



Office of the Los Angeles City Attorney  
Hydee Feldstein Soto

REPORT NO. R 24 - 0600

NOV 26 2024

**REPORT RE:**

**Home Sharing Ordinance Enforcement  
Council File No. 14-1635-S10**

The Honorable City Council  
of the City of Los Angeles  
Room 395, City Hall  
200 North Spring Street  
Los Angeles, California 90012

Honorable Members:

This responds to the request for a report back from the Housing and Homelessness Committee of the City Council regarding several legal and policy issues concerning enforcement of the Home Sharing Ordinance. After setting out the context for the enactment of the Home Sharing Ordinance and current enforcement methods, this report provides a punch list of recommendations aimed at improving enforcement, including retaining more qualified hearing officers, using City agencies to help inspect properties prior to their initial registration, requiring platforms that host listings for short term rentals (Platforms) to make an online verification of a unit's legal registration before allowing any bookings to occur, and recommending that City enforcement agencies utilize existing LAMC provisions to impose higher fines for violations.

I. Background

During 2013 and 2014, the City of Los Angeles ("City"), like many other cities across the nation, saw the emergence of a new business model – renting of residential units for short term stays through the internet on popular platforms like Airbnb and HomeAway. [See June 2, 2015, Council Motion requesting preparation of an ordinance regulating short term rentals in Council File 14-1635-S2]. The City Council observed in its motion and during its multiple public hearings that many residential units -- rather

than serving as housing for City residents -- were being used for short term stays and vacation rentals, significantly reducing rental housing stock and contributing to increased rents and decreased affordable housing.

On December 11, 2018, the City Council, after several years of public hearings and discussion, enacted the Home Sharing Ordinance by amending the City's Zoning Code. See Ordinance 185,931; Council File 14-1635-S2. The Ordinance permits a form of short-term rentals called "home-sharing" under strict eligibility and registration criteria. A registered host may only use its primary residence for home sharing. No rent stabilized or other covenanted affordable unit may be registered for home sharing. Residents intending to home share are required to register with the City and to list the City-issued registration number on all advertisements and listings. The Ordinance also regulates the hosting platforms, especially by prohibiting Platforms from completing booking services for home sharing hosts who have not registered with the City.

## II. Methods for Enforcing the Home Sharing Ordinance Rely Upon Input from Members of the Public

Violations of the City's Municipal Code may be remedied in several ways. (e.g., including but not limited to, Los Angeles Municipal Code sections 11.00(l),(m)<sup>1</sup>, 11.2.01 *et seq.*<sup>2</sup>, 12.22.A.32(c)(4)(iii)<sup>3</sup>, and 12.27.1<sup>4</sup>.) Several enforcement methods rely upon input from members of the public.

First, City enforcement agencies utilize the Administrative Citation Enforcement Program (ACE) for short term rental and Home Sharing Ordinance violations. (LAMC section 11.2.01 *et seq.*) The Department of Building and Safety (DBS), the Housing Department (LAHD), the Los Angeles Police Department (LAPD) and the City Attorney's Office are authorized to enforce the Home Sharing Ordinance including by issuing ACE citations for Municipal Code violations. Currently, the "advertising" violation -- listing a property for short term rentals without posting a City issued registration number -- is the primary Home Sharing violation cited through ACE. City staff verify illegal listings ("advertising") violations by checking advertisements on the web and incorporate that evidence into the ACE citation file. Members of the public play an important role here. Often, City staff are prompted to verify illegal listings when staff receive citizen complaints about specific instances of suspected illegal short-term rentals.

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<sup>1</sup> LAMC sections 11.00(l) and (m) allow the City and/or the City Attorney to bring a civil enforcement action seeking an injunction, fines and attorneys' fees and the City Attorney to file criminal misdemeanor charges, respectively.

<sup>2</sup> LAMC section 11.2.01 *et seq.* sets forth the ACE provisions

<sup>3</sup> LAMC section 11.22.A.32(c)(4) governs the discretionary process for suspending or revoking a home sharing registration

<sup>4</sup> LAMC section 12.27.1 sets forth the nuisance abatement provisions by which the Zoning Administrator may impose corrective conditions on land being operated as a nuisance.

Second, the City Attorney, under the authority granted in California's Unfair Competition Law, files civil enforcement actions in the name of the People of the State of California, typically against platforms, multi-unit owners and others committing larger scale violations. Enforcement actions seek fines and judicial orders including injunctions, court-imposed and court-monitored conditions, and other relief prohibiting defendants from acting in violation of the Home Sharing Ordinance in the future. The City Attorney has filed several enforcement actions against suspected violators of the Home Sharing Ordinance. In an enforcement action against the Platform HomeAway, the City Attorney obtained a Settlement Agreement in which HomeAway agreed to provide information concerning its listings and hosts, including street address for home sharing units, as well as to "de-list" listings that were not legally registered with the City to participate in Home Sharing. (*People v. HomeAway* USDC CD Cal #22-cv-02578.) Most recently the City Attorney filed, in the name of the People of the State of California, enforcement actions against Skysun, Inc., and its associates, which had leased over 30 properties and listed them for short term rentals, although none of the properties were legally registered to participate in Home Sharing in the City (*People v. Skysun, LLC, et al.*, LASC Case No. 24STCV15416), and against the Nightfall Group in *People v. Ultimate Host* (LASC Case No. 23STCV19069), which is scheduled for trial next July.

Third, an enforcement agency, like DBS or LAHD<sup>5</sup>, may prepare and present a written request for a criminal misdemeanor filing -- which generally includes documentary evidence of a violation -- to the City Attorney's Office. (LAMC section 11.00(m).)

Fourth, there are two processes the Department of City Planning (DCP) may utilize to clamp down on nuisance activity in connection with home sharing or short-term rentals:

- i) For registered home sharing properties, Planning is empowered under LAMC section 12.22.A.32(g)(3) to discontinue a home sharing registration upon a showing of non-compliance with the registration/eligibility criteria; and
- ii) For illegal short-term rentals, Planning is empowered per LAMC section 12.27.1 to determine that a property has been operated in violation of the HSO and is therefore a nuisance and may impose conditions.

Nuisance enforcement is particularly dependent on and amenable to the use of written and verbal testimony from members of the public.

Finally, a task force, including the City Attorney's Office staff, DCP staff, DBS staff, and LADH staff, now meets monthly to discuss illegal short term rental issues and Home Sharing violations and how to best address current problem properties. The City Attorney's Community Law Corps works closely with senior lead officers in the LAPD

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<sup>5</sup> As the Department of City Planning has set forth in many of its reports, it is not an enforcement agency.

and other City Departments and communities around the City to resolve specific property issues related to illegal short-term rentals.

II. Recommendations for Improved Enforcement

**A. Recommendation for Improving the ACE Process; Maintain a Sufficient Number of ACE Hearings Officers**

The ACE process contains several safeguards for cited parties, yet the process can be slow. The cited party may opt to have a hearing before a neutral decision maker (hearings officer) by submitting a written request for an administrative hearing. (LAMC section 11.2.08(a)(2).) The right to a hearing is needed to satisfy constitutionally protected due process concerns and to avoid significant legal exposure. If administrative hearings were not available, cited parties could directly challenge the ACE citations (and the Home Sharing Ordinance) in litigation.

There are often only one or two hearings officers to handle all the requests for ACE hearings from parties cited for violations by many different departments, including LAPD, Animal Services, BSS, LAHD. Consequently, the number of parties cited for violations of HSO awaiting a hearing before a neutral hearings officer is about 40. The City Attorney is authorized to develop written policies and procedures for the selection and appointment of one or more independent Administrative Hearings Officers to hear and decide administrative citation appeals. (LAMC section 11.2.09(a).) Up until now, the ACE unit has relied upon volunteer hearings officers. Subject to adequate funding, this Office recommends revising this practice to focus on attracting qualified hearings officers, including hiring hearings officers.

**B. Recommendation for Beefing up the Registration Process; LAHD or DBS Inspections of Proposed Home Sharing Properties**

Although the registration process elicits a lot of information about a host, the amount of information that remains unknown to the City through the home sharing registration has been a source of frustration -- for City staff and members of the public.

Other cities have gathered more information during the registration process by making a site inspection of the proposed home sharing property. For instance, San Francisco's short term rental unit inspects the property proposed for home sharing, and makes a concurrent check with its department of water and power, to ascertain the state of the property and to obtain additional information regarding whether the home sharing applicant is the primary resident. Employing this type of research and inspection could provide the City with relevant information, for instance, about any illegal structures at the property (which may not be legally used for home sharing) or whether the applicant is the primary resident, before a registration is issued. This Office recommends the City consider having LAHD or DBS conduct inspections of proposed home sharing

properties during the registration process before a home sharing registration is issued.

**C. Recommendations for Obtaining More Data Include 1) Continued Use of Subpoena Power and 2) Adopt Electronic Verification System for Platforms**

Although they are extremely valuable, Platform Agreements are not the only method by which the City may obtain data relevant for enforcement of the Home Sharing Ordinance. There are alternative methods.

For instance, our Office has successfully used subpoenas to obtain data held by the Platforms regarding registration status, address, and name of individual hosts listing on a platform, as well as the number of days a registered host has operated its property for home sharing in one year (ie, 120 days or more). Government Code section 11180 *et seq.* and Business and Professions Code section 16759 authorize issuance of subpoenas for documents and printed records, among other evidence. Now that City voters passed Measure HH earlier this month, the City Attorney has an additional authority for issuing subpoenas. Our Office is committed to continuing to use these methods to obtain relevant information from the Platforms, as we have found the Platforms to be generally compliant.

In another example, New York City requires each platform to access NYC's system called Electronic Verification System (EVS) before facilitating a booking of a listing. The Platforms must access the EVS to verify that there is a valid registration number for the unit, the address and the name of the person operating the short-term rental and that it matches the information in the listing. If there is a match, the EVS will provide a unique confirmation number reflecting the Platform has completed the verification.

Adopting New York's affirmative verification approach would be a significant improvement on the system we have in place now by ensuring that the Platforms have checked and verified the legal status of a listing before they complete a booking. Currently, the City of LA uses two methods to attempt to get Platforms to complete bookings only for legal City listings. Platforms with a Platform Agreement (Airbnb is the only one) are required to check the City's Application Programming Interface (API) to see if a listing is legal, and they are required to remove any illegal listings. The API, however, does not provide a receipt or other proof to the City that Airbnb has only completed a booking for a legally registered host. For those Platforms without a City Platform Agreement, the City has no way of knowing, at the time of booking, whether the Platform has consulted the City's "allow list" and completed bookings only for legally registered hosts.

If City Council were to choose to adopt a similar provision, the amendment could track the relevant language in NYC's code section 26-3202 and be placed in LAMC section 12.22.A.32(f) Hosting Platform Responsibilities.

**D. Recommendations Regarding Fines 1) At Twice the Nightly Rental and 2) Based on Square Footage**

Currently, fines are charged at \$500 per violation, consistent with the Home Sharing Ordinance. (LAMC section 12.22.A.32(g)(4).) Unfortunately, for many owners and operators of illegal short-term rentals, fines at this level are viewed simply as a cost of doing business. The existing code, however, provides other options for assessment of fines, that would result in fines of more than \$500 per violation.

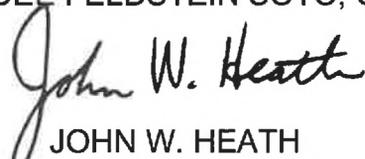
First, the Home Sharing Ordinance allows for property owners to be charged a daily fine of \$500 or two times the nightly rate charged for an “advertising” violation. LAMC section 12.22.A.32(g)(4)(ii)(a). As long as the nightly rate is greater than \$250, the fine could reach a few thousand dollars for one violation depending on the amount of the nightly rate charged. Section 11 of the LAMC allows for the enforcement of violations by way of misdemeanor, infraction or more substantial citation, which options could be made available in the context of the Home Sharing Ordinance.

Second, the ACE provisions also allow fines to be based on square footage of the property used in violation of the code. (LAMC section 11.2.04(a).) Application of the fine amounts listed in the chart in LAMC section 11.2.04(a) to properties of up to 2500 square feet would result in fines of \$1000 and \$2000 for the initial violation and up to \$8000 for the third violation. As noted by LAHD, in its March 13, 2024, report submitted to CF 14-1635-S10, for certain types of violations, including the use of land for which permits are required but were not obtained, the fine levied shall be at four times the amounts shown in the chart. (LAMC section 11.2.04(a).)

If you have any questions regarding this matter, please contact Deputy City Attorney Amy Brothers at (213) 978-8069. A member of this Office will be present when you consider this matter to answer questions you may have.

Sincerely,

HYDEE FELDSTEIN SOTO, City Attorney

By   
JOHN W. HEATH  
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Transmittal