



# Agenda Report

March 9, 2026

**TO:** Honorable Mayor and City Council

**FROM:** Office of the City Manager

**SUBJECT: AMEND THE VOLUNTARY COLLECTION AGREEMENT (VCA) WITH AIRBNB TO INCLUDE THE COLLECTION OF TOURISM BUSINESS IMPROVEMENT DISTRICT ASSESSMENT**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the action proposed herein is statutorily exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15273 (Rates, Tolls, Fares, and Charges); and
2. Authorize the City Manager to execute an amendment to the agreement with Airbnb to collect the Tourism Business Improvement District Assessments (TBID) on behalf of Pasadena residents who rent their residences to others using the Airbnb platform.

## **BACKGROUND:**

In 2018, the City entered into an agreement with Airbnb to voluntarily collect and remit Transient Occupancy Tax (TOT) for short-term rentals subject to the tax made on the Airbnb platform. Airbnb has collected and remitted the applicable taxes timely each month and has been responsive to the City when necessary.

At the time of the initial agreement, short-term rentals of private residences were not subject to the TBID assessment. In March 2023, the City Council held the final required hearing and adopted Resolution 9988 that renewed the Pasadena TBID, established new assessment rates, currently 4.89%, and amended the terms to include short-term rentals.

In October 2024, the City Council approved a voluntary collection agreement with HomeAway, more commonly known as VRBO, that included the collection and remittance of both TOT and TBID. The proposed amendment with Airbnb will ensure that both platforms are collecting and remitting both TOT and TBID going forward. There are other on-line applications in the short-term rental marketplace; however, Airbnb and HomeAway account for more than 98% of the bookings in Pasadena.

Hosts using platforms without a VCA or a VCA that does not collect both TOT and TBID are required to remit TOT or TBID individually until which time these platforms are willing to consider VCA agreements. The remittance of TOT and TBID for the hosts has been included in the online portal where registration occurs to provide as simple a process as possible.

If the amendment to the voluntary collection agreement with Airbnb is approved, Airbnb will begin to collect both TOT and TBID as early as April 1, 2026.

### **ENVIRONMENTAL ANALYSIS:**

The proposed collection and remittance of both TOT and TBID are statutorily exempt from CEQA pursuant to State CEQA Guidelines Section 15273 (Rates, Tolls, Fares, and Charges), which provides a statutory exemption for the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, or other charges by public agencies, which the public agency finds are for the purpose of:

1. Meeting operating expenses, including employee wage rates and fringe benefits,
2. Purchasing or leasing supplies, equipment, or materials,
3. Meeting financial reserve needs and requirements,
4. Obtaining funds for capital projects, necessary to maintain service within existing service areas, or
5. Obtaining funds necessary to maintain such intra-agency transfers as are authorized by city charter.

**FISCAL IMPACT:**

The exact fiscal impact of this update to the VCA is currently unknown; however, staff believe it is in the low six figures. Annual TBID from short-term rentals was approximately \$166,000 Fiscal Year (FY) 2025 and when the TBID boundary was amended in FY 2023 to include residential short-term rentals the annual revenue was estimated between \$300,000 and \$400,000. It is expected that revenue will increase closer to the original estimate due to the previously approved agreement with HomeAway, who began remitting in April 2026, and the proposed Airbnb amendment.

Respectfully submitted,



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Assistant City Manager

Approved by:



MIGUEL MÁRQUEZ  
City Manager