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March 30, 2021

Los Angeles City Council
c/o Office of the City Clerk
200 N. Spring Street
City Hall, Room 360
Los Angeles, CA 90012

Re: March 2021 Home Sharing Ordinance Enforcement Report

Dear Los Angeles City Council,

In our February 15, 2021 enforcement update, Better Neighbors LA used detailed data that was scraped from short-term rental industry leader Airbnb. That report demonstrated how hosts evade the Home Sharing Ordinance (“HSO”) by claiming fraudulent exemptions to the HSO’s registration requirements. In this letter, we turn to another threat to the housing market: the explosion of illegal short-term rentals on platforms other than Airbnb.

The Short-Term Market Has Always Been Larger Than Just Airbnb

A 2015 study of short-term rental listings in Los Angeles identified 19 distinct platforms with 23,268 unique listings (after deduplication).ⁱ At that time, Airbnb had 15,031 listings, or 65 percent of the market. Eighteen additional platforms advertised an additional 8,237 unique listings.

Five years later, Airbnb’s share of the market (by number of listings) stood relatively unchanged at 68 percent. As of August 30, 2020 city contractor Host Compliance found 7,959 short-term listings in Los Angeles across all platforms, including 5,461 that were on Airbnb.ⁱⁱ Airbnb is the only major platform to have entered into a “Platform Agreement” with the City.

At Least 20 Platforms Currently Advertise Short-Term Rentals In Los Angeles

In addition to Airbnb, six other platforms — Booking.com, Expedia, Flipkey, HolidayLettings, Tripping.com, and VRBO — *each* advertise hundreds or even thousands of listings in Los Angeles.ⁱⁱⁱ Other sites — like Houfy, iTrip, OwnerDirect, and RedAwning — appear to have dozens of Los Angeles listings. Several “niche” hosting platforms list properties in Los Angeles, including Noirbnb (for Black travelers), KidandCoe (travelers with children), and Misterbandb (gay travelers).^{iv} Platforms are increasingly competing at the high end of the market, including at sites BestNestLiving, OneFineStay, and Plumguide.

The platforms currently in use and the number of respective listings are set forth below:

Platform	Type	Listings^v
Airbnb	Major	4,329
BestNestLiving	High End	19
Booking.com	Major	826
Desert Escape Residences	Micro	6
Expedia	Major	500+
Flipkey	Major	1,151
HolidayLettings	Major	1,078
Houfy	Other	39
iTrip	Other	7
KidandCoe	Specialized	33
Misterbandb	Specialized	150-200
Modern Life Homes	Micro	6
OneFineStay	High End	47
OwnerDirect	Other	39
Plumguide	High End	448
RedAwning	Other	24
Synergy Global Housing	Micro	24
Tripping.com	Major	500+
Venice Beach Vacation Condos	Micro	4
VRBO	Major	300+

Failure to oversee platforms other than Airbnb is a substantial failure of HSO enforcement. The HSO imposes important compliance obligations on hosting platforms. HSO obligations include a broad prohibition against hosting platforms which fail to comply with the HSO’s booking requirements. LAMC 12.22 A 32 (f)(1)-(2). Hosting platforms are also required to report “on at least a monthly basis” the registration numbers, addresses, hosts, and booking information for all Los Angeles short-term rental bookings made through their platform. LAMC 12.22 A 32 (f)(4). These obligations and safeguards are going ignored by most hosting platforms. The city must ensure that all hosting platforms report the data required by the HSO to allow Planning to adequately oversee compliance.

There Is a New Movement Toward “Direct Bookings” and Microplatforms

Two practices that threaten Los Angeles’ housing stock are the growing number of “microplatforms” and the proliferation of “Direct Bookings” by Hosts to circumvent regulatory oversight. “Microplatforms” refer to those hosting platforms with a small number of listings held together by a common location, ownership, or management.

An increasing number of these microplatforms are operated by the host and offer “direct bookings” between the short-term rental host and guest without use of a platform. This trend

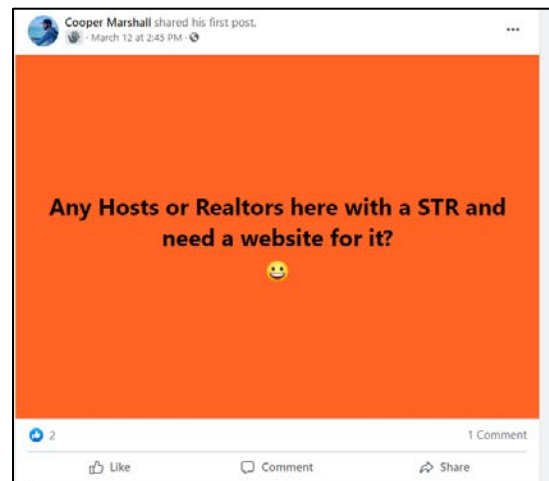
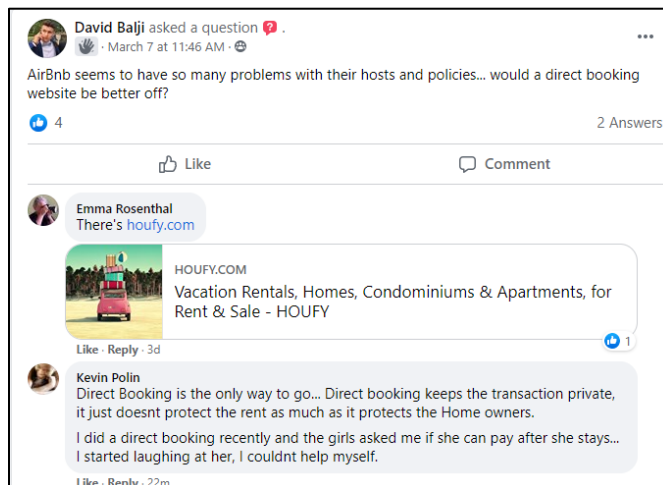
represents an increasing number of actors within the short-term rental industry that are subject to the HSO regulations as hosting platforms.

In February 2021, the *New York Times* reported that hosts are increasingly conducting rental activity outside the aegis of the major platforms.^{vi} A movement toward “direct bookings” has now gained momentum here in Los Angeles. The growing industry of new microplatforms is supported by professional conferences (The Book Direct Show), a social media hashtag (#bookdirect), website development services (Webready), and even a promotional holiday (#BookDirect Guest Education Day on Feb. 3).^{vii}

“Kwesi Steele, chief executive of Tokeet, a provider of software to help short-term rental operators manage their listings, said many customers had begun asking for ways to build their own websites, especially those with loyal guests who realized they didn’t need an intermediary like Airbnb. At one point over the summer, the number of direct bookings from Tokeet’s customers was as high as those going through Airbnb, Booking.com and VRBO, he said.”^{viii}

This movement can be witnessed in real time on social media, where short-term rental hosts congregate in Facebook groups with names like Airbnb Host Los Angeles, Short Term Rental Hosts of Los Angeles, and Homeshare Alliance Los Angeles. In these groups, consultants and web designers push hosts to set up direct bookings using microplatforms. These microplatforms are pitched as the answer to (allegedly abusive) Airbnb policies, and also as a way to evade the City of Los Angeles Home Sharing Ordinance.

L.A.’s STR Ecosystem, Facebook, March 2021



Initial research suggests many microplatforms are currently operating throughout Los Angeles. Examples include the following:

- Desert Escape Residences lists six Southern California properties operated by a “revenue management group.”
- Modern Life Homes lists six Venice-area properties.
- Venice Beach Vacation Condos lists four Venice-area properties.

Platform Proliferation Undermines the HSO — Twice

The goal of the HSO is to prevent the conversion of residential housing into tourist housing by creating a system of oversight and regulation. Because the annual 120-day cap applies across all platforms, any system of oversight must operate across the entire industry to avoid being gamed by unscrupulous actors. Otherwise, a bad actor is able to rent 120 days through Airbnb and another 245 days through VRBO, microplatforms, and private bookings— or perhaps to not register at all and to rent “off book” year-round.

This gap in oversight shifts the incentives for hosts, leading to the second way the HSO is undermined: it provides Airbnb an excuse to drag its feet on implementation. In May 2020, Senior City Planner Jonathan Hershey wrote to Airbnb, concerned about potentially “unjustified delays” in the development of the API. Airbnb figure John Choi replied, in part:


Throughout our negotiations on the terms of the Platform Agreement and the development of the API system, we consistently raised the importance of the City’s approach to evenly enforce the HSO and on other platforms, including things like the 120-night cap. While Airbnb is deeply invested in the development of an automated tool that will result in full compliance on our platform, it has become clear after repeated inquiries that the City does not have the tools in place to enforce the 120-night cap on platforms besides Airbnb. As an example, if a resident lists their home entirely on VRBO, **it does not appear that the City has any means to enforce the 120-night cap on those listings**. Currently, the enforcement approach on other platforms appears to rely almost entirely on the data we are providing to the City, which is not adequate for enforcing on other platforms.

Our cooperative approach to working with the City should not and can not put us at a competitive disadvantage because the City does not have the tools to equally enforce on platforms that are not as cooperative. We are asking again for full clarity on how the City intends to enforce this provision of the law equally on all platforms.^{ix} (emphasis added).

It appears that City Planning is failing to address this enforcement gap. Of particular concern, City Planning Director Bob Duenas recently stated that he does not believe direct bookings (and similar transactions away from the major platforms) are relevant to the HSO.^x Mr. Duenas also claimed that no one at the City of Los Angeles oversees the 120-day cap and that regulation is unmonitored and unenforced.

The failure to monitor microplatforms and direct bookings is a significant lacuna in the regulation of Los Angeles' short-term rental operations. Without full oversight of all host platforms, large and small, an increasing number of short-term rentals will continue to operate outside of the HSO. In order to effectively enforce the HSO, the city must oversee all industry participants including direct bookings and microplatforms.

Sincerely,



Randy Renick
Better Neighbors LA

ⁱ Roy Samaan, Short-Term Rentals and L.A.'s Lost Housing, LAANE report, August 24, 2015.

ⁱⁱ Patrick Beguin (Host Compliance) email to Yeghig Keshishian (City Planning), August 30, 2020.

ⁱⁱⁱ Websites accessed March 15, 2021.

^{iv} When last checked, Noirbnb did not have any active L.A. listings.

^v These listings have not been deduplicated; as there is overlap we do not provide a total.

^{vi} Erin Griffith, Airbnb Is Driving Hosts Elsewhere With Costly Pandemic Policies, NEW YORK TIMES, February 21, 2021, <https://www.nytimes.com/2021/02/21/technology/airbnb-hosts-pandemic-tensions.html>

^{vii} *Id.*

^{viii} *Id.*

^{ix} John Choi (Airbnb) email to Jonathan Hershey (City Planning), May 11, 2020.

^x Personal communication, Google Meet, March 18, 2021.