

The False Hope of Easy Enforcement that Host Compliance Peddles

by Elizabeth Murphy (August 24, 2017)

The name Host Compliance is popping up more and more in articles about enforcement efforts of various California cities of short term rental (STR) regulations. Who is Host Compliance and is there any credence to the services they peddle to cities feeling desperate to root out illegal STR listings? Host Compliance, which is privately owned and thus we are limited in what we might learn about the company, is based out of San Francisco and came into being in 2015. Clearly, a need was seen to help cities address the issue of how best to enforce STR regulations. But does Host Compliance offer something that is worth the big bucks more and more California cities are paying them?

The first major flaw in what Host Compliance is offering cities is there is no way to definitively prove who posted an online listing for an STR. If an angry neighbor decides to implicate the owner of an STR next door to them in a city where such listings are banned, Host Compliance could easily find such a listing and pass it along to enforcement officers as someone out of compliance, when in fact they may not even be aware someone made a listing of their property. Third party sites copy listings from the larger portals all the time and, as we are seeing, the owner did take down or alter their listing to comply with local regulations, but these uninvited "brokers" of their listings never reflected such changes. We have already seen what happens when a city moves forward with prosecuting offenders found through using Host Compliance data, the cases were all dismissed because no solid evidence could be offered to show the owners had, in fact, listed their properties in violation of the city's ordinance. Yet not only did the city spend taxpayer dollars on getting data from Host Compliance, they spent taxpayer dollars on prosecutions that ended up going nowhere.

When word first got out that Hermosa Beach had hired the company to help with its enforcement efforts, we wrote about our concerns that Host Compliance would do more harm than good ([click here to read that blog](#)). Now that Hermosa Beach has seen three cases dismissed that were brought based on data provided by Host Compliance, it is time to start talking about what the company really offers, and that is the promise of quick and easy enforcement with little to no guarantee that the data will hold up in court. The company markets itself on its website as the "leading provider of short-term rental compliance monitoring and enforcement solutions to local governments." But if their data doesn't lead to convictions and instead results in wasted taxpayer money that might have been better spent implementing programs to collect TOT (transient occupancy tax) revenues to build more affordable housing. Presently, the only winner is Host Compliance who still gets to collect their fees. Further, they claim to be able to up tax revenues for cities and save them on enforcement efforts. Yet if Hermosa Beach is a test case of what Host Compliance offers it does not appear to have passed the test of giving value added to the cities that contract with them.

The services that Host Compliance offers are not cheap either and are based on the number of STRs in the given city. The services are sold as annual subscriptions. For instance, a city can subscribe to get regular updates of all STR addresses in their jurisdiction, making them easy to find for such things like safety inspections (yet another regulatory issue that has been legally challenged in some places as unlawful searches). Since Host Compliance has no way of verifying who listed a property, an owner could be doing what they are supposed to under the law (say where online listings are banned, like Hermosa Beach) only to be fined and penalized for listings they knew nothing about. The company deals with this in their marketing efforts by being upfront that they cannot identify fraudulent listings and that such efforts fall to each individual city they work with. It is an easy way to gloss over a major flaw that only serves to muddy the waters of enforcement efforts and waste city officials time and taxpayers' money.

Host Compliance offers far more than constant monitoring of over 18 online STR listing sites. They offer cities the option of having the company staff a 24/7 hotline for complaints. They say they will assist in tax collection through monitoring efforts combined with "data informed" outreach to non-compliant STR owners. Perhaps the boldest offering of Host Compliance is their STR Ordinance Consulting Services. They purport to have a deep understanding about what regulations work and which ones do not work, but how can they offer that given the newness of this area and their own late entry into the industry. The company claims to have developed best practices on regulation development through "detailed study of more than 150 short-term rental ordinances/by-laws from across North America." Given the legal challenges so many cities are facing over their passage of overly restrictive regulations and the many more cities that are still struggling with how to regulate STRs, it would seem 150 STR laws is arbitrary and lacking anything conclusive. Further, shouldn't they be consulting with the leaders in this industry?

Host Compliance is looking like a very well marketed snake oil salesman. Unfortunately, cities are buying that snake oil instead of assessing how to create reasonable regulations with realistically implementable enforcement efforts. As they say, if it sounds too good to be true, it probably is, and everything about Host Compliance's glossy, well designed website seems to suggest what they offer just sounds way too easy to be worth the money they charge.