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October 4, 2023

The Honorable City Council  
City of Los Angeles  
City Hall, Room 395  
Los Angeles, California 90012

Dear Honorable Members:

**ENFORCEMENT ANALYSIS OF THE HOME-SHARING ORDINANCE; DEVELOPMENT OF A CENTRALIZED, DIGITAL MONITORING AND ENFORCEMENT DATABASE OR PLATFORM; AND DEVELOPMENT OF A PUBLICLY ACCESSIBLE ONLINE DATABASE OR PLATFORM OF HOME-SHARING REGISTRATIONS (CF 14-1635-S10)**

On April 29, 2022, the Los Angeles City Council adopted a motion (CF 14-1635-S10) instructing the Department of City Planning (City Planning), with the assistance of the Department of Building and Safety (LADBS), the Housing Department (LAHD), Police Department (LAPD), the Office of the City Attorney, the Office of Finance, and any other City departments, to report back with an analysis of the City's Home-Sharing enforcement efforts that considers the following:

- **Enforcement Challenges and Recommendations** for how the City can address, among other issues: illegal hosts renting out properties listed as a primary residence in which they do not live; the conversion of critical affordable housing stock such as rent-stabilized units and covenanted affordable housing units into short-term rentals; the conversion of multi-family residential structures to short-term rentals; short-term rentals engaging in a commercial uses/activities; and properties being rented for longer periods of time than is permitted;
- **Supplemental Enforcement Mechanisms** that could be implemented in the City, such as escalating citations and fines, license revocations, and criminal penalties;
- **Best Practices of Other Cities** for short-term rental regulatory and enforcement models, including, but not limited to: Austin, New Orleans, and San Francisco, nationally, and Lisbon (Portugal), Toronto (Canada), and Berlin (Germany) internationally;
- **Participation in Platform Agreements**, including strategies to encourage all Home-Sharing platforms operating within the City to enter into platform agreements requiring data sharing with the City;

- **Real-Time Data Collection Improvements and Enhancements**, including strategies for implementing and/or improving real-time data collection, trend monitoring, property address identification, compliance monitoring, monthly status reports, and the processing of violations by City departments and complaints by residents;
- **Enforcement Oversight Staffing and Structure**, including the hiring of additional staff for the creation of a dedicated unit, office, or department that would consolidate the various aspects of Home-Sharing registration, compliance and enforcement in one multidisciplinary team.

The motion also instructed the Department of City Planning, working with LADBS, the Information Technology Agency (ITA), and any other City departments, to report on certain technological enhancements, including direction to:

- Report back with a plan for the creation of a **centralized, digital database or platform** that is updated on a continual basis to better coordinate data tracking of non-compliant properties for monitoring and enforcement purposes;
- Ensure that the public is able to view on an existing or new **publicly accessible online database or platform** whether any property in the City has a regular or extended Home-Sharing registration.

The following report is submitted in response to the Council's instructions. Should you have any questions regarding the information in this report, please do not hesitate to contact the following members of my staff: Lance Sierra, [lance.sierra@lacity.org](mailto:lance.sierra@lacity.org), 213-202-5447; Niall Huffman, [niall.huffman@lacity.org](mailto:niall.huffman@lacity.org), 213-978-3405.

Sincerely,



VINCENT P. BERTONI, AICP  
Director of Planning

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## I. SUMMARY

Since assuming the responsibility of administering the Home-Sharing program in 2019, City Planning has continuously worked to build out the various aspects of the work program. The gradual implementation of the HSO has allowed City Planning to create processes and procedures as new needs and challenges have been identified. The initiatives undertaken by City Planning and other agencies in implementing the Home-Sharing program have resulted in several notable accomplishments, including but not limited to the following:

- The number of short-term rental listings in the City has decreased by about 74% because of the HSO, from about 36,600 short-term rental listings when enforcement of the HSO began in November 2019 to about 9,500 as of June 2023.
- LADBS and LAHD have together issued 983 Home-Sharing citations as of July 2023.
- The base fine amount for Home-Sharing citations has increased nearly 15 percent since the HSO became effective in 2019, from \$500 to \$572.63 per violation as of June 2023.
- A Home-Sharing citation fine amount for repeat violations of the HSO has been established, which is set to \$5,726.30 per violation as of June 2023.
- The number of HSO exemptions claimed by hosts on their short-term rental listings has decreased dramatically by nearly 75%, from about 1,600 claimed exemptions before 2020 to approximately 400 as of July 2023.
- City Planning has processed nearly 28,000 applications for Home-Sharing registrations since the HSO became effective in 2019, as of July 2023.
- City Planning has responded to nearly 40,000 email inquiries since the HSO became effective in 2019, as of July 2023.

Along with these accomplishments, this report describes significant challenges to achieving compliance with HSO requirements. These challenges can be characterized as organizational, administrative, and enforcement challenges.

The primary **organizational challenge** is the separation of Home-Sharing program administration from enforcement authority. City Planning currently is tasked with administering the Home-Sharing registration process and is a primary point of contact for citizen complaints, but lacks the authority to issue citations and must refer alleged violations of the HSO and other City ordinances to other agencies such as LADBS or LAHD.

**Administrative challenges** relate to the process of gathering information from prospective hosts seeking Home-Sharing registrations for their units and using that information to ensure that only eligible and compliant hosts, properties, and/or units are able to participate in the program. The HSO and Administrative Guidelines establish numerous and often overlapping requirements relating to residency, the type of unit being rented, the number of nights the unit can be booked by guests, and other requirements that pose challenges in terms of documenting compliance and verifying the authenticity of the information provided. City Planning continues to encourage online hosting platforms to enter into platform agreements, whereby they share information and disable ineligible listings and/or bookings. However, the City's options for compelling broader cooperation and accountability from platforms are limited.

**Enforcement challenges** discussed in this report relate to the issuance of citations and other corrective measures in response to reported violations of the HSO and/or other City ordinances (excessive noise, zoning/building code violations, parking, etc). Some of these challenges speak to the inherent difficulty of documenting circumstances or behavior that may be fleeting or transitory, while others concern interagency processes for reviewing citizen complaints and defending administrative citations once issued.

In response to the above-described challenges, this report offers several recommendations to improve compliance with the requirements of the Home-Sharing program and addressing residents' quality-of-life concerns, notably:

- Options for **organizational changes** to realign program administration and enforcement responsibilities between agencies; such as:
  - Maintaining the current HSO enforcement framework
  - Creation of a dedicated Home-Sharing office, division or department
- **Proposed operational changes** to the Home-Sharing program relating to how complaints are processed and organized, how hosts are notified of possible violations, and how citations are reviewed and defended. These recommendations include:
  - Remove Notices of Code Violation (“Warning Letters”)
  - Update Administrative Guidelines
  - Streamline citation review and defense
  - Increase staffing for inspections at enforcing agencies
  - Improve inquiry and complaint organization
- Possible **amendments to the Home-Sharing Ordinance** which would modify eligibility criteria and limit bookings to simplify program administration, increase fines to deter egregious violations, and create a private right of action against property owners who violate program requirements. The list of options for Council consideration include:
  - Prohibit Home-Sharing use in ADUs
  - Prohibit Home-Sharing use in all units on properties with any RSO units
  - Disallow Extended Home-Sharing Registrations
  - Increase fine amounts for HSO Violations

These recommendations and options for further study are discussed in detail later in the report. As requested in the original motion, these recommendations are informed by a review of best practices from other jurisdictions, a full discussion of which is included as Appendix B of this report.

## II. BACKGROUND

### Home-Sharing Program Background

The rapid increase in the number of short-term rental units in the City prompted a push from Angelenos and elected officials alike to develop a local ordinance that would regulate and allow short-term rental activity in one's primary residence. The Los Angeles City Council first proposed the creation of a Home-Sharing Ordinance locally in June 2015; however, because Los Angeles was one of the first major cities in the United States to consider adopting comprehensive short-term rental regulations, the City had to form its ordinance without a great deal of precedent domestically. As such, City Planning and other City departments embarked on a process lasting more than three years to draft short-term rental regulations before the City Council adopted the final Home-Sharing Ordinance (HSO), Ordinance No. 185,931, in December 2018 (see CF 14-1635-S2). The HSO took effect on July 1, 2019; however, the City provided short-term rental hosts with a grace period to bring their short-term rental units into compliance, setting the enforcement date as November 1, 2019.

While the HSO was adopted in response to the rapid growth of short-term rental activity in the City, it was also designed to be a key component of the City's broader endeavor to address the housing crisis locally while continuing to allow short-term rental hosts to earn supplemental income during times of financial hardship. The City Council acknowledged this in its initiating motion for the HSO, stating "[short-term rental] hosts speak glowingly of a 'sharing economy' and their ability to make ends meet by renting out a room" while adding "the City's current zoning regulations...need to be revised so that the City can effectively preserve rental housing" in the face of "speculators [having] subverted the 'sharing economy' business model, converting regular rental housing into [full time] short-term rentals, significantly reducing rental stock and contributing to increased rents and decreased affordable housing."

Altogether, the City seeks to achieve multiple goals through the implementation of the Home-Sharing program, including, but not limited to:

- Creating a legal pathway for hosts to engage in the short-term rental of their primary residence while creating a mechanism for enforcement;
- Preserving the existing housing stock in the face of the ongoing housing crisis; and
- Providing Angelenos with an opportunity to supplement their income through a small business they can run from the comfort of their homes.

The success of the Home-Sharing program is, therefore, directly related to improving the well-being of everyone living in the City; however, as this report will discuss in greater detail, there are numerous outstanding challenges regarding the enforcement of the Home-Sharing regulations as they currently stand.

## **Home-Sharing Program Administration**

### Administrative Tasks

The Home-Sharing program consists of two main components: administration and enforcement. City Planning is responsible for the administration of the Home-Sharing program, which includes enforcement-like activity such as modifying, suspending, discontinuing or revoking registrations. However, the bulk of the enforcement component of the program, including the authority to issue citations, is distributed to the appropriate enforcing departments.

There are myriad tasks associated with administering the Home-Sharing program that City Planning staff currently carry out, including:

- Performing ministerial reviews of new and renewal applications for Home-Sharing registrations;
- Suspending or revoking Home-Sharing registrations where the Host has received the requisite number of citations;
- Modifying, discontinuing, or revoking Home-Sharing registrations as a result of a discretionary modification process;
- Responding to California Public Records Act (PRA) requests;
- Replying to inquiries from constituents regarding applications for Home-Sharing registrations (e.g. applicants requesting more information as to why their application was rejected or denied, and troubleshooting technical and/or systems errors with the online application portal);
- Providing responses to requests for comments from the media, special interest groups, and the public;
- Responding to requests for information from internal City entities, including City Council offices, the Mayor's Office, and various departments and agencies;
- Preparing reports in response to City Council motions related to the City's implementation of the HSO;
- Managing and developing various aspects of the ongoing Home-Sharing program implementation, including requirements, provisions, standard operating procedures, system enhancements, and the application programming interface (API);
- Engaging with City Planning's vendor, Granicus, to ensure contractual obligations are being met;
- Producing data reports regarding Home-Sharing registrations, applications, compliance, and enforcement on a weekly and quarterly basis;
- Facilitating regular meetings and coordinating with all internal and external departments, agencies, and business entities involved in this multi-disciplinary work program to maintain productive relations between them, such as the City Attorney's Office, the Mayor's Office, City Council offices, LADBS, LAHD, LAPD, Granicus, and Airbnb; and

- Providing responses to City Planning's Fiscal Management Unit regarding payment disputes and refund requests for applications for Home-Sharing registrations.

City Planning staff carry out several additional administrative tasks that support the enforcing departments in their enforcement efforts against non-compliant Home-Sharing and unregistered short-term rental units. These tasks include, but are not limited to, issuing Notices of Code Violation ("warning letters") for non-compliant Home-Sharing, referring non-compliant short-term rental properties to either LADBS or LAHD for Home-Sharing citation issuance, and attending Home-Sharing citation appeal administrative hearings.

### Staffing and Work Volume

As of the date of this report, there are 24 budgeted City Planning positions assigned to the program full-time, of which 12 positions are filled and dedicated to the program. This represents a net increase of six staff since 2019.

Since the HSO became effective in 2019, City Planning has processed over 28,000 applications for Home-Sharing registrations, including roughly 18,500 initial and 3,300 renewal applications for regular Home-Sharing registrations in addition to about 4,300 initial and 2,200 renewal applications for extended Home-Sharing registrations. Based on weekly performance metrics, City Planning estimates nearly 60 percent of all applications received require corrections and additional staff review, resulting in upwards of 45,000 reviews of applications having been conducted since October 2019.

When the HSO became effective and hosts first began submitting applications for Home-Sharing registrations in 2019, City Planning staff spent an average of 15 minutes reviewing individual applications, with most applications requiring one or two reviews before they could be approved; however, the amount of time it takes City Planning staff to complete an individual review of an application has increased to roughly one hour today, with the majority of applications now requiring several independent reviews before they can be approved. This increase in the length and number of reviews for a single application is due to City Planning staff learning over the years that the information included in the online registration portal provided by City Planning's vendor Granicus (discussed in more detail later in this report) by either the applicant (e.g. primary residence documentation) or City databases (e.g. the applicability of the Rent Stabilization Ordinance for a property) is not always accurate or up to date. Accordingly, City Planning staff must coordinate with the appropriate internal and external departments, agencies, and business entities to confirm this information.

On average, City Planning currently receives and responds to upwards of 1,400 communications each month, including about 1,000 emails and roughly 400 voicemails; however, this figure does not include the number of inquiries staff members receive directly via their individual phones, emails, or in-office walk-ins. Additionally, and important to note, most inquiries require investigation and numerous follow-up communications before they can be resolved. Similarly, City Planning receives and responds to about twelve PRA requests per month, the breadth and depth of which vary from inquiries involving single properties to requests for program-wide datasets.

City Planning receives a large number of communications from the general public involving requests for more information about the Home-Sharing program, questions about applications for Home-Sharing registrations, among others. City Planning also receives a sizable number of communications from special interest groups, City agencies, media groups, and the like requesting Home-Sharing data, responses to Home-Sharing program matters highlighted in the press, and so forth.

The number of communications received has increased steadily since the HSO became effective in 2019, as the number of applications submitted for Home-Sharing registrations has increased, more properties are registered, and interest in the Home-Sharing program has intensified. Furthermore, as the application review process has become increasingly complex, the amount of time it takes City Planning staff to research an issue before they can meaningfully respond to an email or call has likewise increased.

City Planning has referred approximately 1,800 non-compliant short-term rental units to either LADBS or LAHD for Home-Sharing administrative citation review and issuance since enforcement of the HSO began in 2019. As of the date of this report, about 978 Home-Sharing citations have been issued (745 were issued by LADBS, 233 were issued by LAHD) while roughly 700 non-compliant short-term rental units are pending citation review (about 400 from LADBS and about another 300 from LAHD). As citations have been issued, a growing number of hosts responsible for non-compliant short-term rental units have appealed their citations, requiring individual responses from City Planning regarding the Home-Sharing registration and short-term rental activity for the subject properties. City Planning staff only carry out the administrative tasks that support the enforcing departments in their enforcement efforts against non-compliant short-term rental units. These administrative tasks have become increasingly laborious as City Planning staff continues to learn more about what background information they should provide to the City Attorney's Office staff assigned to the Administrative Citation Enforcement (ACE) program to boost the defensibility of the citation issued by partner departments.

#### *Granicus and Host Compliance*

The City Council recognized the technological limitations of the City with regard to creating a system capable of administering and enforcing any short-term rental regulations before the HSO was adopted. In a June 2016 motion (Council File 14-1635-S3), the City Council expressed concern with the City's ability to keep up with "the ever-changing technology utilized in the 'peer-to-peer' economy, particularly around home-sharing" and stated that "the City would be well served to explore the technology-based options that exist for implementation and enforcement of a home-sharing ordinance ... as well as an effective and proactive enforcement process to pursue entities that list short-term rentals in violation of City rules and regulations." In the same motion, the City Council instructed City Planning to seek "potential candidates to provide short-term rental permitting and enforcement information technology services."

Responding to these concerns, City Planning issued a report to Council in October 2017 (Council File 14-1635-S2) that included a discussion of the benefits of “technology-based solutions” for the administration and enforcement of the draft HSO. This report pointed out how the City’s existing complaint-based code enforcement processes would not be sufficient to prevent short-term rental activity at restricted locations (e.g. properties subject to the RSO and non-primary residences) and emphasized the need for “proactive strategies of searching the internet for illegal [short-term rental] listings” instead. City Planning recommended the City Council adopt “information technology (IT) solutions for STR enforcement, rather than solely relying on traditional complaint-based code enforcement” and recognized that “given the complicated nature of creating an efficient registration system and locating and enforcing against illegal [short-term rental] listings, specialized expertise and capabilities are required.”

In a November 2018 report (Council File 14-1635-S2), City Planning recommended that the City Council “instruct the Department of City Planning to enter into a contract with Host Compliance for monitoring and verification services ... and find that the services provided by Host Compliance are of an expert and technical nature and therefore, competitive bidding under Charter Section 371 is neither practicable nor advantageous.” The City entered into a contract with Host Compliance effective April 2019 to allow City Planning to effectively administer and enforcing departments to effectively enforce the HSO using Host Compliance’s online software. Granicus, a multinational company that provides software to public agencies, acquired Host Compliance in 2019 and subsequently became City Planning’s vendor for its short-term rental software. Although the City issued a new Request for Proposal for short-term rental administration and enforcement software in 2022, Granicus was selected once again to continue providing this service to City Planning for three additional years at a total cost of \$2,157,000.

Granicus staff and Granicus’ Host Compliance software currently provide the City with several services to support the administration and enforcement of the HSO, including, but not limited to, the following:

- An internet-based and mobile-enabled online registration portal, including a system to collect and record all fees and payments related to Home-Sharing registrations (e.g. application fees and per-night fees), integration with City systems to flag any categorically ineligible properties (e.g. properties subject to the RSO), and automated email communications to applicants and hosts regarding the status of their registration (e.g. application rejections and registration renewal reminders);
- Address identification for listings advertising properties within the City as short-term rentals on hosting platforms, including an activity log for such listings;
- Compliance monitoring for listings advertising properties within the City as short-term rentals on hosting platforms, including automatic screenshots of identified short-term rental listings on hosting platforms, automatic outreach to owners of properties illegally advertised as short-term rentals on hosting platforms (e.g. Notice of Code Violation, also known as “warning letters”), and a system for streamlined Home-Sharing citation issuance between City Planning and the City’s enforcing agencies;

- A secure application programming interface (API) to allow authorized hosting platforms to automatically access Home-Sharing registration data relevant to maintaining compliance across listings published on the platforms;
- Trend monitoring, statistics, and data regarding short-term rental activity within the City as well as Home-Sharing registrations, allowing City Planning to adequately provide regular updates to interested parties and respond to PRA requests;
- Customer support services for City Planning staff and the public to contact in the event of technical issues (e.g. software outages and registration portal errors); and
- A 24/7 Home-Sharing complaint line for neighbors to submit complaints regarding guest conduct at a Home-Sharing unit.

## **Home-Sharing Registrations**

### *Eligibility and Documentation Requirements*

Home-Sharing registrations are the cornerstone of the Home-Sharing program and thus, the task of reviewing applications and issuing registrations is significant. The Home-Sharing program allows hosts to offer their primary residence (where the host lives for more than six months out of the calendar year) as a Home-Sharing unit. Guest units within City-approved hotels, motels, bed and breakfasts, and Transient Occupancy Residential Structures (TORS) are exempt from the Home-Sharing regulations.

There are two types of Home-Sharing registrations, regular Home-Sharing registrations and extended Home-Sharing registrations:

- The regular Home-Sharing registration allows hosts to short-term rent their primary residence for a maximum of 120 days in a calendar year.
- Hosts are permitted to exceed that maximum if they are approved for an extended Home-Sharing registration, which allows hosts to short-term rent their primary residence for up to 365 days in a calendar year.

The core eligibility requirements and restrictions for Home-Sharing registrations are summarized as follows:

- The unit being registered must be the host's primary residence;
- The host cannot apply for or obtain more than one registration or operate more than one registered unit in the City;
- An Accessory Dwelling Unit (ADU) with a complete building permit application submitted on or after January 1, 2017 cannot be registered unless it is the host's primary residence;
- Units subject to the Rent Stabilization Ordinance (RSO), affordable housing covenants, or are income-restricted under City, state, or federal law cannot be registered;
- Buildings that have been converted from units subject to the RSO to single-family homes within five years of conversion cannot be registered;
- Non-residential buildings or structures cannot be registered; and

- Buildings that are subject to any open or pending enforcement citation, order, ticket, or similar notice of violation cannot be registered.

The Home-Sharing program was designed to be administered entirely online. Eligible hosts are required to submit an application online, pay an application fee, and obtain a Home-Sharing registration number from City Planning before they can use their primary residence as a Home-Sharing unit. All applications and application fees must be submitted online using the Home-Sharing registration portal. Both regular and extended Home-Sharing registrations are valid for 12 months from the date the registration is issued. Both types of registrations can be renewed for another 12-month period if the host submits an application to do so no more than 60 days before their registration expires.

Most applications for Home-Sharing registrations are handled ministerially; however, there is a discretionary review process if an application for an extended Home-Sharing registration is received for a housing unit that was issued more than one citation within the prior three years. A complete application for both types of ministerial registrations must include documentation to establish the applicant's identity as well as to indicate that the applicant and their proposed Home-Sharing unit meet all of the aforementioned Home-Sharing registration eligibility requirements. The documents applicants may submit as proof of identity and to indicate primary residence are limited to those listed in the Home-Sharing Administrative Guidelines. A table summarizing the documentation requirements for a Home-Sharing Registration is included as Appendix A of this report.

Applications for extended Home-Sharing registrations have additional requirements, including:

- An additional fee to cover the cost of notifications mailed to adjacent and abutting property owners and occupants informing them of the applicant's extended Home-Sharing application;
- Documentation establishing that the applicant's current regular Home-Sharing registration was issued at least six months prior to the application submission date; or
- If the applicant's current regular registration was issued within the last six months, records of all short-term rental bookings as evidence that the applicant has hosted at least 60 nights since the issuance of their current regular registration.

Applications to renew either Home-Sharing registration type must include additional documentation, including:

- Records, commonly known as "Home-Sharing records," of all short-term rental bookings completed during the course of the host's most recent registration period (as measured from the day the registration number for the particular Home-Sharing unit was issued or renewed until the expiration date listed on the registration certificate);
- Evidence of the host having paid the required per-night fee (PNF) for any short-term rental booking transaction completed via a hosting platform that does not have a platform agreement with the City.

### Fees

The application fee for an initial or renewal regular Home-Sharing registration is \$192. The application fee for a ministerial initial or renewal extended Home-Sharing registration is \$1,030 while the fee for a discretionary initial or renewal extended Home-Sharing registration is \$15,166. All applications for extended Home-Sharing registrations have an additional charge for the cost of mailing notifications to neighbors, which varies depending on the number of notifications that are required to be mailed. Home-sharing registration fees are non-refundable even when the application is denied because the fees cover the staff costs associated with the processing of the application.

In addition to the application fees, all short-term rental booking transactions for Home-Sharing units in the City are subject to the PNF and Transient Occupancy Tax (TOT). The PNF is set at \$3.10 per night and is in addition to the 14% TOT. The TOT existed before the adoption of the HSO and its administration and collection is the responsibility of the Office of Finance. City Planning first began administering and collecting the PNF in 2021 as part of its broader administration of the Home-Sharing program. The collection of the PNF is intended to offset the cost of implementing, maintaining, and enforcing the Home-Sharing program. Hosts are required to remit the PNF and TOT to the City themselves unless the short-term rental booking transaction was completed via a hosting platform that has a platform agreement with City Planning or a similar agreement with the Office of Finance, respectively, in which case the hosting platform collects and remits the fee on behalf of the host. The City collected \$2,237,544.75 in PNF from registered hosts in 2021 and \$2,183,740.36 in 2022. In regards to the TOT, the City collected \$42,390,000 in Fiscal Year 2019-2020, \$23,735,000 in Fiscal Year 2020-2021, and \$33,881,000 in Fiscal Year 2021-2022.

### Host Requirements and Prohibitions

Hosts are subject to several requirements and restrictions listed in the HSO and associated Home-Sharing Administrative Guidelines, as summarized below:

- Hosts shall not offer, advertise, book, facilitate or engage in short-term rental activity in a manner that does not comply with LAMC Section 12.22 A.32.
- Hosts are not allowed to advertise a Home-Sharing unit unless the advertisement clearly displays the City-issued Home Sharing registration number for the subject property.
- Hosts are not permitted to use their primary residence as a Home-Sharing unit for more than 120 days or 365 days in a calendar year if they have been issued a regular or extended Home-Sharing registration, respectively.
- If a host advertises their primary residence on multiple listings, only one listing may be booked at any given time.
- Hosts are not permitted to rent their primary residence as a Home-Sharing unit to more than one group of guests under more than one booking at any given time.
- No more than two overnight guests (not including children) are allowed per habitable room (not including kitchens) during Home-Sharing activity.

- Hosts are not permitted to allow non-residential commercial uses during Home-Sharing activity, except for allowable Home Occupations.
- No evening outdoor congregations of more than eight people (not including children) are allowed during Home-Sharing activity.
- No use of sound amplifying equipment (per LAMC Section 111.01(j)) is allowed after 10 p.m. during Home-Sharing activity.
- Hosts shall only advertise their primary residence as a Home-Sharing unit on hosting platforms that City Planning has been made aware of either via the host's application or a later written request.

#### Ministerial Suspensions and Revocations of Home-Sharing Registrations

A Home-Sharing registration may be invalidated due to a ministerial suspension or revocation upon the issuance of a requisite number of sustained citations to the host. The HSO defines a "citation" as "any enforcement citation, order, ticket or similar notice of violation, relating to the condition of or activities at a Person's Primary Residence or property, issued by LADBS, LAHD, LAPD or LAFD, including an Administrative Citation issued pursuant to Article 1.2 of the Los Angeles Municipal Code," including those issued by the Los Angeles Department of Transportation (LADOT), Bureau of Street Services (BOSS), or the Bureau of Sanitation. A ministerial suspension or revocation of a Home-Sharing registration may be initiated as follows:

- For a regular Home-Sharing registration, the issuance of two sustained citations to a host within their current registration period can result in a suspension lasting 30 days or as long as one citation remains open, whichever is longer;
- For a regular Home-Sharing registration, the issuance of three or more sustained citations to a host within their current registration period can result in the revocation of their registration and a one-year Home-Sharing prohibition starting from the revocation date;
- For an extended Home-Sharing registration, the issuance of two or more sustained citations to a host within their current registration period can result in the revocation of their registration and a two-year Home-Sharing prohibition starting from the revocation date.

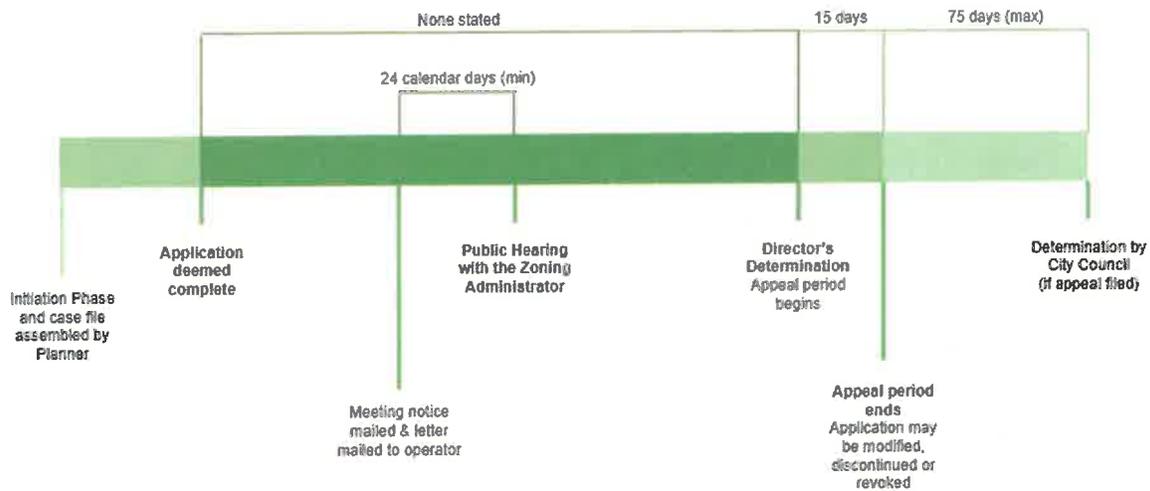
#### Discretionary Modifications of Home-Sharing Registrations

The Home-Sharing regulations currently allow the Director of Planning to modify, discontinue, or revoke a Home-Sharing registration as part of a discretionary modification process as described in LAMC Section 12.22.A.32(c)(4)(iii) and 12.27.1.B. The discretionary modification process requires time for staff to gather evidence and hold a public hearing.

For registered properties where nuisance activity or any other violation of city, state, or federal regulation, ordinance or statute has occurred or is occurring, the City will compile any interdepartmental memos, reports, citations, and Home-Sharing registration history, as well as any additional details of the subject property for review. If the City decides to initiate the discretionary modification process, City staff will assemble a case file and schedule a public

hearing during which the host and/or the recorded owner and lessee(s) of the host's registered property has the opportunity to respond to the Director's order to show cause as to why any proposed modification, discontinuance, or revocation of the Home-Sharing registration should not be issued. After the public hearing, the decision maker will issue a determination letter wherein the Director would either find that the Home-Sharing registration does not create a nuisance or the Director may modify, discontinue, or revoke any registration based upon an order to show cause pursuant to Section 12.27.1.B. Appeals of the determination advance to the City Council for its consideration. Additionally, the Home-Sharing registration in question would remain active until the final decision is issued and all appeals are exhausted.

Discretionary Modification Process Workflow



**Hosting Platforms**

The HSO defines a hosting platform as a person or organization that participates in the short-term rental business by collecting or receiving a fee for completing a short-term rental booking transaction. Individual hosts often utilize hosting platforms to publish online listings advertising their properties as short-term rental units for prospective guests; in turn, the hosting platforms financially benefit from hosts publishing listings on their platform by collecting a portion of the fees paid through the platform from the guest to the host to reserve the advertised property. In Los Angeles, there are currently about 10,000 active listings advertising properties in the City as short-term rental units across multiple hosting platforms, with the majority published on the Airbnb platform (65% of all short-term rental listings), followed by HomeAway/VRBO (16%), Booking.com (11%), and other hosting platforms (8%).

Refer to the following table for a more detailed breakdown of hosting platforms monitored by Granicus that currently have more than 100 active listings advertising properties in the City as short-term rental units:

Short-Term Rental Listings by Platform

Hosting Platform	Total Number of Listings Monitored 2019-2023*	Current Active Short-Term Rental Listings*	Market Share of Current Active Short-Term Rental Listings
<b>Airbnb</b>	141,379	6,227	65%
<b>HomeAway/VRBO</b>	22,764	1,534	16%
<b>Booking.com</b>	7,086	1,044	11%
<b>FlipKey</b>	7,302	333	4%
<b>Plum Guide</b>	576	194	2%
<b>MisterB&amp;B</b>	814	122	1%
<b>Other platforms</b>	2,630	72	1%
<b>Total</b>	182,551	9,526	100%

\*Data extracted on 6/13/2023

Requirements

The HSO lists multiple requirements which hosting platforms operating in the City must abide by, as summarized below:

- Providing City Planning with contact information for an employee or representative responsible for responding to requests for information;
- Providing City Planning with listing data on a monthly basis, including the Home-Sharing registration number of each listing, the name of the person responsible for each listing, the street address of each listing and, for each booking that occurs within the reporting period, the number of days booked; and
- Collecting and remitting the Transient Occupancy Tax to the City on a monthly basis If the hosting platform has entered into a collection agreement with the Office of Finance.

Prohibitions

Hosting platforms are subject to multiple restrictions per the HSO, as summarized below:

- Hosting platforms must not complete booking transactions for properties that do not have a valid Home-Sharing registration (including registrations that have been suspended, revoked, or otherwise invalidated);
- Hosting platforms must not complete booking transactions for properties where the registered host has exceeded their short-term rental booking limit for the calendar year per their Home-Sharing registration type; and

- Hosting platforms must not complete booking transactions for listings where more than one property is affiliated with a single host, or for listings where the host's home address does not match the listing location.

### Alternative Compliance

On October 30, 2019, City Council adopted by resolution the "Home-Sharing Administrative Guidelines for Compliance with Hosting Platform Responsibilities" as "Appendix A" to the existing Home-Sharing Administrative Guidelines. This document describes how a hosting platform operating in the City may fulfill its hosting platform responsibilities by complying with provisions of the Administrative Guidelines as an alternative to complying with the provisions of the HSO. The document describes the following methods hosting platforms may select as an exception to the HSO requirements:

- Complying with "Appendix A" of the Home-Sharing Administrative Guidelines, which requires hosting platforms to either participate in the City's API or submit a weekly spreadsheet to City Planning including listing data;
- Complying with the Master Platform Agreement which allows for standard options for alternative compliance with the HSO; or
- Complying with an individually signed platform agreement which allows for tailored options for alternative compliance with the HSO.

The Master Platform Agreement document provides a template for individual platform agreements that the City may enter into with hosting platforms. The Master Platform Agreement was adopted by City Council resolution and, similarly, any individual platform agreement must also be adopted by Council resolution to become effective. It is important to note that platform agreements greatly aid the City in its HSO enforcement efforts and, as such, are discussed in greater detail later in this report.

### Transient Occupancy Tax (TOT) Collection Agreements

The current Transient Occupancy Tax (TOT) tax rate is 14%. The Office of Finance is responsible for the administration and collection of the TOT as well as executing and overseeing any TOT collection agreements between the City and hosting platforms. Several hosting platforms have entered into TOT collection agreements without entering into platform agreements.

## **Home-Sharing Ordinance Enforcement**

### General Overview of Enforcement in the City

Enforcement within the City of Los Angeles involves a collaborative process among various agencies and departments. City Planning provides administrative assistance including, but not limited to, referring citizen complaints to the appropriate agency. LADBS and LAHD have the authority to issue citations and take direct enforcement actions for non-compliance with the LAMC. The LAMC only grants citation authority to individual enforcing agencies.

Enforcement procedures may vary across City agencies considering that each agency has its own roles and jurisdictions. Generally, the enforcement process begins with the identification of violations, which can occur through citizen complaints, proactive monitoring and inspections, or referrals from other City agencies. Once a potential violation is identified, the enforcing agency conducts an investigation to gather evidence and assess the severity of the situation. If the investigation confirms a violation, a Notice of Code Violation is issued to the responsible party outlining the specific violation(s) and setting a deadline for compliance. The responsible party is expected to take appropriate steps to rectify the violation within the specified timeframe, with the enforcing agency providing guidance and conducting follow-up inspections to verify that all necessary corrective actions have been taken. The enforcing agency can issue a citation if the violation remains unresolved after the given compliance deadline. Any citation issued as part of the enforcement process generally includes a description of the violation, the specific law relevant to the violation, the penalty or fine amount, and instructions for achieving compliance or otherwise contesting the citation.

The ultimate goal of the City in the enforcement process is to achieve resolution and compliance in order to maintain public health and safety. Enforcement mechanisms are in place to promote compliance, discourage violations, and provide a means for addressing non-compliance and holding violators responsible. Citations are just one of many enforcement mechanisms enforcing agencies may utilize, with other options including escalating fines, penalties, or legal action if the responsible party fails to comply within the given timeframe.

#### *City Planning's Role in HSO Enforcement*

While City Planning's role is limited to advising and guiding compliance rather than direct enforcement, it plays a crucial role in identifying potential violations through project and application review processes. If staff identify potential violations during the review stage, they may refer the matter to the appropriate enforcement agency. City Planning staff coordinate with enforcement agencies (e.g. LADBS, LAHD, City Attorney's Office) while those agencies investigate any potential violation; however, the enforcement of any confirmed violation is entirely the responsibility of the enforcement agencies with citation authority.

City Planning staff support the enforcing departments in their enforcement efforts against non-compliant short-term rental units and hosts by carrying out certain administrative tasks, including:

- Suspending or revoking Home-Sharing registrations where the host has received the requisite number of citations;
- Modifying, discontinuing, or revoking Home-Sharing registrations as a result of a discretionary modification process;
- Issuing a courtesy Notice of Code Violation ("warning letters") to the owners and/or occupants of properties advertised as a short-term rental where a valid Home-Sharing registration number has not been issued or is not displayed;

- Identifying and referring properties to either LADBS (single-family dwellings and condominiums) or LAHD (multi-family dwellings and single-family dwellings with an ADU) for review, confirmation, and issuance of Home-Sharing citations when non-compliant short-term rental listings persist beyond the period specified in the warning letter;
- Providing responses to the City Attorney's Office regarding Home-Sharing citation appeal requests;
- Attending Home-Sharing citation appeal administrative hearings; and
- Referring complaints regarding alleged violations and/or crimes at short-term rental units to the appropriate City enforcement agencies (e.g. noise violations are referred to LAPD, parking violations are referred to LADOT).

City Planning, with the aid of Granicus, monitors short-term rental listings on the larger, more widely used hosting platforms. While short-term rental advertisements appearing on lesser-known, "boutique," and similar hosting platforms and/or websites are not monitored to the same extent, they can be cited if brought to the attention of City Planning. As smaller hosting platforms grow in significance, City Planning monitors them more closely.

In addition, Granicus shares registration data with hosting platforms daily to facilitate their compliance with the HSO. City Planning recently expanded the distribution of the registration data as a first step in enforcing hosting platform compliance. Prior to this expanded distribution, City Planning sent an introductory communication to hosting platforms reminding them of their responsibilities and the consequences of their non-compliance with the HSO. City Planning is working to complete additional outreach to larger hosting platforms to encourage more platforms to enter into a platform agreement with the City while informing them that the City has the authority to levy significant fines for their non-compliance with the HSO.

#### *Related Enforcement Activities Outside the HSO Framework*

Because City Planning administers Home-Sharing registrations and is the agency most visibly associated with the Home-Sharing program, the public is regularly directed to City Planning regarding enforcement issues occurring during the course of short-term rental activity on a property.

City Planning coordinates with several City enforcement agencies, each of which plays a specific role in enforcing the HSO, as well as violations related to short-term rental activity but not explicitly governed by the HSO (e.g. noise complaints, parking violations), including:

- **LAPD** enforces noise complaints, unruly gatherings ("party houses"), and criminal activity;
- **The Los Angeles Fire Department (LAFD)** enforces fire hazard and fire safety issues;
- **LADBS** enforces code violations, including commercial activity in residential uses and building safety (e.g., structural, electrical, mechanical) issues, on properties with single-family dwellings or condominiums;

- **LAHD** enforces code violations, including commercial activity in residential uses and building safety issues, in multi-family dwellings (e.g. apartments, duplexes) as well as single-family dwellings with an ADU on the same property;
- **LADOT** enforces parking violations;
- **BOSS** enforces sidewalk and street obstructions; and
- The **Bureau of Sanitation** enforces complaints regarding refuse and litter.

#### Enforcement Against Hosting Platforms

Enforcement against non-compliant hosting platforms, as opposed to enforcement against individual non-compliant hosts, addresses the goal of preventing booking transactions for illegal short-term rental units in the City. Hosting platform compliance is therefore necessary to reduce the number of non-compliant short-term rental units and help the City preserve its existing housing stock.

Currently, hosting platforms must meet the regulations outlined in LAMC Section 12.22.A32 or they may be subject to a \$1,000 daily fine for their violation. When hosting platforms do not comply with the City's requirements, the Mayor can issue administrative subpoenas via the City Attorney to individual hosting platforms to obtain the data necessary to pursue enforcement against them. The City Attorney has increased its utilization of administrative subpoenas in recent years to verify compliance with the HSO amongst hosting platforms. In the event that non-compliant activity is identified in the data obtained as a result of a subpoena, the City can file a suit against the individual platforms. This was the case with the City Attorney's recent suit against the HomeAway/VRBO hosting platform (*The People Of The State Of California v. HomeAway.com, Inc.*), with the court ultimately ruling in the City's favor by requiring HomeAway/VRBO to adhere to a compliance plan.

The HSO does not include a provision requiring hosting platforms to remove listings which do not contain a City-issued registration number because it legally cannot. When cities in the United States began regulating short-term rentals in 2015 and 2016, many cities' regulations included provisions prohibiting hosting platforms from allowing listings for properties that had not registered with the cities. Some large hosting platforms, including Airbnb and HomeAway, began suing cities over this requirement, including Portland, San Francisco, and Santa Monica. The courts all concluded that cities' regulations requiring hosting platforms to remove listings for non-registered properties were illegal and violated the First Amendment of the US Constitution as well as the Communications Decency Act (CDA) of 1996.

The CDA was intended to protect what was then the fledgling internet and aimed to protect websites from lawsuits. The CDA protects hosting platforms from any liability for content placed on the platform by third parties. Courts applying the CDA to cities' short-term rental regulations found that hosts' listings were third party content. Consequently, those cities removed any requirement that hosting platforms remove listings for properties that were not registered with the city from their regulations.

Some cities replaced the aforementioned requirement with a new requirement that hosting platforms cannot make money off of illegal listings. The courts have upheld these provisions. Consequently, the City's HSO contains exactly the same requirement – hosting platforms may not process booking transactions for illegal listings (see LAMC 12.22.A.32(f)(1)).

### Platform Agreements/API

The HSO allows for hosting platforms to voluntarily enter into a platform agreement with the City as an alternative means of complying with the HSO. By entering into a platform agreement, the hosting platform voluntarily agrees to comply with certain expectations that aid the City in its enforcement of the HSO, including, but not limited to, extensive data sharing regarding listings published on their platform and removing non-compliant listings from their platform. As such, platform agreements are an especially useful tool for the City to ensure hosting platforms comply with the HSO. The provisions of the HSO, however, do not require hosting platforms to enter into platform agreements, and to date only one hosting platform, Airbnb, has voluntarily done so.

On October 30, 2019, the City Council adopted a Master Platform Agreement that the City and a hosting platform could mutually choose to enter into. The Master Platform Agreement outlines hosting platform responsibilities and requires the use of the City's Application Programming Interface (API), which provides efficient electronic communication between the City's database and a hosting platform's database.

The API is a compliance system that recognizes when a short-term rental listing does not have a valid Home-Sharing registration number as well as when a host has exceeded the 120-day or 365-day booking limit for a regular or extended registration, respectively, and notifies the hosting platform of such occurrences. Upon notification via the API, the Master Platform Agreement obligates the hosting platform to remove listings without a valid registration number within 96 hours and block the calendars of hosts that have exceeded their booking limit. Considering the booking limit applies across multiple platforms, platform agreements with the more widely used hosting platforms may assist the City in enforcing this cap. Platform agreements also enable hosting platforms to provide a more full-service product by allowing the platforms themselves to collect and remit the required PNF on behalf of their hosts.

On November 6, 2019, the City Council approved and the City entered into a platform agreement with the Airbnb hosting platform. Between the end of 2019 and the beginning of 2020, Airbnb removed thousands of ineligible short-term rental units from its platform. On August 31, 2020, after two weeks of a testing rollout, Airbnb officially launched their use of the City's API.

Airbnb's implementation of the API was a significant advance in the effective enforcement of the HSO. Upon the full launch in August 2020, the API resulted in an immediate, approximately 14 percent reduction in all illegal listings advertising properties in the City. City Planning staff has met with Airbnb representatives several times to discuss systems issues and individual problem properties, and is coordinating regular meetings going forward.

Currently, Airbnb is the only hosting platform that has entered into a platform agreement with the City; as such, Airbnb is also the only hosting platform currently utilizing the City's API. City Planning is continuing to encourage other hosting platforms to enter into platform agreements with the City and make use of the API.

*Enforcement Against Hosts and/or Property Owners*

City Planning staff work in tandem with LADBS and LAHD to assist the departments when they issue administrative citations to property owners and/or hosts who are not in compliance with the HSO. Currently, due to right-of-entry limitations on private residences and other difficulties in obtaining evidence of violations that are inherently transitory in nature, such citations are only issued when a listing advertising a property as a short-term rental is not displaying a valid Home-Sharing registration number. Citations are not currently being issued for violation of any other requirements of the HSO. The ACE program may be utilized to issue administrative citations and impose fines to both hosts and hosting platforms, which the City Attorney's Office, LADBS, and LAHD may all use to enforce the HSO.

The issuance of an administrative citation for violation of the HSO is a complex and time intensive process, involving the coordinated efforts of several City agencies and their vendors, that includes the following steps:

1. **Monitoring** – The Host Compliance system automatically scans numerous hosting platforms (e.g. Airbnb, VRBO) and captures screenshots of listings on those platforms that are advertising properties in the City. Once the address of the property has been identified by the system, Host Compliance will then determine compliance with the HSO based on whether or not a listing advertising a property as a short-term rental unit is displaying a valid Home-Sharing registration number issued to that property.
2. **Warning** – If a short-term rental listing is not displaying a valid registration number, Host Compliance will flag the property for non-compliance and the property owner will be mailed a courtesy Notice of Code Violation (commonly referred to as a “warning letter”) granting the non-compliant listing host 14 days from the mailing date to cure the Code violation. This warning letter is not required by the Home-Sharing Ordinance.
3. **Preparation and Referral** – If the listing continues to be non-compliant after 14 days, City Planning will initiate the citation referral procedure. City Planning staff will utilize the information collected by Host Compliance to complete a thorough review of each property flagged as non-compliant. Once reviewed, City Planning will refer the property to the appropriate City enforcement agency – single-family dwellings and condominiums are referred to LADBS while multi-family dwellings and properties with both a single-family dwelling and an ADU are referred to LAHD.
4. **Review and Authorization** – LADBS or LAHD will review the information City Planning and Host Compliance provided before assessing whether, and verifying, that a violation has occurred. If a violation is verified, LADBS or LAHD will authorize the issuance of a citation.

5. **Citation Issuance and Mailing** – Once a citation has been authorized, Granicus staff will generate and mail an “Official Notice of Administrative Citation” to the identified responsible party along with a copy of the selected listing screenshot establishing non-compliance with the Home-Sharing regulations. Electronic copies of the “Official Notice of Administrative Citation” and all accompanying information collected will be made available to the ACE unit within the City Attorney’s Office via DataTicket, a vendor of the City Attorney’s Office for citation processing and collections.
6. **Fine Notification** – DataTicket mails a "Notice of Administrative Violation and Fine Due" to the responsible party, which includes the amount of the administrative fines due and instructions on how to either pay the fines or contest the citation. The responsible party may pay the fine or contest the citation by requesting an initial review within 20 days of the date the “Notice of Administrative Violation and Fine Due” was mailed.
7. **Initial Review of Citation** – If the responsible party submits a request for an initial review, the ACE unit within the City Attorney’s Office will conduct an initial review to determine the validity of the citation. On review, the ACE unit may uphold or dismiss the citation. If upheld, the recipient has 15 days to either pay the fine or request an administrative hearing.
8. **Administrative Hearing** – If the responsible party requests an administrative hearing to contest the initial review, the hearing is conducted by a third party administrative hearing officer. After the administrative hearing, the hearing officer will submit a written decision as to whether the fine should be paid or canceled.

Of the few properties that have been subject to the entirety of the administrative citation process for Home-Sharing citations, as described above, several factors led to significant and unavoidable delays (e.g. the Covid-19 pandemic, lack of hearing officers). In total, the administrative citation process for these properties from the issuance of a warning letter to a determination made by the hearing officer took approximately two to three years from start to finish.

#### *Significance of Citations for Home-Sharing Registrations*

A record of citations issued in association with the property will impact a registered host's ability to obtain and renew a Home-Sharing registration, regardless of whether the citation was issued directly to the host or a guest. Properties that have an open citation are not eligible for a new regular or extended Home-Sharing registration or to renew an existing registration. As described earlier, properties with more than one sustained citation, either open or closed, within the prior three years are not eligible for ministerial approval of an extended Home-Sharing registration and must instead request a discretionary review process to obtain approval for an extended Home-Sharing registration for their property. For registered properties, the accrual of issued citations issued to the registered host within their registration period can result in a ministerial suspension or revocation of their registration and a prohibition from participating in the Home-Sharing program, as described earlier in the report.

Home-Sharing Complaint Line

City Planning provides a 24/7 Home-Sharing complaint line for complaints regarding guest conduct at a Home-Sharing unit. Currently, when a constituent makes a complaint call, if the property that is the subject of the complaint can be matched with a registered host, an automated call is made to the emergency contact provided as a part of the associated Home-Sharing registration to alert the host that their guests are causing a disturbance. If the emergency contact answers, they are asked to acknowledge the call. The constituent who made the complaint call may also elect to receive an automated call back, at which point they can confirm that the issue was addressed and/or resolved. If the property for which a complaint is received cannot be matched with a registered host, a record of the complaint is attached to the property's rental unit record, if one exists. Constituents will also receive information as to which City agency to contact to have common concerns and enforcement issues addressed (e.g. application questions or general inquiries about the Home-Sharing program are redirected to City Planning's Home-Sharing Unit, parking and traffic complaints are redirected to LADOT, reports of criminal activity or unruly gatherings in progress are redirected to LAPD).

### **III. ANALYSIS**

#### **Home-Sharing Program Progress to Date**

Since assuming the responsibility of administering the Home-Sharing program in 2019, City Planning has continuously worked to build out the various aspects of the work program. The gradual implementation of the HSO has allowed City Planning to create processes and procedures as new needs and challenges have been identified.

#### *Home-Sharing Program Performance Metrics*

The City has been actively involved in implementing the Home-Sharing program, undertaking numerous initiatives:

- The number of short-term rental listings in the City has decreased by about 74% because of the HSO, from about 36,600 short-term rental listings when enforcement of the HSO began in November 2019 to about 9,500 as of June 2023.
- LADBS and LAHD have together issued 983 Home-Sharing citations as of July 2023.
- The base fine amount for Home-Sharing citations has increased nearly 15 percent since the HSO became effective in 2019, from \$500 to \$572.63 per violation as of June 2023.
- A Home-Sharing citation fine amount for repeat violations of the HSO has been established, which is set to \$5,726.30 per short-term rental unit in violation as of June 2023.
- The number of HSO exemptions claimed by hosts on their short-term rental listings has decreased dramatically by nearly 75%, from about 1,600 claimed exemptions before 2020 to approximately 400 as of July 2023.
- City Planning has processed nearly 28,000 applications for Home-Sharing registrations since the HSO became effective in 2019, as of July 2023.
- City Planning has responded to nearly 40,000 email inquiries since the HSO became effective in 2019, as of July 2023.

#### *Administration*

City Planning has successfully implemented several administrative elements of the Home-Sharing program since 2019. Notably, despite structural and staffing changes within Host Compliance after it was purchased by Granicus, City Planning successfully navigated the update and renewal of the contract between Host Compliance/Granicus and the City, including the addition of several Host Compliance system enhancements. Additionally, City Planning has collaborated with Granicus to create a publicly accessible portal with Home-Sharing registration data in an effort to improve transparency in regards to the Home-Sharing program. Since Airbnb listings account for the vast majority of the City's short-term rental listings, City Planning has been meeting with them on a monthly basis to ensure the success of the API and improve enforcement efforts. Furthermore, City Planning began administering and collecting the PNF in 2020.

Enforcement

Two of the primary goals of the Home-Sharing program are to bring the proliferation of non-compliant short-term rental units into compliance, while also preserving the existing housing stock in the face of the ongoing housing crisis. City Planning has spearheaded many improvements to the processes and procedures surrounding enforcement of the HSO in the last few years. As a result, since 2019, listings across all hosting platforms advertising short-term rental units in the City have decreased drastically by 74 percent, from about 36,600 short-term rental listings in November 2019 to about 9,500 as of June 2023. This translates to an effective increase in the local housing stock as thousands of rental units in the City have reverted from non-compliant short-term rental units to traditional long-term rental units.

City Planning has implemented some procedural changes in an effort to simplify the Home-Sharing citation review process and increase the value of the citation. To reduce the amount of time required between the identification of an HSO violation and City Planning's ability to refer the non-compliant short-term rental unit to the appropriate enforcing agency, City Planning reduced the number of courtesy warning letters mailed to the host of the non-compliant short-term rental listing from two letters to just one. To ensure Home-Sharing citation fine amounts keep pace with inflation, the fine amounts are updated annually according to the Consumer Price Index for All Urban Consumers (CPI-U) for the Los Angeles area (Los Angeles-Long Beach-Anaheim), with the current base fine amount set at \$572.63 for a nearly 15% increase since the HSO became effective in 2019.

City Planning has created a process for escalating Home-Sharing citation fine amounts based on the circumstances of the violation, such as repeat violations and active evasion of Home-Sharing regulations. The City is allowed to fine hosts either the base fine amount or the nightly rental rate for each day their short-term rental unit is in violation of the HSO (meaning it is listed without displaying a valid Home-Sharing registration number); however, insufficient staff resources exist across the City departments tasked with administering and enforcing the HSO. to issue and process separate citations for each day a unit is found in violation. In particular, issuing daily citations could overwhelm the Administrative Citation Enforcement (ACE) unit of the City Attorney's Office with requests for administrative reviews and appeal hearings, possibly hindering their ability to process administrative citations other than those for Home-Sharing.

In response to this challenge, City Planning developed a protocol allowing for an initial citation for a single non-compliant short-term rental unit to consist of a single violation at the base fine amount. If the short-term rental unit remains non-compliant after the initial citation, a second citation for a single non-compliant short-term rental unit consists of ten days of violations at the base fine amount for a total of \$5,726.30. While third citations are not being processed, the City Attorney's Office has indicated that if violations continue after a second citation, enforcement may be escalated from administrative citation to criminal prosecution.

A similar challenge exists when multiple non-compliant short-term rental units are identified within a single multi-family property and individual hosts are unidentifiable, such that issuing daily citations for such violations would be infeasible. Instead, City Planning created a protocol allowing for the first citation to consist of one violation at the base fine amount for each non-compliant short-term rental unit on the multi-family property and for a second citation to consist of ten days of violations at the base fine amount for each non-compliant short-term rental unit on the multi-family property, both issued to the property owner; therefore, using a multi-family property with ten non-compliant short-term rental units as an example, the first citation would be issued to the property owner for a total of \$5,726.30 while the second citation would be for a total of \$57,263. If the multi-family property owner provides the City with the name(s) and unit number(s) of the tenant(s) responsible for the violation(s), the portion of the citation issued to the property owner but attributable to the named tenant(s) would be removed and reissued to the named tenant(s).

Some hosts attempt to evade the Home-Sharing regulations in multiple ways, commonly by deceptively indicating in their short-term rental listings that the advertised property is located in a neighboring jurisdiction (e.g. Glendale, Santa Monica, and West Hollywood) despite being located in the City. Because attempts to evade compliance with the HSO represent a more serious violation, City Planning developed a protocol allowing for the citation for evasion of the HSO to consist of ten days of violations at the base fine amount, resulting in a total fine amount of \$5,726.30.

City Planning has made great strides over the years in improving cooperation and coordination between partner City enforcing agencies to have HSO violations cited and to bring non-compliant short-term rental units into compliance. For example, the creation of the Home-Sharing Enforcement Task Force – a combined effort between City Planning, the Mayor's Office, and enforcing agencies including LADBS, LAHD, LAPD, and the City Attorney's Office – has facilitated interdepartmental communication to address common concerns, discuss repeat offenders, and come to agreements on enforcement protocols regarding Home-Sharing. Additionally, in coordination with LADBS, LAHD, and the City Attorney's Office, City Planning identified a procedure for providing a satisfactory listing screenshot as evidence of an HSO violation to the appropriate enforcing department.

City Planning has worked with Airbnb to implement the Airbnb Platform Agreement, which has proven to be one of the most useful tools the City has to enforce the HSO. For example, the API required by the Airbnb Platform Agreement proactively removes all non-compliant short-term rental listings advertising properties in the City, automatically prevents hosts from exceeding the Home-Sharing booking limit set by their Home-Sharing registration type, and verifies the authenticity of HSO exemptions claimed by a host on their short-term rental listings (resulting in a nearly 95% decrease in claimed exemptions from about 1,600 before the API to approximately 100 as of the date of this report), to name a few. Additionally, City Planning is working with Airbnb to develop a protocol for identifying short-term rental listings fraudulently claiming properties are located in neighboring jurisdictions (e.g. Glendale, Santa Monica, and West Hollywood) while the properties are actually located within the City, such that Airbnb staff manually reviews and removes all such listings from their platform.

City Planning has worked with its vendor, Granicus, to implement several changes to improve HSO enforcement efforts in the last few years, most notably with regard to procedures for answering calls to the Home-Sharing complaint line. It is often the case that when a constituent calls the complaint line regarding a disturbance at an alleged short-term rental unit, they do not know if the property has a valid Home-Sharing registration; as such, many constituents make calls to the complaint line to simply inquire as to whether or not a property is registered for Home-Sharing. Additionally, many applicants contact the complaint line to voice their questions or concerns about problems they have encountered with their application for a Home-Sharing registration after it has been rejected or denied by City Planning staff. Considering these are not the intended functions of the complaint line, City Planning and Granicus collaborated in June 2021 to update the protocols for Granicus' customer service staff to follow when receiving calls to the 24/7 Home-Sharing complaint line. The updated message increases transparency by clarifying how the constituent's complaint will be handled and includes information on who to contact to have common concerns addressed (e.g. application questions or general inquiries about the Home-Sharing program are redirected to City Planning's Home-Sharing unit, parking and traffic complaints are redirected to LADOT, reports of criminal activity or unruly gatherings in progress are redirected to LAPD).

In March of 2022, the Los Angeles City Attorney filed a lawsuit against HomeAway/VRBO (*The People Of The State Of California v. HomeAway.com, Inc.*) for repeatedly failing to comply with the City's Home-Sharing regulations. On November 18, 2022, the Los Angeles City Attorney's Office resolved its civil enforcement against HomeAway/VRBO. Under the settlement agreement between the City and HomeAway/VRBO, the hosting platform was made to pay \$150,000 in civil penalties and required to adhere to a compliance plan that obligates the hosting platform to update listings daily and remove all short-term rental listings lacking a valid registration number or exemption. Additionally, HomeAway/VRBO was required to provide annual compliance reports to the City Attorney's Office for the next three years.

### **Ongoing Home-Sharing Program Organizational Improvements**

#### *Data Collection/Publication Improvements and Enhancements*

The motion requested strategies for implementing and/or improving real-time data collection, trend monitoring, address identification, compliance monitoring, monthly status reports, the processing of violations by City departments, and addressing complaints by residents. The City works with Granicus, and relevant hosting platforms as appropriate, on an ongoing basis to address and troubleshoot issues in data collection and monitoring of properties with Home-Sharing registrations and properties advertised as short-term rental units on hosting platforms. Currently, the Host Compliance system provides trend monitoring, address identification, compliance monitoring, monthly status reports, and processing of violations by City departments. City Planning is working closely with the Granicus team to provide improvements and create new features, including the following:

- **Publicly Accessible Online Database or Platform** – As of the date of this report, City Planning is working with its vendor, Granicus, to make Home-Sharing registration data publicly available via an online database accessible through City Planning’s Home-Sharing information webpage. The public and enforcing departments alike would be able to use this database to determine whether or not a property has a valid Home-Sharing registration. This database could be particularly useful for enforcing departments to determine whether the dwelling unit where a Code violation, including criminal activity, took place is legally registered for Home-Sharing, thereby aiding in the City’s efforts to reduce criminal activity, particularly at short-term rental units. Considering enforcing departments must currently coordinate with City Planning to determine whether a property is legally registered for Home-Sharing, this database would allow these departments to quickly identify a property as being registered without the need to await a response from City Planning. The public portal to the database will be operational by early October 2023.
- **Enhanced Application Portal** – The Enhanced Application Portal will be a new and upgraded version of the existing Host Compliance Registration Portal. With the enhanced portal, applicants and hosts will have the ability to log into the portal to view their application and/or registration status. The enhanced portal will also offer new capabilities and features to create a more powerful back-end workflow, which would allow City staff to process applications more efficiently. This will also reduce the number of inquiries the Home-Sharing unit receives regarding the status of applications from applicants.

City Planning is committed to continuously exploring tools, resources, and improvements to processes and procedures to enhance Home-Sharing enforcement efforts.

### Staffing

City Planning, in its report to the Planning and Land Use Management Committee dated November 28, 2018, requested 26 positions for the initial implementation, enforcement, and administration of the Home-Sharing program. In response, City Planning received six positions to start. That initial allocation has since been expanded to 14 positions, which City Planning has proposed to continue in its budget request for Fiscal Year 2023/2024. For the most part, the work of administering the Home-Sharing program is heavily oriented toward procedural and data management tasks and does not require training or expertise in land use planning. Accordingly, almost all of the work can be readily handled by non-planners in the Management Analyst classifications.

City Planning’s budget request for Fiscal Year 2023/2024 includes 16 additional positions for the Home-Sharing work program, all of which are in the Management Analyst series – including one Senior Management Analyst II, three Senior Management Analysts I, and 12 Management Analysts – to augment the existing Home-Sharing work program. For Fiscal Year 2023/2024, two Senior Management Analyst I and eight Management Analyst positions were added to the budget to support the administration and enforcement of the Home-Sharing program.

The additional staffing resources will allow City Planning to focus efforts on increasing hosting platform agreements, proactively audit Home-Sharing registrations that may be eligible for suspensions or revocations, provide better coordination with LADBS and LAHD to enhance HSO enforcement efforts, and facilitate an overall increase in meaningful enforcement efforts.

### **Increasing Hosting Platform Agreements**

The only hosting platform that has entered into a platform agreement with the City is Airbnb, whose listings constitute approximately 72% of all short-term and long-term rental listings currently advertising properties in the City on all hosting platforms. The success of the Airbnb Platform Agreement can be largely attributed to its utilization of automated data exchange with the City via an API. This streamlined approach minimizes the need for extensive staff involvement and guarantees swift detection and removal of listings that do not comply with regulations. Additionally, the API monitors the number of nights booked annually, automatically preventing bookings that exceed the maximum limits based on the registration type. The initiating motion requested consideration of strategies for ensuring that all hosting platforms operating within the City enter into similar platform agreements requiring the sharing of data with the City. It is important to note, however, that while the replication of the successful Airbnb Platform Agreement is desirable for the City to achieve with other hosting platforms, it is not possible to require hosting platforms enter into platform agreements or participate in the City's API, as was previously discussed in this report. Instead, a platform agreement can only be entered into if both parties (the City and the hosting platform) agree to do so, or the City may issue subpoenas to the platforms to acquire data relevant to potential enforcement.

#### *Potential Methods for Increasing Platform Agreement Participation*

Entrance into a platform agreement is voluntary for each of the parties (the City and the hosting platform). The majority of hosting platforms operating in Los Angeles have fewer than 100 active short-term rental listings – and nearly half of these platforms have fewer than 20 active short-term rental listings – advertising properties in the City, meaning they may find it inefficient to dedicate resources towards entering into a platform agreement or developing an API with the City; as such, it may be necessary for the City to incentivize hosting platform participation in platform agreements and/or an API by facilitating or subsidizing these options for interested parties.

City Planning is aware of TOT collection agreements the Office of Finance has entered into with multiple hosting platforms. City Planning may prioritize hosting platforms that have already entered into TOT collection agreements as candidates for Home-Sharing platform agreements. In the future, City Planning can work with the Office of Finance to encourage hosting platforms to enter into a Home-Sharing platform agreement upon entering into a TOT collection agreement.

### Administrative Subpoenas

Alternatively, the City may choose to pursue heightened enforcement against non-compliant hosting platforms (e.g. filing suit against individual hosting platforms similar to the City Attorney's case against HomeAway/VRBO) to encourage their compliance with the HSO. The goal of enforcing against hosting platforms is to prevent illegal hosts from short-term renting properties that are not legally registered with the City, thereby helping the City preserve existing housing. When platforms do not comply with the data sharing requirements set forth in the City's Home-Sharing regulations and the City suspects the platform may be processing booking transactions for illegal short-term rental units, the City can issue subpoenas to the platforms to obtain the data necessary to pursue enforcement against them.

One avenue to obtain information from hosting platforms includes the use of the Mayor's subpoena power under Charter Section 217. The subpoena power provides authority to compel the production of documents. Pursuant to this authority, the Mayor may issue subpoenas to hosting platforms for information concerning hosts and booking transactions completed by the platform. If the subpoena has not been complied with, the Mayor – through the Los Angeles City Attorney's office – may commence enforcement of the subpoena in court.

The Mayor's office issued subpoenas to five hosting platforms in late 2021. Based on the information produced in compliance with the subpoenas, the Los Angeles City Attorney's Office brought a civil suit against the HomeAway platform for violations of the HSO. That suit was later settled by the parties involved.

### Platform Registries

While the City cannot require hosting platforms to enter into platform agreements, the City may consider requiring hosting platforms to obtain a "hosting platform registration" – similar to a Home-Sharing registration for individual hosts – in order for the platforms to complete booking transactions for short-term rental units in Los Angeles. As an example, the City of New Orleans requires hosting platforms to obtain an "STR Platform Permit" annually before they can complete booking transactions for short-term rental units located within the city. To maintain a valid platform permit in New Orleans, hosting platforms must not facilitate or complete any booking transaction for a short-term rental unit in the city if the appropriate permits have not been issued for the property owner, host, and dwelling unit. Additional discussion of New Orleans' short-term rental permitting system can be found in Appendix B of this report.

### **Private Right of Action**

Private right of action enables private citizens to sue a business for damages as a result of negligence and/or non-compliance with established laws. Proponents of including a private right of action provision in the City's Home-Sharing regulations say that it can serve as a deterrent and encourage compliance with the Home-Sharing Ordinance. On the other hand, there are concerns of frivolous lawsuits being filed against compliant registered hosts if a private right of action clause is included in the ordinance. Additionally, not all constituents may have the resources or means to pursue legal action or defend themselves against such action.

The issue of whether to add a private right of action was discussed during the enactment of the Home-Sharing Ordinance in 2018. Ultimately, the City Council did not include this provision.

Then, as now, neighbors experiencing nuisance or harmful conditions at nearby short-term rentals may bring nuisance abatement suits under several State law provisions, including Civil Code sections 3480 and 3481 or Business and Professions Code section 17200 et seq. Furthermore, in cities where private right of action exists specifically for short-term rental violations, such as San Francisco and Santa Monica, City Planning is not aware of any such lawsuits having been initiated despite being an option for constituents for several years.

### **Current Home-Sharing Ordinance Challenges**

Despite the progress the City has made so far in administering and enforcing the HSO, several challenges remain in terms of the organization, administration, and enforcement of the Home-Sharing program. This section discusses these challenges, including, but not limited to, those highlighted in the initiating motion.

#### *Organizational Challenges*

The decentralized nature of the Home-Sharing program requires the collaboration of independent City agencies to carry out most tasks – in terms of both program administration and enforcement – creating confusion for both City agencies and the public alike. Using HSO enforcement as an example, City Planning is currently presented both internally and externally as the sole City agency responsible for the Home-Sharing program in its entirety despite not having citation authority. Alleged violations reported during the course of short-term rental activity on a property (including those issues not explicitly governed by the HSO) are regularly directed to City Planning. City Planning will then redirect the complaint to the appropriate City agency(ies), often to the frustration of the party who reported the alleged violation.

### Administrative Challenges

#### *Primary Residence Verification*

By design, all Home-Sharing registrations are ministerial except for discretionary extended Home-Sharing registrations. A ministerial review of an application for a Home-Sharing registration means that if the applicant meets the objective registration criteria, the City must approve the application. A Home-Sharing registration largely depends on the applicant self-certifying the authenticity of any supporting documents they provide as evidence that the registered address is their primary residence. City Planning often receives complaints from neighbors that a registered Home-Sharing unit is not the registered host's primary residence; however, due to the ministerial nature of the application review process, City Planning staff can only approve or deny an application based on whether or not it meets the objective standards for approval.

Recognizing that more can be done to protect against fraudulent documentation and other methods of deception, City Planning is currently working on updating the Home-Sharing Administrative Guidelines to strengthen the documents accepted as proof of identity and proof of primary residence. By removing documents currently accepted that may provide opportunities for fraud and replacing them with documents whose authenticity can be verified by reputable sources (e.g. federal, state, and local government agencies), City Planning aims to strengthen the ministerial application review process to ensure that non-eligible hosts are not able to obtain a valid registration.

#### *Home-Sharing Registration Booking Limits*

The HSO limits short-term rental bookings for regular Home-Sharing registrations to 120 days per calendar year while extended Home-sharing registrations allow 365 days of short-term rental bookings per calendar year. City Planning, however, does not have the ability to refer violations of Home-Sharing booking limits for regular and extended Home-Sharing registration holders to either LADBS or LAHD due to a lack of booking information received from hosting platforms.

Through its cooperation with Airbnb, City Planning has had success restricting a host's ability to continue accepting short-term rental bookings on Airbnb beyond the 120-day or 365-day Home-Sharing booking limits. Additionally, City Planning has implemented the provision requiring hosts applying to renew their registration to document nights booked on all other hosting platforms. City Planning is not aware that hosts exceeding their short-term rental booking limits is a pervasive issue; however, City Planning acknowledges that having hosting platforms automatically limit the number of nights booked on their platforms is a more reliable approach to ensure that hosts are compliant with the HSO provision regarding booking limits. For example, a host may reach the 120-day booking limit with Airbnb but may still accept bookings on other platforms without detection.

### *Double-Booking*

The HSO does not allow a host to rent all or a portion of their primary residence for the purposes of Home-Sharing to more than one group of guests or under more than one booking at a time. At this time, the City does not issue citations to hosts who are renting their Home-Sharing unit to more than one group of guests under more than one short-term rental booking per night (i.e. “double-booking”). Unfortunately, as is the case with City Planning being unable to enforce the Home-Sharing booking limits for hosts, hosting platforms are not currently providing the data needed for the City to enforce the double-booking prohibition. While the issue of double-booking has been mitigated through improved monitoring of listings by Host Compliance, it remains infeasible to enforce at this time.

### *Circumvention of 30-Night Minimum Stay*

A short-term rental is a rental unit allowing stays of 30 consecutive days or less, while listings advertising a rental unit for stays of 31 consecutive days or longer are not considered to be short-term rentals, and, therefore, are not subject to the HSO. Some hosting platforms allow listings advertising properties offering stays of 31 consecutive days or longer; however, the City has found that in some cases, the host responsible for the listing(s) may circumvent this restriction by processing a transaction for a short-term rental booking with the guest outside of the hosting platform (e.g. receiving payment via an online or mobile payment application or receiving a cash payment for a stay of less than 30 days). Although City Planning has made progress with enforcing agencies on identifying listings advertised as long-term rentals despite completing short-term rental bookings as mentioned earlier in this report, not all listings clearly indicate the host’s willingness to illegally accept short-term rental bookings. As a result, the fact that a hosting platform may limit a host’s listing calendar to only allow stays of 31 days or more does not adequately address the issue of hosts completing short-term rental booking transactions for non-compliant short-term rental listings.

### *Extended Home-Sharing Registrations*

Extended Home-Sharing registrations allow hosts to use the registered Home-Sharing unit for up to 365 days per calendar year. City Planning has observed many short-term rental listings for properties with an extended Home-Sharing registration advertising the entire dwelling unit for Home-Sharing for the duration of the extended registration period. One of the primary goals of the Home-Sharing program is to preserve the existing housing stock by limiting Home-Sharing units to a host’s primary residence (where the host lives for at least six months out of the calendar year). It would not be possible for a host to simultaneously live at the registered dwelling unit as their primary residence while also making the entire unit available to guests for Home-Sharing bookings 365 days per year. Understandably, then, this shows that the utilization of the extended Home-Sharing registration in some instances is contrary to the intent of the HSO to preserve the City’s housing stock.

### *Accessory Dwelling Units (ADUs)*

The streamlining of the ADU permitting process in California in recent years has led to a rapid increase in the number of ADUs in the City. The City's ADU provisions were intended to increase the overall affordable housing supply, providing less costly single-unit housing options for Angelenos. An individual can only register an ADU for Home-Sharing if it is their primary residence, unless the ADU had a building permit submitted before 2017.

While ADUs represent only about one percent of the City's housing stock, they represent nearly five percent of the units currently registered for Home-Sharing (approximately four percent of regular registrations and roughly seven percent of extended registrations). This disproportionate representation of ADUs that are registered for Home-Sharing indicates that a portion of these ADUs are inappropriately being used as Home-Sharing units rather than providing much needed affordable housing for Angelenos. City Planning is aware of many hosts who have attempted to register an ADU on their property despite the ADU not being their primary residence. This may be due to a genuine misunderstanding on behalf of the host that the ADU is a separate dwelling unit on the same property, or due to unscrupulous hosts falsely claiming the ADU as their primary residence while continuing to reside most of the year in another dwelling unit on the property. Unfortunately, due to this loophole, it is possible that several hosts' applications to register their ADU have been approved despite it not being their primary residence.

### *Hosting Platform Accountability*

The HSO requires hosting platforms to provide the City with monthly reports on listing data and booking transactions for those listings advertising properties in the City. Only one hosting platform abides by this requirement. The Mayor may issue subpoenas to the platforms in order to obtain required information about a platform's listings and bookings. The Mayor issued subpoenas to five platforms in 2021 that were suspected of completing booking transactions for illegal listings. Ultimately, the information obtained by the subpoenas formed the basis for a lawsuit brought by the City Attorney's Office against the HomeAway/VRBO platform (*The People Of The State Of California v. HomeAway.com, Inc.*). In late 2022, the lawsuit was settled with HomeAway/VRBO agreeing to remove any illegal listings from its platform and to not complete any booking transaction for an illegal listing.

Airbnb is the only hosting platform that has voluntarily entered into a platform agreement and participates in an API with the City. While it is a significant advantage to the City that Airbnb – whose listings dominate the local market share of all listings advertising properties in the City across all hosting platforms – has been cooperative, the participation of other hosting platforms in platform agreements would improve overall compliance with the HSO. For example, City Planning is not able to monitor the aggregate number of short-term rental nights each registered host completes on hosting platforms without a platform agreement to determine whether or not the host has exceeded their 120-day or 365-day booking limit. A platform agreement or development of an API with platforms in addition to Airbnb, however, would be beneficial because it would automate the sharing of booking data with City Planning and across platforms, enabling the platforms to automatically block bookings in excess of the applicable limit.

As stated elsewhere in this report, the HSO does not require hosting platforms to enter into platform agreements with the City or to use an API to share data with the City. While some hosting platforms other than Airbnb have indicated an interest in learning more about entering into a platform agreement and/or developing an API with the City, none have yet fully committed. It should be noted that all hosting platforms are able to use the API that the City has already developed; however, the individual hosting platform would need to develop and implement code to communicate with this existing API.

### Enforcement Challenges

#### *Conversion of Multi-Family Residential Structures to Illegal Short-Term Rental Units*

The illegal conversion of rental units within multi-family residential structures into short-term rental units (often in the form of an illegal hotel or hostel) negatively contributes to the citywide housing crisis by removing much-needed affordable housing from the market when it is already in short supply. Enforcing non-compliant listings advertising multi-family residential units also presents an additional complexity, as these listings are intentionally created to make it difficult to identify the unit and address of the property. This is challenging to enforce using the existing administrative citation process for HSO violations because citing the host and/or property owner for operating an illegal short-term rental unit does not address the much more serious issue of said host and/or property owner having illegally converted the subject property into a hotel or hostel. The ACE program as described earlier in this report is intended to address minor offenses for the purpose of nuisance abatement in the City; however, the illegal conversions of housing into hotel or hostel uses by hosts and/or property owners is by no means a minor offense as the impacts of their actions are compounded by the ongoing housing crisis and have severe repercussions citywide.

City Planning is currently working closely with LAHD to address the issue of illegal conversions of multi-family residential structures to short-term rental units. Outside of the aforementioned monthly Home-Sharing Enforcement Task Force meeting, City Planning meets with LAHD on a weekly basis to address multi-family properties potentially in violation of the HSO and to have LAHD provide enforcement. During these meetings, LAHD confers with City Planning on illegal short-term rental activities occurring at particular properties and provides City Planning with any updates regarding inspections or other violations, such as an illegal change of use from a residential structure into a hotel or hostel; however, the administrative citation, as noted above, and any order to comply issued by LAHD will not fully rectify this type of violation. For meaningful enforcement, legal actions will need to be taken against the host, property manager, and/or property owner to effectively cease this type of illegal activity as described in the *Criminal Penalties for HSO Violations* section below.

*Properties with Dwelling Units Subject to RSO Used for Home-Sharing*

As discussed earlier in this report, one of the primary goals of the Home-Sharing program is to preserve the existing housing stock (particularly affordable housing) in the face of the ongoing housing crisis. The RSO provides tenant protections (e.g. rent increase limits, eviction prohibitions, and relocation assistance) for certain rental units in the City while allowing landlords a reasonable return on their rental properties. There are several properties in the City that contain a mix of both RSO and non-RSO dwelling units on the same lot.

Considering there are properties that contain both RSO and non-RSO dwelling units, it is currently possible for hosts to register the non-RSO dwelling units on these properties for Home-Sharing. Given that unscrupulous hosts have been able to obtain Home-Sharing registrations for dwelling units that are not their primary residence using fraudulent documentation, City Planning has received complaints of situations in which a non-RSO unit on a property is registered for Home-Sharing while the short-term rental activity is actually occurring in RSO units on the same property. At this time, City Planning cannot reject an application that is suspected of this transgression simply on the grounds that a non-RSO dwelling unit exists on the same property as an RSO unit. Because the review process for most Home-Sharing registrations is ministerial in nature, City Planning can only reject an application based on whether the application meets the eligibility requirements set by the HSO (e.g. open violation on the property).

*Illegal Hosts Evading Home-Sharing Regulations*

Some hosts continue to find ways to circumvent the requirement to register a dwelling unit for Home-Sharing before it can be advertised or booked as a short-term rental unit on hosting platforms. These attempts at evasion are largely employed to advertise a property in the City as a short-term rental unit that would otherwise not be eligible for a Home-Sharing registration. Some evasion tactics include hosts misidentifying a property as being located in a neighboring jurisdiction (e.g. Glendale, Santa Monica, and West Hollywood), falsely claiming an exemption from the HSO (e.g. hotel exemption, bed and breakfast exemption), fabricating fake Home-Sharing registration numbers, and fraudulently utilizing valid registration numbers issued for unrelated properties in order to maintain a presence on hosting platforms. Alternatively, some unscrupulous hosts avoid hosting platforms altogether in order to evade the City's Home-Sharing regulations, choosing instead to advertise properties in the City as short-term rentals on websites that Granicus does not monitor for compliance (e.g. social media, standalone websites, and traditional rental/leasing websites).

While City Planning has made great progress in removing non-compliant short-term rental listings on the Airbnb hosting platform (e.g. Airbnb Platform Agreement and the API), the lack of participation from most other hosting platforms through platform agreements has made it difficult to replicate this success across other platforms. Furthermore, while City Planning has coordinated with partner enforcement agencies to create a protocol for escalating Home-Sharing citation fine amounts based on the circumstances of the violation as was detailed earlier in this report, fines amounting in the thousands or tens of thousands of dollars continue to be simply a “cost of doing business” for some of the most egregious violators. This is due in large part to the potentially lucrative nature of operating a short-term rental unit in the City.

### *Citations*

The citation process, as described earlier in this report, can be complicated and time-intensive for all staff involved. It currently takes City Planning several hours to prepare background information for a single citation before referring the non-compliant short-term rental unit(s) to either LADBS or LAHD for their review, confirmation, and issuance of a Home-Sharing citation. Administrative citations are based on documentary evidence that can be limiting and difficult to obtain when non-compliant hosts are actively avoiding detection by the Host Compliance system. The amount of time and resources required of staff to prepare, review, confirm, and issue Home-Sharing citations is not necessarily commensurate with the current value of the citation. Furthermore, and important to note, because the enforcement of listings without a valid Home-Sharing registration is already very resource intensive, the enforcement of other provisions of the HSO has not been feasible.

Administrative citations in accordance with the City’s ACE program are a non-criminal approach to nuisance abatement and quality of life offenses – using fines instead of arrest, incarceration, and criminal records – of the LAMC. While the ACE program provides an effective alternative to using criminal courts to deal with many minor offenses, certain offenses related to the HSO are not minor, as described earlier in this report (e.g. converting affordable, multi-family housing structures to illegal hotels). In the case of egregious violators of the HSO, administrative citations tend to be a mere “cost of doing business” and do not meaningfully deter the illegal activity of the host. Furthermore, the administrative citations only address the violation of advertising a short-term rental unit without displaying a valid Home-Sharing registration number and do not address any other violations that are occurring at problem properties (e.g. commercial activity occurring on a residential property, party houses, and violent crimes).

Violations after the issuance of the first Home-Sharing citation may indicate a pattern of continued non-compliance. The payment of administrative citations is often absorbed by egregious violators and is not punitive for the crime of illegally converting housing to transient uses in the midst of the ongoing housing crisis. Keeping in mind that City Planning is not an enforcing agency, it is not within City Planning’s purview to identify, define, and/or prosecute crime in any manner; rather, it is the responsibility of the LAPD and Office of the City Attorney to investigate and criminally charge egregious violators of the HSO.

*Inspections for Enforcement*

To supplement ACE citations, LADBS or LAHD may issue a notice or order to comply for violations of the HSO. Typically, LADBS or LAHD issue these notices or orders by conducting an exterior inspection of the property from a public right of way and matching it to what is shown in online advertisements. However, an interior inspection may be necessary if the advertisement does not include any photos that would allow for an easy exterior match. Nonetheless, obtaining consent and access for an interior inspection can be a challenge. The property owner, the owner's representative, and occupants must provide access for the inspection to take place. If access is denied, LADBS or LAHD inspectors may need to secure an inspection warrant by submitting probable cause and supporting evidence. Hosts may also refuse entry to inspectors or be absent during inspection times, which can further hinder inspections.

Another significant challenge is the sheer volume of dwelling units that need to be inspected, which may exceed the City's inspection capacity. It is important to note that LADBS is currently working through a backlog of roughly 10,000 customer service requests (complaints), not including the properties that are not compliant with the HSO that City Planning has referred to LADBS. As a result, the City may need to prioritize inspections based on factors such as complaint history or risk of violation. Timing is also crucial during inspections, as inspectors need to conduct them at the right time to catch any violations. For instance, if a host only rents out a room during certain times of the year, an inspection at the wrong time may not reveal any violations. Inspectors may need to coordinate with hosts to determine the best time for inspections.

## IV. RECOMMENDATIONS

One of the critical aspects the City must address in the pursuit of effective Home-Sharing regulations is the enhancement of enforcement measures. As highlighted in the above analysis, it is evident that current HSO enforcement practices require attention and improvement to ensure compliance and preserve the existing housing stock while still providing Angelenos with an opportunity to supplement their income.

### **Proposed Organizational Changes**

To chart a path forward, the City Council has two primary options for how to proceed with the enforcement of Home-Sharing regulations: maintaining the status quo or establishing a separate division or office dedicated to Home-Sharing. Each option presents unique advantages and challenges, as explained below.

#### *Maintaining the Current HSO Enforcement Framework*

One possible approach is to maintain the current HSO enforcement framework, where enforcement responsibilities are distributed among existing departments and personnel. This option provides the advantage of familiarity and continuity, as it preserves the existing structure and processes. However, it is crucial to recognize that relying on the status quo may not adequately address the evolving challenges of coordination and accountability that exist under the current framework.

#### *Creation of a Dedicated Home-Sharing Division, Office or Department*

The second option entails establishing a dedicated division, office or department exclusively focused on Home-Sharing administration and enforcement. By creating a specialized team, the City Council would demonstrate a strong commitment to addressing the unique challenges and intricacies of the Home-Sharing program. This approach would enable the development of tailored strategies, the recruitment of subject matter experts, and the implementation of specialized enforcement techniques. However, it is important to assess the potential budgetary implications and organizational considerations associated with establishing a new division or office.

The aforementioned staffing modifications to the Home-Sharing program will improve service to the public on a number of levels; however, to best serve the public, this program requires a fundamental restructuring. Despite City Planning serving as the *de facto* “face” of Home-Sharing, in reality the program requires multiple departments to provide the services expected. To date, these services have been provided by seven autonomous departments cooperating with each other: City Planning, LADBS, LAHD, LAPD, City Attorney’s Office, Mayor’s Office, and Office of Finance. After more than three years of experience, it has become clear that despite the best of intentions and effort, working cooperatively has not yielded optimal results.

At this crossroads, a different approach is needed to improve the viability of the Home-Sharing program, particularly with regard to enforcement. As an alternative to the program's current framework, City Planning recommends that the various pieces of the program be reorganized under a single team with multi-disciplinary authority.

This new Home-Sharing division or office could provide all services needed to administer and enforce every aspect of the Home-Sharing program, including, but not limited to, the following:

- Provide assistance to applicants and neighbors;
- Administer the contract with a third party vendor providing a registration and compliance monitoring system;
- Review applications for new and renewal Home-Sharing registrations;
- Suspend, modify, discontinue, and revoke Home-Sharing registrations;
- Encourage and assist in ushering more hosting platforms into platform agreements with the City;
- Platform and contract management to ensure success of any digital infrastructure;
- Maintain and update the Home-Sharing Administrative Guidelines;
- Enforce all Home-Sharing provisions, including:
  - Enforce against non-compliant hosts and non-compliant platforms;
  - Enforce all provisions of the Home-Sharing program, including, but not limited to, short-term rental listings not displaying a valid Home-Sharing registration number;
  - Investigate and respond to complaints of HSO violations, including inspections by enforcement officers where warranted;
  - Issue orders-to-comply or citations to violators.
- Respond to public information requests and media inquiries;
- Collect TOT;
- Collect PNF;
- Process refund requests and payment disputes;
- Oversee litigation and other proceedings related to Home-Sharing program;
- Continue to develop and update the Home-Sharing program; and
- Report on the program's status and progress to the City Council when requested.

As stated elsewhere, Home-Sharing program administration requires no expertise in the field of land use planning; however, there are parts of the program, as currently written, that call for discretionary action on the part of City Planning, such as: 1) a discretionary extended Home-Sharing registration for those hosts that have accumulated too many citations to qualify for the ministerial extended Home-Sharing registration, 2) provisions that allow the Director of Planning to suspend, modify, discontinue, or revoke a Home-Sharing registrations, and 3) the authority to issue and update the Administrative Guidelines. If properly authorized by amending the Home-Sharing Ordinance provisions (see LAMC Section 12.22.A.32(c)(4)(iii), 12.22.A.32(h)(1), and 12.22.A.32(b)(1)), these responsibilities can be effectively performed by non-planners.

Such a reorganization would more comprehensively and effectively address the needs of both neighbors and applicants, as well as better protect and preserve rental housing stock for the use of residents rather than serving as lodging for visitors.

City Planning reached out to the six other departments currently involved in implementing the Home-Sharing program in order to obtain feedback for this recommendation. There were no outright objections to the concept, but the details will need to be fleshed out further. The creation of a new Home-Sharing division, office or department would require rewriting the Home-Sharing Ordinance provisions and potentially moving them from the Zoning Code to another chapter in the LAMC. Fiscal analysis is also required in order to determine staffing needs and identify available sources of funding.

*Next Steps for Council Consideration:* Should the City Council wish to pursue the recommended reorganization, the City Administrative Officer should be directed to work with the departments currently involved in the Home-Sharing program and report back on a recommended organizational structure, staffing and funding needed to effectively resource the recommended administrative and enforcement entity.

### **Proposed Operational Changes to the Home-Sharing Program**

#### *Remove Notices of Code Violation ("Warning Letters")*

City Planning issues owners of properties not in compliance with the HSO a Notice of Code Violation (i.e. "warning letter") as a courtesy. A warning letter is not required in order for LADBS or LAHD to issue a citation for violation of the HSO. Considering the issuance of this courtesy warning letter can delay the issuance of a Home-Sharing citation by several weeks, eliminating this courtesy altogether would assist in the streamlining of the citation process.

#### *Update Administrative Guidelines*

City Planning is working towards updating the Home-Sharing Administrative Guidelines to include more reliable forms of documentation for both proof of identity and evidence of primary residence. The goal for this Administrative Guidelines update is to remove certain documents that are currently accepted and may be easy to fabricate, and replace them with documents issued by more trustworthy entities (e.g. government agencies). This update is intended to reduce the likelihood of non-eligible hosts receiving a valid Home-Sharing registration. Additionally, City Planning is also working towards requiring the submission of a photo ID issued by the State of California with an address matching the location of the registered Home-Sharing unit to reduce the ability for applicants who are misrepresenting the property as their registered address. Similarly, online applications and image editing technology make it easy for applicants to falsify primary residence documentation.

In addition to current efforts to update the Administrative Guidelines, City Planning is investigating additional verification tools for proof of identity, such as utilizing an identity platform that would meet the highest federal standards for online identity proofing and authentication as well as fraud detection software for suspicious documents submitted for an application.

*Streamline Citation Review and Defense*

The Home-Sharing program consists of two main components: administration and enforcement. The administration responsibilities of the program are currently handled by City Planning and encompass all aspects of Home-Sharing registration, including issuing and renewing registrations and suspending, modifying, or revoking those registrations under prescribed circumstances. Enforcement of the Home-Sharing program includes investigating complaints and other information regarding violations of the Home-Sharing provisions or any other provisions of the Municipal Code and acting where appropriate to correct the violation.

Enforcement is the responsibility of enforcing departments, such as Police, Housing, or Building and Safety, as examples. This includes all types of violations, such as advertising a short-term rental without a Home-Sharing registration number, other violations of the Home-Sharing program provisions, party house disturbances, and hosting platforms allowing short-term rental bookings of listings for residences that are not registered for Home-Sharing, among other types of violations.

An unfortunate misperception has emerged that the Home-Sharing program is a one-stop shop, under the jurisdiction of City Planning. This has been perpetuated by several practices, including, but not limited to, the following:

- The City providing a single Home-Sharing complaint line, under the auspices of City Planning;
- City Planning identifying properties that do not display a Home-Sharing registration in their advertisements and referring the violations to LADBS or LAHD for review and issuance of Home-Sharing citations;
- City Planning fielding complaints from neighbors regarding short-term rental units; and
- The expectation that City Planning will enforce against hosting platforms that complete booking transactions for illegal listings (for properties that are not registered).

In reality, City Planning can only perform the responsibilities related to the administration of the program, such as issuing, renewing, suspending, modifying, or revoking registrations. Any enforcement of the program, such as issuing citations for violations, must be performed by an enforcing department, which City Planning is not.

While City Planning does not have the authority to issue citations for violations of Home-Sharing provisions, it has functioned as an intermediary in the enforcement process, by receiving complaints, monitoring for violations, and coordinating with enforcing departments, in an effort to be helpful to the other departments and to the public. This role, however, has confused and frustrated the public and has been time-consuming for City Planning staff, taking them away from their current core responsibility of administering the Home-Sharing program, including issuing registrations, and further developing the program. More importantly, it has created an unnecessary step and bottleneck in the HSO enforcement process.

To improve efficiency and clarify departmental roles, City Planning is currently working in partnership with LAHD and LADBS to have them assume the responsibilities of citation review and the defense of those citations in case of challenges. These responsibilities are directly related to the current role of LAHD and LADBS in issuing citations for listings that lack a valid Home-Sharing registration. While the Host Compliance software proactively identifies most violations resulting in Home-Sharing citation issuance, a small number of violations are identified via complaints initially referred to City Planning; as such, as part of the proposed Home-Sharing citation streamlining, LAHD and LADBS would assume responsibility of any complaints necessitating a Home-Sharing citation. It is important to note that this transition would necessitate additional staff and resources for both LADBS and LAHD.

The above-described realignment of enforcement tasks does not fully address other issues, such as optimizing City Planning staff resources, ensuring adequate staffing, and centralizing administration and enforcement under a single authority. Nevertheless, this shift represents a significant step toward enhancing the clarity of departmental roles and streamlining the process of Home-Sharing citation issuance.

#### *Increase Staffing for Inspections at Enforcement Agencies*

As discussed previously, the volume of complaints referred to LAHD and LADBS for investigation is straining the City's inspection capacity. Currently, there is only one position – an Assistant Inspector III at LAHD – budgeted for dedicated enforcement of the HSO across all enforcing departments. Accordingly, the vast majority of HSO-related complaints are investigated by staff in LAHD's and LADBS' code enforcement divisions who may be responsible for many enforcement priorities besides HSO violations – possibly hindering the timely investigation of HSO complaints and resulting in cases being closed for lack of evidence. Staffing additional dedicated inspectors for LADBS and LAHD would allow these departments to more timely and effectively respond when complaints are received due to nuisance activities at short-term rental properties.

*Improve Inquiry and Complaint Organization*

To improve City Planning's ability to successfully respond to constituents regarding application inquiries and complaints related to unauthorized short-term rental activity, City Planning is currently exploring tools and organizational resources for improvements. Inquiries and complaints currently are submitted via email or phone and answered in the order they are received, with no regular system for categorizing and summarizing the nature or content of the inquiry/complaint in a way that can be tracked or analyzed. A potential solution would be to create a digital, form-based inquiry/complaint ticket system. This would allow City Planning to route the ticket to the appropriate staff or department to improve response times, as well as to categorize the nature of the inquiry or complaint and analyze inquiry/complaint data.

**Proposed Amendments to the Home-Sharing Ordinance**

The following section presents a series of recommendations for amending the existing HSO, located in Section 12.22 A.32 of the LAMC, in order to address identified challenges, enhance regulatory effectiveness, and ensure the sustainability and operationality of the Home-sharing program. These recommendations are based on the comprehensive analysis of the current enforcement challenges, discussions with the appropriate enforcing departments, and an assessment of best practices in comparable jurisdictions (see Appendix B for a full discussion of best practices).

Even for relatively simple ordinances, the City's outreach and engagement process for Code amendments requires multiple steps that typically take 12 to 18 months to complete. First, City Planning staff will engage in background research, discussions with stakeholders, and the preparation of a draft amendment. The draft amendment will be released for public comment. Second, a public hearing with a hearing officer will be held. Any interested parties will be able to provide feedback and/or testimony at the hearing. Revisions of the draft ordinance may be required after the public hearing due to feedback and testimony provided from the public. Third, a staff recommendation report will be released and staff will provide a presentation to the City Planning Commission (CPC) for a recommendation to the City Council. Fourth, the CPC recommendation will then be transmitted to the City Clerk for consideration by the assigned City Council Committee(s), followed by the full City Council. Last, if approved by the City Council, the ordinance will need to be reviewed for form and legality by the City Attorney's Office before it can be adopted and then signed into law by the Mayor.

It is important to note that the development and adoption of the HSO was a long and contentious process. Despite the initiating motion calling on City Planning to develop short-term rental regulations for the City being passed in June 2015, the HSO was not adopted until more than three years later in December 2018, taking effect in July 2019. City Planning staff attended dozens of hearings – including multiple at the City Planning Commission and City Council – producing several reports and presentations to each hearing body regarding feasibility, requested changes, and public feedback. In developing the HSO, City Planning staff did not have much to work with in the way of precedent considering that Los Angeles was one of the first major cities in the country to establish short-term rental regulations. Complicating this further, the lack of regulations led to

the proliferation of illegal short-term rental units in the City which could not be legally used as Home-Sharing units once the HSO went into effect.

As referenced earlier in the report, the 10 additional staff included in the budget for Fiscal Year 2023/2024 are management series positions for the purposes of implementing the HSO. Should there be a need to pursue any code amendment(s) related to the Home-Sharing Ordinance, additional staffing resources in City Planning would be necessary to include, at a minimum, one Principal City Planner, one City Planner, and one City Planning Associate.

#### *Prohibit Home-Sharing Use in ADUs*

Given the instances of ADUs being inappropriately used as Home-Sharing units instead of providing primary housing, as discussed earlier in this report, prohibiting the use of ADUs for Home-Sharing would uphold the City's intention of ADUs providing much needed housing stock.

#### *Prohibit Home-Sharing Use in All Units on Properties with Any RSO Units*

As discussed earlier in this report, it is likely that some dwelling units subject to the RSO are inappropriately being used as short-term rental units under the guise of a non-RSO unit on the same property being registered for Home-Sharing. Not allowing for Home-Sharing use on properties where at least one dwelling unit is subject to the RSO would uphold the City's intention of preserving RSO units for much needed affordable housing.

#### *Disallow Extended Home-Sharing Registrations*

As discussed earlier in this report, extended Home-Sharing registration allows registered Home-Sharing units to be booked for an essentially unlimited number of nights, including for whole-home rentals in which the host is absent from the unit and presumably occupying a different unit – despite claiming the registered Home-Sharing unit as their primary residence. Disallowing extended Home-Sharing registrations would help fortify the intent of the HSO to preserve existing housing for traditional long-term rental periods.

It should be noted that reducing the eligible housing categories under the program and/or eliminating extended home-sharing would reduce the revenue received by the City accordingly.

#### *Increase Fine Amounts for HSO Violations*

As described earlier in this report, City Planning has implemented a way to escalate fines by adding additional violations to properties that are in violation of the HSO by way of evading regulations; however, given that these citation fees are treated by some unscrupulous hosts as a mere cost of doing business, the current fine amount does not deter egregious violators. Since the citation fine amount is based on the fine amount associated with the violation, City Planning recommends that the Home-Sharing regulations be revised so as to provide significantly escalated fines for second and third violations in an effort to deter continued illegal short-term rental activity.

## APPENDIX A: DOCUMENTATION REQUIREMENTS FOR HOME-SHARING REGISTRATIONS

<p><b>Identification Documentation</b></p>	<p>One complete and legible copy of valid <b>photo identification (“photo ID”)</b> issued by a <b>United States federal or state government agency</b>, such as a state driver license, state ID card, federal passport, federal immigration card, or federal visa.</p>
<p><b>Primary Residence Documentation</b></p> <p>If the applicant’s primary residence address matches the address found on their photo ID, they must submit one supporting document of their choosing from the list to the right.</p> <p>If the applicant’s primary residence address does not match the address found on their photo ID, they must submit two supporting documents of their choosing from the list to the right.</p> <p>All supporting documents must display the applicant’s name and primary residence address as well as any other information as described in this table.</p>	<p><b>California voter registration card or California voter registration status document:</b> The applicant must submit a full and legible copy of a California voter registration card, a certified Voter Registration Abstract from the Los Angeles County Registrar-Recorder/County Clerk, or a California voter registration status document that was issued within six months of the submission date.</p> <p><b>California vehicle registration certificate:</b> The applicant must submit a full and legible copy of a California vehicle registration certificate for a personal vehicle that was valid at the time of submission.</p> <p><b>Health insurance bill or vehicle insurance bill:</b> The applicant must submit a complete and legible copy of a health or vehicle insurance billing statement (showing “amount due,” “date due,” among other common elements of a billing statement) that was issued within six months of the submission date.</p> <p><b>Paycheck or pay stub:</b> The applicant must submit a complete and legible copy of a paycheck or pay stub (showing taxes, deductions, and other common elements of paychecks and pay stubs) that was issued within six months of the submission date.</p> <p><b>Property tax bill indicating homeowner’s exemption:</b> The applicant must submit a complete and legible copy of a property tax bill for the subject property that was valid at the time of submission. The property tax bill must have the homeowners’ exemption already applied for the current tax year at the time of submission.</p> <p><b>Rental/Lease agreement:</b> The applicant must submit a complete and legible copy of a rental or lease agreement that was valid at the time of submission.</p>
<p><b>Landlord Authorization Documentation</b></p>	<p>Any host who is not the property owner of record must submit a <b>notarized affidavit provided by City Planning and completed by the property owner</b>. This affidavit serves as evidence of the property owner’s approval of their tenant registering the unit in question.</p>

## APPENDIX B: BEST PRACTICES REVIEW

The initiating motion requested information on short-term rental regulatory and enforcement models of other cities, including, but not limited to: San Francisco, California; Austin, Texas; New Orleans, Louisiana; Toronto, Canada; Berlin, Germany; and Lisbon, Portugal. As has been described in prior City Planning reports to City Council, successful cities generally have some common regulatory models, including the use of mandatory registration requirements, robust staff and technological methods to track noncompliant short-term rental listings, as well as platform accountability and data disclosure. While several other cities' short-term rental programs have been detailed in prior City Planning reports, many have adopted more recent regulatory amendments or administrative changes based on program and performance evaluations. The comparison charts and detailed profiles below highlight particular features of other cities' short-term rental programs that the City does not currently employ but could be useful.

### US Cities - STR Registration Details Comparison

City	Registration types	Registration Application Fee	Number of permitted STR nights	Registration life	Residency requirement
<b>Los Angeles</b>	Regular Home-Sharing Registration  Extended Home-Sharing Registration	Regular – \$192  Extended – \$1,030	Regular – 120 nights  Extended – 365 nights	1 year	Host must live at the registered property for more than 6 months out of the year
<b>San Francisco, California</b>	One type	\$550	“Hosted” stays – no limit  “Unhosted” stays – 90 days	2 years	Host must live at the registered property for 275 nights per year
<b>New York, New York</b>	One type	\$145	No limit, but all stays must be “hosted”	4 years	Host must live in the registered unit
<b>Austin, Texas</b>	Type 1 – owner-occupied single-family and multi-family residential units  Type 2 – single-family and duplex residential units not occupied by the owner  Type 3 – owner-occupied and non-owner-occupied multi-family residential units (not including duplexes)	Initial fee – \$733.80  Renewal fee – \$412	No limit	1 year	Type 1 - owner-occupied or is associated with an owner-occupied principal residential unit  Type 2 - No residency requirement, unit does not have to be associated with host's principal residence  Type 3 - no residency requirement

<b>New Orleans, Louisiana</b>	"STR Platform Permit" (PSTR) – for hosting platforms	NSTR application fee – \$50	No limit	Expires each year on June 30 regardless of the registration issuance date	Varies depending on the registration type
	"Non-commercial Short Term Rental" (NSTR) – permit for dwelling units	NSTR Owner Permit fee – \$500			
	"STR Owner Permit" – for property owners	NSTR Operator Permit fee – \$150			
	"STR Operator Permit" – (OSTR) for hosts				

### US Cities - STR Enforcement Comparison

City	Citation Fine Amount	Citation Authority*	Dedicated Enforcement Inspectors	Population**
<b>Los Angeles</b>	\$527.28	No	No	3,898,747
<b>San Francisco, California</b>	\$484 per day	Yes	Yes	873,965
<b>New York, New York</b>	\$5,000 or three times the revenue generated by the short-term rental for each violation	Yes	Yes	8,804,190
<b>Austin, Texas</b>	Up to \$2,000	Yes	Yes	961,855
<b>New Orleans, Louisiana</b>	Maximum of \$500 per violation cited	Yes	Yes	383,997

\*Home-Sharing or Short-Term Rental Unit/Office/Department has Citation Authority

\*\*Using 2020 US Census Data (<https://www.census.gov/quickfacts/US>)

### San Francisco, California

Since enforcement of the HSO began in Los Angeles in 2019, City Planning has maintained a steady working relationship with San Francisco's Office of Short Term Rentals (OSTR) and identified several administrative and enforcement processes and procedures that could enhance HSO enforcement efforts.

San Francisco adopted short-term rental regulations in early 2015, formally legalizing short-term rental units. The OSTR is housed within the San Francisco Planning Department – an enforcement agency with citation authority – albeit as a separate office. Because the OSTR is a separate office, it has the ability to administer and enforce San Francisco's short-term rental regulations in a streamlined manner with direct ownership of the various stages of the administrative and enforcement processes, including the authority to issue citations, rather than having to rely on partner agencies.

With regard to enforcement, San Francisco has the authority to pursue criminal charges against non-compliant short-term rental hosts operating in the city while the public has the right to pursue private right of action lawsuits against such hosts. It is important to note, however, that while the OSTR has pursued civil actions related to non-compliance with the city's short-term rental regulations, private right of action lawsuits have not been brought against non-compliant hosts in San Francisco as of July 2023, roughly eight years after short-term rental regulations were adopted there. Furthermore, while the OSTR issued thousands of citations to individual non-compliant hosts in San Francisco prior to 2018, just under one dozen citations have been issued to individual hosts since San Francisco reached a settlement agreement with Airbnb in 2018.

Airbnb and HomeAway/VRBO sued San Francisco in 2016. Ultimately, the litigation was resolved pursuant to two settlement agreements: one between San Francisco and Airbnb and one between San Francisco and HomeAway/VRBO. In the settlement agreements, both Airbnb and HomeAway/VRBO agreed to share the following data with San Francisco: the listing identification number, the listing ZIP code, the short-term rental permit number provided by the listing host, and the status of the listing on the hosting platform. It is important to note that the settlement agreements do not require the hosting platforms to provide the OSTR with the physical address of the dwelling unit advertised in the listing.

Similar to Los Angeles, in San Francisco Airbnb and HomeAway/VRBO dominate the short-term rental listing market; as such, many of the other hosting platforms operating within San Francisco followed the lead of Airbnb and HomeAway/VRBO in regards to the terms of the settlement agreements, largely abiding by the same terms. Consequently, the smaller platforms also adhere to the data sharing requirements that Airbnb and HomeAway/VRBO agreed to in 2018. This has reduced the number of complaints received regarding individual non-compliant hosts, thereby allowing the OSTR to dedicate more resources towards ensuring compliance amongst the platforms per the terms of the settlement agreements.

During the legislative process for the City of Los Angeles' HSO, Airbnb repeatedly said it would never agree to data sharing terms as favorable as those it agreed to with San Francisco, suggesting that duplicating the same results in Los Angeles might prove difficult. Nonetheless, OSTR's success in obtaining widespread compliance among hosting platforms and listings is noteworthy.

It is important to note that San Francisco's distinctive geography makes it easier for the OSTR to monitor listings for compliance relative to Los Angeles City Planning. Located on a peninsula, San Francisco comprises just under 50 square miles of land and shares land borders with only two other jurisdictions to its south. Los Angeles, on the other hand, shares borders with dozens of other jurisdictions in all directions as well as a handful of enclaves (e.g. Beverly Hills, Santa Monica, West Hollywood), creating challenges when a unit is actually located in Los Angeles but claims to be located in another jurisdiction.

There are currently five staff members assigned to the OSTR, including one inspector tasked with enforcement, with all but one staff (one administrative staff tasked with responding to phone calls and emails, mailing notices, and reviewing short-term rental permit applications for completeness) being urban planners. The OSTR has experienced staffing shortages since San Francisco's short-term rental program began in 2015; however, hiring new staff as well as transferring existing Planning Department staff to the OSTR has proven difficult. The OSTR stresses the importance of retaining existing staff due to the extensive amount of training necessary before newly hired or transferred employees can meaningfully contribute to the short-term rental program, including completing everyday tasks.

### **New York, New York**

City Planning established contact with the New York City Mayor's Office of Special Enforcement (OSE), the office tasked with administering and enforcing the short-term rental program, in March 2023, and identified several administrative and enforcement processes and procedures that can be applied in Los Angeles to improve HSO enforcement efforts.

Similar to other cities mentioned in this report, New York City's OSE is a separate office housed within a larger enforcement agency with the ability to issue citations – in this case the New York City Mayor's Office. The OSE coordinates enforcement efforts amongst several New York City agencies for a variety of issues affecting the well-being of residents and their communities; however, the vast majority of the office's work involves the administration and enforcement of the local short-term rental regulations. The OSE is a well-staffed multi-agency office consisting of nearly 70 budgeted positions, including attorneys, inspectors, investigators, researchers, IT staff, and other classifications from the Mayor's Office, Department of Buildings, Fire Department, Police Department, Department of Finance, and Law Department. No Planning Department staff are assigned to the OSE.

Short-term rental units were illegal in New York City prior to new short-term rental regulations becoming effective there in March 2023. Other laws governing the short-term rental industry, primarily targeting short-term rental booking transactions and the hosting platforms that facilitate them, went into effect in the city in January 2020. New York City's ability to effectively regulate short-term rentals and simultaneously pursue enforcement against illegal short-term rental units has been greatly improved thanks to its passing of several succeeding laws that have built up its short-term rental regulations over the years. For example, the number of illegal short-term rental units in the city fell precipitously after January 2020, from nearly 38,000 units in the fourth quarter of 2020 to under 5,000 units in the second quarter of 2021.

New York City requires hosts to obtain a Short-Term Rental Registration from the OSE in order to use their primary residence as a short-term rental. Hosts are required to be the permanent occupant of the short-term rental unit and they must maintain a common household with all short-term rental guests for the duration of their stay. Hosts are not allowed to rent their entire dwelling unit as a short-term rental and can only accommodate a maximum of two short-term rental guests at a time. Not all dwelling units are eligible for a Short-Term Rental Registration (e.g. units subject to rent control and units for which the property owner has proactively prohibited short-term rental

use). Similar to Los Angeles, buildings in New York City with certain established uses traditionally associated with transient occupancy are exempt from the short-term rental regulations, including hotels.

Through its enforcement of the local short-term rental regulations, the OSE aims to achieve several goals, including: preserving the affordability and livability of neighborhoods, preventing displacement, and increasing residents' access to housing. Between 2016-2020, the OSE completed over 21,000 inspections, issued roughly 13,000 violations, and imposed nearly \$37 million in fines related to illegal short-term rental units in New York City. The OSE, leveraging its many employees and enforcement officers, actively pursues litigation against egregious violators of the local short-term rental regulations, resulting in 20 lawsuits and over \$4.7 million in settlements and penalties against egregious illegal short-term rental hosts, operators, and property owners since 2016.

Much of the data New York City relies upon for its enforcement efforts is the result of subpoenas issued by the OSE to hosting platforms. New York courts have largely held that local governments in New York, like New York City, have the right to subpoena certain information from hosting platforms to aid in the enforcement of local short-term rental regulations. As such, the OSE regularly subpoenas and receives host and listing information from hosting platforms.

In a report to the New York City Council in September 2021, the OSE laid out several lessons learned from its ongoing short-term rental regulation enforcement efforts, including the following:

- Illegal short-term rental operators/hosts primarily utilize hosting platforms to do business;
- The scope of illegal short-term rental activity cannot be understood unless data is obtained from the hosting platforms;
- Hosting platforms have imposed few restraints to halt illegal short-term rental activity on their websites; and
- The inability to identify illegal short-term rental unit addresses and operators/hosts in conjunction with hosting platforms' reluctance to halt illegal short-term rental activity on their websites contributes to an increase in such activity.

Los Angeles and New York City are different in terms of their approach to enforcing their short-term rental regulations; nonetheless, City Planning believes the aforementioned lessons learned in New York City are strikingly similar to what has been learned in Los Angeles through Los Angeles' own ongoing HSO implementation and enforcement efforts. Furthermore, while the case law of New York is different from that of California, Los Angeles is nonetheless also able to subpoena information from hosting platforms for enforcement purposes similar to New York City. Los Angeles, therefore, can take useful lessons from the OSE's success in ensuring short-term rental regulation compliance.

## **Austin, Texas**

The City of Austin first adopted short-term rental regulations in 2016 with the original intent of phasing in enforcement by 2022, and passed subsequent laws governing short-term rental units in the years between. Austin's regulations sought to prohibit all non-owner-occupied short-term rental units, place restrictions on the activities allowed in short-term rental units (e.g. prohibiting large gatherings after 10pm), and set occupancy limits for short-term rental units, among other rules; however, the Texas Court of Appeals struck down various elements of Austin's regulations in 2019 (*Zaatari v. City of Austin*).

Austin's Short-Term Rental Office is tasked with administering and enforcing local short-term rental regulations, including the authority to issue citations. The Short-Term Rental Office previously operated as a semi-independent agency; however, due to a major reorganization of Austin city agencies in 2023, the Short-Term Rental Office is now a sub-agency of the Development Services Department, a new department that consolidates multiple previous agencies. The Short-Term Rental Office is made up of 19 staff, including six inspectors among other administrative, investigative, and supervisory staff.

As Austin's regulations stood before the 2019 court decision, three types of short-term rental licenses were offered: "Type 1" licenses permitted short-term rental units in owner-occupied single-family and multi-family residential units. "Type 2" licenses permitted short-term rental units in non-owner-occupied single-family and duplex residential units located no less than 1,000 feet from another property with a short-term rental unit and located in a census tract with no more than 3% of the single-family residential units used as short-term rental units. "Type 3" licenses permitted short-term rental units in both owner-occupied and non-owner-occupied multi-family residential units (not including duplexes) with geographic restrictions for non-commercial zoning districts (no more than 3% of the total number of dwelling units at the property and no more than 3% of the total number of dwelling units located within any building on the property may be used as short-term rental units) and commercial zoning districts (no more than 25% of the total number of dwelling units at the property and no more than 25% of the total number of dwelling units located within any building on the property may be used as short-term rental units).

The Texas Court of Appeals decision to strike down various elements of Austin's short-term rental regulations in 2019 as well as the decision of the United States Court of Appeals for the Fifth Circuit (which covers Texas, Louisiana, and Mississippi) to strike down occupancy requirements for short-term rental regulations in 2022 (*Hignell-Stark v. City of New Orleans*) have complicated Austin's efforts to enforce its regulations. Austin previously prioritized enforcement against owners of properties operated or advertised as short-term rental units without proper registration; however, as a result of the Fifth Circuit decision, Austin issued a stay of enforcement in August 2022 for any citation that would have otherwise been issued when the violation can be tied to occupancy.

The Short-Term Rental Office estimates there are around 11,000 short-term rental units in the city despite having issued short-term rental licenses for only about 2,000 such units, meaning the vast majority are non-compliant. While Austin has decided to no longer pursue a punitive approach to short-term rental regulation enforcement for a large portion of non-compliant short-term rental units in the city due to its reading of the aforementioned Fifth Circuit decision, the Short-Term Rental Office now pursues a proactive and educational approach to enforcement. As such, Short-Term Rental Office inspectors routinely visit known and suspected short-term rental units throughout the city six days a week, including nights and weekends, to remind occupants of the city's regulations surrounding nuisance activities (e.g. noise). Deciding which short-term rental units to visit each day is largely based on complaints received from neighbors regarding possible violations, with inspectors visiting particularly problematic properties up to four days a week. Austin Police Department officers will sometimes accompany Short-Term Rental Office inspectors on their site visits, allowing for certain nuisance violations (e.g. noise) to be cited immediately if they are found to be occurring at the time of the visit.

The enforcement of short-term rental regulations in Austin is similar to that of Los Angeles, including difficulties in bringing short-term rental violations into compliance. A progressive enforcement system is employed where violators are noticed and encouraged to correct within a reasonable amount of time; otherwise, they may be found liable by an independent Administrative Hearing Officer. Violators could be subject to fines up to \$2,000 per day but are generally charged by a one-time fee.

### **New Orleans, Louisiana**

The City of New Orleans is primarily concerned with protecting its existing housing stock through its short-term rental regulations. New Orleans first adopted its regulations in 2016; however, due to concerns regarding the neighborhood impacts of short-term rental units that arose shortly after the regulations became effective in 2017, New Orleans adopted a new short-term rental regulatory structure in 2019 that was meant to strengthen regulation and enforcement. New Orleans enacted a moratorium in 2022 prohibiting the issuance of new short-term rental permits. New short-term rental regulations were adopted in 2023 with an effective date of July 2023, replacing the regulations previously adopted in 2019 and setting an end date to the moratorium. As part of the city's transition to its new short-term rental regulatory structure, the New Orleans City Council passed a local ordinance that will inactivate all previously-issued non-commercial short-term rental permits on August 31, 2023; therefore, all non-commercial short-term rental hosts must submit a new application under the requirements of the new regulations.

New Orleans created its Short Term Rental Administration (also known as the "STR Office") to administer and enforce its short-term rental regulations, along with the authority to issue citations. Similar to other cities discussed in this report, New Orleans' STR Office is a separate office housed within a larger enforcement agency, in this case the New Orleans Department of Safety and Permits. The STR Office is currently staffed with 25 personnel, including ten inspectors and various administrative, supervisory, and adjudicative staff.

New Orleans' short-term rental regulations include the following permits:

- Hosting platforms must obtain an "STR Platform Permit" (PSTR) to process transactions for short-term rental bookings in the city;
- Dwelling units must be issued either a "Commercial Short Term Rental" (CSTR) permit or "Non-commercial Short Term Rental" (NSTR) permit before the unit can be used as a short-term rental unit in the city;
- Owners of a dwelling unit must obtain an "STR Owner Permit" to allow for the use of their dwelling unit as a short-term rental unit in the city; and
- Operators of a short-term rental unit (also known as "hosts") must obtain an "STR Operator Permit" (OSTR) to operate a short-term rental unit in the city.

Short-term rental units are not allowed in all geographies of the city (e.g., short-term rentals are not allowed in Vieux Carré District and Garden District). Moreover, the NSTR permit is required for any short-term rental unit located in a non-commercial zoning district. Hosts applying for an NSTR permit are required to submit several documents, including an OSTR permit, proof of completion of a training course provided by the STR Office, a floor plan, an evacuation plan, a noise abatement plan, and a sanitation plan that provides for daily visual inspections of the property. The number of NSTR permits that can be issued is limited, meaning all approved applications are entered into a lottery for permit issuance. Hosts with an NSTR permit must be present on the registered property for the duration of any short-term rental stay. Meanwhile, the CSTR permit allows the host to use up to 25% of the total dwelling units in a building as short-term rental units so long as it is located within a commercial zoning district.

New Orleans prioritizes enforcement against individual hosts as well as local short-term rental property management groups. Short-term rental units are reviewed for compliance with New Orleans' short-term rental regulations largely in a complaint-based process with neighbors reporting possible violations to the STR Office. STR Office inspectors conduct site visits and review screenshots of online listings advertising the subject property as a short-term rental to determine whether or not the property is in compliance. New Orleans considers each daily listing screenshot for which its inspectors can confirm non-compliance with the short-term rental regulations to be a separate violation. If a violation is confirmed and goes uncorrected, violators can be scheduled for enforcement hearings with an Administrative Hearing Officer. New Orleans provides a publicly accessible map of legal short-term rental units (complete with information including license type, status, and occupancy limits, among other details) as well as a publicly accessible short-term rental enforcement dashboard with metrics and mapping of short-term rental violations by type, status, and date.

### **Toronto, Canada**

Toronto's short-term rental regulations came into effect in January 2021 with the intent of protecting the existing affordable housing stock. The short-term rental regulations require hosting platforms to obtain a license to process short-term rental booking transactions in the city; similarly, hosts must obtain a short-term rental registration to operate a short-term rental unit in the city. The registered short-term rental unit must be the host's "principal residence" (where they live and the address they use for bills, identification, taxes, and insurance) and located in a residential zoning district. Hosts are allowed to use a portion of their registered short-term rental unit (up to three bedrooms) for short-term rental purposes for an unlimited number of nights per year, or the entire short-term rental unit for short-term rental purposes for up to 180 nights per year.

The short-term rental regulations in Toronto are both administered and enforced by the Municipal Licensing and Standards Department (MLS), which also has the authority to issue citations. Enforcement efforts in Toronto have largely focused on illegal hotels and commercial short-term rental units (i.e. dwelling units that are not the primary residence of the host but are instead utilized as full-time short-term rental units) and are typically initiated upon a host's submission of an application to renew their short-term rental registration, via random inspections of alleged illegal short-term rental units, or after receiving a complaint of a potential violation. Before the short-term rental regulations became effective in 2021, there were approximately 15,000 illegal short-term rental units in Toronto; however, as of March 2023, there were about 6,100 legally registered short-term rental units in the city. The city estimates that about 40 percent of all commercial short-term rental units active before 2021 have since returned to the traditional long-term rental market. Due to a backlog in enforcement cases, Toronto increased the size of its short-term rental enforcement team by eight additional staff for a total of 11 staff in 2022.

It is important to note that Toronto is subject to the Canadian legal system. Comparing and/or replicating Toronto's short-term rental regulations and associated enforcement mechanisms in Los Angeles would be difficult due to the different legal landscapes in which the two cities exist.

### **Berlin, Germany**

Berlin originally banned all short-term rental activity in the city in 2014; however, this ban was replaced with short-term rental regulations in 2018. The regulations allow hosts who are short-term renting less than half of the total size of their dwelling unit to operate without a short-term rental permit, while hosts wishing to use their entire dwelling unit for short-term rental purposes must first obtain a permit. Hosts whose primary residence is also their short-term rental unit do not face any booking limits; however, hosts operating a short-term rental unit that is not their primary residence are limited to 90 days of short-term rental bookings per year. Furthermore, Berlin requires hosts who advertise a dwelling unit as a traditional long-term rental on a hosting platform to obtain a permit, not just those advertising a short-term rental unit.

Berlin, as a city located in the European Union (EU) member state Germany, is under the jurisdiction of the larger legal system of the EU. This creates a complex legal landscape when it comes to the enforcement of Berlin's short-term rental regulations. For example, under the "country of origin" concept of EU law, online companies such as Airbnb are only required to comply with the local laws of the EU member state in which they are legally headquartered, making it difficult for Berlin to access certain hosting platform data that could aid its enforcement efforts. While Berlin has the legal right to request host information (e.g. host name, address) and booking data from hosting platforms under German law, Airbnb refuses to deliver the data on the grounds that it is legally based in Ireland and thus required to comply only with Irish law.

Berlin is planning on strengthening its current set of laws with the obligation for hosting platforms to remove listings without a registration number, and to be able to fine platforms if they refuse to do so. It is important to note that, due to the different legal systems that Berlin and Los Angeles are subjected to, it would be difficult to compare and/or replicate Berlin's short-term rental regulations and associated enforcement mechanisms here in Los Angeles.

### **Lisbon, Portugal**

Short-term rental regulations in Lisbon began in 2014. To operate a short-term rental in Lisbon, hosts must obtain a "*Licença de Alojamento Local*" ("Short-Term Rental License"). Lisbon offers four license types: "*moradias*" ("single-family dwellings"), "*apartamentos*" ("apartments"), "*estabelecimentos de hospedagem*" ("guest houses"), and "*quartos*" ("rooms").

Hosts may be subject to a fine if they short-term rent an unlicensed unit or if they fail to cancel their short-term rental license after ceasing short-term rental activity for their unit. To ensure compliance with the regulations, Lisbon conducts random audits of a property after it has been issued a short-term rental license.

In November 2018, Lisbon banned the issuance of registrations for some historical neighborhoods. Most recently, in February 2023, Portugal announced the end of its "Golden Visa" program and placed a ban on new licenses for short-term rentals except in rural areas. In April 2023, the Lisbon government proposed a ban on short-term rental registrations in five of the city's 24 parishes due to an ongoing housing crisis.

It is important to note that, similar to Berlin, Lisbon is subject to the legal system of the European Union (EU) due to Portugal being an EU member state. Comparing and/or replicating the short-term rental regulations and associated enforcement mechanisms of Lisbon here in Los Angeles would be difficult due to the different legal landscapes in which the two cities exist.