

Community Impact Statement Recommendation

To: Downtown Los Angeles Neighborhood Council Board

From: Livability Committee

Date Approved by Committee: 04/11/24

For Board Consideration on: 05/14/24

Re: Council File 14-1635-S10: Short-Term Rentals / Unpermitted / Non-Compliant Properties / Enforcement

Motion or Recommendation of the committee:

The Livability Committee recommends a vote on CF [14-1635-S10](#).

For	X
For if amended	
Against unless amended	
Against	

Committee Vote Count: Yes (4), No (0), Abstention (0), Absent (2), Recused (0)

Summary:

In March 2024, the Council File was updated with a supplemental report from the Department of City Planning.

City Planning, in coordination with DBS and LAHD, presents the following recommendations to improve the effective administration and enforcement of the Home-Sharing Ordinance. These updated recommendations are based on the information and analysis contained in City Planning's initial October 4, 2023, report, as well as in this supplemental report.

1. INSTRUCT the City Administrative Officer, in consultation with the Departments of City Planning, Building and Safety, and Housing, to report back on options for creating a single office, division or department dedicated to Home-Sharing administration and enforcement, including a recommended organizational structure, staffing and funding needed to effectively resource the work program.
2. INSTRUCT the Departments of Building and Safety and Housing to report back with additional information and recommendations regarding staffing needs for effective Home Sharing code enforcement, including inspections, citation issuance, and transfer of responsibility for complaint investigation and citation defense from City Planning.
3. INSTRUCT the Departments of Building and Safety and Housing to provide additional options and recommendations to increase fines for Home-Sharing violations.
4. INSTRUCT the Department of City Planning to prepare and present a draft ordinance updating the Home-Sharing fee schedule, with recommendations supported by a fee study.
5. INSTRUCT the Department of City Planning, in consultation with the Departments of Building and Safety and Housing and with the Office of the City Attorney, to prepare and present a draft ordinance amending the Home-Sharing Ordinance to: a. Prohibit Home-Sharing use in

- Accessory Dwelling Units; b. Prohibit Home-Sharing use in all units on properties subject to the Rent Stabilization Ordinance; c. Disallow Extended Home-Sharing registrations; and
6. INSTRUCT the Department of City Planning to report back detailing the timeline, work program and additional staffing required for any amendments to the Home-Sharing Ordinance as instructed by City Council.

**DEPARTMENT OF
CITY PLANNING**

COMMISSION OFFICE
(213) 978-1300

CITY PLANNING COMMISSION

MONIQUE LAWSHE
PRESIDENT

ELIZABETH ZAMORA
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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 13, 2024

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

SUPPLEMENTAL REPORT - ENFORCEMENT ANALYSIS OF THE HOME-SHARING ORDINANCE; DEVELOPMENT OF A CENTRALIZED, DIGITAL MONITORING AND ENFORCEMENT DATABASE OR PLATFORM; AND DEVELOPMENT OF A PUBLICLY ACCESSIBLE ONLINE DATABASE OR PLATFORM OF HOME-SHARING REGISTRATIONS (CF 14-1635-S10)

On October 18, 2023, the Housing and Homelessness Committee of the City Council considered a report from City Planning regarding the administration and enforcement of the Home-Sharing Ordinance. City Planning's initial report, dated October 4, 2023, provided a background of the Home-Sharing program, identified challenges to the effective implementation of the program (including organizational, administrative and enforcement challenges), and provided a set of recommendations for addressing those challenges. At the October 18, 2023, meeting, the Committee asked several follow-up questions, which were augmented by additional questions from the office of the Committee Chair. This report is submitted in response to those questions and supplements City Planning's October 4, 2023, report.

Staffing for Effective Administration and Enforcement

The Committee requested details regarding staffing needs for the effective administration and enforcement of the Home-Sharing program going forward. In addition to City Planning staffing needs, this section incorporates information received from the Housing Department (LAHD) regarding staffing needs for effective code enforcement. It is recommended that the Council also obtain input from the Department of Building and Safety (LADBS) regarding its own staffing needs for enforcing the Home-Sharing Ordinance.

City Planning Staffing Needs

As detailed in the October 4, 2023, report, City Planning has been allocated a total of 26 budgeted, full-time positions dedicated to Home-Sharing program administration, including 10 augmented positions which were authorized in the FY 2023-24 budget.

City Planning has been working to fill these positions, and as of February 2024, seven vacancies remained to be filled before positions were frozen. City Planning is working to submit requests for these vacancies to be unfrozen through the Priority Critical Hiring process. While the current allocated positions are anticipated to provide adequate staffing for the remainder of the current fiscal year, additional staff may be requested in future budget cycles as demand for Home-Sharing grows and registration applications increase. And as noted in the October 4 report, additional staffing would be needed to support any work program to amend the Home-Sharing Ordinance.

LAHD Code Enforcement Staffing Needs

Granicus/Host Compliance surveillance is a part of the enforcement solution, but not the complete answer to enforcement. The departments involved in HSO enforcement and registration have over the past years learned where the enforcement gaps exist, or better yet, where bad actors have learned how to routinely circumvent our current enforcement tools. Therefore, LAHD is taking a lead role in requesting and developing a supplemental robust enforcement team to extinguish illegal Short Term Rental (STR) operators as referenced in this report. LAHD proposes a Short Term Rental enforcement team of 25 positions ranging from inspection through administrative support. This proposal will provide a service level of not less than one dedicated inspector per Council district in addition to the required supervisory and administrative positions. The overall anticipated impact of the proposed team is reducing the negative impacts illegal short-term rentals have on City neighborhoods through both proactive and complaint-based enforcement to supplement the Host Compliance/Granicus enforcement model of the Home-Sharing Ordinance and preserving the availability of stabilized rental housing units for the City's most vulnerable residents.

The ordinance prohibits an owner from converting a long-term housing unit into a short-term rental that is not zoned or authorized for transient use and regulates those units that are legally authorized to participate in Home-Sharing through compliance with the ordinance's registration requirements. LAHD plays an integral role in the enforcement of Home-Sharing violations, particularly in units subject to the Rent Stabilization Ordinance (RSO) under LAHD's jurisdiction and where Home-Sharing is categorically prohibited. Therefore, program enhancements are critical to ensure the efficient management of home-sharing registrations and deter potential violations, to the detriment of Los Angeles' long term renters. The greatest impact of the program is to deter the illegal conversion of rental units throughout the City to Short-Term Rentals.

Clarification Regarding Home-Sharing Administrative Citations vs. Administrative Subpoenas

The Committee requested clarification as to the involvement of the Mayor's Office in the issuance of Home-Sharing administrative citations. To be clear, the approval of the Mayor or the Mayor's staff is not required in order to issue an administrative citation for violations of the Home-Sharing

Ordinance. As explained in the October 2023 report, the citation process for properties found in violation begins with a Notice of Code Violation mailed to the owner of the property in violation. If not corrected within 14 days, City Planning can then refer the violation to the appropriate citation-issuing agency – LADBS or LAHD, as appropriate. The cited party receives a notice of the citation, followed by a second notice providing the fine amount and instructions for paying.

The Mayor's approval is required, however, to issue administrative subpoenas to hosting platforms to compel them to produce data to aid in the enforcement of the Home-Sharing Ordinance. Under Charter Section 217, subpoena power is reserved to a specified list of City entities, including but not limited to the Mayor, Controller, City Council, and boards provided for in the Charter. Once a subpoena is issued to a hosting platform, a citation-issuing agency can use the information provided by the platform to support the issuance of a citation against the hosting platform. The issuance of the citation itself does not require the involvement or approval of the Mayor or the Mayor's staff.

Possibility of Mandating Platform Agreements and Data-Sharing

The Committee requested additional discussion as to whether and how the City could require all short-term rental hosting platforms to enter into agreements and share data. As summarized in City Planning's October 4, 2023, report, platforms must comply with the provisions set forth in LAMC § 12.22A.32(f) (i.e., HSO "Hosting Platform Responsibilities"); however, hosting platforms may voluntarily enter into a platform agreement with the City as an alternative means of HSO compliance. Participating platforms are required to aid the City in its HSO enforcement efforts, including, but not limited to, sharing listing data using the City's Application Programming Interface (API) and removing non-compliant listings published on the platform's websites. Currently, Airbnb is the only platform with an active platform agreement and using the City's API.

For platforms that have not voluntarily entered into an agreement, the City can issue a subpoena to a platform it suspects of processing booking transactions for illegal short-term rentals, thereby obtaining data necessary to pursue enforcement and ensure HSO compliance. The data obtained from one such subpoena issued to HomeAway/VRBO in 2021 ultimately resulted in a lawsuit and settlement requiring the removal of all illegal listings and a halt to booking transactions for illegal listings on this platform.

While Airbnb listings account for approximately 72 percent of all active listings in the City, the majority of the remaining platforms have fewer than 100 active short-term rental listings in the City. The additional costs of developing, creating, and maintaining a system to query the City's API in line with the City's requirements may dissuade the remaining platforms from entering into a platform agreement. Keeping this in mind, it may be necessary for the City to create incentives (e.g., subsidies) or streamline existing processes (e.g., City Planning and the Office of Finance working together to encourage simultaneous Transient Occupancy Tax collection agreements and Home-Sharing program platform agreements) to procure additional platform agreements.

Platform agreements have not proven to be a popular means of achieving compliance amongst platforms. Other than Airbnb providing data as a result of its platform agreement with the City, and HomeAway/VRBO providing data as a result of its settlement agreement with the City, only

one other platform (OneFineStay) currently provides the City with data on a regular basis. The City may be able to obtain greater data sharing from hosting platforms by requiring platforms to obtain a City-issued “hosting platform registration” – similar to the Home Sharing registration required for short-term rental units – before completing any booking transactions for short-term rental use of properties located in the City. As a requirement of the “hosting platform registration,” the City could potentially require the platform to provide more data concerning its bookings. For instance, the City of New Orleans requires an “STR Platform Permit,” as discussed in “Appendix B” of City Planning’s October 4, 2023, report. Based on discussions with New Orleans staff, however, it is not clear if data-sharing as part of a “platform registration” requirement has been successful in obtaining data from hosting platforms relevant to enforcement.

Analysis of Home-Sharing Fees and Fines

Subsequent to the October 18, 2023, meeting, City Planning was asked to conduct an analysis of Home-Sharing fines and registration fees, including a thorough review of the existing home-sharing fees and fines for violations to ensure they are proportional to the impact on the community and to the resources required by the City.

Registration Fees

The Home-Sharing registration fee schedule is established in LAMC Section 19.01 T and is based on a fee study conducted concurrently with the development of the Home-Sharing Ordinance (HSO) in 2017-18. The fee amounts are set based on estimates of the actual costs incurred by City Planning in the course of reviewing and processing Home-Sharing registrations.

The current Home-Sharing registration fee schedule, in effect during FY 2023-24, is set forth in Table 1:

Table 1

Home-Sharing Registration Fees, 7/1/2023 - 6/30/2024

Type of Application	Amount
Home-Sharing Application or Renewal	\$192
Extended Home-Sharing Administrative Clearance	\$1,030
Extended Home-Sharing Discretionary Review Application	\$15,166
Extended Home-Sharing Renewal	\$1,030

Starting in 2023, the fee amounts have been subject to the automatic annual inflation adjustment per Ordinance No. 187237. In 2023, this adjustment resulted in a 4.9 percent increase from the fees in effect during FY 2022-23.

More significant changes to the registration fee structure will require a comprehensive fee study to reevaluate the amount of staff time needed to review each application and calculate the corresponding labor, equipment and other costs. Under federal law, fees associated with the use of private property need to bear an essential nexus and rough proportionality to the burden imposed on the public by the subject use. This can include administrative costs as well as economic, infrastructure, and public services costs.

It is anticipated that such a study would take several months to complete and could be ready for consideration in the context of the FY 2025-26 budget process.

Administrative Fines

Administrative fine amounts are set by the Home-Sharing Ordinance and the general administrative fine provisions (Article 1.2) of the Municipal Code, and further regulated by State law. Factors to consider in setting administrative fine amounts include the anticipated deterrent effect (i.e., the size of the fine relative to the host's anticipated revenue from illegally short-term renting the property) and consistency with best practices from peer jurisdictions. Based on information available to City Planning, fine amounts in jurisdictions that assess fines on a per-day basis are generally between \$1,000 and \$2,000 per day in violation. Options for changing fine amounts include assessing fines based on the nightly rate charged to guests and using the general administrative fine schedule for Municipal Code violations in lieu of the fine schedule for Home-Sharing violations, as detailed later in this section of the report.

Because administrative fines are assessed by citation-issuing agencies (LADBS, LAHD) in cooperation with the Office of the City Attorney, and because changes in fine amounts potentially carry revenue implications for those agencies, it is recommended that the citation-issuing agencies provide input and guidance on any proposed changes to the Home-Sharing fine schedule.

Option 1: Assess Fines Based on Nightly Rate. As shown in Table 2, the Home-Sharing Ordinance currently allows fines of up to twice the nightly rate charged if greater than the current daily fine amount of \$586.95 per day. While current practice is to assess fines based only on the flat daily amount, utilizing the provision allowing fines of twice the daily rate could provide a greater deterrent effect on the operators of the most lucrative illegal short-term rental properties, without necessitating a change in the fine schedule. This option would, however, require additional staff work to identify the most recent advertised nightly rate for cited properties, as well as coordination between City Planning and the Administrative Citation Enforcement (ACE) Unit in the Office of the City Attorney, which notifies cited parties of the fine amount due.

Table 2
Home-Sharing Citation Fine Amounts

Violation	Amount
Hosting Platform – completing an STR booking transaction for a non-compliant STR listing and/or non-compliant STR unit	\$1,173.77 per day
Host and/or property owner – maintaining a non-compliant STR	\$586.95 per day, or two times the nightly rate charged, whichever is greater
Host and/or property owner – exceeding the 120-day booking limit for an STR unit registered under a regular HSR	\$2,347.76 per day, or two times the nightly rate charged, whichever is greater

Option 2: Use General LAMC Administrative Fine Schedule. In lieu of the fine schedule set by the Home-Sharing Ordinance, the City could utilize the fine amounts specified by Section 11.02.4 of the Municipal Code for general LAMC violations, detailed in Table 3. The benefit of this fine schedule is that it sets higher amounts for larger areas found to be in violation, and escalates for second and third violations on the same property – potentially offering enhanced deterrence for the most lucrative illegal short-term rental properties as well as for the most egregious violators. This option would require an amendment to the Home-Sharing Ordinance.

Table 3
LAMC Section 11.02.4 Administrative Fine Amounts (Non-Home Sharing Violations)

Square Footage of the Improvement or Use in Violation	Administrative Fine Per Day in Violation		
	First Violation	Second Violation	Third Violation and All Subsequent Violations
250 to less than 500	\$1,000	\$2,000	\$4,000
500 to less than 2,500	\$2,000	\$4,000	\$8,000
2,500 to less than 5,000	\$3,000	\$6,000	\$12,000
5,000 to less than 10,000	\$4,000	\$8,000	\$16,000
10,000 to less than 25,000	\$8,000	\$16,000	\$32,000
25,000 or more	\$16,000	\$32,000	\$64,000

Structural Ways to Address Enforcement Without Amending the HSO

City Planning has evaluated options for achieving greater compliance with the Home-Sharing Ordinance and to address other violations at Home-Sharing properties that would not involve an amendment to the HSO. The City could promote better compliance by increasing staffing for inspections at citation-issuing agencies and by streamlining the issuance of administrative citations, as detailed below.

Increase Staffing for Inspections

As discussed in City Planning's October 4, 2023, report, the large volume of complaints concerning Home-Sharing properties and the lack of significant numbers of dedicated inspectors at citation-issuing agencies may hinder the timely investigation of HSO complaints and result in cases being closed for lack of evidence. Increasing the number of dedicated inspectors for LADBS and LAHD would allow these departments to more effectively respond to complaints, promptly follow up to ensure compliance, and apply greater scrutiny to each alleged violation. Over time, this enhanced inspection activity and greater certainty of enforcement action could encourage more hosts to properly register their properties and preemptively stop nuisance behavior by guests as opposed to ignoring the problem.

A discussion of LAHD's staffing needs for an expanded code enforcement effort can be found earlier in this report, under "Staffing Needs for Effective Administration and Enforcement." As stated previously, it is recommended that the Council obtain additional input from LADBS to inform any change in code enforcement staffing.

Streamline Citation Review and Issuance

Also as discussed in the October 4, 2023, report, City Planning is working with citation-issuing agencies to identify ways to streamline the administrative citation process.

Although lacking the authority to issue citations, City Planning has played an intermediary role in the Home-Sharing enforcement process, aiming to assist other departments and the public. City Planning staff frequently receive complaints, monitor for violations, assemble evidence of violations, refer violations to citation-issuing departments, and assist in the defense of violations in case of challenges.

As part of the proposed Home-Sharing citation streamlining, LAHD and LADBS would assume responsibility for investigating any complaints of a Home-Sharing violation and gathering evidence relative to the violation, issuing citations when needed, defending the citation during the administrative appeals process, and recommending and coordinating criminal prosecutions when warranted. This streamlined enforcement process would achieve greater efficiency by reducing the amount of cross-agency coordination needed to process each citation or to investigate Home Sharing violations – allowing each citation to move more quickly through the process and for more violations to result in a citation or criminal prosecution. Over time, similar to the enhanced inspections staffing described above, a greater certainty of enforcement action could encourage greater compliance from short-term rental hosts.

Additionally, this streamlined process would allow City Planning to devote more resources to its current core responsibility of administering the Home-Sharing program, including reviewing applications for, and issuing, registrations, and further developing the program – allowing for faster processing of registrations and reducing incentives for otherwise eligible hosts to skip the registration process.

It is important to note that this transition would necessitate additional staff and resources for both LADBS and LAHD.

Robust, Feasible, and Scalable Enforcement Practices to Regulate Bad Actors

Subsequent to the October 18, 2023, meeting, City Planning was asked to provide information regarding robust, feasible and scalable enforcement practices to rein in bad actors. In this case, City Planning can draw on past experience supporting enforcement efforts against both short-term rental hosting platforms and against individual hosts and properties. Regarding platforms, City Planning can proactively engage the appropriate staff at those companies to provide information on HSO compliance, as well as provide support to the City Attorney's office for the preparation of administrative subpoenas to obtain data from platforms. Regarding individual hosts and properties, City Planning can continue to collaborate with the Office of the City Attorney and build an inquiry system to more efficiently and effectively process complaints, as described below.

The Home-Sharing Ordinance (HSO) requires hosting platforms to provide City Planning with contact information for an employee or representative responsible for responding to requests for information from the City. In 2022, City Planning staff reviewed hosting platform websites to proactively update this contact information and simultaneously provide those contacts with information regarding HSO compliance. City Planning can repeat this procedure to ensure the hosting platform contact information on file is up-to-date and provide those contacts with another refresher on HSO compliance. City Planning staff may also request additional information from platforms. Some platforms offer compliance portals that government agencies may use to submit requests to the Platform to block non-compliant short-term rental listings.

In 2022, the City Attorney filed suit against the HomeAway/VRBO hosting platform (*The People Of The State Of California v. HomeAway.com, Inc.*) for non-compliance with the HSO, with the court ultimately ruling in the City's favor by requiring HomeAway/VRBO to adhere to a compliance plan. City Planning provided administrative support to the City Attorney's Office for its preparation of an administrative subpoena issued to HomeAway/VRBO that resulted in the data necessary to pursue the aforementioned lawsuit. City Planning will continue to collaborate with the City Attorney's Office should the City Attorney pursue issuing any future administrative subpoenas to platforms.

For short-term rental properties and hosts that are in violation of the HSO, City Planning meets regularly with the City Attorney's Office – specifically the Administrative Citation Enforcement (ACE) and Community Law Corp (CLC) units – to provide administrative support for enforcement actions the City Attorney may pursue against violators. Home-Sharing citations are administrative – issued via the ACE program – and, currently, are only issued when a listing advertising a property as a short-term rental is not displaying a valid Home-Sharing registration number; nonetheless, City Planning will collaborate with the City Attorney's Office to identify other HSO

violations that can be issued administrative citations. Furthermore, while two sustained citations must be issued to a host currently before their Home-Sharing registration can be suspended, the City may consider amending the Home-Sharing Ordinance to lower this threshold.

Additionally, City Planning can build an inquiry system to categorize complaints received regarding short-term rental units and quickly refer potential violations to the appropriate City enforcement agencies for action.

A More Streamlined Approach for New Applications and Application Renewals

Subsequent to the October 18, 2023, meeting, City Planning was asked to provide additional information on measures the City could take to streamline the processing of new and renewal Home-Sharing registration applications. Readily available options include developing an enhanced application portal, updating the Home-Sharing Administrative Guidelines and supplemental forms, and developing additional documents and tools to help guide applicants through the registration process. These measures are either in-progress or could be readily implemented by City Planning, as detailed below.

Enhanced Application Portal

City Planning is working with its software vendor to develop an enhanced application portal that would replace the existing online registration portal. The existing portal consists of a system to collect and record all fees and payments related to Home-Sharing registrations (e.g., application fees and per-night fees). The current portal also integrates with City systems to flag any categorically ineligible properties (e.g., properties subject to the RSO), and automates email communications to applicants and hosts regarding the status of their registration (e.g., application rejections and registration renewal reminders). The enhanced application portal would provide applicants and hosts the ability to view their application and/or registration status, while providing City staff with new capabilities and features to create a more powerful back-end workflow. Altogether, the enhanced application portal would allow City staff to process applications more efficiently and reduce the number of inquiries City Planning receives from applicants requesting application status updates.

Administrative Guidelines and Supplemental Forms Update

City Planning is also in the process of updating the Home-Sharing Administrative Guidelines and supplemental forms (e.g. landlord authorization affidavit and Home-Sharing records worksheet). The new Administrative Guidelines will include more reliable forms of documentation for both proof of identity and evidence of primary residence with the goal of reducing the likelihood of non-eligible hosts receiving a valid Home-Sharing registration. For example, hosts would be required to provide a valid driver license or identification card issued by the California Department of Motor Vehicles (DMV) with an address matching that of their claimed primary residence; additionally, the primary residence documentation requirements would be revised to include only certain documents issued by public agencies. Both LAHD and LADBS agree the primary residence test should be an administrative application requirement and not dependent on a site or unit inspection conducted by an inspector.

Furthermore, the new Administrative Guidelines would streamline the Home-Sharing registration renewal process by potentially allowing hosts to renew their registration at any time after it expires, with the caveat that hosts would be required to maintain one Home-Sharing registration number for their primary residence. This would reduce confusion amongst hosts regarding when to renew their registrations, provide for greater flexibility for hosts who may be unwilling or unable to renew their registration before it expires, and allow hosts to retain a single Home-Sharing registration number for their property.

As a further matter, supplemental forms for applications for Home-Sharing registrations are being updated in line with the updates to the Administrative Guidelines in order to improve consistency and clarity in instructions and requirements, thereby reducing confusion amongst applicants and hosts regarding how to submit complete, acceptable accompanying forms.

Application Aids

City Planning receives a large number of inquiries from hosts regarding Home-Sharing registration eligibility requirements and the application process. To reduce the number of such inquiries received, City Planning is working to produce clear, concise aids to assist the public's understanding of the Home-Sharing registration eligibility requirements and the application process. Such aids will include visual workflow charts (i.e. a roadmap of the application process from pre-application preparation of required documents to post-approval steps to ensure HSO compliance), required documentation checklists (similar to the REAL ID required documentation checklist available on the California DMV website), and frequently asked questions (i.e. common questions regarding Home-Sharing registration eligibility, the application process, and documentation requirements) made available to the public via City Planning's Home-Sharing webpage.

San Diego Case Study

Subsequent to the October 18, 2023, meeting, City Planning contacted the City of San Diego to obtain additional information on the City of San Diego's approach to short-term rental regulation. The San Diego City Council adopted the Short-Term Residential Occupancy (STRO) ordinance in April 2021. The STRO program was fully implemented on May 1, 2023, with the regulations coming into effect and enforcement beginning on the same day. The STRO program is currently housed within two agencies: the Office of the City Treasurer and the Development Services Department (City Planning is a separate department in the City of San Diego).

The Office of the City Treasurer is responsible for administering the STRO program via its STRO Administration unit, while the Development Services Department – an enforcement agency with citation authority – is responsible for enforcing the STRO regulations via its Building and Land Use Enforcement team. There are 14 staff members assigned to the STRO program between the two aforementioned agencies, including two Program Managers and a mix of Management Analysts and Administrative Aides. Additionally, five Zoning Investigators housed within the Building and Land Use Enforcement team are tasked with enforcing the STRO regulations. Notably, the Zoning Investigators work nights and weekends (1:30 PM to 11:00 PM Wednesdays through Sundays) in order to better investigate disruptive activities at short-term rental properties.

The STRO ordinance requires a license for all STRO dwelling units within the City of San Diego. Hosts are eligible for one license and can only operate one STRO unit at a given time. San Diego's STRO license system consists of four tiers, each defined by hosting duration, the type of dwelling available for the STRO ("Whole Home" or "Home Share"), and the location of the dwelling unit (different STRO license tiers are available depending on the Community Plan Area in which the dwelling unit is located). Application fees, licensing fees, and the number of licenses issued all vary based on the STRO license tier type. The licenses available are as follows:

- Tier 1 ("Part-Time") allows a host to rent their whole home or part of their home as a short-term rental for 20 days or fewer per calendar year, with the host residing either onsite or offsite. The application fee is \$25, and the license fee is \$100.
- Tier 2 ("Home Sharing") allows a host to rent a part of their STRO unit (i.e. "home sharing" a room or multiple rooms) for more than 20 days per calendar year as long as the host resides onsite for at least 275 days per calendar year. The host can be absent from the STRO unit for up to 90 days per calendar year. The application fee is \$25, and the license fee is \$225.
- Tier 3 ("Whole Home Excluding Mission Beach") allows the host to rent their entire STRO unit ("whole home") located outside of the Mission Beach Community Planning Area as a short-term rental for more than 20 days per calendar year and requires a two-night minimum stay. The host is not required to live onsite. The number of licenses issued in Tier 3 cannot exceed 1% of the City of San Diego's total housing units located outside of the Mission Beach Community Planning Area. The application fee is \$70, and the license fee is \$1,000.
- Tier 4 ("Mission Beach Whole Home") allows the host to rent their entire STRO unit ("whole home") located in the Mission Beach Community Planning Area for more than 20 days per calendar year and requires a two-night minimum stay. The host is not required to live onsite. The number of licenses issued in Tier 4 cannot exceed 30% of the total housing units located within the Mission Beach Community Planning Area. The application fee is \$70, and the license fee is \$1,000.

There are no limitations on the number of licenses issued for Tier 1 and Tier 2; however, for Tier 3 and Tier 4, the total number of applications may not exceed the number of licenses available within the specified application period and within the limit set for specific Community Plan Areas. Tier 4 applications deemed complete (i.e. containing all required information, materials, and paid fees) are placed on a waitlist and issued a license through a lottery process as licenses become available. Those not on the waitlist will have to wait until STRO program staff open up a new application period for Tier 4 due to the limited licenses available. In order for a host to remain eligible for Tier 3 and 4 licenses, they must short-term rent their STRO unit for at least 90 days per calendar year; otherwise, failure to comply could result in license revocation.

Tier licenses issued are valid for two years, after which they will expire. If a host wishes to continue short-term renting their STRO unit, they are required to renew their license before it expires. A host will have an option to renew their license if they pay the renewal fee, have complied with the provisions of the STRO ordinance, provide updates to their renewal application, and submit transaction records (unless they exclusively list on a hosting platform that the City has an

agreement with). The renewal process is still being determined as the first round of STRO license renewals will not take place until May 2025. STRO licenses are non-transferable; therefore, the City does not allow for requests to update the ownership or location of any license.

The STRO ordinance allows hosts to obtain an STRO license for a separate dwelling unit that is not their primary residence, as long as that dwelling unit is on the same parcel as the host's primary residence (e.g., an ADU built and permitted before September 2017, or multi-family structures such as a duplex or triplex).

San Diego receives complaints regarding potential STRO operating and licensing violations through a web application, presented as "Get It Done," that prompts constituents to provide specific pieces of information. Constituents are encouraged to first review the "STRO Host Signage" posted to the exterior of the subject property (which lists the Transient Occupancy Tax Certificate number, STRO license number, contact information for the host and the designated "Local Contact Person," and contact information for the City of San Diego Code Enforcement Division) in order to contact the host and/or "Local Contact Person" and attempt to resolve the issue at hand before submitting a complaint. If the issue persists, constituents must utilize the "Get It Done" web application to provide a description of the complaint, the reported address, the complaint category/type (e.g., STRO operating or licensing violation), the STRO details (e.g. STRO license number, Transient Occupancy Tax Certificate number, listing URL, and hosting platform), and to upload any relevant files. Constituents must provide their contact information before confirming and submitting their complaint.

Constituents can report any of the following STRO operating or licensing violations via the web application:

- STRO operating violations
 - "STRO Host Signage" (which includes the Transient Occupancy Tax Certificate number, STRO license number, contact information for the host and the designated "Local Contact Person," and contact information for the City of San Diego Code Enforcement Division) not visible or legible;
 - Excessive trash on private property;
 - "Local Contact Person" not responding within one hour of being contacted by the constituent (this includes noise violations and other public nuisances);
 - "Local Contact Person" responded within one hour of being contacted by the constituent but did not actively discourage or prevent the nuisance activity (this includes noise violations and other public nuisances);
 - Business operations at an STRO unit.

- STRO licensing violations
 - Unauthorized STRO unit, or no STRO license issued for the unit;
 - Non-compliant structures used as STRO units (e.g., ADUs, JADUs, Companion Units, Guest Quarters, etc.).

San Diego relies entirely on the “Get It Done” web application to receive complaints from the public regarding alleged STRO violations (i.e., complaints submitted via any other means are not accepted), upon which all subsequent investigations are reliant. Zoning Investigators visit the subject property to determine whether or not any STRO violations are actively occurring. Constituents receive an outcome email from the “Get It Done” web application confirming if, as a result of their complaint, an STRO violation was found and how the case was resolved.

San Diego’s Zoning Investigators can issue an Administrative Citation and/or a Civil Penalty Notice and Order for any violations they confirm, levying fine amounts of up to \$1,000 per violation per day per property, this includes STRO, building code, and land use code violations. San Diego considers the responsible parties in either case to be the STRO license holder, property manager, booking manager, and the property owner. Once an Administrative Citation and/or Civil Penalty Notice and Order is issued for any code violation, STRO staff request individual platforms to block all identified short-term rental listings advertising the subject property via the platforms’ compliance portals. Zoning Investigators will also proactively review all other short-term rental listings associated with the responsible parties for compliance with the STRO regulations, taking additional enforcement action if any further STRO violations are confirmed. Subsequent STRO violations confirmed for the same property can result in escalated fine amounts, or the City Attorney can file suit against the host.

In the first several months of its STRO program – between May 2023 and February 2024 – San Diego processed over 1,200 complaints from the public regarding alleged STRO violations, resolving about 891. A small portion of non-compliant short-term rental properties came into compliance after Zoning Investigators issued a verbal or written warning; however, the majority of these cases were resolved after the issuance of an Administrative Citation and/or Civil Penalty Notice and Order.

Recommendations

City Planning, in coordination with DBS and LAHD, presents the following recommendations to improve the effective administration and enforcement of the Home-Sharing Ordinance. These updated recommendations are based on the information and analysis contained in City Planning’s initial October 4, 2023, report, as well as in this supplemental report.

1. INSTRUCT the City Administrative Officer, in consultation with the Departments of City Planning, Building and Safety, and Housing, to report back on options for creating a single office, division or department dedicated to Home-Sharing administration and enforcement, including a recommended organizational structure, staffing and funding needed to effectively resource the work program.
2. INSTRUCT the Departments of Building and Safety and Housing to report back with additional information and recommendations regarding staffing needs for effective Home-Sharing code enforcement, including inspections, citation issuance, and transfer of responsibility for complaint investigation and citation defense from City Planning.
3. INSTRUCT the Departments of Building and Safety and Housing to provide additional options and recommendations to increase fines for Home-Sharing violations.

4. INSTRUCT the Department of City Planning to prepare and present a draft ordinance updating the Home-Sharing fee schedule, with recommendations supported by a fee study.
5. INSTRUCT the Department of City Planning, in consultation with the Departments of Building and Safety and Housing and with the Office of the City Attorney, to prepare and present a draft ordinance amending the Home-Sharing Ordinance to:
 - a. Prohibit Home-Sharing use in Accessory Dwelling Units;
 - b. Prohibit Home-Sharing use in all units on properties subject to the Rent Stabilization Ordinance;
 - c. Disallow Extended Home-Sharing registrations; and
6. INSTRUCT the Department of City Planning to report back detailing the timeline, work program and additional staffing required for any amendments to the Home-Sharing Ordinance as instructed by City Council.

Should you have any questions regarding this report, please do not hesitate to contact the following staff: City Planning Associate Lance Sierra, lance.sierra@lacity.org, (213) 202-5447 and City Planner Niall Huffman, niall.huffman@lacity.org, (213) 978-3405.

Sincerely,



VINCENT P. BERTONI, AICP
Director of Planning