least one year; and (2) for which the dwelling unit is owned, leased, guaranteed or made available by a business entity for occupancy by the entity’s officers, employees, consultants, vendors, or contractors.

Section 4. Paragraph (B) of Section 19.36.100 of Chapter 19.36 of Title 19 of the West Hollywood Municipal Code is amended to add the following new subsection 10 to read as follows:

10. Use as a Dwelling. The CC&Rs and other management documents shall contain a provision as follows: “Dwelling units within the property are intended to be used as domiciles for long-term occupancy, as reflected by the definition of ‘Dwelling Unit’ in Section 19.90.020. As such, no dwelling unit shall be used as corporate housing or short-term vacation rental.”

Section 5. Section 19.48.060 of Chapter 19.48 of Title 19 of the West Hollywood Municipal Code is amended to read as follows:

### **19.48.060 Conditions of Approval.**

A. In approving a development permit for a project containing dwelling units, the review authority shall ensure that the permit contains the following condition:

1. Dwelling units within the City are intended for long-term occupancy, as reflected by the definition of Dwelling Unit in Section 19.90.020. As such, no part of any dwelling unit in the project may be used as corporate housing or short-term vacation rental. This condition is independent of the City's ban on short-term rentals and corporate housing, which also applies to all dwelling units in the City.

B. In approving a development permit, the review authority may require alterations to proposed plans, and may impose reasonable and necessary specific design, locational, and operational conditions relating to both on- and off-site improvements, which are intended to ensure that:

1. ~~A.~~ The site is physically adequate for the type, density, and intensity of development being proposed (e.g., number of employees) including provision of services (e.g., sanitation and water), public access, and the absence of physical constraints;

2. ~~B.~~ The design, location, size, and operating characteristics of the proposed development are compatible with the existing and future land uses on-site and in the vicinity of the subject property;

3. ~~C.~~ On- or off-site improvements (e.g., fire hydrants, streets, street lighting, traffic-control devices, etc.) are provided as reasonable and necessary to carry out the purpose and requirements of the applicable zoning district;

4. ~~D.~~ The design of the proposed development maintains the scale, bulk and mass of adjacent properties within the existing neighborhood, and does not impair the integrity and character of the zoning district in which it is to be located;

5. ~~E.~~ The proposed development incorporates new landscaping that complements the existing landscape and together provides opportunities for landscaped open space which contribute to a high quality visual image; and

6. ~~F.~~ The establishment, maintenance, or operation of the proposed development at the location proposed does not endanger, jeopardize, or otherwise constitute a menace to the public convenience, health, interest, safety, or general welfare of persons residing or working in the neighborhood of the proposed use.

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