

DEPARTMENT OF
CITY PLANNING

COMMISSION OFFICE
(213) 978-1300

CITY PLANNING COMMISSION

MONIQUE LAWSHE
PRESIDENT

CAROLINE CHOE
VICE-PRESIDENT

PRISCILLA CHAVEZ
MARTINA DIAZ
SARAH JOHNSON
PHYLLIS KLEIN
BRIAN ROSENSTEIN
JACOB SAITMAN
ELIZABETH ZAMORA

CITY OF LOS ANGELES
CALIFORNIA



KAREN BASS
MAYOR

EXECUTIVE OFFICES
200 N. SPRING STREET, ROOM 525
LOS ANGELES, CA 90012-4801
(213) 978-1271

VINCENT P. BERTONI, AICP
DIRECTOR

KEVIN J. KELLER, AICP
EXECUTIVE OFFICER

SHANA M.M. BONSTIN
DEPUTY DIRECTOR

HAYDEE URITA-LOPEZ
DEPUTY DIRECTOR

ARTHI L. VARMA, AICP
DEPUTY DIRECTOR

LISA M. WEBBER, AICP
DEPUTY DIRECTOR

CRAIG R. WEBER
DEPUTY DIRECTOR

April 2, 2026

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

Attention: Planning and Land Use Management Committee
Budget & Finance Committee

Dear Honorable Members:

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

Background

At its meeting on November 12, 2020, the Planning and Land Use Management (PLUM) Committee considered the proposed Vacation Rental Ordinance (hereafter referred to as either "VRO" or "proposed ordinance") prepared by the Department of City Planning (City Planning). At that time, PLUM adopted the City Planning Commission's (CPC) recommended changes to key policies related to citywide and geographic caps, and made modifications to property ownership and short-term rental booking limits. The PLUM Committee then instructed the City Attorney to prepare and present an Ordinance as to form and legality and referred the item to the full City Council. However, the proposed Ordinance was not scheduled for the full City Council's consideration and 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, Council file No. 25-0600 for Fiscal Year 2025-2026 budget process.

This report has been prepared as a result of the City Administrative Officer's (CAO) recommendation in the Revenue Options to Protect and Invest in City Services Report dated January 15, 2026 to the Budget and Finance Committee on the status of the pending VRO including options to generate additional Transient Occupancy Tax (TOT) from short-term rentals.¹

Consequently, on January 20, 2026, a Motion (Hutt-McOsker) was adopted and included in the Budget & Finance Committee Report instructing the Office of the Chief Legislative Analyst (CLA) and the Office of Finance (Finance), with assistance from the Department of City Planning (City Planning), to provide a status update to the Budget and Finance Committee and the Planning and Land Use Management (PLUM) Committee on the proposed Vacation Rental Ordinance (Council

¹ See the [CAO Report \(CF No. 25-0029\)](#) dated Jan. 15, 2026

File No. 25-0029 and 18-1246), including options to increase the citywide and neighborhood caps on Vacation Rentals, change the geographic unit subject to neighborhood caps from Census tracts to Community Plan Areas, increase the maximum number of days a Vacation Rental may be rented for short-term rental occupancies, and implement a Vacation Rental application fee to fund enforcement activities.

On January 27, 2026, the City Council referred a Motion (Blumenfield-Soto-Martinez) to the PLUM Committee, amending the above-referenced instruction to also include an analysis on the number of nights a unit could be rented out before it would generate more revenue on the short-term market versus the long-term market, and an analysis on the impact to the overall housing stock including possible impact to affordable housing.

Summary

The proposed VRO would allow the accessory use of dwelling units that are not primary residences for short-term rental occupancies. City Planning raised concerns regarding the adoption of Vacation Rental policies for the following reasons during the 2018-2020 legislative process and continues to have the same concerns:

- Loss of potential long-term permanent housing units by allowing the conversion of vacant second homes to short-term rental units;
- Reduction of local housing supply that may result in upward pressure on housing and rental prices; and
- Impacts to hotels and other lodging uses within the City.

Furthermore, significant net Transient Occupancy Tax (TOT) revenue will not be generated as may be anticipated for the following reasons:

- The proposed ordinance has several key policies that are designed to place constraints on Vacation Rental units to avoid proliferation of illegal short-term rental units and minimize impacts on the housing stock;
- There is not enough potential supply of existing second homes which would result in potential Vacation Rentals to reach the 1% caps on total number of housing units (citywide and by Community Plan Area) in the current policy recommended by PLUM, given that the target audience of the proposed ordinance is owners of second homes who may not need to rent out their vacation homes to generate additional income, and several reduction or limiting factors discourage other owners from converting potential long-term rental units into Vacation Rental units;
- Total number of active Vacation Rental permits is not anticipated to exceed existing active 5,524 short-term rental permits, thereby not reaching the maximum 1% permitted (14,740) or exceeding the current short-term rental TOT revenue of \$33 million; and
- City Planning anticipates a significant amount of resources and costs associated with the buildup, implementation and enforcement of the proposed ordinance once adopted, which ultimately reduces the net revenue increase.

It should also be noted that should the City Council decide to proceed with the adoption of the proposed ordinance, City Planning would need to restart the legislative process and take the proposed ordinance to the CPC and the PLUM Committee due to redrafting of the ordinance to update data and include the Chapter 1A version and updated CEQA environmental clearance to show the correct project description, revisit the analyses in Appendix G of the CEQA Guidelines and recirculate the document for public comment.

Recommendations

1. Given the Department of City Planning's concerns with adopting a Vacation Rental Ordinance (VRO) due to overall impacts to the long-term housing stock for City residents, costs to administer and enforce the program, overconcentration in high-demand neighborhoods, and minimal anticipated Transient Occupancy Tax (TOT) return relative to startup costs, the Department of City Planning recommends against adoption of a Vacation Rental Ordinance.
2. If the City Council were to pursue adoption of a Vacation Rental Ordinance, City Planning recommends the following:
 - a. Instruct the Department of City Planning to prepare a revised proposed ordinance to include a Chapter 1A version of the ordinance in addition to an updated environmental review through the standard legislative processes; and
 - b. Instruct the City Administrative Officer, with the assistance of the Department of City Planning, to prepare a report with recommendations for staffing and resource needs relative to all startup costs for any proposed Vacation Rental Ordinance, and General Fund subsidy impacts until any Vacation Rental program can achieve full cost recovery, until a Fee Study is completed and provides the necessary recommendations, specifically relative to:
 - i. Staffing resources;
 - ii. Implementation resources, including procuring a contracted vendor to develop and integrate all necessary technology, procuring a consultant to conduct a Fee Study, transmitting the Fee Study and related draft Fee Ordinance for City Council consideration, establishing a revenue depository account, performing public outreach, establishing internal policies and policies, and training newly hired staff;
 - iii. Administrative resources, including managing and reviewing permits and applications, engaging with the public on requests for information, maintaining core program processes and technologies, engaging with vendors to ensure compliance with contractual obligations, producing regular reports on program operations and data, and other general administrative tasks.

RESPONSES TO COUNCIL INSTRUCTIONS

1. Status of the pending Vacation Rental Ordinance:

By way of background and upon the adoption of the Home-Sharing Ordinance (HSO) in 2018, the City Council wished to separate the accessory use of dwelling units for short-term rental occupancies into two branches: short-term rental occupancies in primary residences (Home-Sharing) and in non-primary residences (Vacation Rental).

To that end, the City Council referred the initiating Motion (Wesson-Harris Dawson-Cedillo, et al.) for the proposed ordinance to the PLUM Committee on January 11, 2019.² The Motion proposed the following policy objectives in instructing City Planning staff to prepare and present the proposed ordinance:

- Introduce a clear regulatory framework to control the proliferation of illegal short-term rental activity in non-primary residences;
- Protect the City's existing housing stock from excessive short-term rental occupancy uses;
- Address community concerns regarding quality of life issues arising from short-term rental activity; and
- Complement and strengthen the HSO.

City Planning, in consultation with other relevant departments, prepared versions of the proposed ordinance throughout the previous 2018-2020 legislative process beginning with City Planning's original recommendations, which was first presented to the City Planning Commission (CPC) in 2019. The second proposed version incorporated the CPC's recommended modifications, and was presented to the PLUM Committee in 2020. The third proposed version incorporated PLUM's recommended modifications at its November 12, 2020 meeting, as reflected in the Committee report uploaded to Council File No. 18-1246. After remaining inactive for two years, the file expired on August 31, 2023, per Council policy (Council File No. 05-0553). However, on June 6, 2025, the Council reactivated the file to its most recent legislative status; therefore, the status of the proposed ordinance is pending Council/Committee consideration.

The last 2020 PLUM Committee actions approved the environmental clearance, the Negative Declaration (ENV-2019-7046-ND); approved the Findings of the CPC; approved the CPC's recommendations; approved City Planning's amendments; and requested the City Attorney to prepare and present the draft ordinance. In addition, PLUM instructed the CAO to prepare a report with projected revenue for the proposed ordinance, as amended by the Committee. Finally, given its citywide importance, the matter was submitted to the full City Council for consideration; however, the Committee report was never scheduled at Council.

² See the [City Council Motion \(Wesson-Harris Dawson-Cedillo, et al.\) \(CF No. 18-1246\)](#) dated Dec. 11, 2018

Table 1 below highlights the major elements of the proposed ordinance, including the changes made to those elements in each step of the legislative process.

Table 1: Proposed Vacation Rental Ordinance (2018-2020 Legislative Process)			
Key Policies	Initial Proposal (2019)³	CPC Modifications (2019)⁴	PLUM Modifications (2020)⁵
Property Ownership Requirement:	<p><i>"Vacation Rental permits may only be granted to Owners of Dwelling Units. A renter or lessee shall not be eligible to obtain a Vacation Rental permit. Owners shall not be eligible to obtain a Vacation Rental permit unless the unit is a Dwelling Unit."</i></p> <p><i>"In order for a unit to be eligible to operate as a Vacation Rental, the Owner must reside in the unit on an occasional or intermittent basis."</i></p> <p><i>"No person or entity may apply for or otherwise operate more than one Vacation Rental at a time in the City."</i></p>	No changes.	<p>No changes to the first provision.</p> <p><i>"In order for a unit to be eligible to operate as a Vacation Rental, the Owner must reside in the unit on an occasional or intermittent basis. <u>Applicants must provide federal tax forms Schedule A or E at the time of applying to ensure the property is a secondary home and not an investment property.</u>"</i></p> <p><i>"No individual or trust may apply for or otherwise operate more than one Vacation Rental at a time in the City."</i></p>
Short-Term Rental Booking Limit:	<i>"No Vacation Rental unit may be operated for more than 30 days per calendar year."</i>	<i>"No Vacation Rental unit may be operated for more than 90 days per calendar year."</i>	<i>"No Vacation Rental unit may be operated for more than 60 days per calendar year."</i>
Citywide Cap:	<i>"Citywide, the total number of active Vacation Rental permits shall not exceed 3,625 (equivalent to 0.25% of the total number of housing units in the City)."</i>	<i>"Citywide, the total number of active Vacation Rental permits shall not exceed 14,740 (equivalent to 1% of the total number of housing units in the City)."</i>	No changes.
Geographic (Neighborhood) Cap:	<i>"Permitted Vacation Rental units shall account for less than 0.25% of the total number of housing units within any Census Tract in the City."</i>	<i>"Permitted Vacation Rental units shall account for no more than 1 percent of the total number of housing units within any Community Plan Area in the City, not exceeding the maximum number of Vacation Rental permits allotted per Community Plan Area as shown" (in the table included in the draft ordinance).</i>	No changes.

³ See the [City Planning Commission Recommendation Report \(CPC-2019-7045-CA\)](#) dated Dec. 19, 2019

⁴ See the [proposed Vacation Rental Ordinance approved by the CPC \(CF No. 18-1246\)](#) dated Oct. 27, 2020

⁵ See the [Report from the PLUM Committee \(CF No. 18-1246\)](#) dated Nov. 12, 2020

<p>Concentration and Distancing Requirements:</p>	<p><i>“There must be at least 250 feet of separation between the property for which the Vacation Rental permit is being applied for and the property of other Type 1 Buildings with active Vacation Rental permits. The separation between Type 1 buildings shall be the horizontal distance measured in a straight line, without regard to intervening structures, from the property line of each Type 1 building.”</i></p>	<p><i>“There must be at least 250 feet of separation between Vacation Rentals in Type 1 buildings having the same frontage (block face), as the term frontage is defined in Section 12.03 of this Chapter. This required separation shall be the shortest horizontal distance from property line to property line, measured in a straight line without regard to intervening structures.”</i></p>	<p>No changes.</p>
--	---	--	--------------------

City Planning’s initial proposed ordinance was restrictive, providing strict eligibility requirements to prioritize protecting the City’s existing housing stock for City residents over other considerations given the extreme shortage of housing supply. While the PLUM Committee concurred with three of the four modifications recommended by the CPC, the PLUM Committee recommended amendments to some of the CPC’s recommendations to partially steer the policy recommendations back towards the original priority to protect the existing housing stock, as shown in Table 1.

The proposed ordinance and related Council File No. 18-1246 were reactivated in 2025 as part of the Fiscal Year 2025-2026 Budget adoption process (per Adopted Recommendation No. 211 in the Final Budget Recap under Council File No. 25-0600).⁶ Separately, in 2026, the CAO identified the proposed ordinance as one of several potential revenue generating options for the City (see Council File No. 25-0029), for which this report is being written.⁷

2. Increasing Vacation Rental Ordinance caps:

The January 27, 2026 Motion referred to both the PLUM Committee and the Budget & Finance Committee, requested options to increase Vacation Rental activity in the proposed ordinance, including increasing both the citywide and neighborhood caps on active Vacation Rental permits, changing the neighborhood geographic unit for these caps from Census tracts to Community Plan Areas, and increasing the allowable number of days per calendar year a Vacation Rental can complete short-term rental bookings. Altogether, this request seeks to explore scenarios in which additional TOT revenue can be collected from additional legal short-term rental activity via Vacation Rentals.

With regards to **TOT revenue generation as a result of increased citywide and neighborhood caps on active Vacation Rental permits, simply increasing the citywide and neighborhood caps will not, in and of themselves, generate additional capacity for Vacation Rentals given the other various limitations and key provisions in the proposed ordinance.** The proposed ordinance contains various key policies aimed at providing the checks and balances needed to preserve the City’s housing stock and respond to neighborhood concerns of overconcentrated short-term rental activity. These key policies act as a natural reduction factor for any proposed limits on short-term rental activity arising from constraints that

⁶ See the [Voting Recap on the Recommendations of the Budget and Finance Committee Relative to the Mayor’s Proposed Budget for Fiscal Year 2025-26 \(CF No. 25-0600\)](#) dated May 22, 2025

⁷ See the [Amended Motion \(Blumenfield-Soto Martinez-Yaroslavsky\) \(CF No. 25-0029\)](#) dated Jan. 27, 2026

City Planning, the CPC, and the PLUM Committee intentionally and thoughtfully crafted to minimize the impacts of Vacation Rentals on the City's housing supply, as well as on communities where Vacation Rentals may be concentrated.

For example, an increase in the citywide cap may appear to result in a significant increase in the total number of active Vacation Rental permits, however, in reality, applicants must meet eligibility requirements such as property ownership, and Vacation Rental permits must satisfy building distancing and concentration requirements. Furthermore, Vacation Rental permits must meet neighborhood-level caps before reaching the citywide cap. While some areas of the City with more tourism and higher short-term rental demands (e.g., Hollywood) may reach their maximum neighborhood caps, the remaining areas with lower tourism and lower short-term rental demands will not. Considering not all neighborhood caps will be met, it is mathematically impossible for the citywide cap to be met, especially at the previously proposed 1% level.

The natural reduction factor arising from Vacation Rental operations should be taken into consideration as well. Not all Vacation Rentals will reach their short-term rental booking limits, as the median number of short-term rental bookings for active short-term rental units citywide in 2025 was 28 nights, far below even the current allowances of the HSO (ranging from 120 to 365 nights of short-term rental bookings for Home-Sharing units). Additionally, not all Vacation Rental permittees will follow through with using their second homes for Vacation Rentals.

Furthermore, it is important to note that the maximum proposed citywide active Vacation Rental permit cap of 1% (14,740 permits) and the maximum proposed short-term rental booking limit of 60 days are unlikely to be uniformly realized in actuality, considering the significantly smaller size of the existing short-term rental market in the City under the HSO. One of the key distinctions between the HSO and the proposed ordinance is that the HSO only allows short-term rental activity in primary residences while the proposed ordinance is designed to focus on short-term rentals in dwelling units that are truly second homes. Vacation Rentals cater to homes that may be used by the owner to house family members while they are visiting, to reside in while living temporarily in Los Angeles, or to stay in while vacationing in Los Angeles. This means that the current short-term "Home-Sharing" rental market inherently caters to a larger number of units than the "Vacation Rental" market.

Data obtained by City Planning from Granicus indicates there are currently 5,524 active short-term rental units citywide, of which 4,246 have an active Home-Sharing Registration. In order to reach the proposed 1% citywide cap for Vacation Rentals (14,740 permits), the City's existing legal short-term rental market would need to grow by 3.5 times its current size, which is an unlikely and unrealistic feat in itself considering the proposed ordinance is intended to be more limited than the current HSO.

As such, as the number of actual Vacation Rental permits sought by homeowners is anticipated to be far less than 1% of both citywide and neighborhood caps, it is unlikely to expect an increase in TOT revenue that corresponds to the 1% caps.

With regards to **changing the geographic unit for the neighborhood caps**, City Planning originally proposed Census tracts as the geographic unit for neighborhood caps on active Vacation Rental permits, as Census tracts are more granular and typically consist of a few City blocks within individual neighborhoods. Short-term rental units in the City are largely concentrated within just a few neighborhoods, and sometimes within just a few City blocks in these neighborhoods. In 2020, the PLUM Committee affirmed the CPC's recommendation to utilize Community Plan Areas as the geographic unit, therefore this policy decision was already addressed.

With regards to the **maximum number of days per year allowed for short-term rental bookings**, City Planning originally proposed a maximum of 30 days of short-term rental bookings per calendar year for Vacation Rentals, and PLUM recommended doubling that number to 60 days.

With regards to the **TOT estimate**, arriving at a realistic number of vacation rentals is difficult and imprecise. While gross TOT from short-term rental activity generated by the HSO has not yielded as much as anticipated given various factors, it has stabilized at \$33 million for Fiscal Year 2024-2025. Given the pool of second homes that may be eligible for a Vacation Rental permit is so much smaller than the pool of dwelling units eligible under the HSO, and given the stringent limitations, it is unlikely that any additional TOT generated by the proposed VRO will be higher than that already generated by the HSO.

Considering not all eligible properties will be interested in short-term rental activity, not all interested eligible properties will be issued a Vacation Rental permit (due to the proposed ordinance's ownership limitations, concentration caps and distancing requirements), not all Vacation Rental operators will reach their short-term rental booking limit, and not all Vacation Rental permittees will make use of their permit, **the likely maximum total additional TOT gross revenue the proposed ordinance could generate will likely be even lower than that which the HSO currently generates**. Furthermore, considering start-up costs in the initial year(s) of the program (see Section 3 and the "Resources Required" section later in this report), the actual amount of additional TOT net revenue each year may be significantly less. While it is difficult to assign a reduction factor for the various known limitations of the proposed ordinance, it is safe to say that a Vacation Rental policy will not provide a TOT revenue windfall without costs and the tradeoff is losing long-term housing for Angelenos.

While adopting the proposed ordinance may generate additional TOT revenue, it should be considered that this would come with costs. As the City's short-term rental market grows, the City should also understandably increase the amount of resources it allocates to administering and enforcing its short-term rental regulations. For example, if the City were to meet its 1% cap on active Vacation Rental permits, the short-term rental market would need to grow by at least 3.5 times the size of the existing legal short-term rental market, meaning the City could also understandably triple the resources it allocates to the administration and enforcement of the short-term rental regulations that make this growth possible, at a minimum. As such, as the short-term rental market grows, the parallel increased spending on administering and enforcing short-term rental regulations would erode any additional TOT revenue the proposed ordinance may generate for the City.

To the extent that short-term rental hosts are already operating de facto Vacation Rentals under an existing Home-Sharing Registration, or illegally, some of this revenue may be recycled out of existing TOT revenue. The single factor that could increase the TOT projection is the possibility that, without robust enforcement mechanisms, unpermitted short-term rental listings and/or listings which have exceeded their short-term rental booking limits may operate and pay TOT through existing tax collection agreements. This could increase the amount of TOT collected but, unless that activity were to exceed the size of the entire current short-term rental market, gross TOT beyond the \$33 million in short-term rental TOT currently generated by the HSO is still unlikely. Additional in-depth analysis should be completed, taking all of the controlling factors into consideration in order to provide a more accurate range on estimated gross TOT should the City Council wish to pursue the proposed ordinance.

3. Implementing a Vacation Rental application fee to fund enforcement activities:

A fee study would be needed to determine appropriate Vacation Rental application fees or other such fees available for implementation, administration and enforcement. These fees are separate from Home-Sharing application fee amounts as the two work programs are separate and apart from one another. Additionally, the City Council must determine where any Vacation Rental application fees collected will be deposited and allocated.

Application fees alone will not cover the up-front startup costs for the proposed ordinance. For context, upon adopting the HSO in 2018, the General Fund supported the staffing resources, platform configuration, programming, and initial program standup costs associated with this effort until the collection of application fees was able to cover startup and implementation costs. Similarly, the City Council must decide how to fund the Vacation Rental program until it can achieve full cost recovery, which may take up to a few years. It is important to note that the Short-Term Rental Enforcement Trust Fund created for the HSO cannot be readily used to fund the Vacation Rental program, and it does not contain sufficient funds to cover the up-front startup and implementation costs for the proposed ordinance. It is also important to note that while the Short-Term Rental Enforcement Trust Fund currently covers the costs of the Home-Sharing program, this may be misleading due to several staff vacancies, as well as due to ongoing constraints on enforcement activities as has been discussed in previous City Planning reports to the City Council (see Council File No. 14-1635-S10).⁸

There are significant differences between the Home Sharing Ordinance and Vacation Rental Ordinance that will require additional implementation platform and system development, including addition of new features such as Vacation Rental registrations and renewals, search capability, separation measurement, building registration capacity, neighborhood caps and waiting list management. While in concept it may appear that registering, managing, and enforcing the proposed VRO is similar to the existing HSO, the qualifying criteria, physical spacing requirements, and citywide and neighborhood caps make implementing the VRO significantly different.

As such, if Council chooses to move forward with the proposed ordinance, significant time and resources would be required to stand up the Vacation Rental program before the proposed ordinance could become operative. The startup for the Vacation Rental program is expected to include several tasks discussed in greater detail in the "Resources Required" section later in this report.

4. Analysis on the tipping point:

City Planning previously reported to PLUM in October 2020 short-term rental tipping points (i.e., the number of days by which a short-term rental unit offering transient lodging for tourists provides more rental income than a traditional year-long lease for a rental unit permanently housing a tenant) of 70-85 days, depending on the neighborhood.⁹ The previous tipping points were calculated by dividing the median rate of traditional year-long leases by the median nightly rate of whole-unit short-term rental listings for individual neighborhoods.

To accurately update the estimate of the tipping-point, a comprehensive analysis of data specific to individual geographies of the City is needed, as had previously been done in 2020. In the absence of a comprehensive and detailed analysis, City Planning calculated a new citywide short-term rental tipping point using the following formula:

⁸ See the [City Planning Staff Report \(CF No. 14-1635-S10\)](#) dated Oct. 4, 2023

⁹ See the [City Planning Staff Report \(CF No. 18-1246\)](#) dated Oct. 15, 2020

$$\frac{\text{Citywide median monthly rate of traditional yearlong leases} \times 12 \text{ months } (\$23,196)}{\text{Citywide median nightly short term rental rate for all active short term rental listings } (\$375)}$$

Similarly, City Planning calculated Community Plan Area tipping points as follows:

$$\frac{\text{Citywide median monthly rate of traditional yearlong leases} \times 12 \text{ months } (\$23,196)}{\text{Community Plan Area median nightly short term rental rate for all active short term rental listings}}$$

It is important to note that in the absence of neighborhood-level data on median monthly rates of traditional year-long rentals, the Community Plan Area tipping points are only rough estimates, particularly for areas where traditional long-term rents are significantly higher or lower than the citywide median (\$1,933).¹⁰

City Planning's new calculations for this report generated a citywide short-term rental tipping point of 62 days, and individual Community Plan Area short-term rental tipping points ranging from 16 days in Bel Air - Beverly Crest to 357 days in Boyle Heights. The tipping points and data used in the calculations for the City as a whole and for each of the 34 Community Plans are included in Attachment 1.

The Community Plan Area tipping points indicate that despite notable neighborhood outliers (e.g., Bel Air - Beverly Crest and Boyle Heights), and despite a lack of neighborhood-level data on median monthly rates of traditional year-long rentals, the citywide tipping point of 62 days remains the most reliable estimated short-term rental tipping point considering that it closely aligns with both the median and average of the neighborhood-level tipping points (62 days and 71 days, respectively). The updated tipping points also show that short-term rental units have likely become even more lucrative than traditional year-long leases since City Planning's previous 2020 calculation. Short-term rental units today provide more rental income than their traditional year-long rental counterparts at least one week earlier citywide (and up to three weeks earlier in some areas) compared to 2020. Furthermore, 23 of the City's 34 Community Plan Areas now have a lower tipping point compared to 2020; in other words, short-term rental units now outperform long-term rental units at a quicker pace in nearly 70% of the Community Plan Areas compared to 2020.

That being said, the citywide short-term rental tipping point has lowered from 70-85 days in 2020, to 62 days as of this report, suggesting that landlords have a greater financial incentive today to replace permanent long-term housing with short-term rental units than they did six years ago. Setting a short-term rental booking limit higher than the current citywide tipping point of 62 days would create an even greater financial incentive for landlords to replace permanent long-term housing with Vacation Rentals, especially in neighborhoods where the local tipping point is lower than the citywide tipping point. Therefore, if it is the City's intent and desire to limit Vacation Rental units' impacts on housing stock and homelessness, a short-term rental booking limit must be lower than the current citywide short-term rental tipping point, as that would reduce the financial incentive to remove long-term housing in favor of Vacation Rentals, and would lessen the proposed ordinance's inherent negative impact on housing.

5. Analysis on the impact of Vacation Rentals to the overall housing stock:

Because the proposed ordinance would introduce a new type of short-term rental use, which will replace long-term permanent housing, it will inherently have a negative impact on the City's overall housing stock, including affordable housing. As a result of this concern,

¹⁰ U.S. Census Bureau, "Median Gross Rent (Dollars)," American Community Survey, ACS 5-Year Estimates Detailed Tables, [Table B25064](#), accessed on March 17, 2026

City Planning, the CPC, and the PLUM Committee crafted constraints during the previous 2018-2020 legislative process that were intentionally and thoughtfully designed to minimize the impacts of the proposed ordinance on the City's housing supply, including:

- Excluding housing units that are subject to affordable housing covenants, and income-restricted under City, State, or Federal law;
- Excluding housing units subject to the City's Rent Stabilization Ordinance;
- Excluding Accessory Dwelling Units; and
- Excluding housing units that were previously removed from the rental market (Ellis Act) within seven years from the Vacation Rental permit application submittal date.

Other than the loss of permanent long-term housing, short-term rental activity also creates quality of life concerns for impacted neighborhoods. Short-term rental units often attract a steady stream of transient visitors to areas of the City that are primarily home to permanent residents, which can lead to increased nuisance activities (e.g., unruly gatherings, noise, parking violations). City Planning has discussed this issue in greater detail in previous reports to the City Council (see Council File No. 14-1635-S10).¹¹

City Planning is particularly concerned with the preservation of the City's existing housing stock as permanent long-term housing for City residents, a concern that the City Council shared throughout the proposed ordinance's previous legislative process between 2018-2020. In the initiating Motion for the proposed ordinance (Wesson-Harris Dawson-Cedillo, et al.) introduced on December 11, 2018, the City Council stated "it is critical to create clear rules and regulations to control the growth of this [Vacation Rental] industry, protect critical housing, and address valid community concerns about abuses. These regulations should complement and strengthen City policies around primary residence Home-Sharing ... [and] set higher standards and registration requirements for Vacation Rental ... permits."¹² The City Council made clear that, from the start, the policy direction and intent was to allow Vacation Rentals only in true second homes that are otherwise vacant when not occupied by the owner, with strict eligibility and registration requirements meant to minimize impacts on the City's housing stock. It should be noted that if the VRO is unable to be administered and enforced as proposed there is a greater risk of undercutting the City's housing stock for long-term tenancy.

DISCUSSION

Vacation Rentals and Existing Short-Term Rental Policies

As of today, the Zoning Code affirmatively permits the accessory use of dwelling units for short-term rental occupancies of 30 consecutive days or less as part of the HSO. The proposed ordinance would also allow for short-term rental occupancies in dwelling units as an accessory use, but it is categorically distinct from the HSO due to the divergence of the two ordinances on one defining issue: the HSO restricts short-term rental occupancies to primary residences (i.e., the dwelling unit in which the host lives for more than six months out of the calendar year), whereas the proposed ordinance restricts such occupancies to non-primary residences (i.e., a second home in which the host resides only occasionally). Several other discrepancies in other key policies exist between the two ordinances, as provided in Table 2 below.

¹¹ See the [City Planning Staff Report \(CF No. 14-1635-S10\)](#) dated Oct. 4, 2023

¹² See the [City Council Motion \(Wesson-Harris Dawson-Cedillo, et al.\) \(CF No. 18-1246\)](#) dated Dec. 11, 2018

Table 2: Home-Sharing Ordinance (Adopted 2018) and Vacation Rental Ordinance (Proposed in 2020) Compared		
Key Policies	Home-Sharing Ordinance (HSO)	Proposed Vacation Rental Ordinance (VRO) with PLUM Modifications (2020)¹³
Residency Requirement:	The registered dwelling unit must be the host's primary residence where they live for more than six months out of the calendar year.	The registered dwelling unit must <i>not</i> be the host's primary residence, but they must reside in the unit on an occasional or intermittent basis as evidence that the unit is not an investment property.
Property Ownership Requirement:	No property ownership requirement.	The host must be the legal property owner of the registered dwelling unit, either as an individual or under a trust, but not under a business entity.
Short-Term Rental Booking Limit:	Two types of Home-Sharing Registrations are available. The Regular Home-Sharing Registration allows 120 days of short-term rental bookings per calendar year. The Extended Home-Sharing Registration allows 365 days of short-term rental bookings per calendar year.	The Vacation Rental permit allows 60 days of short-term rental bookings per calendar year.
Citywide Cap:	No citywide cap.	The total number of active Vacation Rental permits must not exceed 14,740, the equivalent of 1% of the City's total number of housing units.
Geographic (Neighborhood) Cap:	No geographic (neighborhood) cap.	The total number of active Vacation Rental permits must not exceed 1% of the total number of housing units in any Community Plan Area, with numerical caps specific to each Community Plan Area provided in the ordinance.
Concentration and Distancing Requirements:	No concentration and distancing requirements.	For Type 1 Buildings (any building with four or fewer Rental Units), up to one Vacation Rental is allowed, and there must be at least 250 feet of separation between Vacation Rentals in Type 1 buildings having the same frontage (block face). This required separation shall be the shortest horizontal distance from property line to property line, measured in a straight line. For Type 2 Buildings (any building with more than four Rental Units), up to 5% of units or 10 units total, whichever is less (or one unit if the 5% calculation results in a number less than one), may be used as Vacation Rentals.

¹³ See the [Report from the PLUM Committee \(CF No. 18-1246\)](#) dated Nov. 12, 2020

While the proposed ordinance would introduce a new type of short-term rental use, its dissimilarities with the HSO mean the two ordinances would need to remain separate programs. The Home-Sharing program is designed around the straightforward 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 proposed ordinance's main requirement 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., property ownership, citywide and neighborhood caps on active Vacation Rental permits, and concentration and distancing standards).

As such, the Vacation Rental program would need to be purpose-built to ensure all requirements are satisfied and verified, requiring additional extensive investments in technological solutions (e.g., developing and maintaining a Vacation Rental portal for program administration and enforcement, building Vacation Rental activity monitors, developing application programming interfaces, and integrating all technological solutions with existing City systems), staffing (e.g., hiring additional staff to implement, administer, and enforce the proposed ordinance, training staff, and carrying out a public outreach and engagement program), and vendor contracts (e.g., one or more vendors would be needed to fully build out the program). This is discussed in greater detail in the "Resources Required" section later in this report.

Existing Short-Term Rental Enforcement Challenges

The proposed ordinance and the existing HSO are categorically distinct in their administrative regulations, as explained above, but both ordinances rely on similar short-term rental enforcement mechanisms. These enforcement mechanisms consist of direct requirements, tools, and processes, including entering into platform agreements with individual hosting platforms, requiring hosting platforms to regularly share certain data on short-term rental activity, requiring individual short-term rental operators to provide certain data on their operations, and the like. The City has made steady progress in enforcing its existing short-term rental regulations, but significant challenges remain which have been discussed in greater detail in previous City Planning reports to the City Council (see Council File No. 14-1635-S10).¹⁴

The City Council has acknowledged that enforcing the City's existing short-term rental regulations is challenging on multiple fronts, and is in need of change to make the regulations work as intended. City Planning agrees with this policy objective, and has made clear that additional resources are required to respond to City Council's adopted instructions. This is established in the legislative record, particularly as seen in Council File No. 14-1635-S10.¹⁵ Moving forward with the proposed VRO before resolving challenges to ensure existing short-term rental regulations function will undoubtedly exacerbate the City's issues with enforcement.

Resources Required

Should the City Council decide to move forward with the proposed ordinance, it will introduce an additional short-term rental occupancy use of dwelling units. While the City's other short-term rental policy, the HSO, and the proposed ordinance are not alike in their main eligibility requirements (i.e., the HSO restricts short-term rental activity to a host's primary residence, while the proposed ordinance restricts short-term rental activity to a host's non-primary residence), lessons can still be learned from the adoption, implementation, and enforcement of the HSO in terms of resources required.

¹⁴ See the [City Planning Staff Report \(CF No. 14-1635-S10\)](#) dated Oct. 4, 2023

¹⁵ See [Council File No. 14-1635-S10](#)

Before the HSO was adopted, City Planning requested that the City Council allocate and fund 26 staff positions for the Home-Sharing program, but received just six positions to start. The initial size of the Home-Sharing team proved too small to fully implement and administer the Home-Sharing program, as has been detailed in previous City Planning reports to the City Council (see Council File No. Council File No. 14-1635-S10).¹⁶ The City Council, in response to staffing challenges, has since increased the size of the Home-Sharing team within City Planning to 26 staff positions. The full allocation of requested staff positions has greatly improved the administration of the Home-Sharing program, to the benefit of both the City and Home-Sharing hosts.

Several implementation tasks must be completed before the proposed ordinance, should it be adopted, can become operative. The minimum amount of time required to successfully complete all required implementation tasks is one year post adoption of the proposed ordinance. To implement the Vacation Rental program, staff will need to complete the following tasks:

- Preparing and releasing a Request for Proposal (RFP) and procuring a contract to develop the software and technology necessary to support a Vacation Rental registration portal;
- Establishing data collection and enforcement monitoring tools, and integrating those into the newly built Vacation Rental registration portal;
- Integrating the newly built Vacation Rental registration portal with relevant City databases;
- Procuring a consultant to conduct a fee study;
- Upon completion of the fee study, transmitting the fee report to the City Council for consideration, and directing the City Attorney to draft a Fee Ordinance for subsequent City Council adoption;
- Creating and establishing a Vacation Rental program revenue depository account for fee collection;
- Establishing internal policies and procedures for the administration and enforcement of the Vacation Rental program;
- Hiring and training staff to administer and enforce the Vacation Rental program; and
- Performing public outreach, including creating a program website, publishing guidance materials, and conducting public workshops, prior to the effective date of the proposed ordinance and subsequent launch of the Vacation Rental program and registration portal.

Additionally, to successfully administer the Vacation Rental program, staff will likely need to complete the following tasks:

- Performing reviews of new and renewal applications for Vacation Rental permits;
- Suspending or revoking Vacation Rental permits where the permittee has received the requisite number of citations;

¹⁶ See the [City Planning Staff Report \(CF No. 14-1635-S10\)](#) dated Oct. 4, 2023

- Modifying, discontinuing, or revoking Vacation Rental permits as a result of a discretionary modification process;
- Responding to California Public Records Act (PRA) requests;
- Replying to inquiries from constituents regarding applications for Vacation Rental permits (e.g. applicants requesting more information as to why their application was rejected or denied, and troubleshooting technical and/or systems errors with the registration portal);
- Providing responses to requests for comments from the media, special interest groups, and the public;
- Responding to requests for information from internal City entities, including City Council offices, the Mayor's Office, and various departments and agencies;
- Preparing reports in response to City Council motions related to the City's implementation of the VRO;
- Managing and developing various aspects of the ongoing Vacation Rental program implementation, including requirements, provisions, standard operating procedures, system enhancements, and the online registration portal;
- Engaging with City Planning's chosen vendor to ensure contractual obligations are being met;
- Producing data reports regarding Vacation Rental permits, applications, compliance, and enforcement on a regular basis;
- Facilitating regular meetings and coordinating with all internal and external departments, agencies, and business entities involved in this multi-disciplinary work program to maintain productive relations between them;
- Providing responses to City Planning's Fiscal Management Unit regarding payment disputes and refund requests for applications for Vacation Rental permits; and
- Carrying out several additional administrative tasks that support the enforcing departments in their enforcement efforts against non-compliant Vacation Rentals and unregistered short-term rental units.

The Vacation Rental program will likely require at least as many staff positions as are currently allocated to the Home-Sharing program due to similar complex implementation and administrative tasks. Allocating a lesser amount of staff positions will likely result in the Vacation Rental program suffering the same administrative challenges as the Home-Sharing program experienced in its first few years of operation. An additional report from the City Administrative Officer, with the assistance of City Planning, would be needed to conclusively estimate the staffing and resource needs relative to all startup costs and administration for any proposed VRO, as well as any General Fund subsidy impacts until the Vacation Rental program can achieve full cost recovery.

CONCLUSION

As stated in the Summary section above, City Planning has concerns regarding the adoption of Vacation Rental policies in this proposed ordinance due to following reasons:

- Loss of potential long-term permanent housing units by allowing the conversion of vacant second homes to short-term rental units;
- Reduction of local housing supply that may result in upward pressure on housing and rental prices; and
- Impacts to hotels and other lodging uses within the City.

Furthermore, significant net Transient Occupancy Tax (TOT) revenue will not be generated as may be anticipated for the following reasons:

- The proposed ordinance has several key policies that are designed to place constraints on Vacation Rental units to avoid proliferation of illegal short-term rental units and minimize impacts on the housing stock;
- There is not enough potential supply of existing second homes which would result in potential Vacation Rentals to reach the 1% caps on total number of housing units (citywide and by Community Plan Area) in the current policy recommended by PLUM, given that the target audience of the proposed ordinance is owners of second homes who may not need to rent out their vacation homes to generate additional income, and several reduction or limiting factors discourage other owners from converting potential long-term rental units into Vacation Rental units;
- Total number of active Vacation Rental permits is not anticipated to exceed existing active 5,524 short-term rental permits, thereby not reaching the maximum 1% permitted (14,740) or exceeding the current short-term rental TOT revenue of \$33 million; and
- City Planning anticipates a significant amount of resources and costs associated with the buildup, implementation and enforcement of the proposed ordinance once adopted, which ultimately reduces the net revenue increase.

Required Revisions to the Proposed Vacation Rental Ordinance

Should the City Council instruct City Planning to move forward with the proposed ordinance, City Planning would need to restart the legislative process and take the proposed ordinance back to the CPC and the PLUM Committee for several reasons:

1. The data and text of the previous version of the proposed ordinance from the 2018-2020 legislative process are outdated and will need to be updated and redrafted;
2. The ordinance needs to be modified to include provisions for both Chapter I and Chapter 1A of the Zoning Code (Chapter 1A had not yet been adopted during the previous legislative process in 2018-2020); and
3. CEQA analysis of the proposed ordinance needs to be updated.

Should the City Council choose to move forward with the proposed ordinance notwithstanding the concerns related to housing supply raised herein, the legislative process to prepare and present a revised proposed ordinance will take a minimum of 18-24 months to complete. This amount of time is necessary to prepare dual versions of the proposed ordinance for both Chapter I and Chapter 1A of the Zoning Code, as well as the need to provide public notice and complete a new CEQA analysis during the legislative process.

Additionally, upon adoption of the final ordinance, several additional implementation tasks must be completed to build up the Vacation Rental program, which is anticipated to take an additional 12 months to complete. These additional implementation tasks are discussed in greater detail in the "Resources Required" earlier in this report.

Required CEQA Analysis Update

If the City Council decides to move forward with the proposed ordinance, the related CEQA analysis must be updated to reset the proposed project's baseline, add the new Chapter 1A policies and regulations to the proposed project's scope of work, revisit the impact analysis in each environmental factor in Appendix G of the CEQA Guidelines, and update the analyses as necessary based on the new project description and baseline. The updated CEQA document will need to be recirculated for public comment, and depending on the type of CEQA clearance being prepared and public comments submitted, City Planning may need to prepare responses to comments.

For questions regarding this 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,



VINCENT P. BERTONI, AICP
Director of Planning



DIANA MANGIOGLU
City Treasurer

Attachment 1: Short-Term Rental Tipping Points (2026)

Attachment 1: Short-Term Rental Tipping Points (2026)		
Community Plan Area	Median STR Nightly Rate	STR Tipping Point
Citywide	\$375	62
Bel Air - Beverly Crest	\$1,477	16
Brentwood - Pacific Palisades	\$800	29
Sherman Oaks - Studio City - Toluca Lake - Cahuenga Pass	\$642	36
Canoga Park - Winnetka - Woodland Hills - West Hills	\$537	43
Westlake	\$518	45
Granada Hills - Knollwood	\$517	45
Venice	\$474	49
San Pedro	\$461	50
North Hollywood - Valley Village	\$450	52
West Los Angeles	\$446	52
Encino - Tarzana	\$437	53
Hollywood	\$433	54
Chatsworth - Porter Ranch	\$407	57
Van Nuys - North Sherman Oaks	\$398	58
Mission Hills - Panorama City - North Hills	\$391	59
Palms - Mar Vista - Del Rey	\$375	62
Westwood	\$375	62
Northeast Los Angeles	\$372	62
Silver Lake - Echo Park - Elysian Valley	\$369	63
Northridge	\$355	65
Sunland - Tujunga - Lake View Terrace - Shadow Hills	\$355	65
West Adams - Baldwin Hills - Leimert Park	\$345	67
Sylmar	\$336	69
Harbor Gateway	\$325	71
Downtown	\$317	73
Reseda - West Van Nuys	\$315	74
Wilshire	\$312	74
Westchester - Playa del Rey	\$312	74
South Los Angeles	\$272	85
Arleta - Pacoima	\$271	86
Sun Valley - La Tuna Canyon	\$245	95
Wilmington - Harbor City	\$244	95
Southeast Los Angeles	\$192	121
Boyle Heights	\$65	357