

**DEPARTMENT OF
CITY PLANNING**

COMMISSION OFFICE
(213) 978-1300

CITY PLANNING COMMISSION

MONIQUE LAWSHE
PRESIDENT

ELIZABETH ZAMORA
VICE-PRESIDENT

MARIA CABILDO
CAROLINE CHOE

ILISSA GOLD

HELEN LEUNG

KAREN MACK

MICHAEL R. NEWHOUSE
JACOB NOONAN

**CITY OF LOS ANGELES
CALIFORNIA**



KAREN BASS
MAYOR

EXECUTIVE OFFICES

200 N. SPRING STREET, ROOM 525
LOS ANGELES, CA 90012-4801
(213) 978-1271

VINCENT P. BERTONI, AICP
DIRECTOR

SHANA M.M. BONSTIN
DEPUTY DIRECTOR

HAYDEE URITA-LOPEZ
DEPUTY DIRECTOR

ARTHI L. VARMA, AICP
DEPUTY DIRECTOR

LISA M. WEBBER, AICP
DEPUTY DIRECTOR

March 29, 2024

The Honorable City Council
City of Los Angeles
City Hall, Room 395
Los Angeles, California 90012

Dear Honorable Members:

SHORT-TERM RENTAL (STR) STUDY / MCGILL UNIVERSITY / REGULATORY COMPLIANCE / MULTIPLE LISTINGS / HOME SHARING PROGRAM ORDINANCE; CF 22-1506

On February 7, 2023, the City Council instructed the Department of City Planning (City Planning), the Los Angeles Housing Department (LAHD), and the Department of Building and Safety (LADBS) to report back on the results and accuracy of the short-term rental study from McGill University, provide a status report on the Home-Sharing program in Los Angeles, and prepare a specific action plan to rectify any problems that are confirmed or revealed.

BACKGROUND

Status of the Home-Sharing Program

City Planning submitted a comprehensive report to the City Council on October 4, 2023, evaluating the administration and enforcement of the Home-Sharing Ordinance (HSO). The report identified significant challenges hindering widespread compliance among short-term rental hosts and platforms. These challenges include organizational issues, administrative limitations, and enforcement difficulties. In response, City Planning proposed various recommendations to enhance compliance with the HSO. These recommendations include organizational restructuring, operational improvements, and amendments to the HSO itself. For a detailed analysis of these challenges and recommendations, please refer to City Planning's October 4, 2023 report to the City Council (CF 14-1635-S10) and the March 13, 2024 Supplemental Report which was prepared in response to the Housing and Homelessness Committee meeting of October 18, 2023.

Overview of the McGill University Study

Researchers from the Urban Politics and Governance research group at McGill University in Montreal, Canada, published their study "The Economic Impacts of Short-Term Rentals in Los Angeles" in 2022. The study was commissioned by Better Neighbors LA – a "coalition of Southern

California hosts, tenants, housing activists, hotel workers, and community members” with the stated goal of reducing illegal short-term rental activity in the City.¹

The researchers categorized their findings by their impacts on housing, tax revenues, and hotel employment. In short, the study asserts that short-term rental activity in the City has caused a reduction in hotel sector jobs and wages and a loss of thousands of long-term rental units. The study also claims that insufficient short-term rental regulation enforcement has resulted in roughly \$300 million in unpaid taxes and unassessed fines.

The study includes several claims regarding short-term rental activity in the City and how it relates to the Home-Sharing program. The researchers conclude that of all short-term rental listings in the City, 45 percent are illegal, with 25 percent advertising properties in just three neighborhoods – Downtown, Hollywood, and Venice. The researchers claim that the steep decline in short-term rental listings in the City is due to the effects of the pandemic, not Home-Sharing Ordinance (HSO) enforcement efforts. Furthermore, the study argues that in 2022 alone, the City failed to issue between \$53.9-\$286.5 million in fines for HSO violations and missed collecting up to \$14.2 million in Transient Occupancy Taxes from short-term rental hosts.

The study alleges that short-term rental activity has worsened the local housing crisis and negatively impacted the hotel sector. The researchers state that short-term rentals have caused the loss of roughly 2,500 dwelling units as traditional “long-term” rental units, contributed to rent increases of more than \$800 annually for the average renter household, and resulted in about 5,000 additional people experiencing homelessness on any given night. Additionally, the researchers conclude that short-term rental listings in the City have contributed to the elimination of more than 400 permanent hotel industry jobs and an annual wage reduction of between \$400 to \$1,300 per hotel industry employee.

ANALYSIS

Accuracy of the McGill University Study Findings

The City has been engaged in short-term rental data tracking since at least 2019 via its contractor Granicus (the contract and services provided are discussed in more detail in City Planning’s October 4, 2023 report to the City Council under CF 14-1635-S10). City Planning monitors specific metrics to better understand short-term rental trends in the City, with a focus on short-term rental activity, short-term rental listings, and Home-Sharing registrations.

Overview of Study Findings vs. City Data

The McGill University study provides an in-depth look at the impacts of the short-term rental sector on the broader local economy, focusing on housing, tax revenues, and hotel employment. City Planning has identified several areas of concern in regard to the study’s findings, including:

- The study asserts that there are “3,300 [short-term rental] listings active in Los Angeles each day;” however, City data shows the present number of active short-term rental listings is more than four times this amount.

¹ <https://www.betterneighborla.org/about-us>

- The study claims that short-term rental activity “is highly concentrated in the Venice, Downtown, and Hollywood neighborhoods, which accounted for a quarter of all listings.” However, the City’s data reveal this claim to be technically accurate but misleading, as several areas of the City have higher concentrations than Downtown.
- The study concludes that 45 percent of all short-term rental listings in the City are illegal, while City data suggests the number of illegal short-term rental units in the City may be significantly lower.

These and other findings of the McGill University study are discussed in more detail below.

Number of Short-Term Rental Units and Listings

There are a total of 1,549,889² dwelling units in the City, approximately 0.3 percent of which currently have an active Home-Sharing registration.

Home-Sharing Registrations Summary

Home-Sharing Registration Data*	
Total number of active Home-Sharing Registrations (both regular and extended)	4,057
Total number of active regular Home-Sharing Registrations	2,764
Total number of active extended Home-Sharing Registrations	1,293
Total number of Home-Sharing Registrations (both regular and extended) issued since July 1, 2019	16,122
Total number of dwelling units issued a Home-Sharing registration (both regular and extended) since July 1, 2019	8,405

**Collected by City Planning as of February 26, 2024*

Taking a closer look at the data, 0.2 percent of all dwelling units in the City have an active regular registration, and 0.1 percent have an active extended registration. Furthermore, only 0.5 percent of all dwelling units in the City have been issued a Home-Sharing registration since the HSO became effective in July 2019. A dwelling unit may have been issued more than one Home-Sharing registration over time (e.g., an initial regular registration followed by an extended registration), but can only retain one active registration at any given time per the requirements of the HSO.

² U.S. Census Bureau, 2022 American Community Survey 1-Year Estimates, Demographic and Housing Estimates – <https://data.census.gov/table/ACSDP1Y2022.DP05?q=Los%20Angeles%20city.%20California%20population>

Short-Term Rental Units and Listings Summary

Short-Term Rental Listings Data*	
Total number of dwelling units currently advertised in active short-term rental listings	5,278
Total number of active short-term rental listings	14,117
Total number of listings (both short-term rental and long-term rental) ever monitored on hosting platforms in Los Angeles	197,069

**Collected by City Planning as of February 26, 2024*

City Planning has monitored a total of 197,069 short-term and long-term rental listings on known hosting platforms since the HSO took effect in July 2019. There are currently 14,117 active short-term rental listings advertising 0.3 percent of all dwelling units in the City, a figure roughly equal to the proportion of dwelling units with an active Home-Sharing registration. Multiple listings may advertise one dwelling unit, and the aforementioned dwelling units with an active Home-Sharing registration comprise the majority of dwelling units currently advertised as short-term rentals.

Geographic Concentration of Short-Term Rentals

City Planning analyzed the geographic distribution of active Home-Sharing registrations and active short-term rental listings by Community Plan Area (CPA), finding that registrations and listings were concentrated in several CPAs. The City is divided for land use planning purposes into 35 individual CPAs, each encompassing several neighborhoods (e.g., the Hollywood CPA consists of central Hollywood, Hollywood Hills, East Hollywood, and Los Feliz).

It is important to note that CPAs vary widely with respect to size, population, and number of housing units. For example, in 2022, the Hollywood Community Plan contained 110,786 dwelling units with a population of 192,133; whereas the Boyle Heights Community Plan contained 24,605 dwelling units with a total population of 85,662. Furthermore, breaking down registrations and listings by CPA allows for only a loose comparison with the geographic distribution described in the McGill University Study, which does not precisely define the neighborhood boundaries used in its analysis.

The CPAs with the most short-term rental activity (i.e., with the most dwelling units that have an active Home-Sharing registration or are otherwise advertised as short-term rentals) include the areas mentioned in the McGill University study (Hollywood, Venice, and Downtown) in addition to several others. Together, the Hollywood, Venice, and Downtown (consisting of Central City and Central City North) CPAs account for 27 percent of active Home-Sharing registrations and 25 percent of active short-term rental listings.

Of the dwelling units in the City with an active Home-Sharing registration, the ten most represented CPAs are:

Community Plan Areas with Greatest Number of Home-Sharing Registrations

Community Plan Area	Active Home-Sharing Registrations	% of Total
Hollywood	615	15.1%
Venice	378	9.3%
Northeast Los Angeles	329	8.1%
Sherman Oaks - Studio City - Toluca Lake - Cahuenga Pass	242	5.9%
Wilshire	234	5.7%
Silver Lake - Echo Park - Elysian Valley	219	5.4%
Canoga Park - Winnetka - Woodland Hills - West Hills	211	5.2%
West Adams - Baldwin Hills - Leimert	211	5.2%
Palms - Mar Vista - Del Rey	201	4.9%
North Hollywood - Valley Village	172	4.2%

**Collected by City Planning as of March 5, 2024*

The Hollywood CPA and Venice CPA currently have the most and second-most registered dwelling units in the City; however, several other CPAs representing a mix of geographies – including Central, Northeast, and South Los Angeles, as well as the San Fernando Valley, Santa Monica Mountains, and Westside – round out the top ten on the list above. Downtown – consisting of the Central City CPA and Central City North CPA – accounts for 2.7 percent of all registered dwelling units in the City (109 registered dwelling units) and would rank 13th on the list above.

Of the active short-term rental listings in the City, the ten most represented CPAs are:

Community Plan Areas with Greatest Number of Active Short Term Rental Listings

Community Plan Area	Active Short-Term Rental Listings	% of Total
Hollywood	2,018	14.2%
Wilshire	1,762	12.4%
Venice	913	6.4%
Palms - Mar Vista - Del Rey	522	3.7%
Sherman Oaks - Studio City - Toluca Lake - Cahuenga Pass	499	3.5%
Central City + Central City North (Downtown)	553	3.9%
Northeast Los Angeles	447	3.2%
West Adams - Baldwin Hills - Leimert	436	3.1%
Canoga Park - Winnetka - Woodland Hills - West Hills	424	3.0%
North Hollywood - Valley Village	387	2.7%

**Collected by City Planning as of March 5, 2024*

While the Hollywood CPA and Venice CPA rank first and third in the City, respectively, in terms of total active short-term rental listings, the Wilshire CPA – which encompasses multiple neighborhoods including Beverly Grove, Hancock Park, and Koreatown – ranks second. Two other CPAs – Palms-Mar Vista-Del Rey and Sherman Oaks-Studio City-Toluca Lake-Cahuenga Pass – complete the top five on the list above, while Downtown ranks 6th. Similar to the share of registered dwelling units, several CPAs representing a mix of geographies within the City round out the top ten with the most active short-term rental listings.

Illegal Short-Term Rentals and Enforcement Efforts

The McGill University study concludes that 45 percent of short-term rental listings in the City are illegal; however, considering multiple listings may advertise a single dwelling unit, this “45 percent” figure is not representative of the true number of dwelling units out of compliance with the HSO. Instead, considering City data shows there are 5,278 dwelling units currently advertised as short-term rentals and 4,057 dwelling units with an active Home-Sharing registration, it can reasonably be concluded that the remaining 1,221 dwelling units (23 percent of those advertised as short-term rentals) are potentially illegal short-term rental units. This figure is significantly lower than that suggested by the McGill University study.

City Planning staff coordinate with enforcement agencies (e.g., LADBS, LAHD, City Attorney’s Office) while those agencies investigate potential HSO violations, including illegal short-term rental units; however, the enforcement of any confirmed HSO violation is the responsibility of the enforcement agencies with citation authority. Between November 2019 (when enforcement of the HSO began) and February 2024, LADBS and LAHD issued a combined total of 1,085 administrative Home-Sharing citations and collected a total of \$360,764.09 in associated fines.

Home-Sharing Fees and Taxes

City Planning has reviewed 32,291 applications for Home-Sharing registrations between July 2019 and February 2024, collecting a total of \$7,765,739.83 in application filing fees. City Planning has collected an additional \$7,757,453.25 in per-night fees from hosts for short-term rental booking transactions as of March 2024. The Office of Finance has further collected an estimated \$174,876,000 in Transient Occupancy Taxes (TOT) for short-term rental booking transactions as of February 2024.

Other Findings

The McGill University study included multiple findings regarding the impact of short-term rentals on the City’s housing stock, tax revenues, and hotel employment. It is important to note that many of the study findings are based on proprietary methodologies of McGill University in addition to those of private firms (e.g., the short-term rental data and analytics consulting firm AirDNA, as well as the real estate marketplace technology platform Zillow). As such, an independent study would need to be commissioned to analyze the findings of the McGill University study that are not discussed in this report.

Policy Recommendations Proposed in the McGill University Study

The McGill University study concluded its analysis with three proposed regulatory recommendations to address the impacts of short-term rentals in Los Angeles: (1) disallow extended Home-Sharing registrations; (2) close the 31-day minimum booking loophole by

requiring a registration for these traditional “long-term rental” units; and (3) enter into platform agreements with all remaining hosting platforms operating in the City. City Planning discussed challenges with extended Home-Sharing registrations, hosts circumventing the HSO through loopholes, and challenges the City is facing in regard to platform agreement participation in its report to the City Council on October 4, 2023 (see CF 14-1635-S10). Ultimately, City Planning recommended disallowing extended Home-Sharing registrations as a remedy to some of those challenges in addition to other ordinance and procedural changes. Please refer to City Planning’s October 2023 and March 2024 reports to the City Council (see CF 14-1635-S10) for a more detailed analysis of this recommendation and associated challenges.

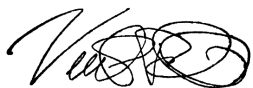
CONCLUSION

If the City Council directs City Planning to conduct additional data analysis regarding the City’s Home-Sharing program, it is recommended that an independent study be commissioned to verify the data and results presented in the McGill University study, as well as present an objective understanding of short-term rentals in the City of Los Angeles. Notably, an independent study would need to validate the data sources and data processing, especially concerning metrics not monitored by the Department of City Planning and the findings based on a proprietary methodology in addition to those of private firms (e.g., AirDNA and Zillow). This entails reanalyzing the data, investigating external factors like economic conditions and seasonal travel trends, and developing alternative statistical models to validate and/or enhance the robustness of McGill University’s conclusion.

A budget allocation for contractual services will be needed to enable the Department of City Planning to contract out this study. A Request for Proposal process for consultant services generally requires at least 9-12 months from solicitation to contract execution.

Should you have any questions regarding this report, please do not hesitate to contact the following staff: Senior City Planner Joann Lim, joann.lim@lacity.org; City Planner Niall Huffman, niall.huffman@lacity.org; City Planning Associate Lance Sierra, lance.sierra@lacity.org; and Planning Assistant Lucia Gomez, lucia.gomez@lacity.org.

Sincerely,



VINCENT P. BERTONI, AICP
Director of Planning

Enclosure

APPENDIX

A. Home-Sharing Registration and Short-Term Rental Data – Collected by City Planning as of February 26, 2024

Home-Sharing Registrations	
Total number of active Home-Sharing Registrations (both regular and extended)	4,057
Total number of active regular Home-Sharing Registrations	2,764
Total number of active extended Home-Sharing Registrations	1,293
Total number of applications for Home-Sharing Registrations (both regular and extended) received since July 1, 2019*	32,291
Total number of applications for regular Home-Sharing Registrations received since July 1, 2019	24,690
Total number of applications for extended Home-Sharing Registrations received since July 1, 2019	7,601
Total number of Home-Sharing Registrations (both regular and extended) issued since July 1, 2019	16,122
Total number of regular Home-Sharing Registrations issued since July 1, 2019	11,851
Total number of extended Home-Sharing Registrations issued since July 1, 2019	4,271
Total number of dwelling units issued a Home-Sharing registration (both regular and extended) since July 1, 2019	8,405
Total number of dwelling units issued a regular Home-Sharing registration since July 1, 2019	8,099
Total number of dwelling units issued an extended Home-Sharing registration since July 1, 2019	2,403

* The Home-Sharing Ordinance became effective on July 1, 2019.

Short-Term Rental Listings	
Total number of dwelling units currently advertised in active short-term rental listings	5,278
Total number of active short-term rental listings	14,117
Total number of active <i>compliant</i> short-term rental listings (i.e., displaying a valid Home-Sharing registration number or a valid exemption)	4,874
Total number of active <i>non-compliant</i> short-term rental listings (i.e., NOT displaying a valid Home-Sharing registration number or a valid exemption)	8,196
Total number of active short-term rental listings with undetermined compliance status	1,047
Total number of active listings (both short-term rental and long-term rental)	31,379
Total number of active long-term rental listings	17,262
Total number of listings (both short-term rental and long-term rental) ever monitored on hosting platforms in Los Angeles	197,069

Home-Sharing Program and Transient Occupancy Tax Revenue	
Total amount of application filing fees collected for Home-Sharing registrations since July 1, 2019*	\$7,765,739.83
Total amount of per-night fees collected from hosts since collection began in 2021	\$7,757,453.25
Total amount of Transient Occupancy Taxes (TOT) collected from hosts for short-term rental booking transactions since July 1, 2019	FY 2019-2020 \$42,390,000 FY 2020-2021 \$23,735,000 FY 2021-2022 \$33,881,000 FY 2022-2023** \$36,580,000 FY 2023-2024** \$38,290,000 **Budgeted/Proposed

*The Home-Sharing Ordinance became effective on July 1, 2019.

Home-Sharing Program Enforcement	
Total number of Home-Sharing citations issued since November 1, 2019*	1,085
Total number of Home-Sharing citations issued by LADBS since November 1, 2019	808
Total number of Home-Sharing citations issued by LAHD since November 1, 2019	277
Total amount of Home-Sharing citation fines collected since November 1, 2019	\$360,764.09
Total amount of Home-Sharing citation fines collected by LADBS since November 1, 2019	\$270,326.51
Total amount of Home-Sharing citation fines collected by LAHD since November 1, 2019	\$90,437.58
Total number of calls received on the “24/7 Home-Sharing complaint line”	9,129
Total number of calls received on the “24/7 Home-Sharing complaint line” regarding complaints (e.g., guest conduct)	4,760
Total number of calls received on the “24/7 Home-Sharing complaint line” regarding non-complaints (e.g., general questions from the public)	4,369

**The enforcement of the Home-Sharing Ordinance became effective on November 1, 2019.*

B. Active Home-Sharing Registrations and Active Short-Term Rental Listings by Community Plan Area – Collected by City Planning as of March 5, 2024

Community Plan Area	Active Home-Sharing Registrations	% of Total	Active Short-Term Rental Listings	% of Total
Citywide	4,075	100%	14,190	100%
Arleta - Pacoima	7	0.2%	6	0.0%
Bel Air - Beverly Crest	95	2.3%	275	1.9%
Boyle Heights	14	0.3%	21	0.1%
Brentwood - Pacific Palisades	96	2.4%	203	1.4%
Canoga Park - Winnetka - Woodland Hills - West Hills	211	5.2%	424	3.0%
Central City	102	2.5%	462	3.3%
Central City North	7	0.2%	91	0.6%
Chatsworth - Porter Ranch	53	1.3%	98	0.7%
Encino - Tarzana	96	2.4%	242	1.7%
Granada Hills - Knollwood	45	1.1%	63	0.4%
Harbor Gateway	14	0.3%	27	0.2%
Hollywood	615	15.1%	2,018	14.2%
Mission Hills - Panorama City - North Hills	25	0.6%	44	0.3%
North Hollywood - Valley Village	172	4.2%	387	2.7%
Northeast Los Angeles	329	8.1%	447	3.2%
Northridge	46	1.1%	76	0.5%
Palms - Mar Vista - Del Rey	201	4.9%	522	3.7%
Reseda - West Van Nuys	72	1.8%	145	1.0%
San Pedro	43	1.1%	86	0.6%
Sherman Oaks - Studio City - Toluca Lake - Cahuenga Pass	242	5.9%	499	3.5%
Silver Lake - Echo Park - Elysian Valley	219	5.4%	368	2.6%

Community Plan Area	Active Home-Sharing Registrations	% of Total	Active Short-Term Rental Listings	% of Total
South Los Angeles	125	3.1%	259	1.8%
Southeast Los Angeles	22	0.5%	85	0.6%
Sun Valley - La Tuna Canyon	33	0.8%	64	0.5%
Sunland - Tujunga - Lake View Terrace - Shadow Hills - East La Tuna Canyon	16	0.4%	24	0.2%
Sylmar	16	0.4%	25	0.2%
Van Nuys - North Sherman Oaks	128	3.1%	309	2.2%
Venice	378	9.3%	913	6.4%
West Adams - Baldwin Hills - Leimert	211	5.2%	436	3.1%
West Los Angeles	70	1.7%	240	1.7%
Westchester - Playa del Rey	83	2.0%	286	2.0%
Westlake	31	0.8%	218	1.5%
Westwood	17	0.4%	113	0.8%
Wilmington - Harbor City	7	0.2%	21	0.1%
Wilshire	234	5.7%	1762	12.4%
<i>Other/Unidentified CPA</i>	–	–	2,931	20.7%