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THE PEOPLE OF THE STATE OF CALIFORNIA

NO FEE – CAL. GOVT. CODE § 6103

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES

THE PEOPLE OF THE STATE OF CALIFORNIA,

Plaintiff,

v.

HOMEAWAY.COM, INC., a Delaware corporation, and DOES 1-25, inclusive,

Defendants.

Case No. 22STCV09609

COMPLAINT FOR INJUNCTIVE RELIEF AND CIVIL PENALTIES FOR VIOLATION OF:

(1) CALIFORNIA’S UNFAIR COMPETITION LAW (CAL. BUS. & PROF. CODE §§ 17200, ET SEQ.); AND
(2) LOS ANGELES MUNICIPAL CODE SECTION 11.00.

[Verified Answer Required Under Cal. Code Civ. Proc. § 446(a)]

1 **INTRODUCTION**

2 1. The People of the State of California (“People”) bring this action to put an end to
3 Defendant HomeAway.com, Inc.’s (“HomeAway”) flagrant violation of the City of Los Angeles’
4 (the “City”) Short-Term Rental Ordinance (the “Ordinance”). The Los Angeles City Council
5 adopted the Ordinance upon finding that an influx of short-term rentals driven by Internet-based
6 platforms had worsened the City’s “extreme shortage of housing,” contributed to “increased rents
7 and decreased availability of housing,” created “negative impacts on the residential character of
8 neighborhoods,” and increased “nuisance activity.” To combat these problems, the Ordinance
9 prohibits hosting platforms from processing short-term rental booking transactions for hosts who
10 have not registered with the City. HomeAway, one of the leading Internet-based short-term rental
11 hosting platforms, flouts the Ordinance, and routinely books transactions for unregistered hosts.
12 From November 7, 2021, to December 7, 2021, alone, HomeAway processed at least 229
13 unauthorized booking transactions in the City. Through this lawsuit, the People seek to enjoin
14 HomeAway from further violating the Ordinance. The People also seek statutory penalties of up
15 to \$2,500 under the Unfair Competition Law and up to \$2,500 under Section 11.00 of the Los
16 Angeles Municipal Code for each past unauthorized booking transaction. These remedies are
17 necessary to deter HomeAway and others from engaging in similar conduct in the future.

18 **PARTIES**

19 2. The People bring this civil law enforcement action by and through Los Angeles
20 City Attorney Michael N. Feuer, pursuant to the authority granted under California Business and
21 Professions Code sections 17204 and 17206(a) and Los Angeles Municipal Code section 11.00(1).

22 3. HomeAway is a Delaware corporation with its principal place of business in
23 Austin, Texas. HomeAway is registered with the California Secretary of State to do business in
24 the State of California. HomeAway also has a Business Tax Registration issued by the City’s
25 Office of Finance, authorizing HomeAway to do business in the City. HomeAway conducts
26 business in the City and has been doing so for a number of years.

27 4. The true names and capacities of Defendants sued herein as Does 1 through 25,
28 inclusive, are unknown to the People, and the People therefore sue these Defendants by such

1 fictitious names.

2 5. When the true names and capacities of these Doe Defendants have been
3 ascertained, the People will seek leave of this Court to amend this Complaint to insert in lieu of
4 such fictitious names the true names and capacities of the fictitiously named Defendants.

5 6. All of the acts and omissions described in this Complaint were duly performed by,
6 and attributable to, all Defendants, each acting as the agent, employee, alter ego, and/or under the
7 direction and control of the others, and such acts and omissions are within the scope of such
8 agency, employment, alter ego, and/or direction and control.

9 7. Each Defendant sued herein also (or in the alternative) aided and abetted all of the
10 other Defendants in violating the letter of and the public policy embodied in the laws set forth in
11 this Complaint. For this reason, use of the term “HomeAway” below shall include all Doe
12 Defendants.

13 **JURISDICTION AND VENUE**

14 8. The Superior Court has original jurisdiction over this action pursuant to Article VI,
15 section 10 of the California Constitution, which grants the Superior Court original jurisdiction in
16 all causes other than those specifically enumerated.

17 9. The Superior Court has personal jurisdiction over HomeAway pursuant to
18 California Code of Civil Procedure section 410.10 because HomeAway conducts business in the
19 State of California, purposely avails itself of the benefits of doing business in California, and the
20 violations of law alleged herein occurred in this state in whole or in part.

21 10. Venue is proper in the Los Angeles County Superior Court pursuant to California
22 Code of Civil Procedure sections 393 and 395.5 because the cause, or some part of the cause,
23 arose in Los Angeles County and liability arises from HomeAway’s operation of its business in
24 Los Angeles County.

25 **THE CITY’S SHORT-TERM RENTAL ORDINANCE**

26 11. Driven by Internet-based platforms like HomeAway, short-term rentals—those for
27 30 consecutive days, or fewer—have proliferated in recent years in the City, and elsewhere.

28 12. In December 2018, the City enacted Los Angeles Ordinance No. 185,931 (again,

1 the “Ordinance”) in an effort to limit the negative consequences of short-term rentals—the
2 reduction in housing stock, increased nuisance activity, and the negative impact on the residential
3 character of neighborhoods.

4 13. The Ordinance amended the Los Angeles Municipal Code (“LAMC”) to add
5 provisions regulating “Short-Term Rentals.” A “Short-Term Rental” is defined in the Ordinance
6 as a rental unit, “rented in whole or in part, to any Person(s) for transient use of 30 consecutive
7 days or less. Rental Units within City-approved Hotels, motels, Transient Occupancy Residential
8 Structures and Bed and Breakfasts shall not be considered a Short-Term Rental.” LAMC §
9 12.22(A)(32)(b)(11).

10 14. The Ordinance provides that hosts may only offer their primary residence for
11 short-term rentals (in the language of the Ordinance, “Home-Sharing”), and prohibits short-term
12 rental of housing units subject to the City’s Rent Stabilization Ordinance and those units set aside
13 as affordable or income-restricted. *See* LAMC § 12.22(A)(32)(c)(2).

14 15. The Ordinance requires eligible hosts to submit an application, pay an application
15 fee, and obtain a registration number from the City’s Department of City Planning before
16 engaging in short-term rentals. All advertisements for short-term rentals must clearly list the
17 host’s City-issued registration number, and hosts may not engage in short-term rentals for more
18 than 120 days in a calendar year unless the host obtains a separate Extended Home-Sharing
19 registration number from the City. Hosts must also pay a per-night fee to the City for each night
20 of short-term rental, and collect from their guests and remit to the City Transit Occupancy Taxes.
21 *See* LAMC § 12.22(A)(32)(d), (e).

22 16. Under the Ordinance, a “Hosting Platform” is defined as anyone who participates
23 in the short-term rental business “by collecting or receiving a fee, directly or indirectly through an
24 agent or intermediary, for conducting a Booking Service transaction using any medium of
25 facilitation.” LAMC § 12.22(A)(32)(b)(5). “Booking Service” is defined as “[a]ny reservation
26 and/or payment service” that is provided by anyone who facilitates a short-term rental transaction
27 and for which the individual/entity “collects or receives, directly or indirectly through an agent or
28 intermediary, a fee in connection with the reservation and/or payment of services provided for the

1 transaction.” LAMC § 12.22(A)(32)(b)(2).

2 17. The Ordinance provides that “Hosting Platforms shall not process or complete any
3 Booking Service transaction” for any host who does not have “a valid Home-Sharing registration
4 number issued by the City or a pending registration status number.”¹ LAMC §
5 12.22(A)(32)(f)(1). The Ordinance also prohibits Hosting Platforms from “process[ing] or
6 complet[ing] any Booking Service transaction for any Host listing that has exceeded the
7 authorized 120-day limit in one calendar year unless the Host has obtained an Extended Home-
8 Sharing approval.” LAMC § 12.22(A)(32)(f)(2). “Host” is defined as “[a]n individual who is
9 registered for Home-Sharing[.]” LAMC § 12.22(A)(32)(b)(6).

10 18. The City’s Department of City Planning provides a daily list to all Hosting
11 Platforms, including HomeAway, identifying all registered hosts in the City, as well as the
12 remaining days each registered host is permitted to engage in short-term rentals.

13 19. The Ordinance went into effect on July 1, 2019, and the City began enforcing its
14 provisions on November 1, 2019.

15 **THE CITY’S SEPTEMBER 2021 REPORT**

16 20. On September 8, 2021, the City’s Department of City Planning released a report
17 on the progress of implementing and enforcing the City’s Home-Sharing program, which
18 reflected significant and widespread noncompliance with the Ordinance.

19 21. Among other things, the September 2021 report concluded that:

- 20 • As of August 2021, there were still approximately 1,500 listings that failed to
21 display a valid City-issued registration number;
- 22 • As of June 2021, there were still approximately 600 listings that falsely claimed
23 that the property in question is exempt from the Ordinance as a hotel, motel, bed
24 and breakfast, or Transient Occupancy Residential Structure; and
- 25 • Only around 35% of all registered hosts listing on an Internet-based platform, like
26

27 ¹ Pending registration status numbers were used on an interim basis when the Ordinance
28 first took effect. They are no longer issued.

1 HomeAway, paid the City the required nightly fee for each night that the host's
2 property is rented on a short-term basis, costing the City hundreds of thousands of
3 dollars in lost revenue every month.²

4 22. Additionally, the September 2021 report noted that accessory dwelling units
5 (“ADU(s)”) account for nearly 15% of all active short-term rental registrations, even though they
6 comprise only 0.5% of the City’s total housing stock. According to the report, this suggests that
7 ADUs are routinely illegally used as short-term rental properties—given that ADUs are ineligible
8 for registration under the Ordinance, except in the unlikely event the ADU is the owner’s primary
9 residence or where the owner applied for a building permit for the ADU prior to 2017.

10 **HOMEAWAY – BACKGROUND/OVERVIEW**

11 23. HomeAway provides Internet-based Hosting Platforms on which real property
12 owners, renters, and/or managers advertise residential properties to potential renters seeking
13 temporary lodging, including in the City.

14 24. HomeAway’s Hosting Platforms previously included HomeAway.com,
15 VRBO.com, and VacationRentals.com. In or around 2020, HomeAway rebranded all of its
16 Hosting Platforms to Vrbo (standing for “Vacation Rentals by Owner”) and its websites began
17 redirecting readers to Vrbo.com, which claims 42 million monthly worldwide unique visitors and
18 480 million monthly worldwide page views.

19 25. Hosts may list properties on Vrbo.com after creating an online account (by
20 providing the host’s first/last names, telephone number, e-mail address, and an account
21 password), verifying the location of the property, adding details about the space (relating to
22 bedrooms, bathrooms, and common areas), listing amenities (e.g., pool, wireless Internet, and so
23 forth), providing a listing headline and a narrative/description of the property, adding
24 photographs, confirming the host’s contact and banking information, and providing other details
25 about the property’s use and limitations (e.g., smoking, pets, and the like) and rental rates and
26 fees.

27 ² This excludes Hosting Platform Airbnb, which collects and remits this fee on behalf of the
28 Host. The City and Airbnb have a separate Platform Agreement relating to Airbnb’s obligations
under the Ordinance. HomeAway has not entered into any such agreement with the City.

1 registration number or a pending registration status number issued by the City.

2 31. Such a high rate of violation is unsurprising when considering that HomeAway
3 does not require hosts in the City to provide a Home-Sharing registration number before listing
4 their short-term rentals online and that, on information and belief, HomeAway does not attempt to
5 verify a host’s registration number, to the extent the host voluntarily provides one at all.

6 **ENFORCEMENT AUTHORITY**

7 **Unfair Competition Law**

8 32. California’s Unfair Competition Law, Cal. Bus. & Prof. Code §§ 17200, *et seq.*
9 (hereinafter “UCL”), prohibits “unfair competition,” which “mean[s] and include[s] any unlawful,
10 unfair or fraudulent business act or practice[.]” CAL. BUS. & PROF. CODE § 17200. “By
11 proscribing any unlawful business practice, section 17200 borrows violations of other laws and
12 treats them as unlawful practices that the unfair competition law makes independently
13 actionable.” *Cel-Tech Communications, Inc. v. Los Angeles Cellular Tel. Co.*, 20 Cal. 4th 163,
14 180 (1999) (quotations omitted). “Virtually any law—federal, state or local—can serve as a
15 predicate for a [UCL] action.” *State Farm Fire & Casualty Co. v. Superior Court*, 45 Cal. App.
16 4th 1093, 1102–1103 (1996) (disapproved on another ground as stated in *Cel-Tech*, 20 Cal. 4th at
17 pp. 184–185). Thus, violation of the City’s Short-Term Rental Ordinance is a violation of the
18 UCL.

19 33. Under the UCL, the Los Angeles City Attorney is empowered to file a civil law
20 enforcement action on behalf of the People of the State of California against any “person” who
21 engages, has engaged, or proposes to engage in unfair competition. *See* CAL. BUS. & PROF. CODE
22 §§ 17203, 17204, 17206. The UCL defines “person” to “mean and include natural persons,
23 corporations, firms, partnerships, joint stock companies, associations and other organizations of
24 persons.” CAL. BUS. & PROF. CODE § 17201.

25 34. The UCL states that “[a]ny person who engages, has engaged, or proposes to
26 engage in unfair competition may be enjoined in any court of competent jurisdiction” and that
27 “[t]he court may make such orders or judgments, including the appointment of a receiver, as may
28 be necessary to prevent the use or employment by any person of any practice which constitutes

1 unfair competition[.]” CAL. BUS. & PROF. CODE § 17203.

2 35. The UCL further provides that in connection with a government enforcement
3 action on behalf of the People of the State of California, which includes those filed by the Los
4 Angeles City Attorney, “[a]ny person who engages, has engaged, or proposes to engage in unfair
5 competition shall be liable for a civil penalty not to exceed two thousand five hundred dollars
6 (\$2,500) for each violation[.]” CAL. BUS. & PROF. CODE § 17206(a).

7 36. Under the UCL, “the remedies or penalties provided by this chapter are cumulative
8 to each other and to the remedies or penalties available under all other laws of this state.” CAL.
9 BUS. & PROF. CODE § 17205.

10 **Los Angeles Municipal Code**

11 37. The LAMC states that “any violation of any provision of this Code is declared to
12 be a public nuisance” that “may be abated . . . by the City Attorney on behalf of the people of the
13 State of California as a nuisance by means of a restraining order, injunction or any other order or
14 judgment in law or equity by a court of competent jurisdiction.” LAMC § 11.00(l).

15 38. The LAMC further provides that “[v]iolations of this Code are deemed continuing
16 violations and each day that a violation continues is deemed to be a new and separate offense and
17 subject to a maximum civil penalty of \$2,500 for each and every offense.” LAMC § 11.00(l); *see*
18 *also* LAMC § 12.22(A)(32)(g)(1)-(2) (providing that anyone who fails to comply with the
19 Ordinance “may be subject to the provisions of Section 11.00 of this Code[.]” as well as “any
20 criminal, civil or other legal remedy established by law that may be pursued to address
21 violations”).

22 **FIRST CAUSE OF ACTION**

23 **AGAINST ALL DEFENDANTS FOR VIOLATION OF THE UCL**

24 39. The People incorporate herein by reference all preceding allegations as though
25 fully set forth herein.

26 40. HomeAway is a “person” as defined by the UCL.

27 41. HomeAway has violated and continues to violate the UCL by processing or
28 completing booking transactions for short-term rentals for hosts who do not have a valid Home-

1 Sharing registration number or a pending registration status number issued by the City at the time
2 the booking transaction is processed or completed.

3 42. Unless enjoined, HomeAway will continue to violate the UCL as described above.

4 **SECOND CAUSE OF ACTION**

5 **AGAINST ALL DEFENDANTS FOR VIOLATION OF LAMC SECTION 11.00**

6 43. The People incorporate herein by reference all preceding allegations as though
7 fully set forth herein.

8 44. HomeAway has violated and continues to violate LAMC section 11.00 by
9 processing or completing booking transactions for short-term rentals for hosts who do not have a
10 valid Home-Sharing registration number or a pending registration status number issued by the
11 City at the time the booking transaction is processed or completed.

12 45. Unless enjoined, HomeAway will continue to violate the LAMC as described
13 above.

14 **PRAYER FOR RELIEF**

15 Wherefore, the People pray that:

16 1. HomeAway be enjoined from processing or completing any short-term rental
17 booking transaction for any host who does not have a valid Home-Sharing registration number or
18 a pending registration status number issued by the City;

19 2. HomeAway be enjoined from processing or completing any short-term rental
20 booking transaction for any host exceeding the authorized 120-day limit in one calendar year
21 unless the host has obtained an Extended Home-Sharing approval from the City;

22 3. HomeAway be assessed a civil penalty of up to \$2,500 for each violation of the
23 UCL described above;

24 4. HomeAway be assessed an additional civil penalty of up to \$2,500 for each
25 violation of the LAMC described above;


26 5. The People recover the costs of this action; and

27 6. The People be granted such other and further relief as this Court may deem to be
28 just and proper.

1 Dated: March 18, 2022

Respectfully submitted,
OFFICE OF THE LOS ANGELES CITY ATTORNEY

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By: 
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