

August 26, 2022

<u>Via United States Mail</u> Los Angeles City Council c/o Office of the City Clerk City Hall, Room 395 Los Angeles, CA 90012

Dear Members of the Los Angeles City Council,

This report addresses the widespread problem of Short-Term Rental ("STR") hosts falsely advertising the location of their STRs in order to evade the Los Angeles Home Sharing Ordinance ("HSO") regulations. In the past few months, Better Neighbors Los Angeles ("BNLA") has received several hotline and Twitter complaints from neighbors about unscrupulous STR hosts engaging in this tactic. After receiving these complaints, BNLA conducted a regional analysis to determine how widespread this evasion tactic is amongst STR hosts.

<u>Tactic to Circumvent HSO Regulations</u>: The Los Angeles HSO regulates STR activity by setting STR eligibility criteria and requiring hosts to register their STR. The HSO covers only STR activity within the City of Los Angeles, and the Los Angeles Department of City of Planning ("Planning"), the agency tasked with enforcement of the HSO, monitors exclusively STR listings within the city limits. As a result, hosts have found a way to circumvent HSO regulations by falsely advertising that the location of their STR is outside of the City of Los Angeles. For example, a STR host might list a Marina Del Rey location for a property that is actually located in Venice, a neighborhood within the City of Los Angeles. Once a guest books the STR, the host then messages the guest the true address. Thus, with a few simple clicks, STR hosts operating in the City of Los Angeles can skirt HSO regulations without consequence through the appropriation of an address outside of the City of Los Angeles for their STR listing. In addition to circumvention of the HSO regulations, this practice also creates a nuisance for the residents of the address listed by the host as the guests show up expecting to use the property.

Short term rental platforms do little to ensure the locations advertised in STR listings are accurate. Airbnb's Community Standards state that "The location information provided for the listing should be accurate," but concurrently that "Hosts have full autonomy over their listings' categorizations."<sup>1</sup> Thus, while Airbnb publicly instructs hosts to include accurate information for their listings, there is no platform oversight to ensure that hosts comply.

<sup>&</sup>lt;sup>1</sup> https://www.airbnb.com/help/article/2895/host-reliability-standards

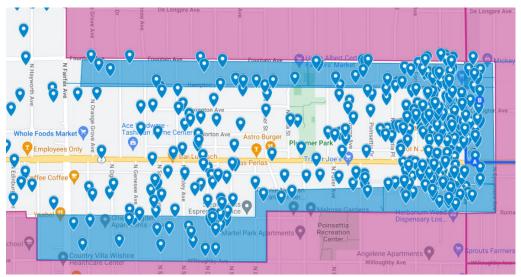
<u>Complaints from Neighbors</u>: Over the past few months, BNLA has received several complaints from neighbors about STR activity at properties located within Los Angeles city limits where the hosts falsely listed the locations in municipalities outside Los Angeles on platforms. To fully illustrate the inner workings of this tactic and its consequences, we draw from a few of these complaints:

- In June 2022, the BNLA received a complaint from a resident of West Hollywood whose • address was being used for an Airbnb listing that was truly located in Hollywood. This complainant discovered their address was being used for an Airbnb listing when Airbnb guests arrived at their property for their stay. The listing host had forgotten to provide the guests with the actual address before they arrived for their reservation. When the complainant explained that their property was not an Airbnb, the guests showed them the Airbnb listing. BNLA investigated the matter and discovered that the host was using the complainant's address for several different listings. Most of these listings' true locations were in Hollywood—not West Hollywood. By using the complainant's West Hollywood address instead of the actual address, the host was able to avoid notice when it did not register or otherwise comply with HSO regulations. This property, like many others, is covered by the Los Angeles Rent Stabilization Ordinance. Rent-stabilized properties are categorically prohibited from being rented out as STRs under the HSO. This host was able to easily evade this HSO regulation and remove affordable housing from the longterm rental market by advertising a false location.
- In May 2022, the BNLA received a complaint on its hotline from a resident of Venice, who reported an illegally operating STR in the neighborhood. The Airbnb listing attached to this STR stated that the property was in Santa Monica and even included a Santa Monica registration number. The Santa Monica STR registry, however, indicated that this registration number was assigned to a different property. Once again, the property listed was covered by the Los Angeles Rent Stabilization Ordinance—which means this property is prohibited from being rented as a STR. By using this loophole, the property's host was able to circumvent the HSO without consequence.

<u>BNLA's Regional Analysis</u>: After receiving multiple complaints about hosts misrepresenting the location of their STR property, BNLA conducted a regional analysis on a portion of the West Hollywood and Los Angeles border to gain insight into the pervasiveness of this tactic.

To conduct the analysis, BNLA used May 2022 Inside Airbnb scrape data to map all the advertised locations of West Hollywood STR listings. BNLA then manually inspected each Airbnb listing in the border regions of West Hollywood in order to detect listings that misrepresented their location.<sup>2</sup> The map below shows the area of analysis:

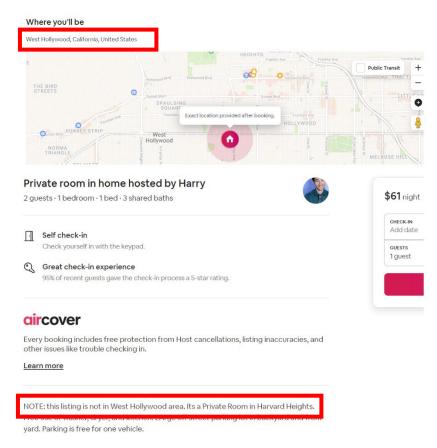
<sup>&</sup>lt;sup>2</sup> BNLA analyzed the border regions based on the hypothesis that the hosts would choose locations in neighboring municipalities that are as close to the actual location of the STR as possible.



The pink regions of the map encompass the City of Los Angeles, and the blue regions encompass the border regions in West Hollywood that BNLA analyzed. The blue pins represent the advertised locations of all STR listings in West Hollywood during May 2022.

To determine whether a listing misrepresented its location, BNLA used three criteria:

1.) The host indicated in the listing description itself that the location information in the listing was not correct:



2.) A review indicated that the listing misrepresented the true location of the STR:



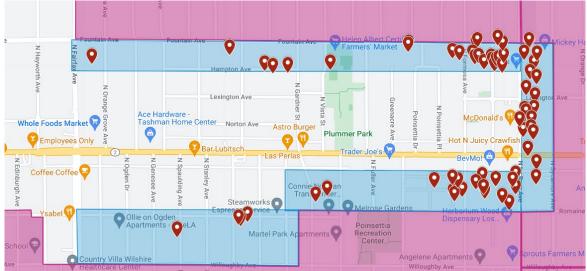
## ★ 4.64 · 28 reviews

3.) A picture in the listing revealed that the listing misrepresented the true location of the STR:



This picture was included in a STR listing which was advertised as being in West Hollywood. The picture shows Joseph Le Conte Middle School which is located in Hollywood about a mile and a half from the Hollywood-West Hollywood border.

<u>Results:</u> Overall, there were 133 Airbnb listings within the border regions that BNLA analyzed. After inspecting all 133 listings, BNLA determined that 69 of the listings misrepresented their location, which equates to 52% of the total listings examined. The true locations of these listings ranged from Hollywood, Koreatown, Los Feliz, and Downtown Los Angeles. This staggering percentage indicates that this strategy is widespread amongst STR hosts.



The red map pins represent each STR listing that BNLA determined misrepresented its location.

<u>Recommendations</u>: As BNLA's analysis indicates, hosts misrepresenting the location of an STR property to avoid HSO regulations has become a highly utilized tactic. The various complaints received by BNLA illustrate some of the consequences of this loophole; hosts remove affordable housing from the long-term rental market and the privacy of individuals whose addresses are being appropriated to execute this tactic are violated when STR guests arrive at their homes expecting to stay there.

BNLA recommends that the City Council encourage Planning to monitor STR listings on the peripheries of the City of Los Angeles. Many listings that misrepresent their location indicate the listing's true location and sometimes address in the listing description or listing title and, therefore, are easy to detect. Further, City Council should encourage Planning to fine hosting platforms who process bookings for STRs that misrepresent their locations to curb the practice and to incentivize the platforms to develop protocols to ensure hosts are accurately advertising their listing's location. Finally, City Council should encourage Planning to collaborate with other local governments, especially those with STR regulations such as Santa Monica or West Hollywood, to develop an enforcement protocol for when listings with misrepresented locations are detected.

Sincerely,

/s/ Randy Renick