



# Los Angeles Is Ignoring Thousands of Violations of Its Airbnb Law

The city moved to regulate short-term rentals in 2018, but researchers say it will not issue fines.

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Los Angeles is not enforcing its law against illegal short-term rentals facilitated by Airbnb and other companies, according to a report from the advocacy group Better Neighbors Los Angeles released Feb. 24.

Short-term rental (STR) companies are controversial in gentrifying cities because they take housing off the market when owners rent units to tourists instead of

local tenants — essentially converting rental housing units into hotels. In New York City, where officials are considering enforcing its law restricting STRs more aggressively, the city could convert an estimated 10,000 listings back into rental housing.

Los Angeles adopted its Home-Sharing Ordinance (HSO) in 2018, hoping to regulate the growth of STRs

in the city. The law required any homes listed for short-term rental to be the host's primary residence for more than six months of the year, made hosts register with the city, prohibited converting rent-controlled units to short-term rentals and more.

But the city is not enforcing the law, even though it is collecting thousands of violations, according to a new report by Better Neighbors LA, which calls itself a coalition of "housing advocates, neighborhood groups, businesses and workers." It formed in 2014 around the concern that short-term rentals were worsening gentrification in Los Angeles. The authors of the report found an "extraordinarily high rate of non-compliance" with the city's Home-Sharing Ordinance.

Los Angeles' Department of City Planning is primarily tasked with enforcing the HSO. The Department was not able to respond to requests for comment by publication time.

The city's data from November 2021 to October 2022 shows that more than 2,000 short-term rentals advertised each month were out of compliance with the ordinance, but there were only 27 instances of fines issued. It did not investigate a single complaint submitted to its hotline that was unrelated to nuisance behavior, the report says.

There was an 85% decrease in enforcement actions over the prior period from November 2020 to October 2021, when the city fined the owners of 184 properties that were out of compliance. As enforcement actions decreased, violations of the law increased by 14%, the report says.

Short-term rentals have raised rent an average of \$810 per year for each rental unit in Los Angeles since 2015, according to David Wachsmuth, a professor at McGill University hired by Better Neighbors LA to study the impact of short-term rentals in the city.

Commercial short-term rentals have removed 2,500 homes from the market in Los Angeles, Wachsmuth says, and likely resulted in an additional 5,000 people becoming homeless.

It would cost \$1.3 billion to build enough permanent supportive housing for those 5,000, and then \$163 million per year to operate those sites, Wachsmuth writes.

He also estimated that the city had lost more than \$300 million in fines it did not issue to violators of the Home-Sharing Ordinance in the last year.

The report authors say the city collects the data on short-term rentals it needs for enforcement through a contractor called Granicus. It reported more than 2,200 illegal short-term rental listings last year to the city, a 14% increase over the prior period.

But the city issued an average of only 64 fines or warning letters against hosts violating the ordinance each month — and collected about \$10,000 in fines.

The city would have generated nearly \$3.5 million in revenue if it had fined each host out of compliance just one time in July of 2022, the report states.

Each month, Granicus sends the city the addresses of thousands of hosts potentially violating the HSO together with URL links to each listing, according to Victoria Funk, an author of the report.

"Before I got involved in the project, I figured any lack of enforcement was because of the city not knowing where the short term rental violators were," Funk says. "But once I saw the listings, I was baffled by how little effort there had been. They have the information. All they have to do is act on it."

The report recommends that the city create a private right of action that Angelenos can use to sue hosts who violate the Home-Sharing Ordinance.

"In Santa Monica, their STR ordinance is seen as the gold standard, and they permit a private right of action," Funk says. "That's our No. 1 goal and belief about how to mitigate this."

Better Neighbors LA also wants the city to unify enforcement under one department. Currently, the Department of City Planning shares its enforcement role with the Los Angeles Housing Department and the Department of Building and Safety. It also recommends that the Los Angeles city attorney sue companies that are out of compliance, in addition to issuing citations and fines. In March 2022, then-City Attorney Mike Feuer sued Vrbo for violating the Home-Sharing Ordinance.

Meanwhile, short-term rentals continue to grow in Los Angeles. In the period from November 2021 to October 2022, average monthly Airbnb listings were up 28.5% over the prior year. Revenues had increased by more than 50%.