



September 27, 2019

Vince Bertoni
General Manager
Los Angeles Department of City Planning
200 N. Spring St, 5th Floor
Los Angeles, CA 90012

Dear Mr. Bertoni,

We are writing with regard to our discussions on Friday, September 13 and again on Tuesday September 24 with Planning and City Attorney staff about the draft Platform Agreement. Despite numerous conversations regarding the API compliance system and the timeline it would take to finalize a Platform Agreement and build the system, we were previously led to believe that the Enforcement Date of the HSO would be delayed to accommodate the development of the system and we were surprised and concerned that it was expressed to us that we would be expected to comply using one compliance method beginning November 1 while building the API system. We can not comply with the November 1 deadline because of the late date we received the draft Platform Agreement from the City and the time it will take both the City's contractor (Host Compliance) and Airbnb to build out the system. Doing this by November 1 is simply not feasible, and we hope the City will reconsider this position so we can work collaboratively toward an API system.

Background

On April 2, 2019, in a meeting with Planning and City Attorney staff, it was indicated to us that the City was interested in negotiating a Platform Agreement which would spell out the terms of compliance with the City's Home Sharing Ordinance (HSO). Much of the discussion in the meeting focused on the terms of compliance we agreed to with other cities such as San Francisco. Given the interest of staff in the compliance terms with other jurisdictions, we prepared a draft Platform Agreement that was similar in terms to those agreements. We submitted a draft Platform Agreement to the city on April 26, 2019. Despite repeated requests, we never received a response to the Platform Agreement we submitted.

Subsequently, the Planning Department presented to PLUM and the City Council the Administrative Guidelines and Appendix A which outline the methods platforms can use to comply with the HSO, including the API system. It was indicated to us about this time that a Platform Agreement would only be available to platforms that agreed to use the



API system. However, in the staff report to the City Council, the Administrative Guidelines did not include a platform agreement to consider.

We expressed clearly to staff that it was impossible to evaluate whether we could do the API system, particularly given that this would be a bespoke system that we had never built with another city, absent a draft Platform Agreement to review. At the same time, it was made very clear to us by Planning staff and the City's contractor Host Compliance that the API system was the City's preferred enforcement mechanism. The Planning Department also deferred the Enforcement Date of the HSO from July 1 to November 1 given that the registration system was itself not launched until July 1.

We did not receive a draft Platform Agreement from the City until August 21, 2019, a mere 10 weeks before the new enforcement date of the HSO. We indicated on numerous occasions to Planning staff that it would be impossible to finalize a final Platform Agreement and build the API system preferred by the City by the November 1st deadline. While we have begun the process of negotiating a platform agreement with the City (we provided detailed redlines to the draft agreement to Planning staff on September 24), Host Compliance has indicated that it would take 90 days to build its portion of the system, and that does not include the time it will take for us to build our portion of the system, most of which we can not start until the City's contractor has completed substantial portions of its system. We indicated that if the City wanted us to build the API system we would have to move the November 1 deadline back which the Planning staff indicated a willingness to do.

However, in a meeting with Planning and City Attorney staff on September 13, 2019 to have an initial discussion on the draft Platform Agreement we were told that while we are building the API system we would be required to comply with the HSO using the other methods of compliance. This was the first time we had ever heard this requirement, and in fact is was directly contradictory to all previous discussions with staff. Being forced to concurrently build two different compliance systems to comply with one set of laws is an excessive burden on our business, particularly given the fact that the risk of delay in discussing these important issues was raised to but not addressed by city staff. Moreover, in reviewing the draft Appendix A (attached) which has been provided to the City Council for its adoption, it simply allows a platform to choose its compliance method, and nowhere does it say that if we choose the API system that we need to implement a separate compliance system while the city builds the system we chose. Complying by other means will in itself require substantial time to prepare and eliminates any incentive for us to develop the City's preferred API system of compliance.



The City could have avoided this situation completely if it had promptly entered into negotiations upon receiving our draft Platform Agreement in April, or provided a draft Platform Agreement along with its Administrative Guidelines when presented to the City Council in late June.

Finally, the ordinance is clear that platforms must collect transient occupancy taxes in order to enter into a platform agreement with the city. Our voluntary collection agreement to remit transient occupancy taxes on behalf of our hosts is set to expire on October 31st. This agreement will lapse in the absence of a Platform Agreement.

Implementation of the Home Sharing Ordinance

It has also become evident that City is not adequately prepared to inform hosts about their obligations and how to properly comply with the Home Sharing Ordinance. While more than a thousand hosts have applied since July 1, and though the City has issued temporary permits, no hosts have received a permanent Home Sharing Registration Certificate to date. Important decisions impacting hosts in properties covered by the Rent Stabilization Ordinance have yet to be decided, and despite Airbnb's efforts, there remains a generally low level of awareness of the ordinance's requirements - largely due to a delay in the release of the administrative guidelines leading up to July 1.

Perhaps the most immediately concerning is the lack of any information for how hosts can obtain an Extended Home Sharing permit that enables primary residence hosts to book guests beyond the 120 day limit set forth in the Home Sharing Ordinance. We have passed the 60-day timeline when a host could be eligible to apply for the permit, and are approximately 1 month away from the earliest date that hosts could exceed the 120-day cap and, as of today, the City has not released any information to the public for how to comply, putting at risk a critical income stream for thousands of Angelenos as we head into the busy holiday travel season. We were told by Planning staff this past Tuesday that the system would not be ready for another month.

Furthermore, early conversations with Department of Planning staff describe an application process developed with professional technical employees seeking land use entitlements in mind, rather than a user-friendly system designed for the average homeowner or tenant. Specifically, *administrative* approval (1 citation or less in the 3 years prior) of the Extended Home Sharing Registration provisions outlined in the ordinance and administrative guidelines directs hosts to notify adjacent and abutting neighbors but *requires* hosts to use the Department's mailing vendor Better Technology Company (BTC). Early descriptions of this notification process requires hosts to utilize technical skills that even average professional working Angelenos will struggle through - and we are particularly concerned about the thousands of other less tech-savvy hosts



across the city who will never make it through such a system. Airbnb has designed its own systems for users with minimal tech aptitudes in mind, but our feedback to the City has only lead to more questions and uncertainty. This seems to be in direct conflict with the City Council's clear intent to create a simplified and streamlined approval process for the administrative approval of Extended Home Sharing.

Summary

Again, it is our desire to work collaboratively with the City toward the development of an API system. However, this is only feasible if the City reconsiders the November 1 Enforcement Date of the HSO to a time that will allow the development of an effective API system and the adequate time and outreach required to lead to high compliance and enforceability.

Sincerely,

A handwritten signature in black ink, appearing to read 'John Choi'.

John Choi

CC: The Honorable Eric Garcetti, Mayor of Los Angeles
Councilmember Marqueece Harris-Dawson, Chair, PLUM Committee
Arthi Varma, Deputy Director, Department of City Planning