



April 28, 2022

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

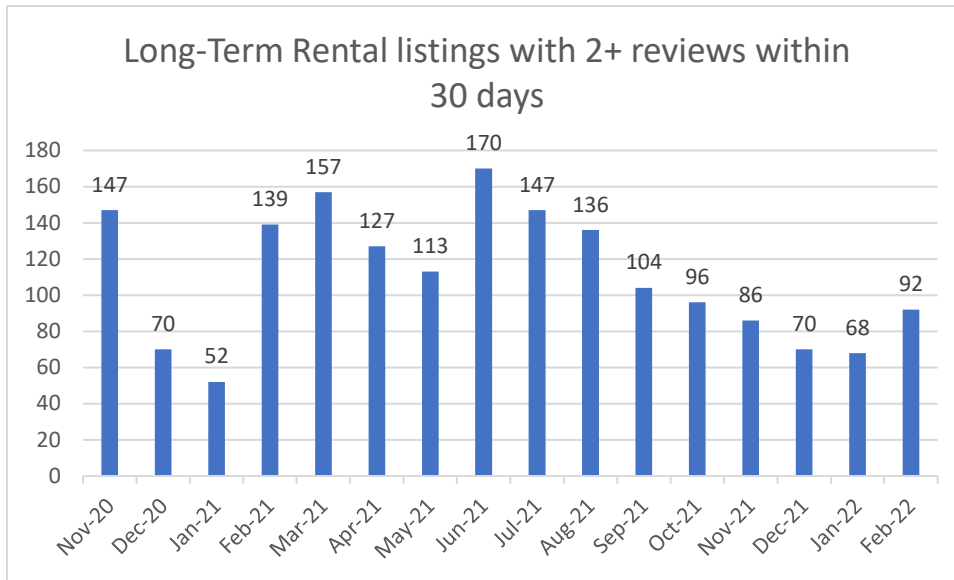
Dear Los Angeles City Council,

This report addresses the widespread problem of long-term rental listings being used for illegal short-term rental activity in Los Angeles. L.A.'s groundbreaking Home Sharing Ordinance regulates only short-term rentals (“STRs”) – those that are less than 31 days in duration. Airbnb, along with most other platforms, advertises both short-term rentals as well as unregulated long-term rentals for stays 31 days or longer.ⁱ An unscrupulous host, however, can with a few simple clicks easily convert any given listing from long-term to short-term, thereby escaping scrutiny by the agency tasked with enforcement of short-term rentals, the Los Angeles Department of Planning (“DCP”).

Our analysis finds that at least one-quarter of all long-term and short-term listings - including more than half of short-term rental activity — are crafted by hosts to exploit a definitional loophole. These listings appear to advertise long-term rentals, yet actually engage in short-term rental activity, thereby skirting regulation. Last September, DCP Director Vincent Bertoni acknowledged this problem in his department’s report to the City Council:

Circumvention of minimum 30-night stay. Listings that have a minimum stay of 30 nights (regarded as 31 days) are not subject to the Home-Sharing regulations, yet in some instances neighbors report that guests come and go more frequently. This is particularly troublesome when it occurs at properties subject to the RSO. It appears that guests are making private arrangements with hosts for shorter stays that may not be visible to the hosting platforms. As a result, the fact that a hosting platform may have limited a host’s calendar to 31 days or that the remaining days following a stay of less than 31 days are blocked does not address the problem in its entirety. City Planning has yet to develop a solution to this problem but is exploring options.ⁱⁱ

Evidence of disguised short-term rentals abounds and is not limited to anecdotal accounts from neighbors. Evidence can also be found in Airbnb’s own data, specifically in guest reviews. An Airbnb stay can result in, *at most*, one review and not all stays yield a review. In any given month, any given short-term rental could have as many as 31 reviews, depending on the number of stays and the length of stays. By definition, however, a long-term rental stay is *at least a month*; therefore, in any given month a long-term rental could receive, at most, one review. As shown in the graph below, there are dozens of long-term rentals on Airbnb that received more than one review within 30 days.



Hosts of purported long-term rentals also engage in illegal short-term rental activity by moving the transaction “off-platform.” Here is an example of this tactic:

Julien
[Hide Details](#)

Ava 3:38 PM
Hello. I am interested. Is this available for two weeks?


Julien 3:41 PM
Hello, what dates would you like to come in?
If it is for 2 weeks?

Ava 3:47 PM
April 25 - May 8

Julien 3:53 PM
For the 2 bedroom, it is not available until April 30th. But, we have a 1 bedroom available from April 25
We can also provide 2 1-bedroom apartments if that is what you need

Ava 3:55 PM
My dates are flexible, I can do April 30
I prefer the two bedroom

Julien 3:57 PM
Okay that should work
If you would like for two weeks, please reach out to me at thReE 1 zEr0 8 ate O 5 eight 7 one



Ready to book?
Julien lets guests book instantly.

Book now

Trip Details
Fantastic 2 Bedroom 2 Bathroom Apartment in WoHo
 Entire Apartment - Los Angeles, CA, US

Hosted by Julien
5 Reviews

Check-in
April 22, 2021

Checkout
May 22, 2021

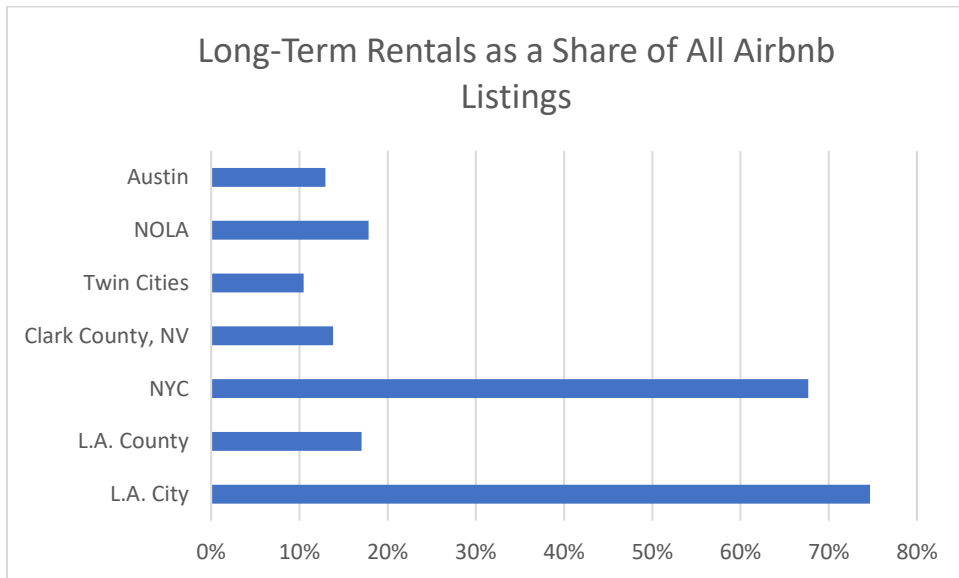
It is important to note that a large number of long-term rentals in the City began as short-term rentals. The shift toward long-term rentals appears to be entirely a function of the City’s Home Sharing Ordinance. As DCP Director Bertoni explained last year, “When the [HSO] was first established in 2019, it was estimated there were approximately 36,600 short-term rental listings in the City.”ⁱⁱⁱ While that number has dropped significantly, thousands upon thousands of those listings still exist — they just

advertise as long-term rentals now. Below is the number of Airbnb long-term rental listings in Los Angeles:



The main reason for the increase is that Airbnb does not remove noncompliant rentals from its platform. Instead, Airbnb simply “converts” the listing from a short-term rental to a long-term rental by resetting the minimum stay at 30 days. The listing remains on the site and available for rent as a long-term rental but is often made available on a short-term basis.

In most U.S. markets, long-term rentals typically make up roughly ten percent of platform listings. New York and Los Angeles, with some of the strongest regulations, are extreme outliers — as seen in the following chart:^{iv}









With over 14,000 long-term rentals, there are thousands more Airbnb LTR listings in L.A. than would be expected. While many of these listings may only be used for long-term rental activity and others unused due to neglect, as discussed above, there is also evidence that many of these long-term rentals are offered for short-term rental activity. To gauge the size of this problem — the number of disguised short-term rentals and the amount of associated short-term rental activity — we analyze data from Inside Airbnb.

In the most recent month for which data is available, there were 17,664 Airbnb listings in the City of L.A.^v 3,431 of these listings advertised as short-term rentals and 14,233 listings as long-term rentals. This is roughly a 20/80 split. Of these long-term rentals, our analysis finds that over 4,000 of these listings exhibit evidence of short-term rental activity; we thus classify them as disguised short-term rentals.

We classify a long-term rental listing with *any* value in the “registration” field as a disguised short-term rental because a true long-term rental needs neither a registration number nor an exemption to be noted in this field. Yet in January 2022 — a thoroughly representative month — 455 long-term rentals claimed a bed & breakfast exemption; 215 long-term rentals claimed a hotel-motel exemption; 977 long-term rentals claimed a TORS exemption; and 2,373 long-term rentals posted either a fake or expired number. It is highly likely that every single one of these listings started as an illegal short-term rental with a host attempting to evade regulations before Airbnb converted the listing to long-term. It appears that many hosts were undeterred by the rules and continue to illegally rent on a short-term basis.

We further identified a number of listings as disguised short-term rentals by reviewing listing settings often hidden from the public. The Inside Airbnb scrape data includes a field for minimum nights, which determines if a listing is coded as a short-term rental (30 or fewer) or a long-term rental (31 or more). The Airbnb scrape data also has a *different* field called “minimum_minimum nights,” which captures not only the currently-displayed minimum nights, but *all* minimum nights for the next 365 days and presents the lowest number. In January, 44 current long-term rentals had upcoming minimum nights of 14 nights or fewer, indicating planned short-term rental activity.

For example, Airbnb includes listings on behalf of Magal, a “Superhost.” Magal advertises an entire guesthouse in Woodland Hills, called The Yellow Door, which she describes as “a newly built and beautifully designed space” with a jacuzzi.^{vi} The listing contains both a registration number and a 30-day minimum. The registration number was, in fact, valid as recently as June 2021,^{vii} but appears to have been canceled, possibly because the unit was categorically ineligible as a short-term rental. Despite the fact that the Yellow Door is not permitted to rent on a short-term basis, Airbnb has recorded 20 reviews already in calendar year 2022, some of which are reflected below:

 <p>Harrison March 2022</p> <p>Magal's place is absolutely incredible! If you're in the area, you should stay here!!</p>	 <p>Hannah March 2022</p> <p>This place was a great location! Perfect if you want to go more downtown LA or to the beaches. Magal was great with communication and her place was beautiful! Will definitely b...</p> <p>Show more ></p>
 <p>Carol March 2022</p> <p>I am totally satisfied with Magal's place. Great, quick communication, comfortable bed, clean and safe space, water you can drink from the tap (it's filtered I think). Location was...</p> <p>Show more ></p>	 <p>Xavier March 2022</p> <p>We are very PICKY Tavelers. We spend weeks and months looking for the perfect stay. And Our stay at Yellow Door with Magal was everything we wished for!...</p> <p>Show more ></p>
 <p>Mallory February 2022</p> <p>I've stayed in a good amount of Airbnb's, but Magal's is by far the best! I didn't feel like I was staying in an Airbnb, it felt like my own apartment. It's private, beautifully decorated and ha...</p> <p>Show more ></p>	 <p>Amy February 2022</p> <p>We really enjoyed staying at Magal's place! It was clean, quiet, and comfortable. We loved the decor and the nice amenities, including the spa tub. We were close to food, stores, beach,...</p> <p>Show more ></p>

This is a lot of 30-day stays for a two-month period!

The 4,027 disguised short-term rentals in January 2022 make up nearly a quarter of all listings for Airbnb in Los Angeles. If they were coded as the short-term rentals they likely are, the *disguised short-term rentals would compose more than half of all short-term rental listings*. In January 2022, these listings were associated with between 8,618 and 25,268 room nights. They generated between \$1.8 million and \$5.2 million.^{viii} Because of the scale of the problem, and because of the egregious nature of this behavior, the City must put in place a mechanism to address the problem of disguised short-term rentals, a problem hiding in plain sight.

Sincerely,

Randy Renick
Better Neighbors LA

ⁱ Though the term is somewhat problematic, we follow the current industry convention of referring to anything rented for more than 30 days as a long-term rental.

ⁱⁱ Vincent Bertoni letter to Council, CF 20-0995, September 8, 2021.

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^{iv} As of December 2020, based on data from Inside Airbnb.

^v Inside Airbnb scrape, dated February 8, 2022. and describing January 2022.

^{vi} <https://www.airbnb.com/rooms/49569444>.

^{vii} HSR21-001212 appeared in DCP's HSO registration list dated June 16, 2021.

^{viii} The lower estimate places a cap on the number of nights a listing can be occupied in a month, preventing any value higher than 31, regardless of scrape data. The higher estimate accepts scrape data at face value.