Council Agenda Report

City Council Meeting
05-26-26
Item 7.A.

To: Mayor Silverstein and Honorable Members of the City Council

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Reviewed by: Yolanda Bundy, Community Development Director

Approved by: Joseph D. Irvin, City Manager

Date prepared: May 11, 2026 Meeting date: May 26, 2026

Subject: Economic Recovery Update and Strategic Priority Discussion

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RECOMMENDED ACTION: Receive and file this report on the City's economic recovery conditions, fiscal outlook as it relates to the local economy, and a range of opportunities that may be considered going forward. No policy action is being requested at this time. Council may direct staff on matters contained within this report following Council discussion.

FISCAL IMPACT: The Palisades Fire and the subsequent closure of the Pacific Coast Highway (PCH) have had an unprecedented impact on Malibu's local economy and community. Many beloved local businesses have closed and there is an increased vacancy rate in commercial corridors. While new businesses are opening, many of the town's restaurants and retail corridors, particularly those in the central and eastern areas of Malibu are struggling to recover. Therefore, while there is no fiscal impact directly associated with this report, the economic conditions and factors affecting Malibu are outlined within this report. To the extent the Council directs staff to pursue any of the opportunities identified herein, fiscal implications will be analyzed and presented at that time.

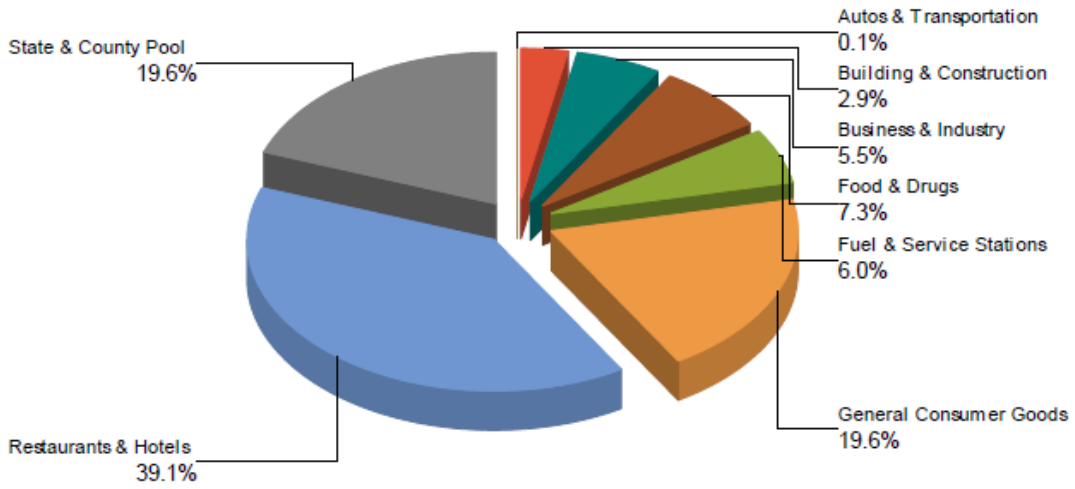
STRATEGIC PRIORITY: This item is prepared pursuant to Goal 2 of the City's 2025-2028 Strategic Plan (Drive Economic Recovery and Restore Lost Revenue) which was adopted by the City Council on November 11, 2025. Goal 2, Objective 2.1 directs the City to recover lost sales, hotel, and transaction tax revenue to pre-disaster levels.

DISCUSSION:

Malibu has carefully cultivated a local economy that balances the needs of the local residents with the needs of those visiting. The balance has included a focus on supporting local businesses that provide a blend of dining, retail, sporting, and other goods and services unique to Malibu. Many long-time businesses, from long-established local restaurants to community serving shopping centers have become more than businesses and commerce, they have become community hubs.

This effort to encourage resident-serving businesses has resulted in a local economy primarily driven by restaurants, hotels/motels, and general consumer goods (general retail). These industries generate nearly 60 percent of the overall sales tax revenue in Malibu, while fuel and service stations and food and drugs make up another 13 percent. In a consumer-based economy, such as Malibu's, sales tax serves as an important data source for the makeup and health of the business sector.

Figure 1: HdL Report on Malibu Sales Tax Revenue by Sector for 2025[1]



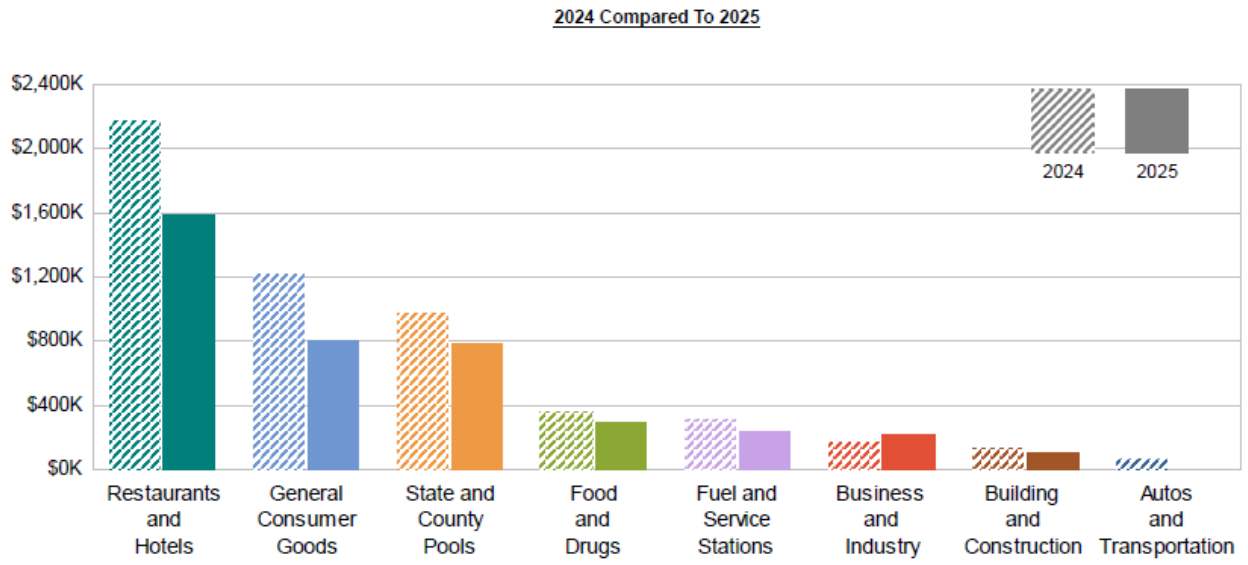
As mentioned, The Palisades Fire in January 2025 and the subsequent closure of the PCH for almost five months has had a unprecedented impact on Malibu's local business community. This impact has been the result of both the displacement of year-round residents and the increased difficulty for visitors in reaching Malibu. However, in addition to recovering from the fire, businesses are also grappling with changes in the economy statewide. Online sales, which saw a steep increase in the overall sales in California during the COVID-19 pandemic, have continued to climb at a considerably faster rate than brick and mortar business activity. The trend is expected to continue, and soon online transactions will exceed brick and mortar transactions across the State. Likewise traditional dining restaurants are facing increased labor and operational costs. The result

[1] In April 2025, the City consulted with HdL ECONSolutions who prepared an Economic Impact Report (Attachment 1) illustrating conditions post-Palisades Fire.

is many long-time businesses have closed, commercial vacancy rates are high, and businesses, particularly those in the central and eastern district, struggle to see commerce return to pre-fire levels.

As the chart below shows, the predominant commercial activities generating sales tax in Malibu (restaurants, hotels, and general consumer goods) have been significantly impacted. The result is that Malibu's economy has endured a significant overall impact not felt before, even during the COVID-19 pandemic, with overall sales tax revenue dropping from $9.7 million to $8.4 million (14 percent decline) from FY 2023-24 to FY 2024-25. The impact has been felt most acutely in central and eastern Malibu.

Figure 2: HdL 2024 vs 2025 Report on Sales Tax Activity in Malibu by Sector



The Council directed staff to undertake an Economic Recovery Strategy for Malibu as part of their Strategic Priority Adopted in November of 2025, specifically for these reasons. Through this effort, Council, City leadership, residents, business leaders and community leaders were all interviewed about the needs of the local economy. Some key themes emerged, including:

- Encourage a local economy that serves residents and families;
- Need to revitalize or adapt under-utilized existing spaces over new development;
- Concern for the high barriers for local businesses to open and operate, including cost and complexity of requirements.

Based on these findings and Council's strategic plan goal of economic recovery, staff is bringing forth this report on the state of the local economy and the City's policies affecting it. This agenda report provides an informational overview of the economic and fiscal impacts of the January 2025 Palisades Fire on the City of Malibu, a summary of actions taken to date, and a range of opportunities for further consideration. The report does not

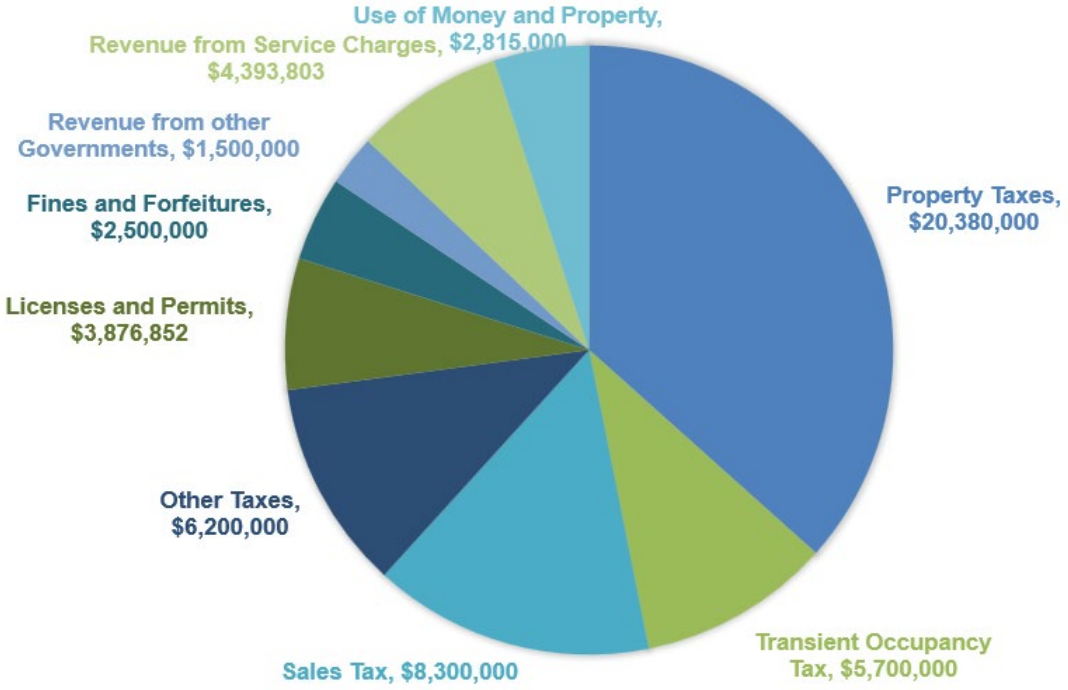
make a recommendation on policy but rather provides information so that the Council may deliberate if action is to be taken to implement its strategic priority.

Economic Impacts Resulting from the 2025 Palisades Fire

The City's financial position has been materially affected by the Palisades Fire. The impacts are expected to extend across multiple budget cycles. The City's total General Fund balance declined from approximately $95.9 million in fiscal year (FY) 2023-24 to an estimated $54.9 million in FY 2025-26, a reduction of approximately $41 million over two fiscal years[2]. Much of this expenditure has been toward disaster recovery and the City continues to work with CalOES and FEMA to seek reimbursement for eligible costs.

Property taxes, transient occupancy taxes (TOT), and sales and use taxes collectively account for approximately 62 percent of General Fund tax revenues (Figure 1). The fire and the extended partial closure of Pacific Coast Highway (PCH) directly disrupted these revenue streams. According to the HdL ECONSolutions Economic Impact Report (Attachment 1), the City was projected to have approximately $3.8 million in direct fiscal revenue losses from the fire, including a sales tax loss of $1,411,000 for FY 2024-25 and an annual TOT loss of $1,264,800 resulting, in part, from the destruction of 62 permitted short-term rental (STR) units.

Figure 1: General Fund Revenue Sources



Administration and Finance Subcommittee Budget Workshop, April 2026

[2] City of Malibu FY 2026-27 Administration and Finance Subcommittee Budget Workshop, April 2026

Sales tax revenues are expected to rebound over a three-year period, but transient occupancy tax is anticipated to remain below pre-fire levels due to the reduction in permitted STRs within the City. Adding to the challenges of supporting the local economic recovery are the continued complications getting to Malibu due to impacts on PCH from ongoing construction including underground utility work, public infrastructure repairs, and general reconstruction activity from permitted rebuilds which will be present for the foreseeable future.

The 2025 Palisades Fire resulted in the displacement of approximately 1,400 residents in Malibu. HdL reports that this impact is projected to reduce household spending across the city by $25.32 million over the next fiscal year and visitor spending by $11.8 million. These projections may continue until Malibu is significantly rebuilt following the fire.

The report estimates total economic losses from the Palisades Fire at approximately $40.9 million, encompassing direct City revenue losses and broader impacts on household and visitor spending. Direct fiscal losses include the sales and TOT figures described previously. The destruction of 62 permitted STRs is estimated to generate $8.43 million in direct annual revenue loss ($1.26 million in City TOT revenue), representing approximately 11,184 visitors and 2,601 stays per year. STRs represented approximately 74 percent of all overnight accommodations, significantly exceeding the rate of Malibu's traditional hotel sector.

Sales tax and TOT together account for approximately 25 percent of General Fund tax revenues. In order to create economic stability and prevent future loss, there is potential upside from new hotels and other uses including adaptive reuse projects of vacant office buildings, replacement STR units, and commercial growth.

Sunstone Cities Study

The City has retained the services of Sunstone Cities, LLC who together with Kleinhenz Economics produced the City of Malibu Economic Trends Report (March 2026) (Attachment 2). The study relied on the HdL report findings along with their own prepared surveys.

The Kleinhenz/Sunstone Economic Trends Report found that wage and salary employment fell by 261 positions (3.9 percent) comparing Q1 2025 to Q1 2024. Of note, accommodations and food services lost 325 jobs (17.5 percent decline). Arts, entertainment, and recreation declined 17 percent and the information sector fell 10 percent. Total taxable sales fell 37.4 percent in the first half of 2025 compared to the same period in 2024. Full-year economic impacts are projected to continue through at least FY 2026-27, with modest recovery in displaced household spending or STRs anticipated during this period.

Malibu imposes a 15 percent TOT on hotel and STR stays. As mentioned, STRs represented approximately 74 percent of all overnight accommodations within the City as of 2020. The loss of 62 permitted STRs, each generating an estimated $136,000 in annual revenue, is projected to result in approximately $2.78 million in City TOT losses over the three-year period of FY 2024-25 through FY 2026-27. Citywide data shows that STRs dropped from 307 registered to 170 through calendar years 2024 – 2025, which reflects that there has been an overall decline in STRs that are not directly a result of structure loss in the Palisades Fire. This loss in STRs is directly impacting the City's TOT revenue. This does not account for broader TOT impacts from reduced hotel occupancy or the general decline in visitor activity during the recovery period.

City Policy Framework

The economic recovery discussion should be considered within the context of the City's adopted policy framework. The City's Vision Statement, Mission Statement, General Plan, and 2025-2028 Strategic Plan collectively define both the goals and the parameters within which recovery efforts should be pursued.

The City's Vision Statement describes how the Malibu community "have historically evidenced a commitment to sacrifice urban and suburban conveniences in order to protect that environment and lifestyle, and to preserve unaltered natural resources and rural characteristics." The Mission Statement directs the City to maintain its rural character through programs that avoid suburbanization and commercialization, gradually recycle areas of deteriorated commercial development, and provide visitor-serving opportunities that remain subordinate to the natural and rural setting.

The General Plan's Land Use Element, specifically Land Use (LU) Goal 4, calls for commercial uses and structures to be in harmony with the rural residential character and natural environment of the community. The following policies are directly applicable to this discussion

- LU Policy 4.1.2 encourages redesign and adaptive reuse of existing structures;
- LU Policy 4.4.1 encourages the establishment and continued operation of small neighborhood and community-serving businesses;
- LU Policy 4.4.2 limits commercial uses to neighborhood-serving uses in the Las Flores, Point Dume, and Trancas commercial areas;
- LU Policy 4.4.3 aims for more boutique hotels in the form of bed and breakfast inns rather than large-scale hotels with banquet rooms;
- LU Implementation Measure 76 limits commercial development west of Portshead Road to designated commercial areas in eastern Malibu; and
- LU Implementation Measure 84 directs the City to develop a business licensing program to assure compliance with zoning and safety codes and to raise revenue to promote the business community.

It should be noted that LU Policy 4.4.2's express limitation of neighborhood-serving uses to three specific commercial centers implicitly recognizes a different commercial character expectation for the Civic Center area and near the Malibu Pier, a distinction that is relevant to the discussion later in this report.

Current Business Conditions within the City

Sunstone Cities, LLC also conducted Stakeholder Interviews and a Business Recovery and Resilience Survey. The survey gathered qualitative and contextual input from local business owners, operators, community leaders, and was supplemented by stakeholder interviews with all five City Councilmembers, the Interim City Manager at the time, the Financial Controller, Pepperdine University's Director of Community Engagement, the CEO of the Boys and Girls Club of Malibu, a Planning Commissioner, and a former Mayor and longtime business owner. The findings below are drawn from those sources:

- High commercial rents were identified as a significant structural barrier to business stability across nearly all stakeholder interviews, a finding consistent with the Strategic Plan's analysis;
- Malibu needs more resident serving retail to provide opportunities for youth and better supply the community with general needs;
- There are not enough local, independently operated businesses with the financial capacity, operational scale, or interest to occupy available commercial space, particularly in larger centers such as the Civic Center area; and
- Permitting delays and communication gaps between the City and the business community were additional recurring themes.

As part of staff's assessment of commercial conditions in the primary commercial core of Malibu (Civic Center area through Carbon Beach along PCH), the following tables reflect available vacancy data for office buildings and shopping centers in the area.

Table 1: Office Buildings — Malibu Pier/Carbon Beach Area

Address / Property	Use	Total SF	Occupied SF	% Unoccupied
22619 PCH (The Enclave)	Office	39,286	17,876	55%
22809 PCH (Regus Building)	Office	15,222	0	100%
22741 PCH (Sea View Terrace)	Office	15,392	5,510	64%
22761 PCH (Malibu Vista)	Office	~41,000	~1,500	96%

Table 2: Impacted Shopping Centers

Address / Property	Use	Total SF	Occupied SF	% Unoccupied

3939 Cross Creek Rd (Lumber Yard)	Retail / Mixed	31,480	16,005	49%
22333 PCH (Malibu Sands)	Retail / Mixed	~16,000	~7,000	56%

Formula Retail Ordinance

The City's formula retail regulations represent one of the more long-established movements regarding Malibu's commercial environment. Some shopping center owners have cited the current formula retail ordinance as attributing to the lack of occupancy in their centers. The following is a summary of the history and current provisions of the ordinance, provided as background for any future discussion should the Council wish to undertake.

The effort to regulate formula retail is derived from the General Plan's commitment to preserve small-neighborhood serving uses and prevent the proliferation of uses that create a “name-brand” commercial experience, consistent with LU Policy 4.4.1. A Councilmember first requested formula retail regulation in 2006. Community town halls conducted in 2011 identified two primary concerns; 1) the escalating loss of local community-serving businesses, and 2) inadequate land use controls to preserve Malibu's commercial character. Ordinance 376 was adopted in April 2014, establishing the process in the Civic Center area. Measure R / Ordinance 383 was adopted by voters in November 2014, extending regulations citywide, but was invalidated by trial court in December 2015 with that ruling affirmed by appellate court in June 2017. The current ordinance, Ordinance 431, was adopted in April 2018.

Ordinance 431, codified as Malibu Municipal Code (MMC) Chapter 17.61, applies to shopping centers of 10,000 square feet or more. A Formula Retail Clearance (FRC) is a ministerial permit, meaning it is issued by the Community Development Director if objective standards are met. It is not discretionary and is not appealable. Some highlights of the ordinance:

- Formula retail is defined as businesses with 10 or more worldwide locations sharing two or more standardized features such as décor, signage, uniforms, or merchandise;
- Non-exempt formula retail may not exceed 30 percent of a shopping center's overall gross floor area, or 40 percent of the ground floor area in a two-story center;
- Individual formula retail uses may not exceed 4,000 square feet;
- Exemptions include grocery stores, drug stores, gas stations, banks, medical offices, real estate offices, movie theaters, and postal services.
- The Planning Commission may grant a hardship waiver upon findings of unusual circumstances, which is appealable to the Council.

Actions the City has Taken for Recovery

The City has taken several steps to support the local business community since the January 2025 Palisades Fire. On July 14, 2025, the City Council adopted Urgency Ordinance No. 526U, immediately relaxing Temporary Use Permit (TUP) and Sign Permit requirements for commercially and institutionally zoned properties. Ordinance No. 526 was adopted on September 8, 2025, formalizing these changes with a sunset date of May 31, 2026. From adoption through April 8, 2026, the City approved 48 event permits, with zero code enforcement complaints filed in connection with any of those events. Recognizing the program's success, Ordinance No. 534 was adopted on May 11, 2026, extending these provisions through May 31, 2027.

The City made available $300,000 in direct micro grant funding to local businesses through the Small Business Micro Grant Stabilization Program, with individual awards ranging from $5,000 to $20,000. The City also partnered with the Los Angeles County Economic Development Corporation (LAEDC), the U.S. Small Business Administration (SBA), and the LA County Department of Economic Opportunity to connect businesses to recovery resources and created a dedicated BusinessSupport@MalibuCity.org inbox for direct access on related issues from the public. The Malibu-Topanga Business Interruption Fund, launched in partnership with Los Angeles County Supervisor Horvath, provided grants of up to $20,000 to eligible businesses in Malibu.

The reopening of PCH to general public access ahead of Memorial Day weekend 2025, coordinated through Governor Newsom's office, Caltrans, the LA County Sheriff's Department, and the Army Corps of Engineers, was a critical step in restoring visitor access to Malibu's commercial areas. PCH lane closures continue on a scheduled basis for ongoing fire repair and debris removal operations which still make access to Malibu an issue for the greater Los Angeles area.

As previously mentioned, the City engaged Sunstone Cities, LLC to develop economic recovery strategies. An initial presentation of findings was made to the Administration and Finance Subcommittee on April 9, 2026. Sunstone Cities, LLC will continue to provide the City with updates on their findings in the months to come.

Recovery Strategies Based on Analysis Provided

The following strategies are drawn from the discussion within this report including the relevant studies that have been undertaken regarding the City’s local economy following the Palisades Fire. These are identified as areas for further study and community deliberation. They are not staff recommendations and they are not presented in any particular order.

- Business Retention and Local Business Support. The City's existing recovery programs have provided meaningful short-term relief. However, there are not enough local, independently owned businesses with the financial capacity to fill

available commercial vacancies, particularly in larger shopping centers. Sunstone Cities has proposed a Business Recovery Concierge program and a "Malibu Open for Business" marketing campaign, lower-cost measures consistent with Strategic Plan Goal 2.

- The Civic Center and Carbon Beach/Malibu Pier Commercial Areas as Potential Pilot Zones. The Civic Center area and commercial offices and shopping centers along PCH which are located adjacent to visitor-serving attractions like Surfrider Beach, Carbon Beach, the Adamson House, and the Malibu Pier is the City's primary commercial hub. Unlike the neighborhood-serving shopping centers at Trancas, Las Flores, and Point Dume, which are expressly limited to neighborhood-serving uses under LU Policy 4.4.2, the Civic Center and Malibu Pier area draws significant visitor traffic and may be capable of supporting a different scale of mixed uses. A geographically tiered approach which explores modified commercial standards in the Civic Center and Carbon Beach commercial areas while maintaining the existing framework for the three neighborhood commercial centers could allow the City to test strategies which may support a broader range of tenants without applying those same standards citywide.

- Adaptive Reuse. General Plan LU Policy 4.1.2 explicitly encourages the redesign and adaptive reuse of existing, underutilized structures. This would be consistent with the City's goals of preserving the environment by utilizing existing/built infrastructure and avoiding further degradation of Malibu's pristine coastal resources. There are projects in the pipeline that would utilize this approach, including the conversion of vacant and underutilized office buildings into hotels and other commercial uses within existing building footprints. Hotel conversions in particular could generate new TOT revenue that could offset some losses documented in the HdL report. This method can strategically be used to get lodging accommodations centralized in Malibu's commercial corridor while the City can seek (and thus have justification) to further limit STRs in neighborhoods. The City can wait one by one for these applications to come through or be pro-active and find parcels that are underutilized and suitable for this use through re-zoning efforts. Other than hotels, adaptive reuse can be used to meet housing needs or supply further entertainment sources or even a mix of both through traditional mixed-use zoning.

- Formula Retail Considerations. The commercial neighborhood goals underlying the formula retail ordinance remain valid and are consistent with the General Plan. At the same time, some shopping center owners have concerns regarding its limitations. Questions that may be worth exploring further could be whether to amend the ordinance to be 10 stores within the United States or even within California as opposed to 10 worldwide as the baseline for defining a formula retail store. Another point of consideration relates to the topic above which is to centralize

a pilot program to see if a change to this ordinance in any way would still be consistent with the community's vision.

- Parking as a Standalone Use. The City's current zoning code does not expressly permit parking as a standalone use, which means vacant or underutilized lots cannot be easily activated as paid parking facilities. An amendment to allow parking as a standalone permitted use in appropriate commercial zones could allow property owners near high-traffic destinations like the Malibu Pier to generate revenue from currently inactive parcels, reduce congestion, and support nearby businesses by improving visitor access. Implementation would require a local coastal program, zoning text, and possible General Plan amendments. Some commercial parcels were destroyed in the Palisades Fire and owners are contemplating what to do with their parcels. This could serve to generate revenue while they decide on a larger project.

- Marketing and Business Visibility. According to the Sunstone report, stakeholders consistently identified City-led marketing and communications as a high-priority and relatively low-cost recovery tool. The HdL report recommends a phased tourism relaunch campaign targeting high-value travelers, noting that Malibu's existing visitor profile includes guests who spend an average of $3,242 per stay and luxury travelers who spend up to $879 per day. The City can support these efforts today if directed by Council.

- City Business Licensing. As mentioned, LU Implementation Measure 84 directs the City to develop a business licensing program to assure compliance with zoning and safety codes and to raise revenue to promote the business community. The City has never undertook this venture and business licensing remains with the County of Los Angeles. Staff can explore ways to implement its own business licensing program which would be consistent with the General Plan and possibly provide for revenue streams through business license taxes.

STAFF FOLLOW-UP: The topics addressed in this report involve long-standing community values and questions that are subject to City Council direction and broad community input before any policy direction is pursued. The following are areas that the Council may wish to consider: community outreach and public workshops; continued business and property owner surveys; continued economic and fiscal monitoring; and further staff analysis. Sunstone Cities, LLC continues to study the economic conditions and trends within the community and further analysis will be provided to the public in the future.

ATTACHMENTS:

1) HdL ECONSolutions Economic Impact Report, April 2025
2) Sunstone Cities, LLC Economic Trends Report and Business Surveys, January-March 2026

City of Malibu

Economic Impact Report – Palisades Fire

April 2025

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Executive Summary

The Palisades Fire has caused substantial and prolonged economic disruption to the City of Malibu, resulting in total estimated economic losses of approximately **$40.9 million**. These losses encompass both direct impacts to City revenues and broader indirect effects on the local economy, primarily driven by the displacement of approximately 1,400 residents and the destruction of 62 permitted short-term rental (STR) units.

Direct City Revenue Losses

The City is projected to experience approximately **$3.8 million** in direct fiscal revenue losses, including:

- **Sales Tax Loss:** $986,000 for FY 2024–25, reflecting a sharp decline in local purchases by residents and visitors.
- **Prop MC Transactions and Use Tax Loss:** $426,000 for FY 2024–25.
- **Transient Occupancy Tax (TOT) Loss:** $1,264,800 annually from the loss of STR lodging capacity.

Although initial estimates included a $1.12 million loss in property tax revenue, this impact is expected to be fully backfilled under Assembly Bill 100 for fiscal years 2024–25 and 2025–26 and is therefore excluded from the ongoing loss estimates.

Broader Economic Impacts

In addition to direct revenue impacts, the City faces significant broader economic losses tied to reduced household and visitor spending:

- **Household Spending Loss:** $25.32 million annually, including both direct spending reductions and indirect business effects due to displaced residents.
- **Visitor Spending Loss:** $11.8 million annually, accounting for both direct visitor expenditures and secondary impacts on local businesses.
- The second half of FY 2024–25 reflects a partial year impact beginning January 2025.
- Full-year impacts are projected to continue through FY 2025–26 and FY 2026–27, with no significant recovery in displaced household spending or STR visitor lodging capacity anticipated during this period.

While some overlap between household and visitor spending losses and sales tax impacts is possible, these estimates conservatively reflect gross losses without deducting overlap amounts.

This analysis highlights the scale of the economic challenge facing Malibu and underscores the need for coordinated recovery strategies, including infrastructure rebuilding, expedited permitting for displaced residents, and reinvestment in Malibu's tourism sector to restore long-term economic stability.

Estimated Losses by Fiscal Year

The economic impacts are expected to unfold as follows:

Fiscal Year	Estimated Economic Loss
FY 2024–25 (Jan–June 2025)	$18.9 million
FY 2025–26	$35.85 million
FY 2026–27	$35.85 million

Note: The total estimated economic loss of approximately $40.9 million reflects gross fiscal and economic impacts. Some overlap between reduced household and visitor spending and lost sales tax revenues is possible but has not been deducted from the total. These estimates are intentionally conservative to present the full scope of the fire's disruption on Malibu's economy.

Scope of Work Overview

This report presents a comprehensive economic impact assessment of the Palisades Fire on the City of Malibu. The analysis is based on structural damage, displacement of residents, disruption to tourism and local commerce, and loss of tax-generating activities. The scope of work includes:

Property Tax Revenue Loss - An evaluation of assessed improvement value loss across over 650 destroyed or damaged properties, with estimated tax revenue reductions for the City beginning in FY 2025–26.

Retail Sales and Local Spending Decline - An analysis of the reduction in retail activity resulting from the displacement of approximately 1,400 residents, with both direct and indirect (multiplier-based) impacts quantified.

Short-Term Rental and TOT Revenue Loss - A detailed estimate of visitor spending and transient occupancy tax (TOT) revenue lost due to the destruction of 62 permitted short-term rentals, along with secondary impacts on tourism-serving businesses.

Visitor Spending and Tourism Impact Modeling - A projection of tourism disruption during peak and shoulder seasons, including reduced demand, infrastructure access constraints, and lagging visitor confidence.

Future Recovery Potential and Rebuilding Outlook - A modeled roadmap for Malibu's recovery over a 36-month horizon, including tourism recovery benchmarks, community rebuilding timelines, and targeted strategies to accelerate economic stabilization.

This report integrates tables, source citations, and economic modeling to provide city leadership with a fact-based framework for informed decision-making. It also outlines actionable strategic recommendations to support long-term recovery and resilience planning.

Community Overview: City of Malibu

The City of Malibu is a small but economically vibrant coastal community with a population of approximately 12,330 residents. Population projections indicate only modest growth over the next five years, with an estimated increase to 12,343 residents. The community includes a notable group quarters population of 721, which likely reflects students residing in on-campus housing at Pepperdine University — a major local institution that contributes significantly to the city's cultural and economic life.

Malibu is home to roughly 4,859 households, with a slight projected increase to 4,866. The city also maintains a high median household income of $154,866, reflecting the area's affluence, desirability, and elevated cost of living.

The local economy supports 852 workplace establishments that employ approximately 9,451 individuals. This highlights Malibu's role as both a residential enclave and an employment center, where a mix of small businesses, hospitality services, educational institutions, and tourism-related industries drive local economic activity.

In recent years, Malibu has faced increasing economic pressures tied to the impacts of wildfires, including the Palisades Fire. These events have disrupted housing, displaced residents, and temporarily reduced tourism and business activity — all of which have short- and long-term implications for the city's economy. As the city works toward recovery and resilience, understanding these economic impacts is essential to shaping future policy and investment.

Demographics	
Population	12,330
5-Year Population estimate	12,343
Population Households	11,609
Group Quarters Population	721
Households	4,859
5-Year Households estimate	4,866
WorkPlace Establishments	852
Workplace Employees	9,451
Median Household Income	$154,866

Source: INSIGHT Market Analytics

Fiscal Revenue Losses to the City of Malibu (Direct Impact)

Property Tax Revenue Impact

The Palisades Fire damaged or destroyed 531 single-family homes, 55 multi-family properties, 34 partially improved vacant parcels, and 9 commercial parcels.

While the Palisades Fire caused significant structural damage and displacement, the fiscal impact on property tax revenues is expected to be mitigated in the short term. According to HdL's Property Tax team, the passage and signing of Assembly Bill 100 by the Governor includes an appropriation to backfill property tax revenue losses for affected taxing entities in fiscal years 2024–25 and 2025–26**.** This action ensures that the City of Malibu will not experience a net loss in property tax revenue during this period, despite physical property damage caused by the fire.

It is worth noting, however, that while the legislative intent is clear, some technical adjustments may be necessary to better align the funding mechanism with actual property tax allocation formulas. Nonetheless, the impact to Malibu's general fund from property tax during these two fiscal years is assumed to be negligible.

Looking ahead to FY 2026–27, the long-term impact is more difficult to project. The resale of fire-damaged lots—often at reduced market values—could offset assessed value declines initially caused by the fire. Additionally, because the property tax roll for FY 2026–27 is set as of January 1, 2026, and the Assessor typically does not apply partial improvement values to single-family residences, any rebuilding activity is unlikely to influence property tax revenues in that year. Most completed structures will be reassessed after their completion, which for many properties will fall beyond the January 1 deadline.

In summary, no significant property tax losses are expected for FY 2024–25 and 2025–26, and while potential impacts may emerge in FY 2026–27, those are highly speculative at this stage and are not included in the quantitative estimate of losses.

If not for the backfill provided by AB 100, the following would have been the City's original estimate of property tax loss. The Palisades Fire damaged or destroyed 531 single-family homes, 55 multi-family properties, 34 partially improved vacant parcels, and 9 commercial parcels. The improvement value of the damaged properties totals approximately $1.59 billion, generating $15.93 million in property tax revenue. Based on the City's share of 7.043796%, the estimated revenue loss — assuming a total loss of improvement value — would have been approximately $1,122,263. This shortfall was projected to begin in FY 2025–26 and could have offset expected growth for that year. The table below illustrates what the property tax loss would have been without the backfill.

Without AB 100 - Estimated Lost Taxable Improvement Value by Property Type		
Property Type	**Lost Improvement Value**	**Notes**
Single-Family Homes	$1.54 billion	531 homes
Multi-Family Properties	$27.13 million	55 properties
Vacant Residential	$8.07 million	34 parcels
Commercial Parcels	$14.91 million	9 parcels
Unsecured Property	$1.76 million	Fixtures/equipment
Total Estimated Value Loss	$1.59 billion	
Total City Property Tax Loss	**$1.12 million**	**7.043796% City Share**

Sales Tax Revenue Loss

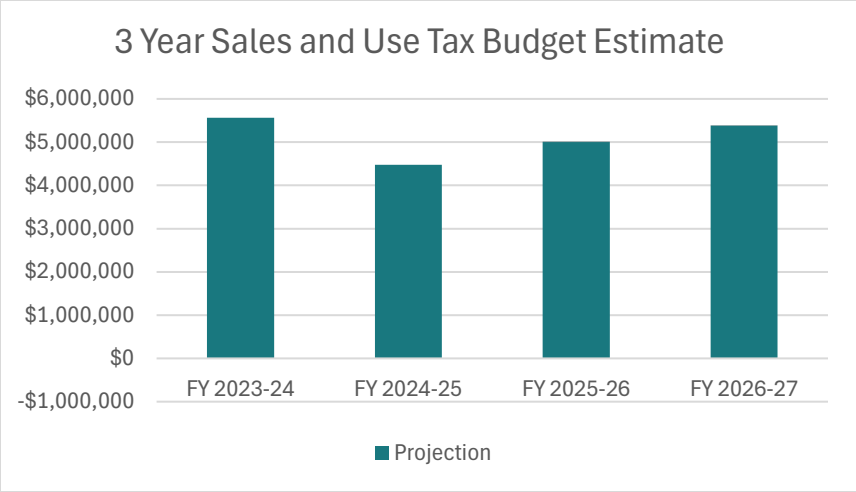
Sales tax revenue in Malibu peaks during the summer months. Over the past four years, the third quarter (July–September) has consistently generated the highest returns, averaging $5,100,906—approximately 20.33% more than other quarters. This seasonal surge reflects the city's reliance on tourism-related spending, as visitors contribute heavily to sales in restaurants, gas stations, grocery stores, and retail establishments.

However, the recent Palisades Fire (January 2025), preceded by the Franklin Fire (December 2024), has significantly disrupted this trend. These events led to widespread evacuations, the destruction of more than a thousand structures, and the displacement of approximately 1,406 residents. Major tourist attractions were closed, and local foot traffic plummeted. As a result, businesses—particularly in retail, dining, and fuel services—are expected to experience sharp revenue declines during what is typically the city's most economically robust quarter.

Short-term sales tax impacts from these fires have been incorporated into updated growth factors beginning in Q4 2024. HdL utilized geographic (GEO) area reports to exclude revenue from permanently lost businesses, with a notable focus on the Revenue-Holding (RH) category. Forecasted declines in point-of-sale activity for grocery stores, service stations, and restaurants are expected to affect both Bradley-Burns local sales tax and Prop MC revenues similarly. However, variances in losses for auto dealers, building and construction suppliers, business and industry (B&I), and general consumer goods (GCG) categories will differ based on taxpayer composition.

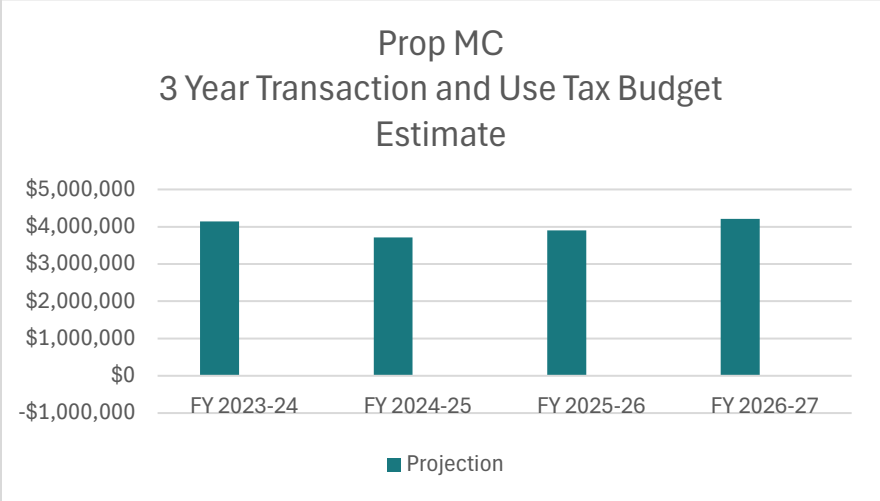
In the fiscal year 2024-25, HdL is projecting a substantial decrease in Sales and Use Tax income compared to the previous fiscal year 2023-24. The actual income for FY 2023-24 amounted to $5,562,332, whereas the projected income for FY 2024-25 stands at $4,576,185. This represents a reduction of $986,147, equating to a 17.8% decrease.

Despite this decline, we anticipate a recovery in the subsequent years. The projected income for FY 2025-26 is $5,004,285, reflecting an 9.8% increase from FY 2024-25. Furthermore, the projected income for FY 2026-27 is $5,490,785 indicating a 9.7% increase from FY 2025-26. However, it is important to note that even with these growth rates, the income for both FY 2025-26 and FY 2026-27 will remain below the actual income of FY 2023-24.

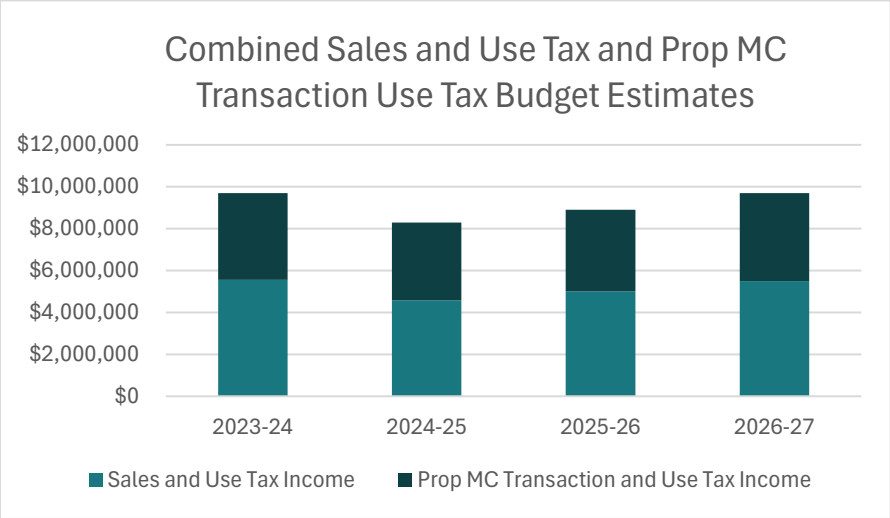


As for the Prop MC Transaction and Use Tax budget estimate the fiscal year 2024-25, HdL is projecting a substantial decrease in income compared to the previous fiscal year 2023-24. The actual income for FY 2023-24 amounted to $4,141,736, whereas the projected income for FY 2024-25 stands at $3,716,161. This represents a reduction of $425,575, equating to a 10.3% decrease.

Despite this decline, we anticipate a recovery in the subsequent years. The projected income for FY 2025-26 is $3,904,861, reflecting a 5.1% increase from FY 2024-25. Furthermore, the projected income for FY 2026-27 is $4,210,161, indicating a 7.8% increase from FY 2025-26. However, it is important to note that even with these growth rates, the income for both FY 2025-26 and FY 2026-27 will remain below the actual income of FY 2023-24.



Overall, while the long-term recovery trajectory remains uncertain, HdL anticipates sales tax impacts will extend through at least FY 2025–26.



Fiscal Year	Sales and Use Tax Income	Prop MC Transaction and Use Tax Income	Sales and Use Tax Loss	Prop MC Transaction and Use Tax Loss
2023-24	$5,562,332	$4,141,736	-	-
2024-25	$4,576,185	$3,716,161	$986,147	$425,575
2025-26	$5,004,285	$3,904,861	$558,047	$236,875
2026-27	$5,490,785	$4,210,161	$71,547	$68,575

Transient Occupancy Tax (TOT) Revenue Loss

The City of Malibu imposes a 15% Transient Occupancy Tax (TOT) on hotel stays and short-term rental (STR) accommodations. As a result of the fire, 62 permitted STR properties were destroyed. Based on tourism analytics, an average annual STR revenue of $136,000, the projected TOT revenue loss attributable to these STRs is approximately $1,264,800 per year, $632,400 for the current fiscal year.

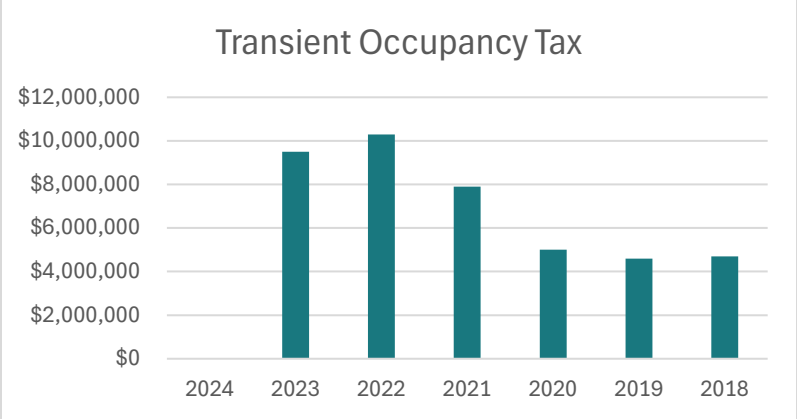
Assuming no rebuilding or re-activation of STRs in the near term, the City would experience an estimated $1,264,800 loss in FY 2025–26. Partial recovery is expected to begin in FY 2026–27 as reconstruction progresses. Accounting for a modest 30% return to market by mid-2026, the estimated TOT loss in FY 2026–27 would decrease to approximately $885,360.

Thus, the combined TOT loss over the current and following two fiscal years is estimated at approximately $2.78 million, factoring anticipated delays in permitting, construction timelines, and the gradual re-entry of properties into the short-term rental market.

This estimate does not include any potential TOT losses from reduced hotel occupancy or cancellations during the recovery period.

Transient Occupancy Tax Estimates						
Year	2023	2022	2021	2020	2019	2018
	$9.5 m	$10.3 m	$7.9 m	$5m	$4.6 m	$4.7 m

Source: TravelStats



Estimated Total Loss From Short-term Rental Units		
Fiscal Year	**Estimated TOT Loss from STRs**	**Assumptions**
FY 2024–25	$632,400	Half-year loss (January–June 2025)
FY 2025–26	$1,264,800	Full-year loss (minimal rebuilding progress)
FY 2026–27	$885,360	30% of STRs assumed back online
Total	$2,782,560	

Local Spending Losses from Resident Displacement (Direct + Indirect)

Overview

The displacement of 1,400 residents has led to reduced local economic activity in both taxable and non-taxable categories. This section captures both the direct reduction in household spending and the indirect impacts on local businesses and services.

Using data from the HdL Companies' Consumer Demand & Market Supply Report and economic multipliers from state tourism and retail studies, the analysis considers both direct and indirect impacts on local consumer activity.

Estimated Household Spending Losses

This section outlines the estimated loss in local spending resulting from the displacement of approximately 1,400 residents due to the destruction of homes in the Palisades Fire. The analysis uses data from the HdL Companies' Retail Consumer Demand & Market Supply Report, which identifies disparities between consumer demand and available supply across major retail categories in Malibu**,** revealing whether residents are spending locally or leaking their purchases to nearby cities or online retailers.



In Malibu, the Consumer Demand & Market Supply analysis had already revealed significant leakage in key sectors such as grocery stores, apparel, and general merchandise, indicating that many residents were shopping outside city limits. The loss of full-time residents exacerbates this problem. With over 1,400 displaced individuals no longer making day-to-day purchases—such as groceries, fuel, pharmacy items, dining, and personal services—the city's small but critical consumer base has shrunk considerably.

US Bureau of Labor Statistics Consumer Expenditure Survey (CES) estimates that displaced residents would have spent an average of $12,000 annually per person on local goods and services,

In that CES income bracket, the average annual spending per person on items such as groceries, dining, gasoline, entertainment, apparel, and personal care routinely exceeds $10,000–$14,000, depending on location and household size. Adjusting this for Malibu's cost of living and spending tendencies makes $12,000 a reasonable benchmark for analysis.

This reduction in resident-driven commerce places added strain on already vulnerable local businesses, particularly small grocers, restaurants, gas stations, and service providers that rely on consistent year-round patronage to remain viable in a tourism-driven economy.

In total, the displacement of approximately 1,400 residents is projected to result in an estimated $25.32 million in combined direct and indirect household spending loss on an annual basis. For the second half of FY 2024–25, the estimated loss is approximately $12.66 million, with full-year losses of $25.32 million anticipated for both FY 2025–26 and FY 2026–27.

This sustained decline in everyday economic activity represents more than just lost transactions—it threatens the viability of Malibu's essential local businesses that rely on consistent, year-round community support. Without this resident-driven commerce, small grocers, gas stations, service providers, and independent restaurants face heightened financial vulnerability in an already seasonal, tourism-dependent economy. The prolonged impact on local spending highlights the critical need for targeted recovery efforts to support Malibu's small business ecosystem and mitigate long-term economic disruption.

Indirect Economic Effects of Residential Displacement

Using a conservative multiplier of 1.5x, the indirect economic ripple effect of displaced resident spending is estimated at approximately $8.4 million annually. These effects are felt most strongly by local grocery stores, restaurants, service providers, and gas stations that rely on consistent year-round patronage to remain viable in Malibu's seasonal economy.

Applying this multiplier, which is drawn from Dean Runyan Associates and Visit California modeling standards, the total annual economic impact of displaced resident spending—including both direct household spending losses and indirect business effects—is projected at $25.32 million per year.

Given the timeline for residential rebuilding and return, the projected economic losses are anticipated to continue through at least FY 2026–27. For the second half of the current fiscal year (January–June 2025), the estimated loss is approximately $12.66 million, with full-year impacts expected thereafter.

The estimated economic losses assume no significant growth or recovery in displaced resident spending over the next two fiscal years. Given the complexity of Malibu's residential rebuilding process—including lengthy permitting timelines, high construction costs, and coastal development regulations—full restoration of the affected housing stock is not expected within the 24- to 30-month recovery horizon. As a result, the economic impact associated with displaced residents is anticipated to remain steady

through FY 2025–26 and FY 2026–27, with no material increase in local household spending until substantial rebuilding is completed and residents are able to return.

Annual Retail and Indirect Residential Spending Potential Impact	
Estimated displaced residents:	1,406
Average annual local spending per resident:	$12,000
Total Annual Direct Spending Loss:	$16.88m
Multiplier (direct + indirect impacts):	$8.4m
Estimated Annual Total Economic Impact:	$25.32m

Annual Residential Direct and Indirect Spending Potential Impact			
Fiscal Year	FY24-25 (Half Year)	FY25-26	FY2627
Estimated Direct Loss	$8,440,000	$16,880,000	$16,880,000
Estimated Indirect Loss	$4,220,000	$8,440,000	$8,440,000
Total Estimated Economic Impact	**$12,660,000**	**$25,320,000**	**$25,320,000**

Tourism Profile and Visitor Spending

Malibu, California, is a premier coastal destination known for its natural beauty, upscale accommodations, and vibrant tourism sector. Visitors are drawn to its 21 miles of scenic coastline, world-class surfing beaches, and relaxed luxury lifestyle. Tourism plays a critical role in Malibu's economy, directly supporting local businesses, hospitality services, and city revenues through sales and transient occupancy taxes.



Visitor Volume and Seasonal Trends

Malibu experiences its peak tourism season during the summer months, particularly July and August, coinciding with warm weather and school vacations. Fall, especially September and early October, offers favorable weather with fewer crowds, making it an increasingly popular shoulder season for visitors.

Visitor Spending Patterns

According to Airbtics, visitor spending in Malibu varies based on accommodation type and travel style. Airbnb guests spend on average $3,242 per 4.5-night stay (~$754 per night). The most common booking party size is 4.3 people. Broader visitor spending estimates in Los Angeles County are:

- Budget travelers: $110/day
- Mid-range travelers: $300/day
- Luxury travelers: $879/day

Short-Term Rental (STR) Visitor Spending Loss

Overview

Short-term rentals (STRs) are a foundational pillar of Malibu's hospitality economy. As of 2020, STRs represented approximately 74% of all overnight accommodations within city limits, significantly exceeding the capacity of Malibu's traditional hotel sector. These properties offer flexible lodging options that attract both mid-range and luxury travelers, often for extended stays and group bookings, which magnifies their local economic impact.



The Palisades Fire destroyed 62 permitted STRs, resulting in an immediate and measurable loss in lodging capacity and associated visitor expenditures. This section quantifies the direct and indirect visitor economic impacts of these lost units using data from Airbtics, the California Coastal Commission, and tourism spending models from Dean Runyan Associates and Visit California.

Estimated Annual Revenue and Visitor Loss

Based on tourism analytics, the typical Short-Term Rental unit in Malibu:

- Earns $136,000 in annual revenue
- Is booked for approximately 212 nights per year
- Hosts an average group size of 4.3 guests
- Accommodates guests for an average stay of 4.5 nights
- Generates $3,242 per stay in guest spending (excluding service/cleaning fees)

Applying these figures to the 62 destroyed STRs, we estimate:

Impact on Short Term Rental Revenue	
Metric	Value
Total STRs Lost	62
Estimated Annual Revenue Lost	$8.43 million
Estimated Stays Lost Annually	~2,601 stays
Estimated Visitors Lost Annually	~11,184 guests

Peak Season (June–August) Impact

Tourism in Malibu is heavily concentrated during the summer months, where the city sees its highest visitor volume. STR occupancy surges during June through August, making this a critical window for local economic activity. Using a seasonal estimate of 25% of annual STR activity occurring in summer, the estimated peak-season impact from the STR losses is as follows:

Peak-season Impact from STR Losses	
Metric	Value
Stays Lost (Peak Season)	~699 stays
Visitors Lost (Peak Season)	~2,796 guests
Direct Visitor Spending Loss	$2.11 million
Indirect & Induced Impact (1.6x Multiplier)	**$3.37 million**

Summary of Estimated Economic Losses

The Palisades Fire has resulted in significant economic disruption to the City of Malibu, with total estimated losses exceeding $37.1 million. These losses encompass a combination of direct fiscal impacts to city revenues and broader indirect effects on the local economy.

- Property Tax Loss (Direct): Estimated at $1.12 million, based on damage to over 650 residential and commercial properties.
- Sales Tax Loss (Estimated): The city is projected to lose approximately $986,000 in sales tax revenue due to the drop in resident and visitor purchases.
- Prop MC Transactions and Use Tax (Estimated): $426,000
- Transient Occupancy Tax (TOT) Loss: Reduced short-term rental activity is expected to cause a $1.26 million shortfall in TOT revenue.

Resident Retail Spending Loss (Direct & Indirect): Displacement of approximately 1,400 residents is projected to result in a $25.32 million reduction in retail and service activity, accounting for both direct spending and multiplier effects.

Short-Term Rental (STR) Visitor Spending Loss: The destruction of 62 permitted STRs has led to an estimated $8.43 million in direct visitor spending loss, with an additional $3.37 million in indirect impacts from reduced tourism-related business activity.

Together, these losses represent a substantial setback to Malibu's tourism-dependent economy. It is important to note that some household and visitor spending losses may overlap with sales tax impacts, as reduced spending naturally results in lower taxable sales. The figures underscore the urgency of targeted recovery strategies, including infrastructure repair, expedited permitting, and tourism reinvestment.

Given that the property tax loss is expected to be fully backfilled under Assembly Bill 100, the remaining economic losses—comprising sales tax, transient occupancy tax, household spending, and visitor spending impacts—are projected to occur at approximately 50% of the annual total for the second half of FY 2024–25, with full-year losses continuing in both FY 2025–26 and FY 2026–27. No significant recovery in displaced household spending or visitor lodging capacity is anticipated during this period.

Summary Economic Losses			
Category	**Estimated Loss FY24-25**	**Estimated Loss FY25-26**	**Estimated Loss FY26-27**
Property Tax Loss (Direct)	AB100 Backfill	AB100 Backfill	Unknown
Retail Sales Tax Loss	$986,147	$558,047	$71,547
Prop MC Transactions and Use Tax Loss	$425,575	$236,875	$68,575
TOT Loss from STRs (Direct)	$632,400	$1,264,800	$885,360
Total City Tax Revenue Losses	**$2,044,122**	**$2,059,722**	**$1,025,482**
Household Spending Loss (Direct)	$8,400,000	$16,800,000	$16,800,000
Household Spending Loss (Indirect)	$4,200,000	$8,400,000	$8,400,000
*Subtotal – Household Spending Impact (1.5x Multiplier)	**$12,600,000**	**$25,200,000**	**$25,200,000**
Visitor Spending Loss (Direct)	$4,215,000	$8,430,000	$8,430,000
Visitor Spending Loss (Indirect)	$1,685,000	$3,370,000	$3,370,000
Total Household and Visitor Spending Impact	**$16,815,000**	**$33,630,000**	**$33,630,000**
TOTAL LOSS (Estimated)	**$18,859,122**	**$35,689,722**	**$34,655,482**

Note: Property tax losses are expected to be fully backfilled under Assembly Bill 100 for FY 2024–25 and FY 2025–26. As a result, the ongoing projected economic losses focus primarily on sales tax, transient occupancy tax, household spending, and visitor spending impacts.

Infrastructure Damage and Economic Ripple Effects

Broader Implications for Tourism and Recovery

The STR losses caused by the Palisades Fire compound other tourism disruptions—including damaged roads, reduced lodging availability, utility outages, and closures of visitor-serving businesses. Even travelers not directly affected by lost STRs may avoid Malibu due to perceived or real limitations in accessibility, safety, and amenities.



These factors amplify the city's fiscal vulnerability, especially given Malibu's reliance on TOT (Transient Occupancy Tax) and visitor-driven sales tax. With a 15% TOT and 0.195% tourism assessment fee, every missed stay represents not only a lost economic opportunity for private operators but also reduced funding for city services, public safety, and tourism-related infrastructure.

The Palisades Fire caused widespread damage to Malibu's critical infrastructure, including water lines, roadways, electrical grids, and communication networks. While some of these systems have been partially restored, utility repairs remain ongoing, and intermittent closures of Pacific Coast Highway (PCH) continue to disrupt both resident mobility and visitor access. The PCH is not only the city's primary traffic artery but also a lifeline for the flow of commerce, tourism, and emergency services.

Governor Newsom's emergency order has helped expedite permitting and environmental clearances for rebuilding, and FEMA-supported cleanup efforts are already underway. However, full infrastructure restoration is expected to take 12 to 24 months, depending on funding approvals, contractor availability, and the prioritization of state and federal resources.

Although the direct monetary loss from infrastructure damage may be difficult to quantify, its economic consequences are significant and widespread. The disruption of utilities and transportation impacts:

- Local businesses, many of which rely on reliable electricity, broadband, and water access to operate, especially restaurants, salons, and retail.

- Visitor confidence, as tourists may avoid destinations perceived as unstable, hard to reach, or lacking basic amenities.
- Resident spending patterns since commuting difficulty and supply chain issues may prompt locals to shop outside of Malibu or delay discretionary purchases.
- Reconstruction timelines, as construction crews face delays and added costs tied to utility outages, damaged access roads, and material delivery challenges.

Furthermore, prolonged infrastructure outages can undermine the effectiveness of other recovery efforts, including the reopening of short-term rentals, hospitality services, and essential city functions.

While these effects may not always result in immediate, line-item fiscal losses, they pose a strategic economic risk that warrants attention in recovery planning. The ability of Malibu to accelerate infrastructure stabilization will be a key determinant of how quickly the local economy rebounds from the fire.

Strategic Recommendations for City Leadership – Malibu Fire Recovery

To support Malibu's long-term economic recovery and minimize the fiscal impact of the Palisades Fire, city leadership should implement a multifaceted strategy focused on accelerating rebuilding, restoring economic activity, and rebuilding visitor confidence. The following recommendations are based on best practices from other fire-impacted communities in California and insights from the state's tourism and emergency management agencies.

Fast-Track Permits for STR Rebuilds and Small Business Repairs

- Expedite plan checks and building permits for damaged or destroyed STR properties, prioritizing those that generate TOT revenue.
- Implement pre-approved architectural templates and over-the-counter permit processes for small business and residential rebuilds.
- Waive or defer select fees for fire-impacted property owners to reduce financial barriers.
- Establish a dedicated Fire Rebuild Coordinator to assist applicants and streamline approvals.

Coordinate with FEMA, Cal OES, and Insurers to Expedite Infrastructure Funding

- Engage with FEMA and Cal OES to prioritize Malibu's utility, road, and broadband restoration projects.
- Submit comprehensive damage assessments to qualify for full federal reimbursement.
- Monitor insurance payout timelines and coordinate with policyholders.
- Designate a city liaison to manage inter-agency coordination.

Develop a Phased Tourism Relaunch Campaign Targeting High-Value Travelers

- Launch a marketing initiative timed to match reopening milestones.
- Target luxury travelers, wellness tourists, and remote professionals.
- Partner with Visit California, chambers, and travel influencers.
- Emphasize responsible tourism and support for local recovery.

Provide Small Grants or Bridge Loans to Reopen Visitor-Serving Businesses

- Establish a recovery fund using city, federal, or private funding sources.
- Offer micro-grants or no-interest loans up to $25,000 for small businesses.
- Prioritize businesses with local hires and tourist-facing services.
- Collaborate with the SBDC and regional banks to manage funding distribution.

Establish a 'Visit Malibu Strong' Brand Identity for Post-Recovery Marketing

- Create a unified brand campaign that promotes resilience and safe travel.
- Highlight local recovery stories and reopened businesses.
- Use social media, city websites, business signage, and billboards.
- Coordinate with local businesses and tourism partners to scale messaging.

The City of Malibu is well-positioned to rebuild and rebound—but that recovery will depend on clear leadership, targeted investments, and a strong message to residents and visitors that Malibu remains open, resilient, and ready for renewal.

Sources

US Bureau of Labor Statistics
Airbtics – Tourism & STR Analytics for Malibu
Dean Runyan Associates – California Travel Impacts Report
Visit California – Tourism Economics & Industry Research
Budget Your Trip – Los Angeles Travel Spending Estimates
California Coastal Commission – STR Reports
City of Malibu – April 2021 Staff Report

The Surfrider Malibu – TOT Reference (FAQs)
https://www.thesurfridermalibu.com/faq

CITY OF MALIBU

ECONOMIC TRENDS REPORT

MARCH 2026

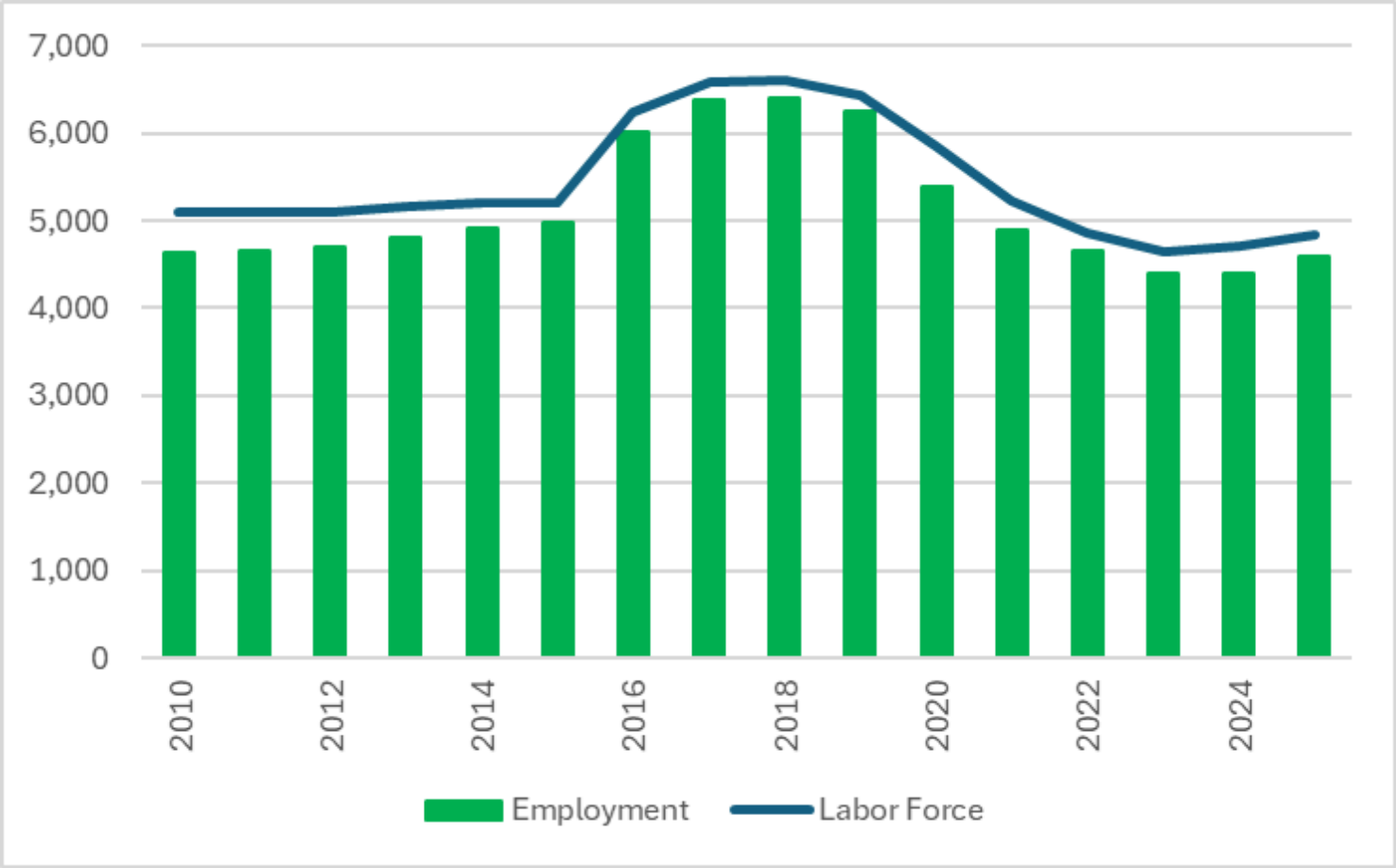


Developed By:
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RECENT PERFORMANCE OF THE ECONOMY

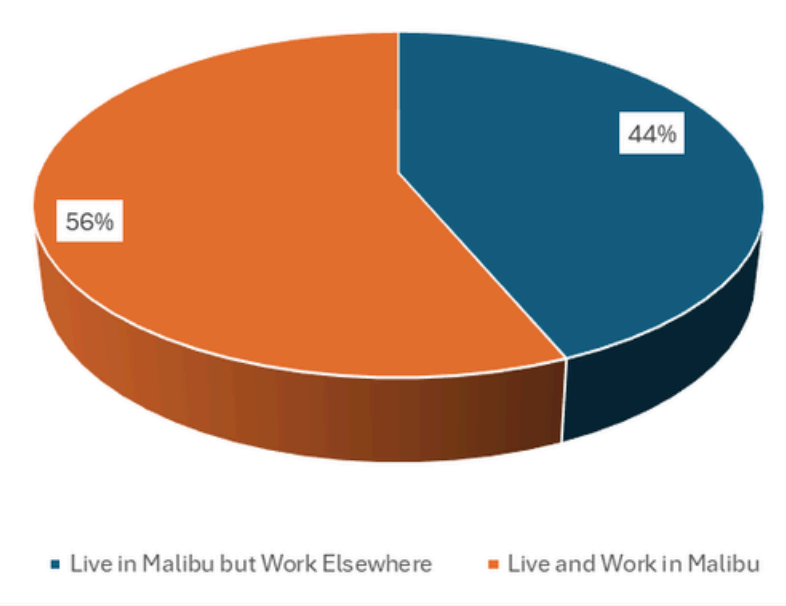
The city's labor market surged in the middle of the last decade, with both the labor force and resident employment surpassing 6,000 from 2016 through 2019, before pulling back below 6,000 with the onset of the pandemic, and subsequently dropping below 5,000 from 2021 forward.

Malibu Labor Force and Resident Employment



Malibu's labor force has averaged 4,800 workers during the post-pandemic period from 2022 through 2025. Household employment (employment by place of residence) has tracked closely with the size of the labor force, averaging 4,500 over the same period. Both the labor force and household employment have edged up over the last two years, reaching 4,600 workers through the first 8 months of 2025.

Malibu has an exceptionally large share of self-employed persons in its labor force. Based on the latest available data from the American Community Survey (2023 5-Year Sample), 18.1% of workers in the city were self-employed, compared to 8.8% in the County and 6.0% nationally.



Commuting data from the 2023 American Community Survey show that 56% of resident payroll workers in the city are employed elsewhere while 44% live and work in the city (Figure 4). These shares are heavily influenced by the large share of self-employed, including numerous home-based businesses. Across all types of employers, 39.2% of all workers work at home, more than double the share for the county as a whole (15.2 percent).

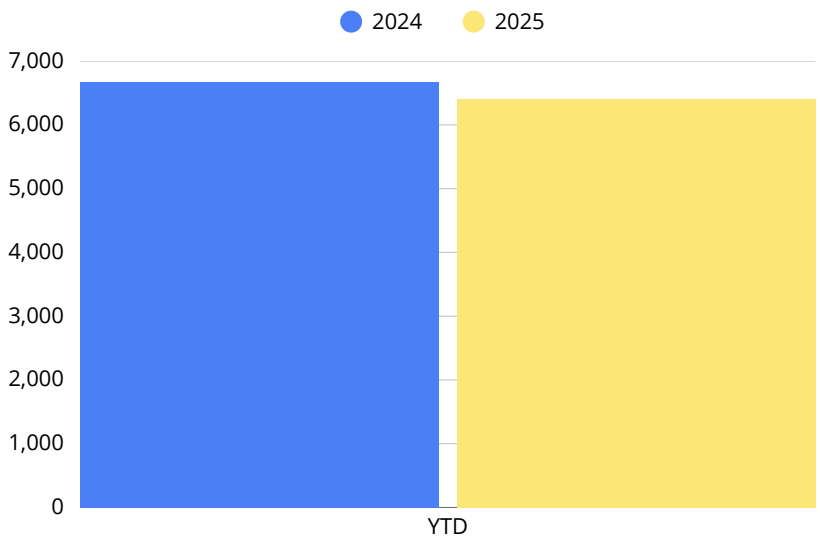
A separate data source that relies on payroll data records shows that approximately 90% of wage and salary workers who reside in Malibu have a place of employment elsewhere, while a smaller share wage and salary workers who work at establishments in the city reside elsewhere.

Most Malibu Commuters Use Private Vehicles

Means of Transportation	Malibu	LA County
Drove alone	86.9%	78.2%
Carpooled	6.7%	11.0%
Public transportation	1.0%	5.0%
All other modes (excluding work from home)	5.5%	5.8%
Total	100.0%	100.0%
Mean travel time to work (minutes)	32.9	30.8

Given its location on the fringe of Los Angeles County, commuting patterns are no surprise. More than nine out of ten commuters (93.6%) either drive solo or carpool to work, one percent rely on public transportation, and the remaining 5.5% use other travel modes. Surprisingly, the average travel time to work is only slightly longer for Malibu residents at 33 minutes compared to 31 minutes among all county workers.

INDUSTRY EMPLOYMENT IN MALIBU



Several industries in the city were jeopardized by the fires. The figure above shows employment for fourteen major industries in the city of Malibu as of March 2025, the latest available as of this writing. [1] The industries are sorted order by year-to-date employment changes in the next to last column. Seven of the fourteen industries lost 414 jobs over this period, six added 153 positions, and one industry showed no change. On net, employment fell by 261, with the largest job loss occurring in accommodations and food services at 325 jobs, followed by smaller job losses in health care, arts entertainment and recreation, and four other industries. Losses were partially offset by gains in professional, scientific, and technical services (93 jobs), retail trade (23 jobs), and administrative services (14), with smaller gains in three other industries.

With a decrease of 17.5%, accommodations and food services also saw the largest percentage decline among the industries, followed by arts entertainment and recreation (-16.9%), and information (-10.4%). On the other side of the ledger, administrative services rose by the largest margin (9.9%) followed by professional, scientific, and technical services (6.4%). Overall, jobs fell by 261 positions or 3.9% in the first quarter of 2025 compared to a year earlier.

Industry	2024.03	2025.02	2025.03	MTM	YTY	MTM%	YTY%	YTD 24	YTD 25	Change	% Change
Accommodation and food services	1,845	1,435	1,450	15	-395	1.0%	-21.4%	1,854	1,529	-325	-17.5%
Total	**6,617**	**6,329**	**6,291**	**-38**	**-326**	**-0.6%**	**-4.9%**	**6,674**	**6,413**	**-261**	**-3.9%**
Health care and social assistance	689	642	643	1	-46	0.2%	-6.7%	689	647	-42	-6.1%
Arts, entertainment, and recreation	119	119	117	-2	-2	-1.7%	-1.7%	136	113	-23	-16.9%
Construction	274	273	280	7	6	2.6%	2.2%	282	272	-10	-3.5%
Information	65	61	58	-3	-7	-4.9%	-10.8%	67	60	-7	-10.4%
Other industries	121	117	113	-4	-8	-3.4%	-6.6%	122	116	-6	-4.9%
Finance and insurance	106	107	108	1	2	0.9%	1.9%	106	105	-1	-0.9%
Real estate and rental and leasing	279	278	277	-1	-2	-0.4%	-0.7%	282	282	0	0.0%
Wholesale trade	209	222	225	3	16	1.4%	7.7%	215	222	7	3.3%
Government	283	286	288	2	5	0.7%	1.8%	280	287	7	2.5%
Other private services	340	349	342	-7	2	-2.0%	0.6%	344	353	9	2.6%
Admin and other business support services	137	154	150	-4	13	-2.6%	9.5%	143	157	14	9.8%
Retail Trade	681	714	698	-16	17	-2.2%	2.5%	694	717	23	3.3%
Professional, scientific, and technical services	1,469	1,572	1,542	-30	73	-1.9%	5.0%	1,460	1,553	93	6.4%

Payroll by Industry in Malibu

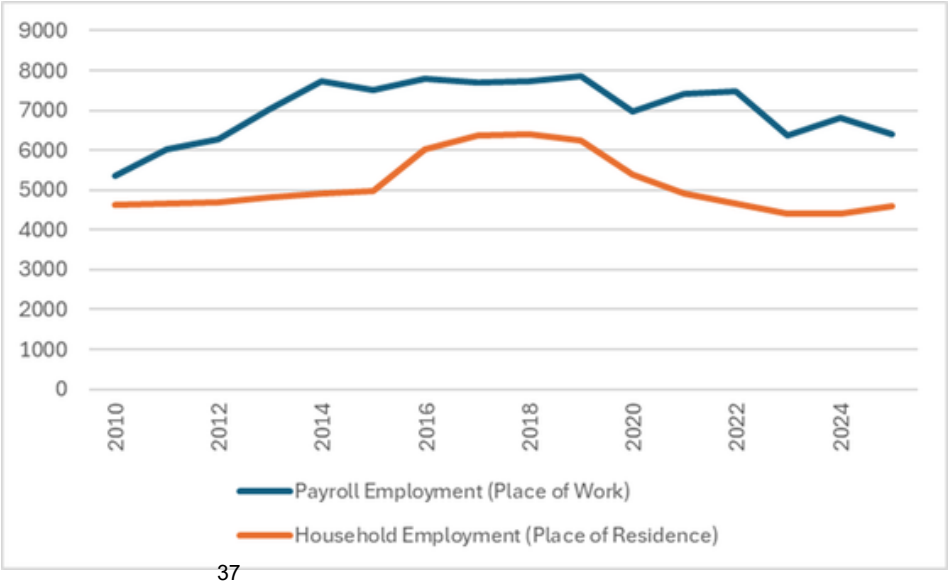
Industry	Q1-24	Q4-24	Q1-25	QTQ	YTY	QTQ %	YTY %
Professional, scientific, and technical services	$67,860,964	$58,391,759	$78,940,094	$20,548,335	$11,079,130	35.2%	16.3%
Total	**$159,322,268**	**$168,216,429**	**$161,505,467**	**-$6,710,962**	**$2,183,199**	**-4.0%**	**1.4%**
Public administration	$5,895,493	$6,051,959	$6,681,961	$630,002	$786,468	10.4%	13.3%
Wholesale trade	$4,716,811	$5,288,805	$5,290,241	$1,436	$573,430	0.0%	12.2%
Real estate and rental and leasing	$8,211,105	$9,601,096	$8,636,207	-$964,889	$425,102	-10.0%	5.2%
Finance and insurance	$4,818,938	$3,951,639	$5,230,184	$1,278,545	$411,246	32.4%	8.5%
Retail Trade	$8,006,440	$9,721,182	$8,373,191	-$1,347,991	$366,751	-13.9%	4.6%
Administrative and other bus services	$1,976,242	$4,265,646	$2,187,852	-$2,077,794	$211,610	-48.7%	10.7%
Other industries	$2,121,448	$2,596,872	$2,079,668	-$517,204	-$41,780	-19.9%	-2.0%
Other services	$4,759,631	$5,473,122	$4,716,245	-$756,877	-$43,386	-13.8%	-0.9%
Arts, entertainment, and recreation	$2,938,337	$13,125,207	$2,687,734	-$10,437,473	-$250,603	-79.5%	-8.5%
Information	$2,918,007	$3,295,737	$2,559,020	-$736,717	-$358,987	-22.4%	-12.3%
Construction	$6,220,356	$6,855,227	$4,938,203	-$1,917,024	-$1,282,153	-28.0%	-20.6%
Health care and social assistance	$12,334,902	$13,493,562	$10,859,966	-$2,633,596	-$1,474,936	-19.5%	-12.0%
Accommodation and food services	$26,543,594	$26,104,616	$18,324,901	-$7,779,715	-$8,218,693	-29.8%	-31.0%

Industry payroll for the first quarter of 2025 fell by 4.0% from the previous quarter (Q4-24), but that is a typical seasonal decrease that has occurred in Malibu and other jurisdictions over time (Figure 8). More significantly, industry payroll showed a modest year-to-year increase of 1.4% despite the fires, led by gains in professional, scientific, and technical services ($11.1M), followed by public administration (government), wholesale trade, and gains in four other industries. However, industries that were hardest hit by the fires experienced significant payroll losses, including an $8.2M decrease in accommodations and food services, a $1.3M decline in construction, and a $359,000 loss in information.

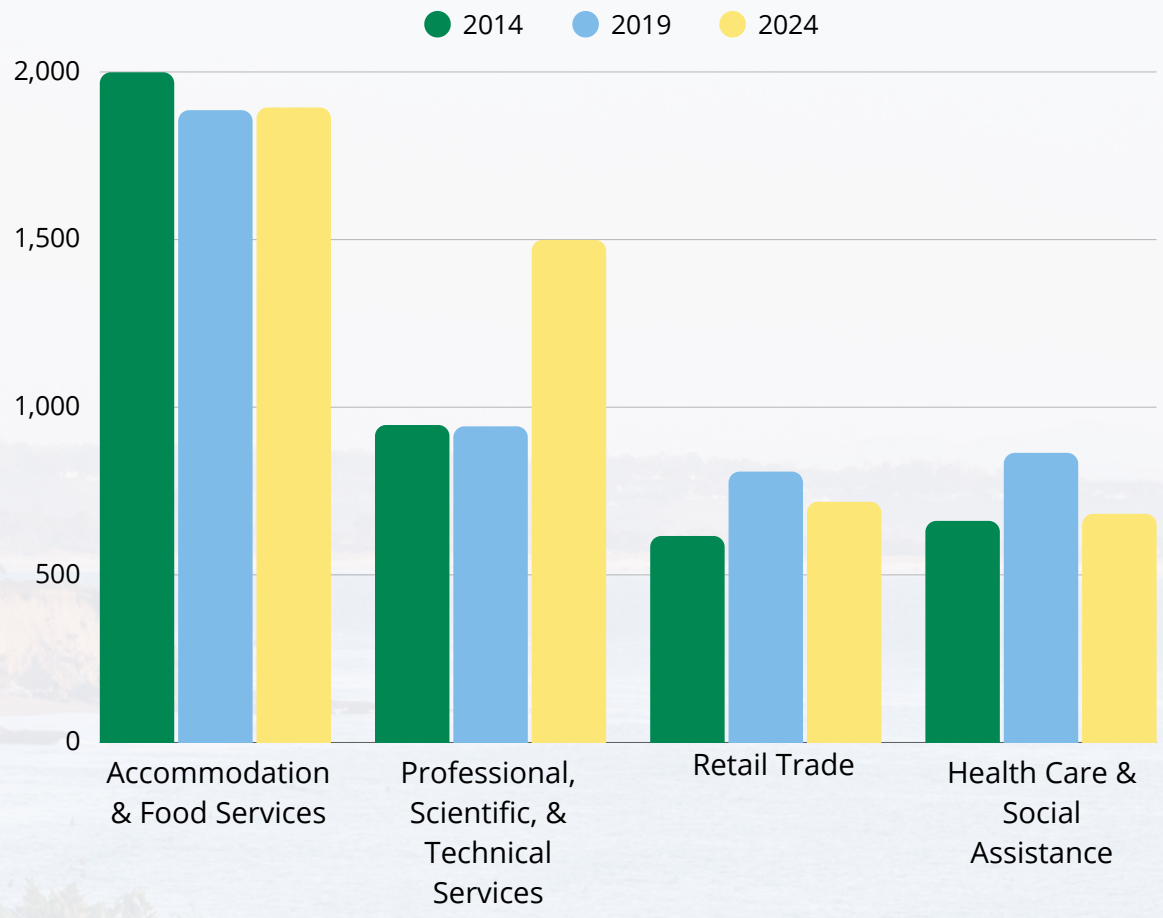
PROFILE OF MALIBU ECONOMY

Despite being small relative to most cities in the region, Malibu has more jobs than workers. Over the past four years (the post-pandemic period), payroll or establishment employment in the city has averaged 6,800 positions, nearly 50% higher than average resident or household employment of 4,500 persons. However, both measures of employment began to fall after the onset of the pandemic and remain low compared to ten years ago.

Annual Payroll Employment and Household Employment



Payroll Employment by Industry Over Past Decade



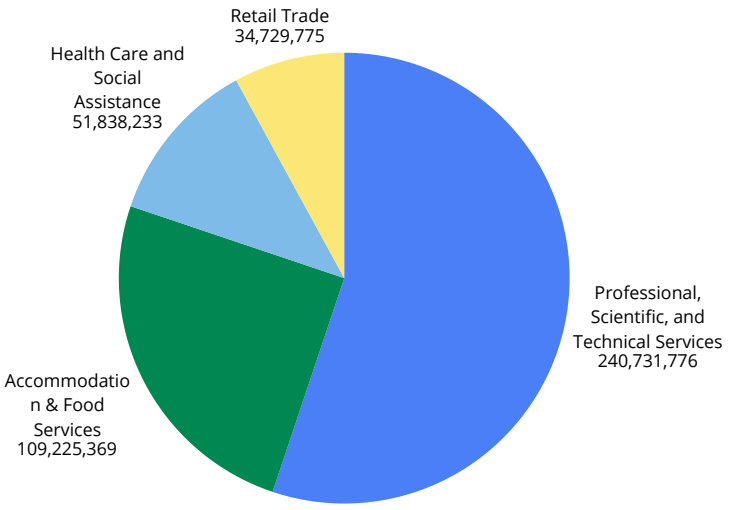
Together, these four leading industries account for 70% of all jobs in the city. Significantly, the establishments in two of these leading industries (accommodations and food services, retail trade) are also a major source of tax revenues, both in terms of taxable sales and hotel (transient occupancy taxes). On the other hand, the other two leading industries (professional, scientific, and technical services and health care) may not directly contribute to local tax revenues, but they do so indirectly. The average wages of workers in these two industries tend to be relatively high, and to the extent that they spend some of their earnings locally, the city captures sales and other taxes on those expenditures.

Establishments by Industry Over Past Decade

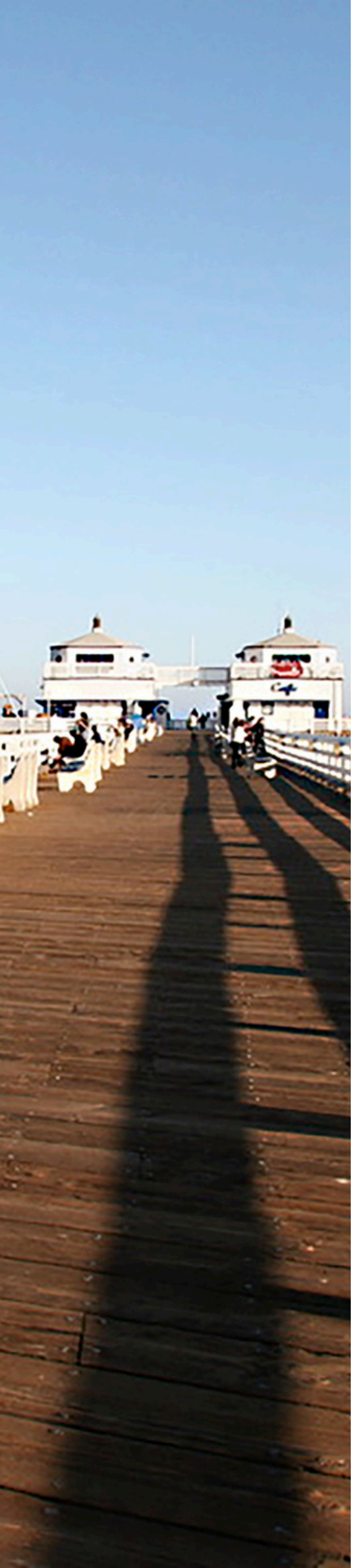
	Number of Establishments			Share of Establishments		
Industry	2014	2019	2024	2014	2019	2024
Professional, scientific, and technical services	115	126	134	14.2%	14.1%	14.9%
Other services (personal, nonprofit)	127	124	118	15.6%	13.9%	13.1%
Real estate and rental and leasing	68	96	111	8.4%	10.8%	12.3%
Health care and social assistance	68	89	96	8.4%	10.0%	10.6%
Arts, entertainment, and recreation	61	76	78	7.5%	8.5%	8.6%
Retail Trade	75	82	77	9.2%	9.2%	8.5%
Construction	50	59	54	6.2%	6.6%	6.0%
Information	55	59	54	6.8%	6.6%	6.0%
Accommodation and food services	52	53	52	6.4%	5.9%	5.8%
Admin and other business services	31	37	41	3.8%	4.1%	4.5%
Other industries	39	22	32	4.8%	2.5%	3.5%
Finance and insurance	37	38	31	4.6%	4.3%	3.4%
Wholesale trade	25	22	16	3.1%	2.5%	1.8%
Government	9	9	8	1.1%	1.0%	0.9%
Total	**812**	**892**	**902**	**100.0%**	**100.0%**	**100.0%**

The structure of the local economy is also illustrated by looking at the mix of establishments by industry and payroll by industry. This distribution can be considerably different than that of employment. For example, accommodation and food services accounted for nearly 28% of all employment in the city in 2024 but only 5.8% of all establishments (Figure 13) and 18% of all payroll (Figure 14). On the other hand, while professional, scientific, and technical services accounts for more than a fifth of employment and a substantial share of establishments at 15%, it generates nearly forty percent (38.6%) of payroll across all of the city's industries. At the same ime, retail trade contributes modestly to employment and the number of establishments at 10.5% and 8.5% respectively, but its contribution to payroll is somewhat smaller at 5.8%.

2024 Payroll by Industry Over Past Decade



These distinctions are important because payroll is a part of value added that occurs when employers are engaged in economic activity. Comparing job counts by industry in Figure 12 with payroll in Figure 14, it becomes apparent that industries like accommodation and food services and retail trade are sources of significant jobs but represent a more modest share of total payroll. On the other hand, professional, scientific, and technical services firms tend to have smaller job counts but make up a relatively large share of payroll. In the case of Malibu, both the job counts and payroll of this sector are relatively large, but the most remarkable finding is that professional, scientific, and technical services represents nearly 40 percent of the city's entire payroll.



ASSESSMENT OF FIRE-RELATED LOSSES

Overall, the effect of the fires on the Malibu economy appears to be mixed. The unemployment rate in 2025 was little changed from the two previous years, household employment edged up in 2025, and the number of payroll establishments in the city increased somewhat over the previous year.

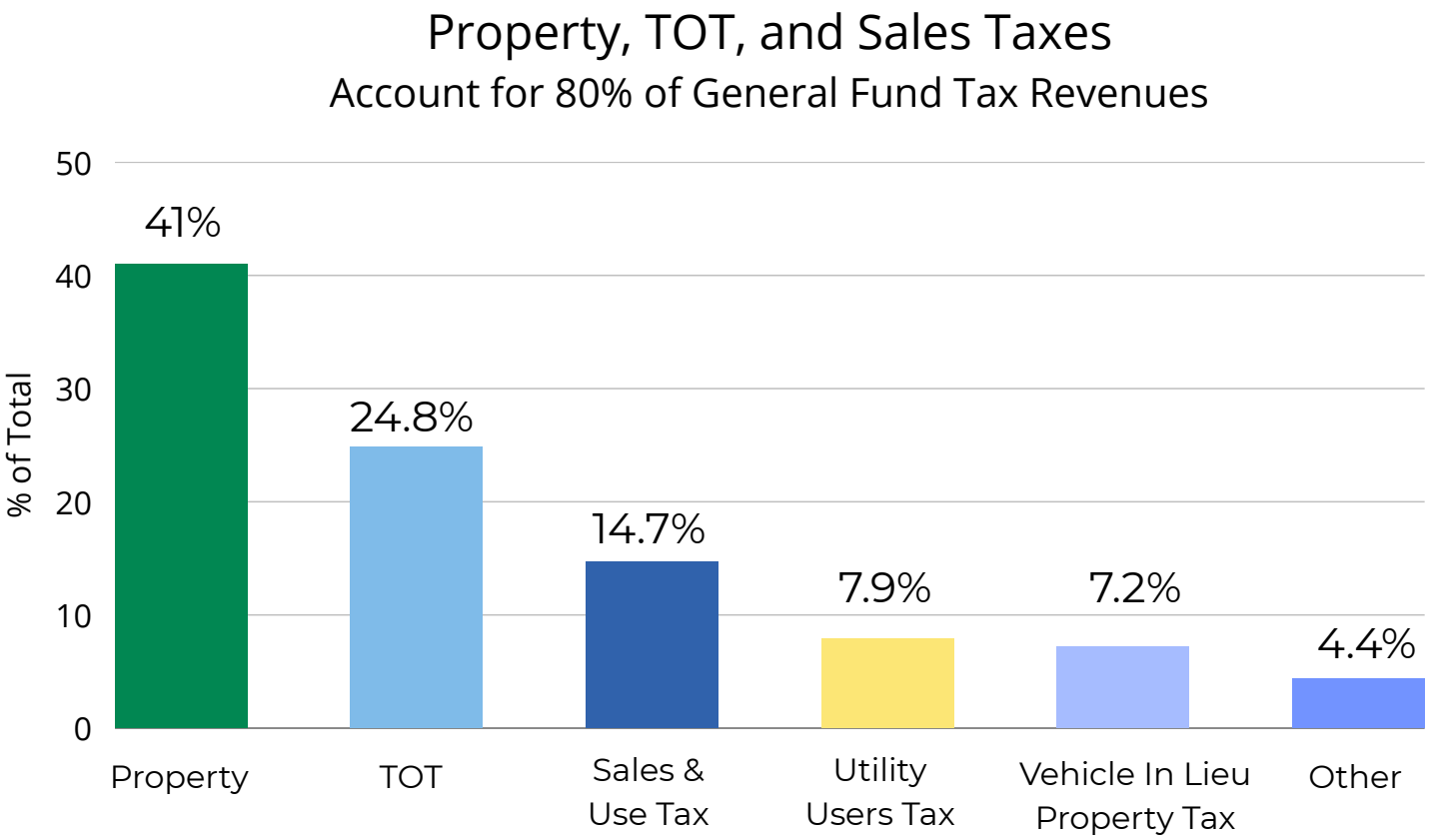
However, wage and salary employment fell 3.9% in year-to-date terms from the first quarter of 2024 to the first quarter of 2025. Also, some individual sectors and industries in the local economy were harder hit than others. There were significant job losses in visitor-dependent industries such as accommodations and food services and arts, entertainment, and recreation, which were accompanied by large losses in payroll wages. There was also a small decrease in the number of establishments within these industries, although it is not clear at this point whether those closures are directly due to the fires or some other circumstances.

A handful of other industries saw more modest job losses which may be due in part to the fires and the closure of Pacific Coast Highway (PCH) during the first half of 2025.

Based on the experience of other communities that have faced natural disasters, small businesses are particularly at risk, as the resources they can draw from can be limited. Malibu has numerous small businesses, including many home-based businesses. Their ability to survive and succeed in the aftermath of the fires depends on the markets they serve and their ability to maintain or resume operations after the fires.

On the other hand, since most of the workers who reside in Malibu have places of employment outside the city, the job losses at establishments in the city do not reflect their situation. While approximately 1,400 Malibu residents were displaced at the time of the fires, and their household expenditures will largely occur in the communities and neighborhoods where they have taken temporary residents, the working residents who were not displaced can continue to support local businesses along with their other household members.

SOURCES OF TAX REVENUES



According to data from the state controller's office, the City of Malibu had total revenues of $73.64M in 2024. Tax revenues accounted for 69.3% of that total at $51.03M, with revenues from licenses and permits, fines and penalties, the sewer enterprise fund, charges for services, and intergovernmental transfers accounting for most of the remaining $22.61M in revenues. Of the $51.03M, $38.18M were general fund revenues (Figure 25). Of that total, 41.0% came from property taxes, 24.8% came from transient occupancy taxes (TOT), and 14.7% came from sales and use taxes, for a total of 80.5% of all tax-based revenues. Clearly, achieving stability if not growth in the General Fund requires recovery in these tax revenue streams.

Recent Trends in Property, TOT, and Sales Tax Revenues

	Revenues in $ Millions			Percentage Change		
Year	Property Tax	TOT	Sales and Use Taxes	Property Tax	TOT	Sales and Use Taxes
2018	10.82	4.68	3.54	-	-	-
2019	11.58	4.55	3.71	7.0%	-2.8%	4.8%
2020	12.11	4.95	3.79	4.6%	8.8%	2.2%
2021	12.84	8.01	4.34	6.0%	61.8%	14.5%
2022	13.68	10.46	5.79	6.5%	30.6%	33.4%
2023	15.23	9.68	5.51	11.3%	-7.5%	-4.8%
2024	15.65	9.47	5.62	2.8%	-2.2%	2.0%

Property Taxes

Property tax revenues, which accounted for 41.0% of general fund tax revenues in 2024, are based on assessed values of properties, which tend to increase over time, both because of the Prop 13-based 2% maximum increase on properties that do not change ownership and the reassessment to market values of properties that do change hands. As such, property tax revenues increased throughout the period from 2018 through 2024, despite the loss of properties in 2018 due to the Woolsey fire (Figures 26 and 27). 600 homes were lost or damaged as a result of the recent fires, which will result in a reassessment of these properties. HdL anticipates a $1.12M property tax revenues losses, but these losses are expected to be "backfilled" for fiscal year 24-25 and fiscal year 25-26 as a result of Assembly Bill 100.

Transient Occupancy Taxes

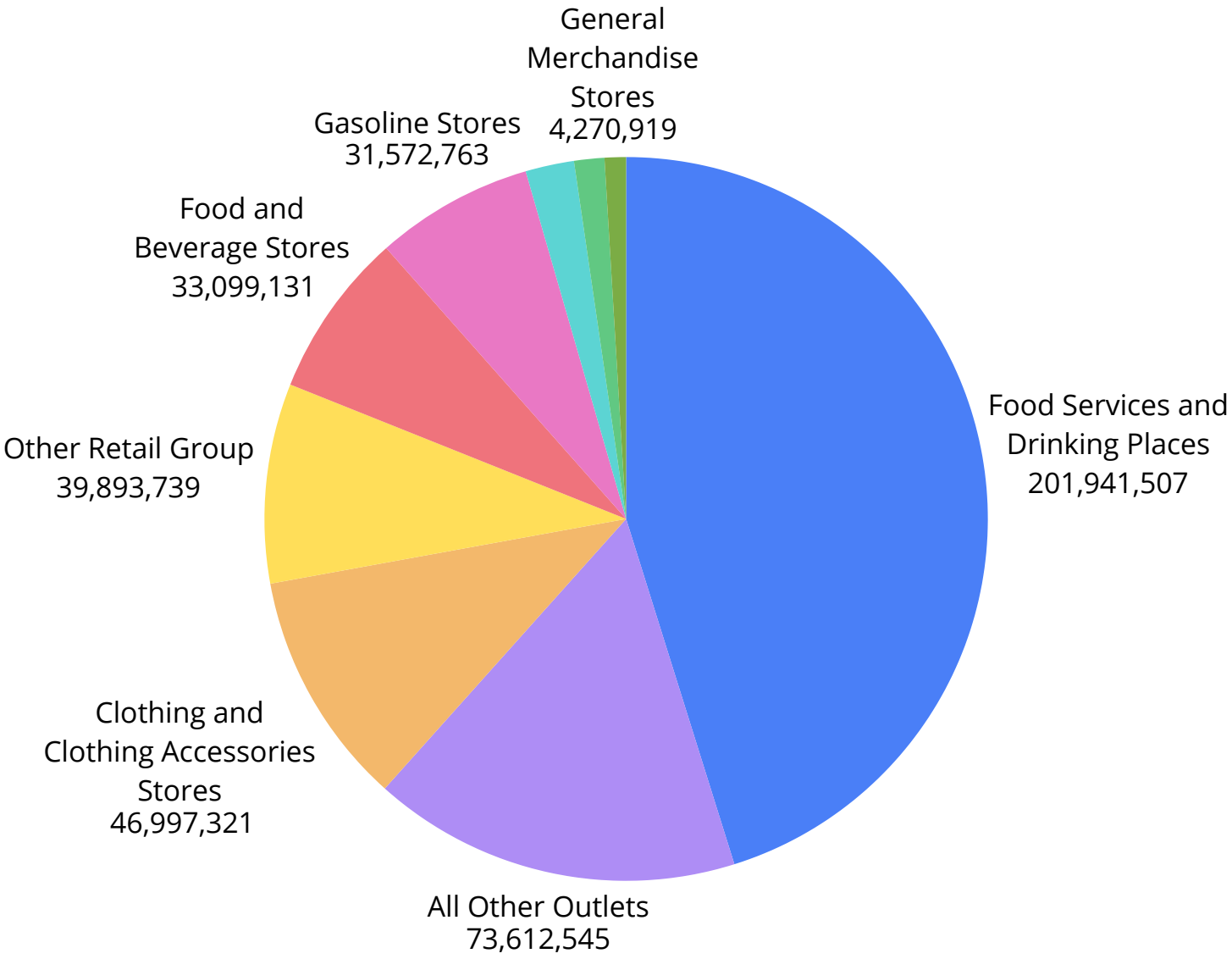
Transient Occupancy Taxes (TOT), which accounted for 24.8% of general fund tax revenues in 2024, increased sharply in 2021 after the city increased the TOT tax rate from 12% to 15% on January 1, 2021 (Figures 26 and 27). The decline in 2023 and 2024 may have been due to weakness in the tourism market in the post-pandemic period, as tourism patterns shifted toward more local and regional tourism from national and international tourist activity. Much of this revenue comes from short term rentals, 62 of which were damaged or destroyed in the fires. HdL estimates that the lost TOT revenue will be nearly $1.3M annually.

Sales and Use Taxes

Sales and Use Taxes accounted for 14.7% of general fund tax revenues in 2024. During the pandemic, consumers across the nation shifted their spending patterns toward purchases of goods because they were unable to consume services such as tourism, movie going, and personal services. Prior to the pandemic, consumer spending on goods represented 32% of all consumer expenditures nationally. The share rose to 36% in the first half of 2021during the pandemic and has lingered at 34% since then.

Since many goods are subject to sales taxes but services generally are not, there was a surge in total taxable sales (TTS) from 2020 to 2021 and again from 2021 to 2022, peaking in that year before retreating in 2023 (Figure 28). Even so, TTS remained at levels in 2023 and 2024 that were elevated compared to the pre-pandemic period, as would be expected from the national trend in consumer purchases described above. Sales and use taxes followed this pattern as well, increasing in 2021 and 2022 and weakening in the years since.

Taxable Sales by Source in Malibu



The sharp decline in TTS from the first half of 2024 to the first half of 2025 (-37.4%) must be largely due to the effect of the fires and the closure of Pacific Coast Highway during the first half of 2025. Activity at retailers, eating and drinking establishments, and other businesses that are a source of taxable sales was stifled during that period with the expected outcome in taxable sales. As such, HdL projected a sales tax loss of nearly $1M for fiscal year 2024-25.

The decline in sales tax revenues during the first half of 2025 can be attributed to the shutdown or curtailed level of operations among the city's industries that contribute to taxable sales. As shown in Figure 28, 45% of the city's taxable sales derived from food and drinking places in 2024, with various segments of the retail sector comprising the rest of the distribution. The shutdown of PCH during the first half of 2025 had a direct negative impact on most if not all of these sectors, resulting in the 37.4% decrease that occurred from the first half of 2024 to the first half of 2025.

ANALYSIS

The city of Malibu has faced a number of natural disasters in recent decades, the most recent being the Palisades and Franklin fires. As it seeks to recover from the recent fires, it must take into consideration the features of its economy that form a foundation for recovery and future resiliency.

First, the city is fortunate to have a variety of industries, which include those that serve both residents and visitors and others that contribute to economic growth. Second, the city's workforce tends to be well-educated and hold well-paying positions, although many of them work outside the city. This is expected in a large metro area such as Los Angeles County and the surrounding areas, where job opportunities are numerous and geographically varied. Moreover, it is worth noting anecdotally that people tend to be more mobile with respect to where they work than where they live. Regardless, resident workers who continue to be employed despite the destruction caused by the fires contribute to the stability of the local economy. Third, the city can include among its assets the fact that it is a well-known destination both for tourists who come from great distances and for locals who are day visitors.

Taken together, these features of the Malibu economy imply that the fires pose a temporary setback that will be overcome in time. Based on the experience in other communities that have been beset by natural disasters, the timeline for recovery must be measured in years, not weeks or months. But the building blocks of recovery are there.

A well-developed coherent, data driven recovery and resilience strategy with built-in feedback loops that is based upon what is known about the local economy, as described in this report, can serve to drive, if not accelerate, recovery in the coming years.



City of Malibu: Business Recovery & Resilience Survey Snapshot



SUNSTONE Cities



Purpose

In November 2025, the City of Malibu engaged Sunstone Cities to conduct the Business Recovery & Resilience Survey as part of its broader economic recovery efforts. The purpose of the survey was to gather insights from local businesses, community leaders, and stakeholders on current conditions, challenges, and opportunities in order to help shape practical priorities and near-term actions that support Malibu's recovery and long-term economic stability.

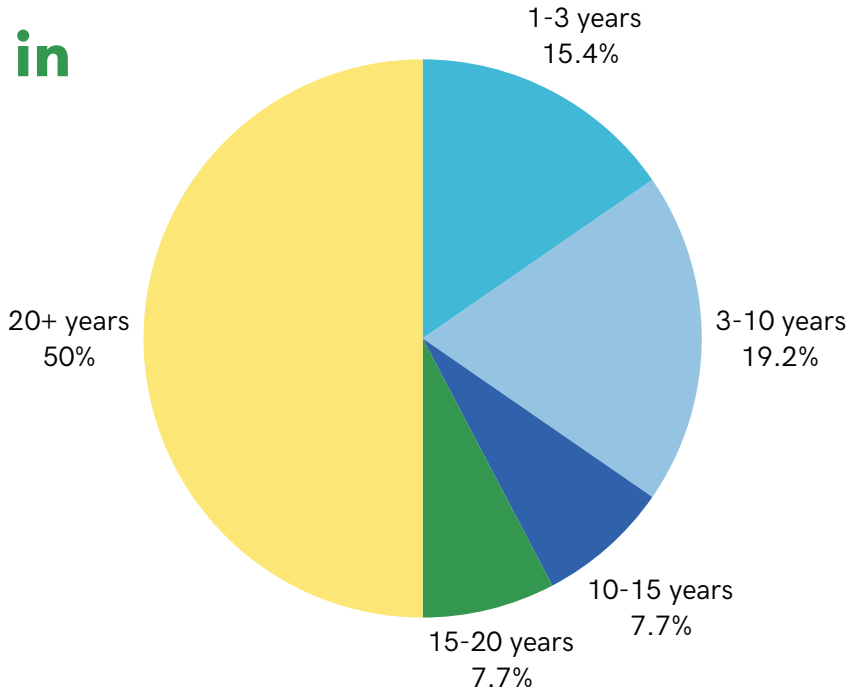


25 Responses

21	Business Owners
15	Residents
10	Property Owners
3	Investors
1	Nonprofit
1	Education
1	Management

How many years have they been active in Malibu?

- 1-3 Years
- 3-10 years
- 10-15 years
- 15-20 years
- 20+ years



In what commercial area do they primarily live, work, or operate?



30.8% West Malibu

26.9% East Malibu

23.1% Central Malibu

3.8% All of LA County

3.8% Malibu & Pacific Palisades

3.8% All of Malibu

3.8% Both West & Central Malibu

3.8% All

Participating organizations or businesses

Creative Bloom

Coldwell Banker Realty

OLLO

SF CA Marine Layer

Malibu Coast Animal Hospital

The Sycamore School

V

SUNROOM

VIVIDCANDI 360 Advertising & Marketing

CREO Arthouse

Est. 1978 Peak Power Electric 310-457-9348 Malibu, CA Lic. #365831

EBRAND

Cross Creek Ranch



Malibu Farm

The Sunset Malibu

the ALCOVE

Malibu Appraisal

PISTOL & LUCY

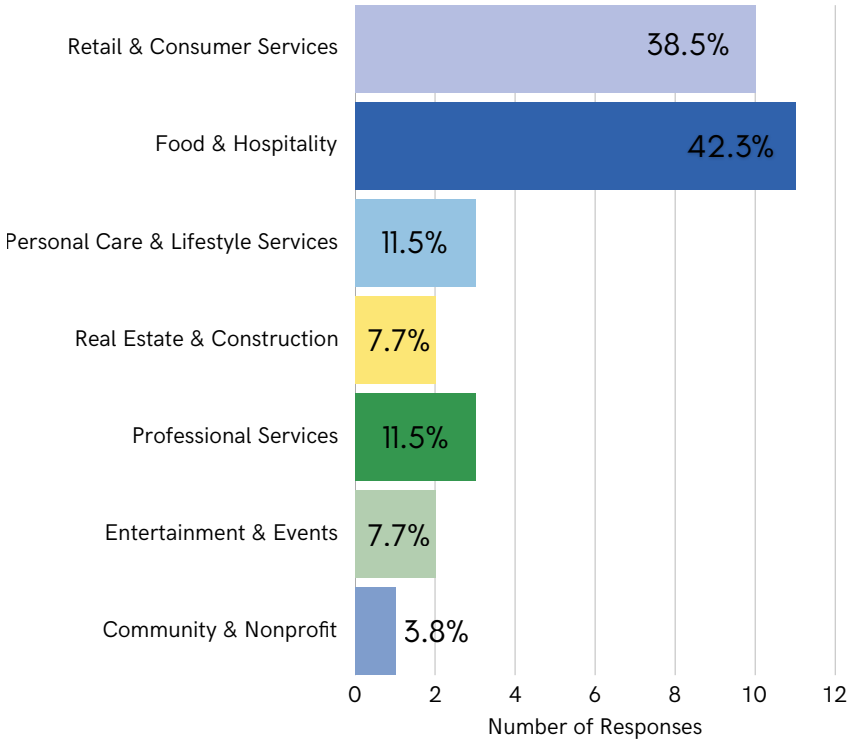
Malibu Massage & Spa Bliss

Malibu Pacific Pool & Spa Service LLC

Dog Beach Homeowners

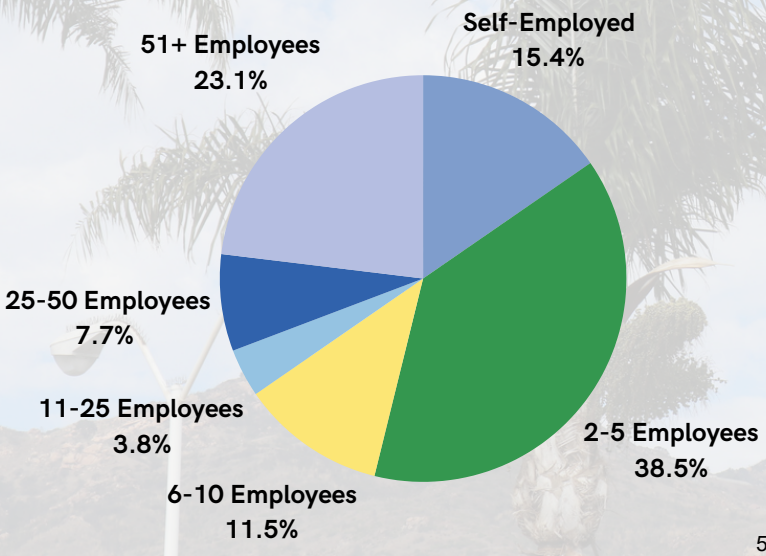
GEOFFREY'S · MALIBU

Industry Breakdown

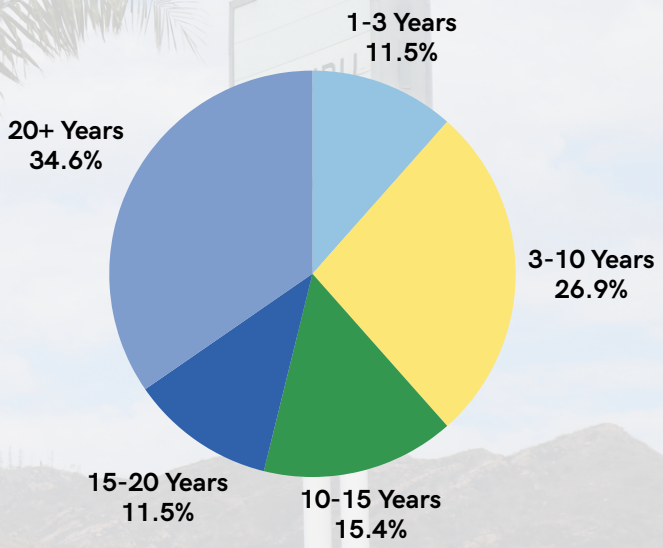


The business community is primarily composed of food, hospitality, and retail sectors, supplemented by a mix of professional services, real estate, lifestyle services, and community organizations. Businesses in Malibu demonstrate strong longevity, underscoring the benefits and stability of operating within the City.

Number of Employees



Length of Operation



Current Business Conditions

Key Operational Challenges

- High operating costs, including rent, insurance, and labor.
- Reduced foot traffic and shifts in consumer behavior post-disaster.
- Permitting delays and bureaucratic obstacles slowing recovery activities.
- Limited workforce availability, especially for service-based roles.

Internal Capacity

- Some businesses report operating at reduced staffing levels, offering limited hours, or struggling to meet demand due to supply chain or staffing issues.

Small Business Micro Stabilization Grant Recipients

71.4% of responders did **NOT** receive a grant.

28.6% of responders **DID** receive a grant.



Disaster Recovery & Resilience Needs

The Business Recovery & Resilience Survey captured candid feedback from Malibu business owners and operators across multiple industries. Collectively, respondents described a business environment shaped by repeated disruptions, structural constraints, and uncertainty, but also one marked by strong commitment to the community and a desire to collaborate with the City on long-term solutions.

BUSINESS CONTINUITY AND DISASTER PREPAREDNESS

Across the survey, business owners repeatedly acknowledged that they lack resilience plans, not due to a lack of interest, but because of limited capacity, unclear expectations, and the cumulative toll of repeated emergencies. Several business owners identified permitting delays and unclear recovery processes as major barriers to continuity.

Rey Cano stated plainly that a critical issue is "the city's ability to improve permitting times for both building/restoration and businesses". Sissy Livia Keresztes-Fischer noted that the broader structure of Malibu's economy makes recovery especially challenging, explaining, "Malibu is a small town and cannot sustain itself without strong, stable local businesses".

Other respondents pointed to the cumulative nature of disruptions. Richard Olson emphasized that repeated closures and limited guidance following emergencies create instability for businesses trying to remain open. Erica Hampton highlighted that businesses often lack clarity on what recovery resources are available, making it difficult to plan beyond immediate reopening.



DEPENDENCE ON TOURISM AND REVENUE INSTABILITY

Respondents consistently described Malibu's economic dependence on tourism as both a strength and a vulnerability. While visitors are critical to many businesses, fluctuations caused by disasters, road closures, and public perception can immediately and dramatically impact revenue.

Terry Lucoff stressed the importance of managing development and economic balance, stating, "Limit any further commercial development", reflecting concern about overreliance on visitor-oriented activity without sufficient resident-serving stability. Richard Olson emphasized that business visibility is critical following disruptions, noting that "Direct Advertising for Malibu Businesses to Tourists" is essential to restoring activity. Rey Cano and Sissy Livia Keresztes-Fischer similarly noted that when tourism slows, businesses without a strong local customer base are especially vulnerable. These insights highlight that Malibu's dependence on tourism leaves businesses exposed to prolonged revenue losses following fires and closures, underscoring the need for strategies that support both visitor-serving and resident-serving commerce.

INFRASTRUCTURE RELIABILITY AND ACCESS

Nearly every respondent referenced the impacts of infrastructure failures, particularly fires, power outages, and road closures. These disruptions were described not as isolated events, but as recurring conditions that undermine operational stability.

"Tourism—often a major revenue source—plummets due to road closures, smoke, and visitor perception that the area is unsafe or "closed." This ripples through the entire local economy," said Alexandria Skouras. She emphasized the toggling effect of closures and re-openings, noting the importance of ensuring businesses can reliably operate without repeated interruptions. Others pointed to transportation and access challenges as limiting both employee availability and customer visits. Qualitative responses indicate that infrastructure reliability is a foundational issue for business continuity, with access and utility disruptions extending economic impacts well beyond the initial emergency.

COMMUNICATION GAPS DURING EMERGENCIES

Communication during emergencies emerged as a consistent concern. Respondents described receiving information late, inconsistently, or through unofficial channels, making it difficult to make timely operational decisions.

Richard Olson highlighted the need for clearer outreach by stating that "Direct Advertising for Malibu Businesses to Tourists" would help counter misinformation and signal that businesses are open. Erica Hampton raised concerns about awareness of available financial assistance, noting, "Provide funding for those of us who wasn't given any grants or help!", pointing to gaps in communication around support programs. Businesses are seeking clearer, more consistent, and more business-focused communication from the City, particularly during emergencies and recovery periods.

Desired Support from the City

PERMITTING AND REGULATORY PROCESSES

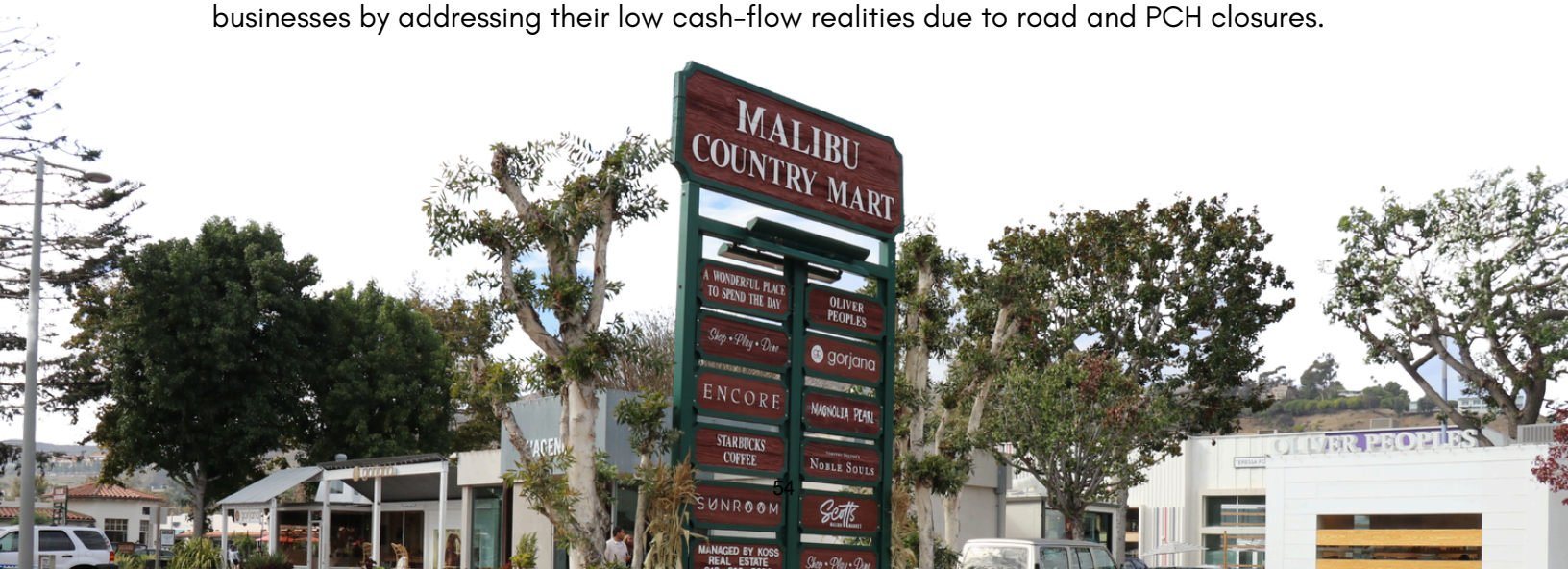
Permitting delays were one of the most frequently cited barriers. Respondents emphasized that long or unpredictable timelines significantly hinder recovery.

As Rey Cano stated, "The city's ability to improve permitting times for both building/restoration and businesses" is critical to recovery. Sissy Livia Keresztes-Fischer echoed this concern by emphasizing the fragility of small businesses in Malibu's regulatory environment. Many others pointed to challenges with streamlining the rebuilding and permitting process to help residents rebuild. Bryan Gordon suggested, "processing applications concurrently instead of sequentially," and "improving communication between departments," to ease the permitting process.

To support business recovery, the City of Malibu can focus on improving coordination within existing permitting processes, particularly following disasters. Establishing a clearly defined post-disaster permitting pathway, using existing departments and staff, would help businesses understand what is required and how long approvals are likely to take. Providing clearer timelines, assigning a primary staff contact for recovery-related permits, and improving coordination across departments can significantly reduce uncertainty without requiring structural reorganization.

FINANCIAL RECOVERY ASSISTANCE

Several respondents noted uncertainty around funding availability and access. Lindsey Carse shared, "There was aid the first 6 months but the damage was done and I feel the impact today far more then I did at the beginning, clients have been affected and do not come in." Others expressed the need for more financial assistance to help stabilize small businesses by addressing their low cash-flow realities due to road and PCH closures.



While the City's direct funding capacity is limited, it can play a meaningful role by improving how financial assistance is communicated and deployed. Clearly explaining available City, County, State, and federal funding programs and how businesses can access them, would address a major concern raised by respondents. The City can also support recovery by helping businesses navigate external funding sources and by tracking participation to identify gaps or unmet needs.

MARKETING AND BUSINESS VISIBILITY

Respondents strongly emphasized the importance of marketing and visibility following disasters. Especially to counter misinformation and restore confidence following disasters.

Richard Olson stated directly that recovery requires "Direct Advertising for Malibu Businesses to Tourists". Others reinforced that without City-led messaging, misinformation persists and businesses struggle to regain customers. Sissy Livia Keresztes-Fischer suggested, "a mass marketing campaign for "Come Visit, Shop and Stay in Malibu". Many other cities have done this type of mass marketing with major success in the past. Highlight the businesses that can be found here and only here in Malibu." She also emphasized that, "We no longer have the Palisades residents as regular shoppers. We lost an entire city of great shoppers and they are not coming our way any more as their new options lead them in a different direction... We need to become the "Gem" along PCH that entices outsiders to WANT to visit and spend time and money here." Alexandria Skouras also suggested launching a, ""Shop Local / Support Malibu" Recovery Campaign. A city-backed marketing push—created in partnership with local businesses—can immediately increase resident spending and attract responsible visitors. Highlighting Malibu's small businesses, makers, and local experiences can increase revenue while keeping visitor behavior aligned with community values." Similarly, Taylor Rodriguez emphasized the need to conduct, "marketing for the shopping and restaurants that are still open."

The City is well positioned to support business recovery through coordinated, low-cost marketing and messaging efforts. Following disasters or major disruptions, City-led communications that clearly signal which areas and businesses are open can help counter misinformation and restore visitor confidence. Maintaining an up-to-date online directory of operating businesses and partnering with local organizations to amplify messaging can extend the reach of these efforts without requiring significant new resources. Even modest, consistent messaging can help accelerate recovery for small businesses with limited marketing capacity.

To support long-term stability, the City can use its policy and engagement tools to encourage a healthier balance between visitor-serving and resident-serving businesses. This includes prioritizing business retention and regularly engaging with businesses to understand evolving needs. By strengthening partnerships with local institutions and community organizations, the City can help expand local demand and create more resilient economic activity.



When asked which indicators or initiatives matter most for Malibu's economic recovery, respondents highlighted:

High-Priority Indicators

- Number of small businesses reopened or retained.
- Local employment levels.
- Business revenue trends and cost burdens.
- Progress in rebuilding commercial spaces.

Strategic Priorities Identified

- Create a business-friendly regulatory environment.
- Support mixed-use and appropriately scaled commercial activity.
- Strengthen partnerships with local institutions and community groups.
- Promote tourism that is sustainable and resident-serving.
- Improve marketing and visibility for Malibu-based businesses.

Next Steps

The Business Recovery & Resilience Survey serves as a foundational qualitative assessment of Malibu's small business environment and provides critical insight into how recent disruptions, regulatory processes, infrastructure conditions, and communication practices affect business continuity and long-term economic stability. By capturing direct input from business owners and operators, the survey functions as a diagnostic tool that identifies structural challenges and recurring barriers while also highlighting areas where targeted City action could have the greatest impact. These findings will be analyzed alongside stakeholder interviews, economic trend data, and existing policy frameworks to inform the development of opportunity areas within the Economic Recovery Strategic Plan.

As the Strategic Plan advances, the survey findings will help guide prioritization by grounding proposed strategies in the lived experiences of the business community. Themes such as permitting predictability, emergency communication, infrastructure reliability, financial support, and business visibility will be translated into actionable policy and program opportunities. The City may also consider convening a business community listening session to validate the survey results and refine proposed strategies, ensuring that the final Economic Recovery Strategic Plan is evidence-based, stakeholder-informed, and aligned with Malibu's long-term economic resilience goals.





The survey identifies a business community eager to engage in shaping Malibu's economic future. Including a desire for collaboration between the City and local businesses to create a stronger, more predictable operating environment.

APPENDIX A: BUSINESS RECOVERY & RESILIENCE SURVEY INSTRUMENT



The City of Malibu Business Recovery & Resilience Survey was administered to local business owners, operators, and stakeholders to collect qualitative and contextual insights on economic conditions, recovery challenges, and long-term resilience needs. The questions below reflect the full survey instrument used to gather responses.

A complete dataset containing all individual responses is available for reference and review.

Link to Full Survey Responses: City of Malibu_ Business Recovery & Resilience Survey (Responses)

Survey Questions

1. First and Last Name
2. What is your role or affiliation in Malibu?
3. How many years have you been active in Malibu in this capacity?
4. In what commercial area do you primarily live, work, or operate?
5. If applicable, what is the name of your organization or business?
6. What industry best describes your organization?
7. How many employees, members, or volunteers are associated with your organization in Malibu?
8. How long has your organization operated in Malibu?
9. Did you receive a grant from the City of Malibu Small Business Micro Stabilization Grant Program?
10. What are the top 2-3 immediate economic impacts post-fires and the biggest barriers the City should tackle first?
11. What actions by the City would most quickly restore local sales and responsibly grow visitor spending without compromising public safety, environmental quality, or community character?
12. What types of support would most help small businesses reopen, retain jobs, and expand?
13. What infrastructure upgrades and policy or program changes would most improve business continuity now?
14. Which industry clusters are most realistic for Malibu to develop over the next 3-5 years?
15. What metrics should we prioritize to track recovery progress and benefits to residents and local businesses?
16. Is there anything we didn't ask that you feel is critical to Malibu's recovery and long-term stability?
17. Email for the raffle: (optional)

Note: Personally identifiable information is included in the raw dataset for internal review purposes.