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October 18, 2019

Los Angeles City Council
c/o Office of the City Clerk
City Hall, Room 395
Los Angeles, California 90012

Attention: PLUM Committee

Dear Honorable Members:

RESOLUTION ON HOSTING PLATFORM RESPONSIBILITIES (APPENDIX A OF THE ADMINISTRATIVE GUIDELINES) AND DISCUSSION OF MASTER PLATFORM AGREEMENT; CF 14-1635-S2

On December 11, 2018, the City Council adopted the Home-Sharing Ordinance (Ordinance No. 185,931). The Home-Sharing Ordinance (Ordinance) provides three ways Hosting Platforms such as Airbnb and VRBO may comply with the platform responsibilities required by the Ordinance. These compliance options include following the provisions in the Ordinance, as well as two alternative compliance methods that provide exceptions to the hosting platform responsibilities section of the Ordinance: compliance with Appendix A of the Administrative Guidelines, or compliance with individually signed Platform Agreements. Both of these alternative compliance documents are similar in concept, and both describe how hosting platforms can satisfy the platform responsibilities under the Ordinance.

Appendix A of the Administrative Guidelines (attached) describes how Hosting Platforms may satisfy their responsibilities under the Ordinance. The Master Platform Agreement document will provide a template for individual Platform Agreements that the City may sign with hosting platforms. Both the Master Platform Agreement and Appendix A must be adopted by Council resolution to become effective, in addition to any individual Platform Agreements.

On June 18, 2019 the PLUM Committee meeting considered a resolution to adopt Appendix A of the Administrative Guidelines. The PLUM Committee continued the item and requested a separate report back from the Department on the initial implementation of the program. The report on the initial implementation of the Home-Sharing program has been transmitted under separate cover to the Council File. This subsequent report provides a summary of the Master Platform Agreement and includes a draft resolution for City Council consideration of Appendix A. The purpose of the documents and their relationship to one another is described below.

Background on Hosting Platform Responsibilities under the Home-Sharing Ordinance

The Hosting Platform Responsibilities section of the Home-Sharing Ordinance (LAMC Section 12.22 A.32(f)) holds Platforms responsible for several duties, including:

- completing only authorized Booking Service transactions for Short-Term Rentals,
- providing company contact information to the City within 45 days of the effective date, and
- providing certain information on Listings and bookings to the City on at least a monthly basis

Subsection (f)(6) of the Home-Sharing Ordinance created an exception from these responsibilities. The exception states that the provisions in paragraph (f) shall not apply to a Hosting Platform whenever it complies with the Administrative Guidelines which specify how the Platform shall satisfy the Hosting Platform responsibilities (Appendix A of the Administrative Guidelines); or enters into a Platform Agreement, the terms of which shall be set forth in a master Platform Agreement approved by the City Council that establishes the manner in which the Hosting Platform supports the City's enforcement of this subdivision and meets the purposes of the Platform responsibilities.

Home-Sharing Administrative Guidelines - Appendix A: Platform Responsibilities

Appendix A of the Administrative Guidelines (attached) describes how any platform operating in the City of Los Angeles may satisfy the platform responsibilities of the Home-Sharing Ordinance. Specifically, Appendix A provides two sets of options (or methods) for platforms to satisfy their responsibilities including preventing illegal booking transactions and sharing information with the City. Platforms that notify the City that they are using Appendix A, and remain in compliance with Appendix A, will be immune from liability under the Ordinance provisions described above.

The first option (The API Method) relies on automated communication of data between the City and the platform through software called an application programming interface (API). This method offers significant benefits for both the City and platforms in terms of efficiency and effectiveness and therefore incentivizes platform compliance. Platforms utilizing this option would work with the City to establish an API that queries the City's database for valid registration numbers at the time of each booking transaction, thereby preventing booking transactions on any unregistered listings. Through this query, the platform would provide information on the number of nights booked, as well as the host name, host ID, street address and registration number being used.

The second option (Manual Spreadsheet Method) is based on a series of data sharing processes between the City and the platform. The platform would provide information on their listings to the City, pursuant to the data sharing requirements in the Ordinance, and the City would respond with a notification of any unpermitted listings. After two business days of notification by the City, the hosting platform must discontinue booking transactions on these unpermitted listings.

Platforms interested in utilizing one of these methods provided in Appendix A must work directly with staff to establish access and approval. The Department solicited and received comments from hosting platforms regarding the provisions of Appendix A, which have been incorporated in the document. The Department recommends that the City Council adopt the attached Resolution to approve Appendix A.

Home-Sharing Master Platform Agreement

Similar to Appendix A, the Master Platform Agreement describes how a hosting platform may satisfy the platform responsibilities of the Home-Sharing Ordinance. However, specific provisions of the Ordinance (including LAMC Sections 12.22 A.32(c)(2)(i), 12.22 A.32(c)(3), 12.22 A.32(f)(5) and 12.22 A.32(f)(6)) were designed to incentivize platforms to enter into a Platform Agreement by providing certain benefits to their Hosts, in addition to the immunity from liability for platforms. The process also allows for minor customization through individual signed platform agreements based upon the framework of the Master Platform Agreement. In exchange for the benefits it affords, platforms who sign a Platform Agreement must also collect Transient Occupancy Tax (TOT), the Per Night Administrative Fee (once it is adopted by City Council) and commit to the Department's preferred data-sharing method for platforms to satisfy their responsibilities (the API Method).

The Department has engaged in detailed discussions with several hosting platforms including Airbnb, Expedia (which owns VRBO and Homeaway), and MisterBandB - a French short-term rental platform operating in Los Angeles. Discussions with these platforms and other interested parties regarding a possible Platform Agreement will continue. If consensus is reached on a mutually agreeable Platform Agreement, individual platform agreements will be brought forward for City Council's consideration.

If you have any questions, please contact Matthew Glesne in the Department of City Planning at (213) 978-2666 or matthew.glesne@lacity.org.

Sincerely,

VINCENT P. BERTONI, AICP
Director of Planning



KEVIN J. KELLER, AICP
Executive Officer

VPB:KJK:AV:MG:ch

Enclosures

Resolution
Appendix A: Home-Sharing Administrative Guidelines for Compliance with Hosting
Platform Responsibilities