



April 25, 2023

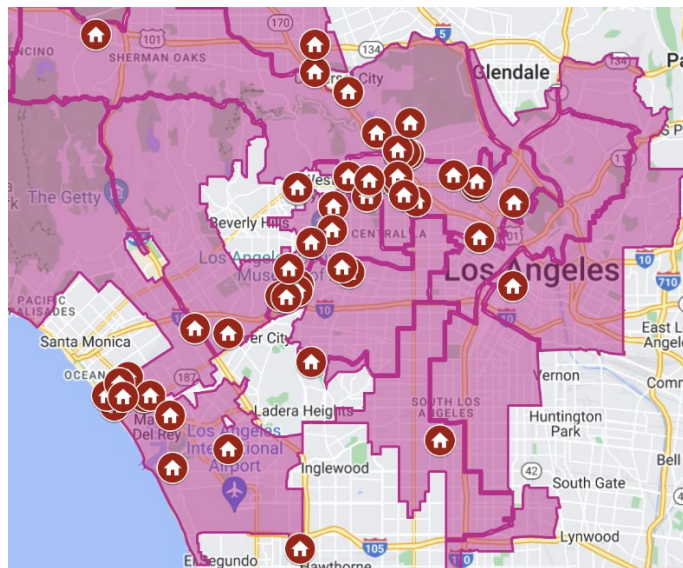
Los Angeles City Council
c/o Office of the City Clerk
City Hall, Room 395
Los Angeles, CA 90012

Dear Members of the Los Angeles City Council,

Every day, thousands of short-term rental listings are advertised on hosting platforms in violation of the Home Sharing Ordinance (“HSO”). Very few of these operators, however, will face any consequences from the City. Furthermore, when the City does engage in enforcement against non-compliant properties, there is often an excessive delay between the violation and the enforcement. This report analyzes the consequences of the City’s sparse and delayed enforcement.

Better Neighbors Los Angeles Reports Illegal STRs to Planning: Better Neighbors Los Angeles (“BNLA”) operates a hotline which receives calls from residents regarding non-compliant short-term rentals in their neighborhoods. After receiving a complaint, BNLA investigates the property and collects evidence of HSO violations. Once the investigation is complete, BNLA prepares a report documenting the violations and sends it to Department of City Planning (“Planning”), along with the evidence and links to the illegal listings. The most frequently reported HSO violations include hosts operating STRs in rent-stabilized (“RSO”) properties, hosts operating STRs at properties that are not their primary residence, and nuisances caused by STR guests.

The map below shows the locations of the properties reported by BNLA to Planning.



Despite BNLA's efforts, the City does not always take action against the reported properties. Out of the properties reported since 2021, only 30% were issued fines and only 10% received a warning letter. 14% of the properties had been enforced upon before BNLA’s complaint, but were still operating

illegally at the time that BNLA submitted the complaint to Plannig. 45% of the properties had no action taken against them. In a few instances, Planning has explained why a property BNLA reported was not pursued for enforcement, other times the Department didn't respond to our complaint and didn't provide a reason for their lack of action. The average time between BNLA's complaint and Planning's enforcement action was 82 days. Consequentially, affected neighbors continued to suffer the consequences of the illegal STRs for an additional three months. During this time, the operators continued to profit and evade taxes.

Planning's failure to promptly and meaningfully enforce against these properties has tangible consequences, as illustrated by the following example: On March 9, 2022, Better Neighbors Los Angeles reported an illegal short-term rental operating in a six-unit apartment building located in the West Adams neighborhood on South Corning Street.¹ At the time of BNLA's complaint, one unit was occupied by long-term tenants and the others were available as short-term rentals. BNLA's investigation identified several HSO violations. First, none of the units at the South Corning Property are registered for home-sharing, despite the HSO requiring all short-term rentals to be registered with the City of Los Angeles.² Second, because the South Corning Property is a rent-stabilized property, it is categorically ineligible for use as a short-term rental.³ Third, the host was operating multiple short-term rentals simultaneously, which is not permitted by the HSO as it only allows one short-term rental per person.⁴ Fourth, the host was using each unit as multiple short-term rentals, renting the space by the bed to accommodate multiple parties simultaneously. This is also a violation of the HSO.⁵ Finally, the units do not have primary residents, which is contrary to the rules of the HSO.

Three months later, the City's only enforcement action at the property was to issue a warning letter. The listings remained online and the host began using various tactics to feign compliance. For instance, the host changed the minimum nights on the listings advertised in Los Angeles to 30 nights, but appeared to be taking nightly rentals. Since the HSO defines short-term rentals as properties rented for 30 nights or less, these listings no longer appear non-compliant. Additionally, the host created new listings for these properties with 3-night minimums but advertised them in neighboring cities, such as West Hollywood, so that the City would not detect the listings. As part of its investigation, BNLA reserved one of the host's listings for three nights in November 2022. After collecting additional evidence, BNLA sent another report to Planning with recommendations for enforcement actions. KNBC 4 covered BNLA's stay on the evening news and also pressured the City to take action against the property.

More than a year after BNLA's submitted its first complaint and 3 months since BNLA provided additional info to the City, the listings for the South Corning property remain active on Airbnb. As a consequence, five rent-stabilized units that could serve as homes for local residents are instead functioning as unregulated hotel rooms. The operators of these short-term rentals continue to profit while simultaneously contributing to the housing crisis. The tenants living in the last non-STR unit in the building live with a sense of unease due to the uncertainty of who is coming and going in the unit next door. The central goals of the HSO, preserving affordable housing and community, are undermined by the City's scant and slow enforcement.

¹ This property is located in Council District 10.

² (LAMC 12.22(c)(2)(ii)(c))

³ (LAMC 12.22.A (c)(2)(ii)(b))

⁴ (LAMC 12.22.A (d)(7))

⁵ (LAMC 12.22.A (d)(7))

Recommendations:

The City's inaction at the South Corning property is just one instance of its failure to properly and timely enforce the HSO. There are thousands of additional properties that operate in violations of the Ordinance that will never face repercussions if the City does not improve its enforcement processes. To address the issue, BNLA recommends the following:

- Direct the City's enforcement agencies to adopt a streamlined enforcement process. For example, the City should issue a citation immediately after identifying a non-compliant listing.
- Direct the City's enforcement agencies to issue the maximum fine to illegal operators. The HSO authorizes daily fines in the amount of \$572 for every day a host advertises a non-compliant listing. But in except in rare cases, the City only issues a one night fine to illegal operators even when they've been operating illegally for months or years. Letting violators off with a slap on the wrist will not deter bad operators.
- Follow-up with Planning on complaints reported by BNLA in your district. The pertinent councilmember's office is always included on the emails reporting illegal STRs that BNLA sends to Planning.
- Direct the City Attorney to file a law suit against the most egregious violators of the HSO, such as hosts using multiple rent-stabilized units for STRs, and hosts who continue to operate after the City issued warning letters or fines.
- Direct the City's enforcement agencies to enforce against the South Corning property.

Thank you for your time and consideration.

Sincerely,

/s/ Randy Renick