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June 13, 2019

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

Attention: PLUM Committee

Dear Honorable Members:

REPORT PURSUANT TO MOTION NO. 20-A – AMENDMENT TO BUDGET AND FINANCE COMMITTEE REPORT RELATIVE TO THE ADMINISTRATION AND IMPLEMENTATION OF THE HOME-SHARING ORDINANCE; CF 14-1635-S7, 14-1635-S2

On April 16, 2019 the City Council amended a Budget and Finance Committee report relative to the administration and implementation of the Home-Sharing Ordinance to adopt a number of additional recommendations for the Department of City Planning (Department) and Information Technology Agency (ITA). The recommendations are listed below, with a report on each following. The ITA report is provided separately under this Council File.

1. Instruct the Planning Department to report to Council with a demonstration of the registration and monitoring system that is being developed for enforcement purposes before full implementation of the Home-Sharing Program begins.

The Department, along with the Department's third party vendor (Host Compliance, LLC), is prepared to provide a demonstration of the "online registration portal" that is being developed for the implementation and enforcement of the Home-Sharing Ordinance. Host Compliance has shared iterations of the system with Department staff and have both worked together to refine the system based on the Home-Sharing Administrative Guidelines, attached under a separate report (see Council File 16-1635-S2). The registration portal is ready for a City Council demonstration at the July 18, 2019 PLUM Committee meeting, as requested.

The online monitoring system that is being developed by Host Compliance for enforcement purposes is still in development and not yet ready for demonstration. The vendor signed a contract with the City on May 20, 2019. Initial resources were dedicated to the creation of the online registration portal. As described in the draft Administrative Guidelines, enforcement of the Home-Sharing Ordinance will not commence until November 1, 2019. The Department and Host Compliance will report to the Council on the monitoring and enforcement application as soon as it is available, prior to the commencement of the enforcement date.

2. Instruct the Planning Department to report on how it plans to phase in the registration of potentially 30,000 hosts, including a timeline for enforcement.

Host Compliance, LLC, the City's vendor, has designed the online registration system to anticipate the "worst case" application load once registration opens on July 1, 2019. The vendor utilizes Cloudflare network services to allow for efficient and reliable access for users, as well as Amazon cloud systems, which allows for additional servers to automatically be operational if the workload begins to approach initial available capacity. Therefore, based on the system capacity, a phased registration approach may not be needed. If in the future such a need arises, information will be communicated to Hosts through the Home-Sharing portal and website explaining how such a phase-in system will work.

3. Instruct the Planning Department to report with a robust public education campaign before the Home-Sharing Program is fully implemented. The campaign should make sure to include all the necessary information needed for a constituent to file a complaint with the City when a host is potentially out of compliance with the ordinance, as well as making clear other laws in place to address any potential nuisances that may result from home-sharing activity (i.e. "Party House Ordinance").

The Department's home-sharing website (planning.lacity.org/HomeSharingOrdinance) includes information needed for a constituent to file a complaint with the City when a host is potentially out of compliance with the ordinance, including a 24/7 Home-Sharing hotline (operated by Host Compliance) as well as the various regulations and prohibitions that are in place to address any potential nuisances that may result from home-sharing activity. The Home-Sharing hotline is already operational and can be accessed at (213) 267-7788. An additional online reporting system is being developed and should be available in the coming weeks.

4. Instruct the Planning Department to report with a robust public education campaign for potential hosts and hosting platforms before the Home-Sharing Program is fully implemented. The campaign should include a Home-Sharing web page with instructions on how to use the online application portal, fees and payment requirements, FAQs, and other information needed to obtain a Home-Sharing registration. The Department should also make sure that all relevant information is made available to any hosting platforms.

The Department began providing information to the public on the adopted Ordinance by issuing an updated comprehensive Frequently Asked Questions (FAQ) on its webpage (planning.lacity.org - click on Ordinances > Adopted Ordinances > Home-Sharing Ordinance) in February 2019. The FAQ reflects the information in the final adopted Ordinance and provides the basic provisions of the Ordinance in a condensed manner.

A second major component of the outreach campaign is the launch of the Home-Sharing website (planning.lacity.org/HomeSharingOrdinance). The website includes the necessary information Hosts need to register, including a link and instructions on how to use the online registration portal, the applicable fees and payment requirements, FAQs, and other information needed to obtain a Home-Sharing registration. The website provides user-friendly information, included a list of "5 key steps to participate in home-sharing," a succinct list of the "key requirements" as well as a "criteria checklist" to ensure a host has everything needed to apply before they start the process.

The Department has been preparing the full roll-out of a robust public information campaign, anticipated to occur during the public outreach phase. This will take place during the first 60 days following the July 1, 2019 implementation date, as outlined in the Home-Sharing Administrative Guidelines. The public outreach phase will be conducted prior to the Enforcement Date, to ensure

that all parties are provided with the appropriate information and ample time to complete the registration process prior to initiation of enforcement. Targeted outreach and education materials will be advertised and shared with Hosts and the general public, including (anticipated) webinars/videos or other online resources so hosts can easily understand the new regulations and registration requirements.

Key to the outreach phase will be the ability to contact hosts operating in Los Angeles. The Department has already established a public home-sharing email address (planning.home-sharing@lacity.org) and maintains a large contact list of all short-term rental interested parties that have participated in the four year public adoption process. The Department will collaborate with hosting platforms to reach a broader audience to provide accurate information on the ordinance and how to report violations and come into compliance.

5. Instruct the Planning Department to work with interested Hosting Platforms and hosts to educate them about the registration requirements and other obligations to help maximize compliance.

The Department has had recent discussions with the interested Hosting Platforms operating in the City of Los Angeles regarding the roll-out of the registration portal and platform obligations under the Home-Sharing Ordinance. In addition, the Ordinance requires that all hosting platforms contact the Department within 45 days of the effective date (July 1, 2019) and provide contact information. This will allow discussions with all platforms to occur before enforcement begins. This will allow the Department to provide additional information regarding how the platform responsibilities are intended to operate and how the Administrative Guidelines and Platform Agreements complement the ordinance.

6. Instruct the Information Technology Agency (ITA), with the assistance of the City Attorney to report on any potential cyber security threats to the City, steps necessary to ensure that host data is fully protected and what liability the City might face should there be a data breach.

Please see the separate ITA report attached to this Council File.

For questions regarding this report, please contact Matt Glesne, City Planner, at PHONE.

Sincerely,

VINCENT P. BERTONI, AICP
Director of Planning



KEVIN J. KELLER, AICP
Executive Officer

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