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August 31, 2026

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

Attention: PLUM Committee
Budget & Finance Committee

Dear Honorable Members:

SUPPLEMENTAL REPORT ON THE STATUS OF THE VACATION RENTAL ORDINANCE; CF 25-0029-S1; CF 18-1246

At its meeting on May 12, 2026, the Planning and Land Use Management (PLUM) Committee considered two joint reports from the Department of City Planning (City Planning) and the Office of Finance, dated April 2, 2026 and April 15, 2026, under Council File No. 25-0029-S1. The reports included a status update on the pending Vacation Rental Ordinance under Council File No. 18-1246 (as approved and amended by PLUM on November 12, 2020, hereafter referred to as the "proposed 2020 VRO"), options to increase Vacation Rental caps as a way to generate additional Transient Occupancy Tax (TOT) revenue, and an analysis on the impact of Vacation Rentals to the overall housing stock.

Through legislative instructions under Council File No. 25-0029-S1, the PLUM Committee introduced the current directive at its meeting on May 12, 2026: a time-limited, economically focused expansion of short-term rental activity in the City. This directive instructs City Planning to report back with policy recommendations to establish a limited Vacation Rental Program enabling additional short-term rental activity to accommodate anticipated regional lodging demands surrounding the 2028 Olympic and Paralympic Games, while anchoring the program to a sunset date of no later than December 31, 2028. As such, City Planning has prepared this report regarding the feasibility and policy options for establishing a temporary limited Vacation Rental Program.

BACKGROUND

The City's short-term rental regulations have evolved through a series of legislative actions designed to protect primary housing stock while accommodating short term stays and tourism. The foundation of the City's current short-term rental policy is the Home-Sharing Ordinance (HSO) (CF 14-1635-S2), adopted in December 2018 and implemented in 2019. The HSO strictly limits short-term rental occupancies to an owner or tenant's primary residence (i.e., the dwelling unit where the host lives for more than six months out of the calendar year). The HSO framework was intentionally designed to prevent the wholesale conversion of housing units into de facto year-round commercial hotels.

Recognizing a distinct market for non-primary or secondary home short-term rentals, the PLUM Committee previously considered and approved the proposed 2020 VRO, as summarized in City Planning's April 2, 2026 report. The associated Council File No. 18-1246 subsequently expired on August 31, 2023. On June 6, 2025, the Council reactivated the file to its most recent legislative status as part of adopted budget recommendation No. 211 under Council File No. 25-0600 for the Fiscal Year 2025-2026 budget process.

At its meeting on May 12, 2026, the PLUM Committee instructed City Planning, working in coordination with the City Attorney's Office, to report back with policy recommendations to establish a limited Vacation Rental Program enabling additional short-term rental activity within the existing Home-Sharing Program during upcoming major events, including the 2028 Olympic and Paralympic Games, consistent with the proposed 2020 VRO. The PLUM Committee directed that the Vacation Rental Program further include a firm sunset date of December 31, 2028, a strict citywide cap on Vacation Rental permits equivalent to one percent of the current housing supply, a 250-foot radius of separation between Vacation Rental units in Type 1 Buildings, and an anti-speculation rule requiring hosts to have owned the Vacation Rental property on or before December 31, 2025.

Additionally, the PLUM Committee requested recommended policy options to strengthen and streamline enforcement for both the Home-Sharing Program and a limited Vacation Rental Program. The PLUM Committee instructed that the Vacation Rental Program include several implementation provisions, as further detailed in the "Discussion" section below. The PLUM Committee also instructed that the Vacation Rental Program include platform data-sharing requirements, the implementation of SB 346 which gives local jurisdictions additional tools to obtain information on short-term rental properties from hosting platforms, and permit validation via official County Assessor Parcel Number (APN) data. Finally, City Planning is tasked with updating necessary regulations to align with these guidelines, while assisting the City Administrative Officer (CAO) in delivering a fee study aimed at full cost recovery for the Vacation Rental Program's administration and enforcement.

DISCUSSION

Per PLUM's instructions, City Planning has reviewed the proposed 2020 VRO to identify how this policy framework could be defined, qualified, and administered via a temporary, term-limited program. As discussed in greater detail in City Planning's April 2, 2026 report, the proposed 2020 VRO is categorically distinct from the existing HSO for several key reasons. The Home-Sharing Program is designed around the requirement that a registered dwelling unit is a host's primary residence, and all related technological systems, staffing resources, and vendor contracts reflect those requirements. On the other hand, the main requirement of the proposed 2020 VRO would not only be the inverse of the HSO (i.e., that a registered dwelling unit is not a host's primary residence), it would also introduce several additional requirements not seen in the HSO (e.g., host property ownership, citywide and neighborhood caps on active Vacation Rental permits, and concentration and distancing standards). For these reasons, the Vacation Rental Program is envisioned to be parallel to, but independent of, the existing Home-Sharing Program.

The Proposed 2020 Vacation Rental Ordinance as a Baseline

The Vacation Rental Program would utilize the proposed 2020 VRO as its foundational policy basis per PLUM instructions. Should the City Council elect to adopt this framework, the resulting Vacation Rental Ordinance would establish eligibility requirements and operational parameters, as summarized below:

- **Eligibility requirements:**
    - Vacation Rentals must be a Dwelling Unit, must not be subject to the Rent Stabilization Ordinance (RSO) and/or other affordable housing covenants or income restrictions, and must not have been removed from the rental market through the Ellis Act in the past seven years from the application submittal date;
    - Vacation Rental permits may only be granted to individual property owners and property-owning trusts (thereby excluding business entities), the host must reside in the Vacation Rental on an occasional or intermittent basis, and the host may not apply for or otherwise operate more than one Vacation Rental at a time in the City; and,
    - At the time of applying for a Vacation Rental permit, the host must provide documentation to establish individual identity and property ownership, federal tax forms Schedule A and/or E to ensure residency on an occasional or intermittent basis as well as to ensure the unit is not an investment property, and an affidavit signed and submitted under penalty of perjury as evidence that the unit is a second home only used on an intermittent basis.

- **Operational parameters:**
    - Vacation Rentals would be subject to 60-day short-term rental booking limits each calendar year;
    - The total number of active Vacation Rental permits must not exceed 1% of the total number of housing units Citywide and in individual Community Plan Areas; and,
    - Type 1 Buildings (those with up to four Dwelling Units) may have a maximum of one Vacation Rental and there must be a 250-foot radius of separation between subject properties, while Type 2 Buildings (those with more than four Dwelling Units) may have a maximum of 5% of units or ten units total used as Vacation Rentals (whichever is less).

Taking PLUM's instructions into consideration, a few modifications would need to be made to the proposed 2020 VRO to meet the new directives, including:

- Establishing a sunset date for the Vacation Rental Ordinance no later than December 31, 2028;
- Adding a new Vacation Rental eligibility requirement to restrict participating properties to those owned by hosts on or before December 31, 2025;
- Adding new Vacation Rental permit application requirements to require hosts to provide photo identification and federal tax forms Schedule A and/or E from the previous year (this modification is a further refinement to the 2020 eligibility criteria related to the tax forms in question); and,
- Adding an affidavit signed and submitted under penalty of perjury attesting to the validity of all submitted documents.

Potential Impact of a Vacation Rental Program on the Citywide Housing Stock

The proposed 2020 VRO includes several key elements, such as eligibility requirements and operational parameters as explained above, that are designed to minimize potential impacts of Vacation Rental policies on the housing stock. Regardless of the policy framework the City Council may ultimately adopt, factors outside of the City's control hamper the ability to make a precise estimate on the total impact to the housing stock, including estimating the number of individual property owners in the City who own second homes that are perennially used and will undergo the necessary process to operate a Vacation Rental. Given so many variables and unknown factors, including potential non-compliant operators, it is difficult to estimate what the real impact of the Vacation Rental Ordinance would be until a policy is adopted and implemented. For example, the VRO is intended for true second homes that remain largely vacant except for intermittent personal use and are never intended for permanent long-term housing. The Department has raised caution with implementing a permanent Vacation Rental policy that may be so lucrative that applicants may be enticed to convert long-term permanent housing units to Vacation Rental units as indicated under the tipping point analysis within the joint report under this Council File dated April 2, 2026. A temporary program inclusive of a December 31, 2028 sunset date and the requirement that eligible properties are under ownership prior to December 31, 2025 may limit such impacts. In summary, assumptions may be too speculative to quantify or be used as a definitive way to anticipate and estimate true impacts of the VRO as a policy.

Moving Forward with a Vacation Rental Program

Should the City Council instruct City Planning to move forward with the Vacation Rental Program, City Planning would restart the legislative process to conduct public outreach and take the proposed Vacation Rental Ordinance to the decision makers. Primary legislative steps will include: updating baseline data from the proposed 2020 VRO with most recent ACS data calculations; modifying the Ordinance to include provisions for both Chapter I and Chapter 1A of the Zoning Code[1]; updating the California Environmental Quality Act (CEQA) analysis[2]; holding a public hearing; and presenting the proposed Ordinance to the City Planning Commission, Council Committee, and the full City Council for consideration for first and second reading, including the Office of the City Attorney's form and legality review prior to final adoption. Once adopted, given the time-limited nature of the Ordinance, implementation would need to be operational shortly following program adoption.

In an effort to expedite policy adoption, it is estimated to take approximately six (6) months to update the proposed Vacation Rental Ordinance. It typically takes 18-24 months to complete these legislative and environmental steps, but given the existing 2020 VRO framework as a baseline and if the public outreach process is condensed, the truncated timeline may be feasible in order to accelerate the typical timeline in order to provide enough lead time for the policy to be operative prior to the sunset date of December 2028. The time required to develop and implement the necessary infrastructure and processes will be proportional to the number and complexity of the eligibility criteria adopted. Fewer and simpler criteria would allow for faster implementation; however, this may involve tradeoffs related to the program standards, oversight and enforcement. A program with more robust review and verification requirements would require additional time to develop the necessary infrastructure.

[1] Chapter 1A had not yet been adopted during the previous legislative process in 2018-2020, meaning a new Chapter 1A version of the Ordinance needs to be drafted.

[2] An environmental clearance conforming to the requirements of CEQA must be considered and updated to establish environmental baselines, analyze the new project scope, and undergo any required public circulation and comment period.

Anticipated Enforcement Needs

In three reports attached to Council File 14-1635-S10, City Planning identified enforcement challenges and provided recommendations on strengthening enforcement of the HSO. While the HSO and VRO will be administered separately, these recommendations could be jointly applied to both programs. These reports and discussions resulted in instructions being adopted by City Council on March 18, 2025. City Planning was instructed to prepare amendments to the Home-Sharing Ordinance and to prepare a fee study to recover the costs for implementation and enforcement. On May 28, 2026, City Planning transmitted an updated fee study for full cost recovery of the administration and enforcement of the program to Council.

City Planning has also been developing an enhanced application portal and updating the Administrative Guidelines (HSO Guidelines) to include clearer requirements and processes to ensure applicants understand and comply with the Home-Sharing regulations. These are anticipated to launch within the calendar year. Key updates will focus on host identification requirements, primary residency verification and an improved renewal process. The updated HSO Guidelines will impose stricter photo identification requirements than the current guidelines, requiring applicants to provide a California driver license or ID card showing the address intended for Home-Sharing. Home-Sharing applicants and Hosts already are required to certify the contents of their applications through e-signature under penalty of perjury.

The HSO already requires Hosting Platforms to share data on a monthly basis, with alternative options to comply through 1) complying with Appendix A of the Administrative Guidelines or 2) entering into a platform agreement with the City. The upcoming City Planning report in response to the December 2025 motion attached to Council File 25-1473 (SB 346 / Transient Occupancy Tax) will provide recommendations on integrating SB 346 into existing regulations and enhancing data-sharing requirements for Hosting Platforms. Additionally, the HSO already prohibits units subject to the Rent Stabilization Ordinance (RSO), housing restrictions/covenants or have been converted from a multiple family dwelling to single family dwelling, from Home-Sharing. If the proposed home-sharing unit is subject to any of these restrictions, the unit will be ineligible for Home-Sharing. Lastly, the HSO allows trustees of any type of property-owning trust to qualify as Hosts or as Landlords to their tenant Hosts; there are no rules specifying that individual trusts must own the unit intended for Home-Sharing. Should Council want these specifications added, the HSO will need to be legislatively amended.

CONCLUSION

The PLUM Committee instructed City Planning to prepare a report to recommend a time-limited Vacation Rental Program consistent with the proposed 2020 VRO with a few modifications. Given that VRO policies are unique and distinct from the existing HSO, the Vacation Rental Program is recommended to be a policy that is parallel to, but independent of, the existing Home-Sharing Program. As outlined in this Report, the proposed 2020 VRO can be used as the baseline and modifications instructed by the PLUM Committee may be added to the 2020 draft Ordinance. Should the City Council instruct City Planning to move forward with the Vacation Rental Program, City Planning will complete the legislative process to conduct public outreach and take the proposed Vacation Rental Ordinance to the City Planning Commission, PLUM Committee, and full City Council for final consideration and adoption. Once adopted, City Planning will develop and implement the necessary infrastructure and procedures to administer the program. The time needed to implement will depend on the number and complexity of the eligibility criteria that must be reviewed and verified.

For questions regarding this supplemental report, please contact the following City Planning staff: City Planning Associate, Lance Sierra at lance.sierra@lacity.org; and City Planner, Lilian Rubio at lilian.rubio@lacity.org.

Sincerely,

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