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Contact Person(s): Tricia Keane (213) 272-1456
Robert Galardi (818) 613-3065

Honorable Members of the City Council
City of Los Angeles
c/o the City Clerk, City Hall
200 N. Spring Street, Room 395
Los Angeles, CA 90012

COUNCIL REPORT: LOS ANGELES HOUSING DEPARTMENT REPORT ON ADDITIONAL RECOMMENDATIONS REGARDING STAFFING NEEDS FOR HOME-SHARING AND RESIDENTIAL HOTELS ENFORCEMENT

SUMMARY

The General Manager of the Los Angeles Housing Department (LAHD) respectfully submits this supplemental report in response to approved amended instructions issued by the Housing and Homelessness Committee on April 17, 2024 (C.F. No. 14-1635-S10), which instruct LAHD to report with additional information and recommendations regarding staffing needs for effective home-sharing enforcement of the multi-family rental properties within LAHD's jurisdiction including complaint-based, systems-based, and document-based; health, safety, and compliance inspections; investigations for code violations, nuisance activities, and fraud, including related to claims of primary residence; citation issuances; and transfer of responsibility for complaint investigation and citation defense from City Planning. Additionally, this report includes information in response to the direction to report on how residential hotels are defined, and to provide information regarding current enforcement approaches and recommendations for stricter enforcement approaches.

BACKGROUND

On December 11, 2018, the City Council and Mayor adopted the Home-Sharing Ordinance (HSO) (Ordinance No. 185931; C.F. No. 14-1635-S2). The ordinance, effective July 1, 2019, established a legal process by which residents may attain authorization to rent their primary residence to short-term visitors, called "home-sharing."

Provisions of the Home-Sharing Ordinance identify LAHD as an enforcement agency and set forth administrative citation responsibilities and procedures pursuant to Article 1.2 of the Los Angeles Municipal Code (LAMC). These tasks include issuing citations, imposing fines, and providing an appeal process for violators in accordance with the City's Administrative Citation Enforcement (ACE) Program. However, to date,

LAHD has not received the necessary staffing and resources to effectively enforce the Home-Sharing Ordinance. The Fiscal Year 2024-2025 Budget approved a limited number of overtime hours for LAHD Code Enforcement inspection staff to investigate violations and issue citations to nuisance home-sharing multi-family properties participating in late-night party houses.

The Department of City Planning (DCP) workflow matrix currently indicates a combination of DCP-led administrative functions, surveillance via software that tracks host compliance with data monitoring and collection (managed by contractor, formerly Host Compliance and now Granicus (Granicus)), and Los Angeles Department of Building and Safety (LADBS) and LAHD interface along with City Attorney's citation program (ACE). DCP's current role is heavily focused on administering the home-sharing applications and online registration processes.

It is proposed that DCP will continue to manage the administration and issuance of home-sharing registrations, while LAHD's role will expand beyond verification and issuance of citations for multi-family properties. In the proposed handoff, LAHD will assume the majority of the enforcement-related duties for multi-family rental properties, currently performed by DCP staff and also will provide enhanced complaint response, inspections, citation preparation, and verifications, assisting the City Attorney ACE team with the initial review process, and presenting and defending the issuance of ACE Citations at administrative appeal hearings. The proposed handoff from DCP to LAHD will be coordinated over several months. Granicus monitoring will continue as a baseline enforcement tool.

STAFF NECESSARY FOR HOME-SHARING ENFORCEMENT

To comply with the Home-Sharing Ordinance's provisions, LAHD would require additional staffing resources to create a team dedicated to addressing home-sharing violations that fall within LAHD's jurisdiction. LAHD's jurisdiction includes all residential multi-family rental properties with two or more dwelling units, efficiency dwelling units, light housekeeping rooms, guest rooms, and suites, where one or more of these units are rented or offered for rent on the same lot, land, buildings, structures appurtenant thereto, and excludes standalone single family dwellings.

As of October 2, 2024, approximately 300 Administrative Citations have been referred to LAHD for enforcement. These citations are the product of the work of DCP's contractor Granicus in conjunction with DCP staff to identify and document the continued illegal, unregistered home-sharing violators. LAHD estimates the current number of illegal home-sharing violators at 7,500, the estimated number of multi-family violators not captured by Granicus, subsequent to the passage of the HSO. Based on the existing and anticipated citation workload, LAHD has determined that an additional 18 staff positions would be needed to effectively assume and implement enforcement. The positions listed below would be necessary to comply with provisions related to the regulation and enforcement of home-sharing rentals in the City of Los Angeles.

Class Code	Class Title	No. of Positions
4254	Chief Inspector	1
4226	Principal Inspector	1
4244	Senior Housing Inspector	2
4243	Housing Inspector	10
9184	Management Analyst	1
1368	Senior Administrative Clerk	1
1358	Administrative Clerk	2
Total		18

ADDITIONAL RESOURCES TO IMPROVE ENFORCEMENT EFFORTS

Standardization of Administrative Fines

Administrative fines can be an effective tool for enforcing existing home-sharing violations as well as deterring future noncompliance. LAHD recommends the use of the schedule of fines for violations of the Home Sharing Ordinance and Residential Hotel Unit Conversion and Demolition Ordinance, as shown in Table 1 below, to standardize the fines and penalties, as well as to comport with the Administrative fines in Chapter 1, Article 1.2, Section 11.02.04 of the LAMC.

Table 1. Administrative Fines Per Day of Violation per Chapter 1, Article 1.2, Section 11.02.04

SQUARE FOOTAGE OF THE IMPROVEMENT OR USE IN VIOLATION	ADMINISTRATIVE FINE PER DAY OF VIOLATION		
	First Violation	Second Violation	Third Violation and All Subsequent Violations
250 to less than 500	\$1,000	\$2,000	\$4,000
500 to less than 2,500	\$2,000	\$4,000	\$8,000
2,500 to less than 5,000	\$3,000	\$6,000	\$12,000
5,000 to less than 10,000	\$4,000	\$8,000	\$16,000
10,000 to less than 25,000	\$8,000	\$16,000	\$32,000
25,000 or more	\$16,000	\$32,000	\$64,000

Additional Enforcement Tools

An on-going challenge for effective enforcement of home-sharing violations is the ability to gather sufficient and actionable evidence that can help lead to successful prosecution. Additional funding resources would greatly assist in the efforts of the LAHD Code Enforcement Division to address home-sharing rental complaints,

complaints regarding illegal conversions of Residential Hotel Units, as described below, and obtain effective evidence for a successful prosecution by the Office of the City Attorney. To gather the type of evidence necessary, LAHD staff requests funding and authorization of Purchasing Cards (P-Cards) to allow staff to collect evidence in the form of a paid reservation and possession of a home-sharing rental. By making actual reservations and taking possession of a home-sharing rental, LAHD Code Enforcement staff can gather necessary evidence. Initial funding in the amount of \$10,000 would enable this type of enforcement efforts to be launched. This could come the Home-Sharing Enforcement Trust Fund, subject to the availability of funding, and funding for P-Cards as an on-going enforcement resource could be included in the proposed updated fee study.

Funding for Enforcement Resources

The Home-Sharing Rental Enforcement Trust Fund (Ordinance No. 186197; C.F. No 14-1635-S7) is a source of funding for HSO enforcement efforts. However, DCP has indicated that limited funding for home-sharing rental enforcement staff or resources is currently available from that fund. Therefore, an updated fee study analyzing both the registration fee and the Per Night Fee should be conducted to determine the amount needed to support the number of staff and any additional resources required to effectively enforce the HSO.

RESIDENTIAL HOTELS DEFINITION AND ENFORCEMENT

The following information provides the definitions for residential hotel and residential unit, as well as the current identification and enforcement practices.

A **Residential Hotel** building is defined in the Los Angeles Municipal Code Chapter 4, Article 7 Section 47.73 (S) as:

...any building containing six or more guest rooms or efficiency units, intended or designed to be used, or which are used, rented, or hired out, to be occupied, or which are occupied, for sleeping purposes by guests, and which is also the primary residence of those guests. The term Residential Hotel excludes any building containing six or more guest rooms or efficiency units, which is primarily used by transient guests who do not occupy units in that building as their primary residence.

A **Residential Unit** is defined in the Los Angeles Municipal Code Chapter 4, Article 7 Section 47.73 (T) as:

any guest room, light housekeeping room, efficiency unit, or dwelling unit in a Residential Hotel that was occupied as a primary residence on October 11, 2005. If a unit was vacant on October 11, 2005, a Residential Unit shall mean any guest room, light housekeeping room, efficiency unit, or dwelling unit in a Residential Hotel that, on the first day that the unit was subsequently occupied, was occupied as a primary residence.

LAHD Code Enforcement staff assigned to the Residential Hotel Unit are tasked with identifying the illegal uses leading to enforcement through:

1. The use of physical advertising and online advertising for Short-Term Rentals.
2. Complaint referrals for Short-Term rentals (interdepartmental and public).

3. Routine Residential Hotel inspections and investigations.

After identifying properties engaged in potential illegal uses, Residential Hotel Unit inspection staff utilize the following enforcement tools:

1. Issuance of Orders to Comply.
2. Issuance of Administrative Citation Enforcement (ACE).
3. Referral to the Office of the City Attorney for criminal prosecution.

Through the adopted Budget Resolution for Fiscal Year 2024-2025 (C.F. No. 24-0600), LAHD obtained funding and resolution authority for five positions listed below to expand the residential hotel inspection and enforcement team, which will enhance RHO enforcement operations and techniques:

- One - Principal Inspector
- One - Senior Housing Inspector
- One - Housing Inspector
- One - Management Analyst
- One - Administrative Clerk

CONCLUSION

As described above, additional staff and other enforcement resources are needed to effectively enforce home-sharing violations, and provide LAHD with the necessary tools to protect the City's multi-family rental housing, including our limited rent-stabilized and Residential Hotel housing stock. An update to the existing home-sharing registration fee and Per Night Fee would be required to support these necessary resources.

FISCAL IMPACT

This report is provided for informational purposes, and as such, there is no impact to the General Fund. However, additional funding would be required to support the necessary resources identified in this report, and given that there are limited enforcement resources currently available in the Home-Sharing Rental Enforcement Trust Fund (Ordinance No. 186197; C.F. No. 14-1635-S7), a new fee study analyzing both the registration and Per Night Fee would be required.

Approved By:



TRICIA KEANE
Interim General Manager
Los Angeles Housing Department