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betterneighborsla.org

March 29, 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,

The policy tool at the heart of the Los Angeles Home Sharing Ordinance (“HSO”) is platform compliance. The HSO authorizes the imposition of citations for as much as \$1,145 per night against platforms that process bookings that fail to comply with the HSO.<sup>1</sup> The most common violations are bookings that lack valid registration and bookings that exceed the 120-night annual cap. Because platforms have access to host data and the power to remove non-compliant listings, prioritizing platform enforcement is more efficient and effective than targeting individual hosts. Unfortunately, the City has almost exclusively concentrated its enforcement efforts against hosts, and those efforts have been ineffective at reducing the number of illegal listings.

As a result, hosts and platforms continue to flagrantly violate the HSO. Almost all platforms fail to submit mandatory monthly booking data to the City and continue to process booking transactions for non-compliant listings. Hosting platforms fail to remove even the most active non-compliant hosts, and on some occasions, award them by providing them with designations such as “super host” and “premiere host.” These designations help hosts to increase their bookings and earnings by signaling to guests that these hosts have provided outstanding experiences in the past. To determine super host eligibility, platforms screen hosts for a variety of criteria but fail to include compliance with HSO as part of this criteria.

In this report, Better Neighbors Los Angeles (“BNLA”) analyzes data on Airbnb listings to determine how many non-compliant hosts have been awarded “super host” status. The results of our analysis indicate that the City’s failure to enforce against platforms has signaled to platforms that they are free to continue profiting from the most active non-compliant hosts, sometimes even promoting their listings. These hosts are some of the most active users on short-term rental platforms and likely have the largest impact on their surrounding communities. Platforms can easily monitor these hosts for compliance, and they already frequently monitor their listings to ensure they maintain their eligibility for “super host status.”

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<sup>1</sup> LAMC Section 12.22 A.32(g)(4)

### **Super Host" and "Premiere Host" Status: Criteria and Benefits**

Hosting platforms, such as Airbnb and Vrbo, automatically award hosts who meet certain criteria with "Super Host" and "Premiere Host" status. This criterion includes:<sup>2</sup>

- Hosts must maintain a designated overall guest rating (i.e., 4.8 stars or higher);
- Hosts must complete a certain number of listings in a fixed time period;
- Hosts must maintain a high response or booking acceptance rate;
- Hosts must maintain a low cancellation rate.

Once platforms award a host with "super host" or "premiere host" status, hosts receive numerous benefits that enhance their ability to increase bookings and profit. Airbnb found that super hosts made 64% more than regular hosts in Q3 2022.<sup>3</sup> Some of the benefits include:<sup>4</sup>

- Platforms display a super host badge on hosts' listings, bolstering the credibility of the host and their listing;
- Platforms give super hosts' listings preferential position on the platform's search results page, increasing their prospects of bookings;
- Platforms allow guests to filter listings by premiere/super host;
- Platforms often highlight super/premiere hosts' listings in articles and newsletters.

Platforms assess super hosts every three months to ensure they are still meeting the program criteria.<sup>5</sup> If platforms are constantly able to screen listings to provide hosts with awards, then platforms should also be capable of screening hosts for compliance to ensure compliance with the law. Thus, it is clear that platforms' non-compliance is not a matter of capability to remove listings, but rather a lack of incentive to remove non-compliant listings.

### **Analysis of Airbnb Data: How many super hosts are non-compliant?**

To determine how many non-compliant hosts have obtained "super host" status, BNLA analyzed a February 2023 web scrape of Airbnb data. The web scrape captures each listing on the platform at the time of data collection along with a range of data points, including whether the host associated with each listing has obtained "super host" status, whether the listing displays a home-sharing registration number as required by the HSO, the number of reviews left on each listing, and the listings' prices. BNLA compared each listing's registration number to a contemporaneous list of registration numbers provided by the City through a CPRA request to determine whether a listing was compliant.<sup>6</sup>

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<sup>2</sup> <https://help.vrbo.com/articles/How-may-I-become-a-Premier-Partner>

<https://www.airbnb.com/d/superhost>

<sup>3</sup> <https://news.airbnb.com/airbnb-celebrates-1-million-superhosts/>

<sup>4</sup> <https://www.airbnb.com/d/superhost>

<https://help.vrbo.com/articles/How-may-I-become-a-Premier-Partner>

<sup>5</sup> <https://www.airbnb.com/d/superhost>

<https://host.expediagroup.com/vrbo/en-us/resources/improve-performance/premier-partner-101-great-experiences-start-here#:~:text=To%20earn%20Premier%20Host%20status,or%20higher%20average%20review%20rating>

<sup>6</sup> Super host listings were coded as non-compliant if they did not display a registration number, displayed an expired registration number, displayed a fake registration number, or displayed a duplicate registration number. Super host listings were coded compliant if they displayed a current valid registration number.

The data shows that 616 (25%) of super hosts' Airbnb listings in Los Angeles are not in compliance with the HSO. This figure represents a third of all non-compliant listings in Los Angeles as of February 2023. These listings should be the easiest for platforms to identify and remove as they constantly monitor them (every three months) to ensure they are still eligible for super host status. This behavior indicates that platforms still prioritize profit over complying with the law. To change this dynamic, the City should begin to press enforcement against platforms as well as individual hosts. Otherwise, platforms will continue to allow non-compliant listings to operate and assist non-compliant hosts by promoting their listings.

**Recommendations:**

The City needs strong platform compliance to achieve the initial goals of the HSO, which are to preserve housing and to protect communities. Platforms awarding a substantial number of non-compliant hosts with super or premiere host status is just one example of platforms' flagrant disregard for the HSO. To increase platform compliance, BNLA recommends the following:

- The Council should direct enforcement agencies to target these highly active non-compliant hosts for enforcement and demand platforms do the same.
- The Council should direct enforcement agencies to issue citations to platforms that fail to submit booking data to the City per the HSO's requirements.
- The Council should direct enforcement agencies to issue citations to platforms for each night in which they facilitate the booking of non-compliant listings.
- The Council should direct enforcement agencies to coordinate with the City Attorney to pursue legal action against notoriously non-compliant platforms.

Thank you for your time and consideration of BNLA's recommendations.

Best regards,

/s/ Randy Renick