

A VISION FOR LA QUNITA



'Short-term tenants have little interest in public agencies or in the welfare of the Citizenry. They do not participate in local government, coach little league, or join the Hospital guild. They do not lead a Scout troop, volunteer at the library, or keep an eye on an elderly neighbor. Literally, they are here today and gone tomorrow – without engaging in the sort of activities that weld and strengthen a community'

California Court of Appeal Decision in Ewing vs. City of Carmel By The Sea

Prepared By

NEIGHBORS FOR NEIGHBORHOODS

A Group of Concerned La Quinta Residents

COVER LETTER

Mayor Evans and City Council Members,

Neighbors for Neighborhoods (N4N), a group of La Quinta residents, is respectfully submitting a VISION FOR LA QUINTA report and recommendations. This VISION proposes an integrated plan to reinvigorate the post COVID economy by developing the Silver Rock Resort and Signature at PGA West, replenishing our depleted housing inventory and solving the “nightly” Short Term Vacation Rental (STVR) problem.

The VISION'S recommendations follow the La Quinta historically successful model of building residential homes and then businesses will follow. These recommendations used inputs from the Ad Hoc STVR Committees final report, an N4N survey, lessons learned from other cities and HOAs, and additional facts and data.

The Survey was carefully developed using the credibility criteria of the American Association for Public Opinion Research. The survey sample size was 632 residents from 21 La Quinta communities with voluntary participation. The survey results paint a much different picture of residents' angst and anger over “nightly” STVRs than depicted by the number of citations that code enforcement has served. The thousands of residents this survey represents will not go away until the “nightly” STVRs problems created in residentially zoned neighborhoods are addressed by setting a minimum rental period.

Thanks to all of the N4N's members who volunteered their time during the holidays to make this report possible. Completing this report was made even more challenging by the COVID stay at home order. However, N4N was determined to overcome all of these obstacles to shine a brighter light on the “nightly” STVR problems and propose a solution unique to La Quinta that benefits all parties involved. During the City Council deliberations, the data and recommendations presented in this report will be extremely helpful in making a totally informed decision.

Please extend the moratorium until a city ordinance can be implemented addressing the “nightly” STVR problem. During your deliberations think about your residents and their neighborhoods first, this is the foundation that makes La Quinta the Gem of the Desert.

Respectfully,
Neighbors for Neighborhoods
Email: Donald@neighborsforneighborhoodslq.org

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INTRODUCTION

Living full time in La Quinta you begin to take for granted its beauty and uniqueness. What isn't unique are short-term rental problems. These problems are systemic in every city in the Coachella Valley, California and across the United States dealing with "nightly" short term vacation rentals (STVRs). The "nightly" rental business has displaced vacation and seasonal rentals as the primary business model for rental property investors as the popularity of Airbnb, and Expedia has grown. This business model has transformed neighborhoods by offering nightly hotel accommodations without on-site management and security.

"There are too many part time rentals. We are losing our neighborhoods." Survey #7

Despite many cities attempts to make neighbors and "nightly" rentals coexist, this approach has not met with great success. Fundamentally this approach fails because by their very nature "nightly" STVRs are noisy and invite problems affecting residents' quality of life. Transient strangers come to party and have fun, whereas residents bought their home to live in a quiet, peaceful and safe neighborhood. No amount of regulation and enforcement can change the inherent nature and constant turnover of strangers renting "nightly" STVRs to let loose and have fun.

"Unless you live near one, you have no idea what it's like" Teri Hargreaves (Desert Sun, 12/5/2020)

Relying solely on improved regulations and enforcement works on paper but not in practice. No matter what improvements are made to enforcement, the onus will always be on the resident to be the first responder. By the time a resident contacts the Hotline, his or her quality of life has already been disrupted.

Are all nightly renters bad? No. Are all nightly renters good? No. So "nightly" rentals become a game of chance. Should the quality of a resident's life be decided by a probability curve? Many cities have decided to protect their residents and neighborhoods by passing ordinances to phase out STVRs in residential zoned neighborhoods. Rancho Mirage is the latest Coachella Valley city to adopt a ban on STVRs at their November 5th council meeting.

"No one purchased a home anticipating the presence of an unsupervised business to open next door or nearby." Dana Hobart Rancho Mirage Mayor

February 3, 2020 the La Quinta City Council appointed 15 members to serve on an ad hoc committee to evaluate the city's STVR program. The committee was directed to focus their activities on establishing a reasonable accommodation for STVR properties within the community and not to address the option of eliminating STVRs within the city.

There is a fear that if STVRs are banned owners will sell off their properties and flood the real estate market making housing prices decline. This is a false claim which is debunked in the FACTS section of this report.

"The gloom and doom predictions of the STR industry did not come to pass. City finances remain sound. Some investors converted to long term rentals. Others sold their STVRs. The local market readily absorbed these properties and some sold above their list price." Jann Buller, Palm Desert Resident (Desert Sun 11/21/2020)

INTRODUCTION

On December 15th the ad hoc committee submitted to City Council their final report and recommended changes to the STVR program. These recommendations focus on a comprehensive enforcement process, modifying the rental permit process and requirements and setting occupancy and property density limits.

Attachment 1-1 is a synopsis of the ad hoc committees' recommendations. Their report is comprehensive, well researched, and thoughtfully addresses the charter given to the committee by the City Council. N4N agrees with the ad hoc committee recommendations to strengthen rules, regulations and their enforcement for "nightly" STVRs. More importantly the committee recognized the impact the length of rental stay has on the number of neighbors' complaints, they recommend a minimum 2-night stay. Because of the time limitations and charter the ad hoc committee was unable to fully investigate the magnitude of the impact STVRs are having on resident's quality of life or to investigate the complete solution space available to solve the STVR problems.

N4N believes several issues were not addressed by the ad hoc committee which need to be investigated before a complete balanced solution to the STVR problems can be identified. These issues have been framed by the following questions;

1. How do "nightly" STVRs affect La Quinta housing inventory?
2. What should the maximum number of "nightly" STVR permits be?
3. Do code enforcement citations accurately reflect the impact "nightly" STVRs have on neighbors' lives?
4. Do minimum rental periods reduce residents' complaints?
5. Can enforcement be streamlined and simplified simultaneously with quality-of-life improvements for residents?
6. Does La Quinta have a structure in place to implement a unique solution to insure quality neighborhoods can coexist with STVRs operating within the city?

Answers to these questions were researched by looking at how other cities that have tourism as part of their economy addressed their STVR problems, researching case law limiting STVR business, STVR's impact on real estate, gathering facts and data from published media and develop, administer and analyze a survey of residents living in proximity of an STVR.

This report provides answers to these questions and recommends steps the city can take to adapt existing pieces and blend them into a unique integrated VISION FOR LA QUINTA's future with a byproduct being a solution to the current STVR problem.

This report is made up of the following sections;

BACKGROUND – reviews the history of La Quinta's growth in tourism and housing.

VISION – provides a summary of the recommendations for an integrated balance solution to grow tourism, replenish the housing inventory, restore quality of life to La Quinta's neighborhoods, provide an opportunity for STVR business to continue and simplify city governments role in administering and enforcing the STVR program to allow them to redirect their attention to other problems La Quinta needs solved.

INTRODUCTION

SURVEY – establishes the creditability of the survey voluntarily taken by 632 residents. Survey results are integrated throughout the report to validate recommendations and conclusion. Complete survey results including all comments are presented as Attachments 4-4 and 6-1.

FACTS – additional data, legal cases and real estate facts that are foundational in forming the conclusions and recommendations are presented in this report.

ATTACHMENTS – include backup information not included in the main text of this report. The purpose of these attachments is for transparency and completeness.

N4N believes with the City Council adopting the recommendations of this report the LaQuinta STVR program will be structured with balanced solutions that will benefit all three stakeholders;

A BALANCED SOLUTION WHICH BENEFITS LA QUINTA

STAKEHOLDER	BENEFITS
Residents	Immediate and lowest risk approach to restore peace, quiet and safety to neighborhoods
STVR investors/owners	Two business models to choose from <ul style="list-style-type: none">• Nightly Rental• Minimum Stay (3 to 28-days)
City	<ul style="list-style-type: none">• Supports Silver Rock Resort Development• Restores housing inventory• Eliminates need for additional STVR staff• Removes STVR program from City Council agenda

Everyone is concerned about individual property rights. The purpose of zoning regulations is to establish the balance between the private rights of the individual property owner and the collective rights of the community. California 4th appellate court has noted shorter-term rentals are more likely to “alter the character of a neighborhood” than long-term rentals or tenancies. As seasonal and long-term rentals have been converted into “nightly” rentals the impact on neighborhoods is undeniable. Evidence of the disruption that “nightly” STVRs cause is presented in this report by the survey results. Also, the City Council’s experience with emails, phone calls and personal complaints. Granting unrestricted license to the commercial activity of “nightly” STVRs is undermining the residential character of La Quinta neighborhoods. Permitting “nightly” rentals into residential neighborhoods has elevated the rights of the individual far above those of the community.

This report addresses the post COVID challenges by exploring the limits of potential solutions to six questions posed above. The proposed solution is built upon facts and data gathered from a survey of 632 La Quinta residents from 21 communities, the ad hoc committee’s final report, lessons learned for other Coachella Valley and Southern California cities and listening to residents’ comments both at City Council meetings, in the media and the survey.

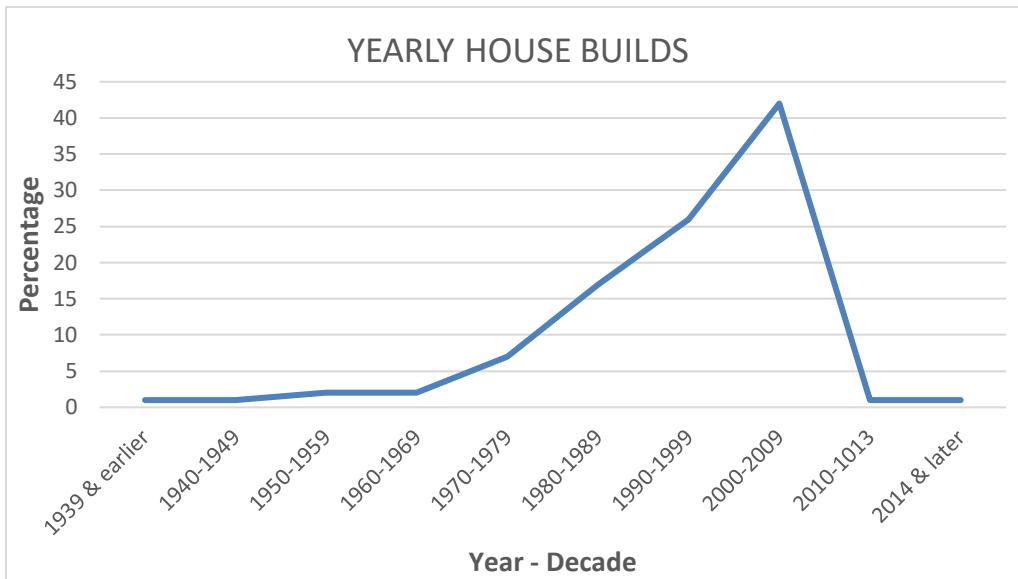
As you digest and deliberate on this report please keep in mind the necessary element to make this VISION a reality is the people. 25% of La Quinta’s residents are 18 years old or younger. These will be the married couples and working families of the future. Available homes and quality neighborhoods will

INTRODUCTION

be needed to allow them to live close to their friends and family. Keep in mind not only these young people but all La Quinta residents makeup the fabric of our city. They contribute to our community through employment, volunteer work, participation in civic and religious organizations and bring new students into the schools. They expect to have neighbors not homes converted into hotels. Please protect La Quinta's future, by putting your residents first.

BACKGROUND

La Quinta is home to Coachella Valley's oldest and strongest tourism economy. It was started in 1926 when Walter Morgan established the La Quinta Resort. That same year Morgan introduced golf to the Coachella Valley by opening a 9-hole public golf course on the Resort's grounds. The La Quinta Resort was such an integral part in the development of the area that when the city was incorporated in 1982 it was named after the Resort. The new city's population was approximately 4,200. By 1998 the La Quinta Resort and Club had expanded to 800 rooms and the city had grown to 20,244 with approximately 13,000 homes.



Source: Towncharts.com

Between 1980 and 2010 La Quinta was building houses and golf courses faster than any other city in the Coachella Valley. This rapid explosion of residential communities attracted both boutique and national brand businesses to the city. The expansion of residential homes slowed significantly after 2010. Today La Quinta is home to 41,000 full-time residents, 12,000 part-time residents, 25 golf courses and approximately 24,000 homes.

To continue attracting affluent visitors from all over the world, La Quinta City Council put into motion a plan to replicate the La Quinta Resort model with the Silver Rock Resort. Silver Rock Resort will be anchored by the Montage hotels with their associated bungalows and residences and two golf courses. In addition, The Signature at PGA West has plans for 343 homesites designed for tourist use. La Quinta will continue into the future as the top tourist destination in the Coachella Valley with the development of Silver Rock Resort and The Signature projects.

Because of the limited number of new homes built since 2016 the home inventory across the valley has been on a steady decline. According to the Desert Housing Report (November 2020) the inventory of homes has decreased from 5,180 (January 2016) to 1,830 (November 2020). Recent research has shown that the conversion of housing units into Short Term Vacation Rentals (STVR) will reduce available housing stock for permanent residents. In La Quinta Short Term Vacation Rentals have shifted 1,057 homes from residents to tourism, with an additional 203 STVRs located in commercial transient zones.

BACKGROUND

STVR Property Location	Location %	No. of STVR Units
Within PGA West HOA	35	442
Not in HOA	35	445
Within HOA	14	170
Commercial	16	203
		1260

STVR by LOCATION – City Council Meeting November 17, 2020

The November median price for a new detached home in La Quinta was \$625,000 (California Lifestyle Real Estate). That means it will take \$660,625,000 worth of new houses to replace those that have been converted into STVRs. The number of new homes estimated to be built in La Quinta during 2020 is 122. At the current building rate it will take approximately 9 years to create 1,057 housing units. So, a serious housing availability problem is exacerbated in La Quinta because of the growth of STVRs.

5% of La Quinta dwellings are active STVR properties; 4.2% are in residential communities and 0.8% are in commercial transient zones. The following table compares La Quinta to other Southern California Cities.

City	Housing Units	# STVR	STVR %
Newport Beach	44801	1550 ¹	3.5%
Carlsbad	47000	690	1.5%
Dana Point	17317	307	1.8%
Anaheim	105,286	277	0.3%
Huntington Beach	81396	266	0.3%
Rancho Mirage	15545	270	1.7%
La Quinta	24860	1260	5.2%

Source: Newport Beach Short Term Lodging Amendment; October 13, 2020

1 - Maximum number of permits to be issued

The cities in this table were selected because they are tourist destinations. All of these cities proportionally have a significantly lower number of houses converted to STVRs than La Quinta. This means La Quinta housing inventory is significantly more depleted by STVRs than other Southern California cities.

Newport Beach has addressed their housing inventory shortage and STVR created problems by the City Council approving two amendments;

1. Cap the number of STVR permits at 1,550. This will stop the STVR drain on the housing inventory.
2. A 3-night minimum rental which has been shown to reduce the number of disturbances and the demand on Police services.

At a November 5th City Council meeting Rancho Mirage became the most recent desert city to address STVR created problems by approving a ban for residential neighborhoods not in an HOAs.

BACKGROUND

La Quinta established an STVR program in October of 2012 to improve collection of the TOT required of these rentals. To accommodate the STVR business, City Council passed an ordinance (3.25) that allowed for commercial enterprise (STVRs) in residential zones. At the time there were 106 registered units under the pre-existing TOT registration requirements.

This initial program imposed the following requirements;

- 1 – Obtain an annual permit
- 2 – Contact information of homeowner and/or authorized agent
- 3 – Designate a local contact to respond within 45-minutes to complaints
- 4 – Post a city-issued certificate number on any STVR advertisement
- 5 – Hand out a copy of city-prepared “Good Neighbor Brochure” to all guests
- 6 - Occupancy limits, e.g., 4-bedroom, 10 overnight and 16 daytime occupants
- 7 - Limit on-site parking to approved driveways, garages or carports
- 8 – Establish a Misdemeanor Citation section
- 9 - City has right to suspend or revoke STVR permit
- 10 - Report TOT monthly

These requirements have been relaxed over the years; e.g., on street parking.

As the STVR business moved from seasonal vacation to “nightly” rentals the existence of STVRs became a contentious issue with residents. STVRs started taking over neighborhoods and changing the character of those neighborhoods, removing houses from the housing stock and affecting residents’ quality of life. Residents began pushing back by voicing their anger. In response the city placed a moratorium on approving new STVR permits and commissioned an ad hoc committee to review and make recommendations on the existing city STVR policy and regulations. The ad hoc committee delivered their final report on December 15, 2020. The Mayor and City Council have taken these recommendations under advisement and are deliberating making changes to the city’s STVR program.

Neighbors for Neighborhoods (N4N), a group formed by concerned La Quinta residents, based on social medial, news print and City Council testimony had reason to believe the data being used to formulate the ad hoc committees’ recommendations did not accurately represent the impact STVRs were having on neighborhoods and resident’s quality of life.

As a result, N4N decided to take the following actions;

1. Explore a solution that will encourage the development of Silver Rock and the Signature to grow tourism.
2. Study the impact capping the number of “nightly” STVRs would have on the housing inventory
3. Evaluate the effect establishing a minimum rental period would have on neighbors’ complaints
4. Explore solutions that would simplify code enforcement, and reduce city involvement in managing and enforcing the STVR program.

BACKGROUND

The challenge is how do you simplify yet find a solution that guarantees resident's quality of life, grows tourism, allows the STVR business to continue while reducing government involvement and responsibility.

N4N took this challenge on by exploring the limits of potential solutions to La Quinta's STVR problems. The solution proposed is built upon facts and data gathered from a survey of 632 La Quinta residents who are neighbors of STVRs from 21 communities, the ad hoc committee's final report, lessons learned from other Coachella Valley, and Southern California cities, HOAs with minimum rental periods and listening to residents' comments both at City Council meetings and the survey.

Neighborhoods Responding to Survey

Andalusia	Estates at La Quinta	PGA West
Calle Fortuna	Haciendas at La Quinta	Puerta Azul
Codorniz	Hideaway	Rancho Santana
Cove	Highland Palms	Renaissance at La Quinta
Desert Club Estates	La Cantera	South La Quinta
Desert Club Manor	La Quinta Fairways	The Citrus
Duna La Quinta	North La Quinta	Trilogy

The fabric of La Quinta communities is working families that utilize the library, museum, wellness center, schools, and the numerous parks that have baseball and soccer fields. If neighbors don't have "real" neighbors there are no neighborhoods or sense of community. STVR "nightly" renters are not neighbors, they do not contribute to community services or help out fellow neighbors when there is a need, but they change the character of La Quinta neighborhoods. STVR "nightly" rentals can be part of La Quinta and be encouraged to grow but in specially zoned areas. Concentrating STVR in designated areas (not peanut buttered across residential communities) will simplify enforcement, maintain tourism and continue the city revenue stream. The City Council has a responsibility to La Quinta residents to support a policy that ensures their quality of life will be restored and our residential neighborhoods will become "real" neighborhoods again.

The Mayor and City Council members as policy makers must decide what kind of a city La Quinta will be in the future. The ad hoc committee identified separate pieces of a solution; i.e., neighborhoods are for residents and commercial transient zoned areas are for nightly rentals, but did not propose integrating these pieces into a single policy to address the STVR problem (Ad Hoc Committee Report and Recommendations_Rev 3 page 16). Silver Rock Resort and The Signature provide a large opportunity for tourism growth and nightly STVR business in commercial transient zoned areas. Establishing a minimum rental period for STVRs in residential communities combined with Silver Rock and Signature, La Quinta residential housing inventory will increase which is necessary for future growth. This is a balanced, reasonable solution, that addresses resident's quality of life.

VISION – OVERVIEW

The N4N VISION for La Quinta's future is built on three pillars;

1. Tourism
2. Housing Inventory
3. Residents Quality of Life

There are city projects and opportunities underway which will support these pillars;

- Silver Rock Resort development; including the Montage and Pendry hotels and associated homes
- X-Park located east of La Quinta high school

The VISION follows the template developed during La Quinta's rapid growth period, if you build the residential communities, businesses will follow. This is the VISION for transforming and building out retail and commercial areas along the Highway 111 corridor.

Currently everything but particularly the local economy is being impacted by COVID. What is needed now more than ever is a plan for economic recovery post COVID that will support La Quinta's long-term future. The three pillars of our VISION identify the points of emphasis of La Quinta's future policy. But what are the initiatives and regulations upon which these pillars will stand?

La Quinta is in a unique position to have a running start at building these pillars because, Silver Rock Resort, and The Signature at PGA West are beyond the planning phase and into development. Both of these projects will have a positive effect on tourism and the housing inventory.

La Quinta's STVR program impacts each of these pillars. As the Mayor and City Council deliberate changes to the STVR program they should weight the effect it will have on tourism, housing inventory and resident's quality of life.

The objective of the following recommendations is to implement an element of a VISION for La Quinta's future described in this report. These recommendations are being submitted for your consideration in addition to those recommendations made by the ad hoc committee (December 15, 2020). Two changes are being proposed by N4N to the ad hoc committee recommendations;

- Three types of permits
- Phasing in a longer minimum nightly stay requirement.

Additional recommendations;

- Extend the Moratorium until an ordinance is implemented
- Cap the maximum number of residential STVRs permits

The additional recommendations and proposed changes to the ad hoc committee recommendations are all strongly supported by the survey which reflects the opinion of those residents affected the most, neighbors to STVRs. The remainder of the VISION section of this report consists of three subsections

1. Table – abridged version of the combined N4N and ad hoc committee recommendations
2. Recommendations – detail the N4N recommendations and how each one adds to or complements the ad hoc committee recommendations.
3. Enforcement – how the N4N proposal simplifies the enforcement process and does not increase the size of the STVR program support staff

ABRIDGED N4N and AD HOC COMMITTEE RECOMMENDATIONS ^{1,2}								
Permit Type	Zone	Minimum Rental	Renewal	Property Retitled	Number of Permits	Property Density Limits	Address Housing Inventory	Enforcement
Home Share	Residential	Nightly	Annually; non-transferable	Reapply for Permit	Set by City Council	No limitation	No	Adopt ad hoc recommendations
C- STVR	Commercial Transient	Nightly	Annually; non-transferable	Reapply for Permit	Set by Zone Size	No limitation	SSR - 329 Hotel Rooms Signature - 343 homes	Live patrol during critical time windows
R- STVR	Residential	Time Phase from 3-nights to 28-nights	Annually; non-transferable	Reapply for Permit	Not to Exceed 3% of community homes	300 ft Radius	Return approx. 300 homes to inventory home sale & new construction	Minimum rental period will significantly reduce enforcement adopt ad hoc recommendations

1 - N4N recommendations or impact on Ad Hoc committee recommendations are hi-lited in light blue
 2 - Ad Hoc committee recommendations are hi-lited in white

VISION – RECOMMENDATIONS

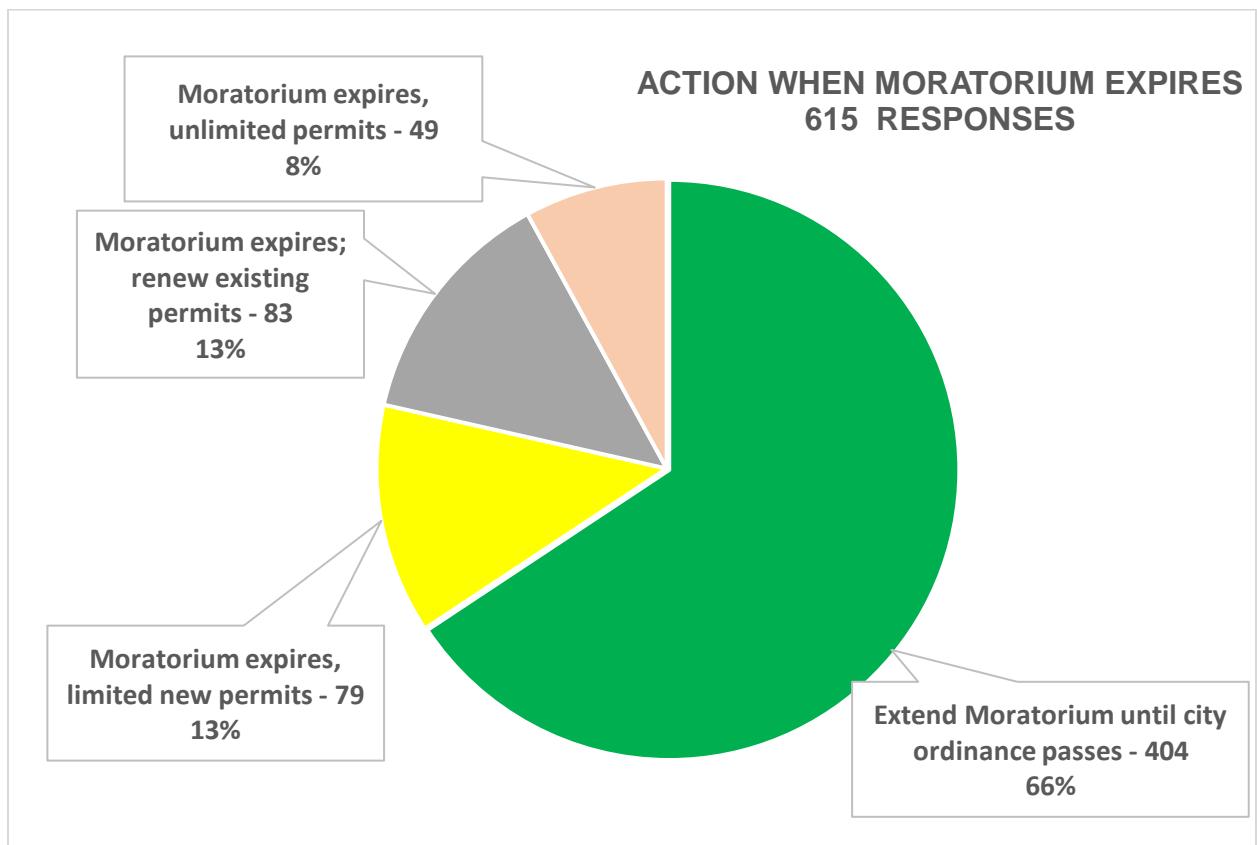
RECOMMENDATION #1

EXTENDING MORITORIUM

City Council should extend moratorium until an ordinance can be passed that restructures the STVR program.

WHY –

1. City Council needs time to deliberate not only changes to STVR program but impact on La Quinta's future; i.e., tourism, housing inventory and residents' quality of life
2. Because four valley cities have banned STVRs, a buying frenzy will descend on La Quinta when the moratorium expires. Speculators are sending letters to identify potential properties (Attachment 3-1).
3. Council must decide what percentage of La Quinta homes they are willing to lose to STVR conversions.
4. Survey indicates 66% of responses want moratorium extended until an ordinance is passed.



Question #4 – The moratorium on issuing new STVR permits expires on Feb 2nd, do you support?

VISION – RECOMMENDATIONS

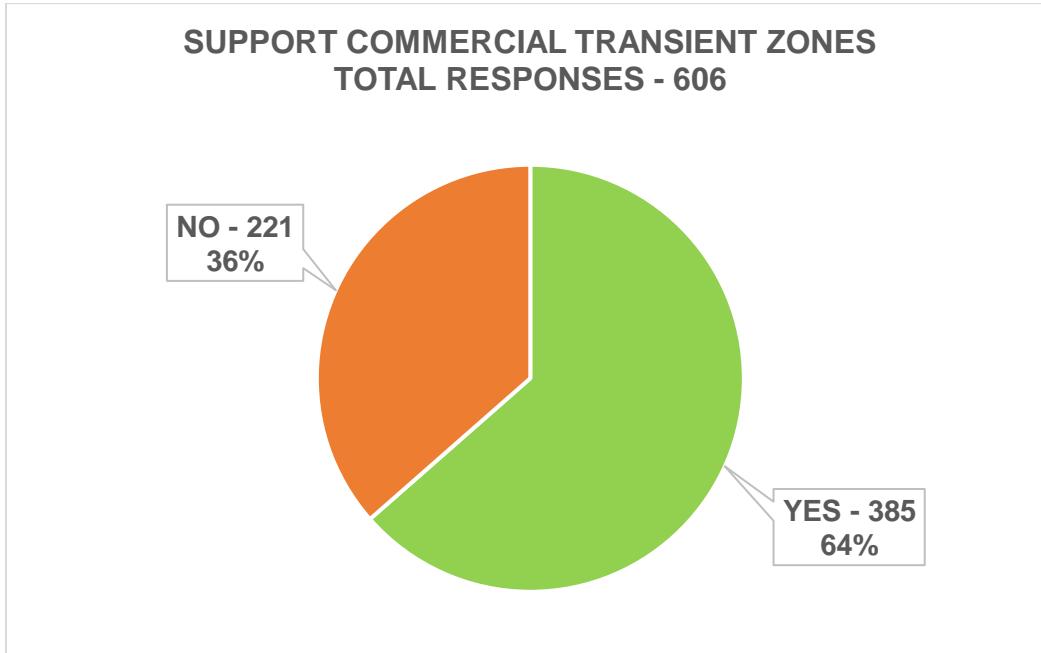
RECOMMENDATION #2

THREE TYPES OF PERMITS

Permit process should be changed to allow three types of permits to be issued

1. Homeshare
2. STVR – Commercial
3. STVR – Residential

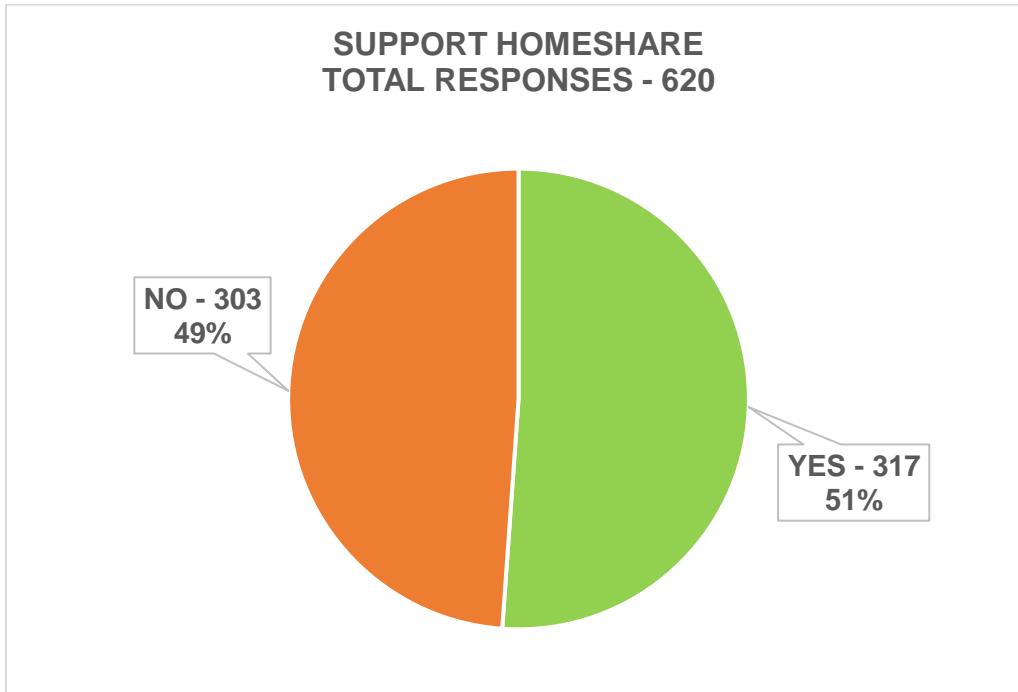
WHY – This will put the regulation in place to support “nightly” STVRs in commercial transient zones and minimum rental stay STVRs in residential zones.



Question #8 – If the city phases out STVRs in residential communities do you support the city identifying “new” commercial transient zoned area for high density STVRs with stricter regulations and improved enforcement?

VISION – RECOMMENDATIONS

Because Homeshare is one of the three permit types being proposed, shown below are survey results to the question; Do you support Homeshare; to rent out a room or rooms in a home that is the primary residence of the home owner who must be present full time during the rental stay?



Question #9 Do you support home share?

This result is surprising. Homeshare rentals would seem to be so innocuous and yet appear problematic. After much discussion we can offer two possible explanations;

1. To avoid regulations on nightly home rentals Airbnb has actively promoted Homeshare as part of the short-term rental business. They have been successful with this promotion to the point that many residents view nightly rentals and Homeshare as one and the same.
2. Residents have become so upset and angry at STVRs because of the problems created, they won't support any type of home rental.

VISION – RECOMMENDATIONS

RECOMMENDATION #3

STVR RESIDENTIAL MINIMUM STAY

Permit process should be changed to allow the STVR – Residential permit to have a minimum stay requirement. N4N is recommending the following time phased plan be adopted;

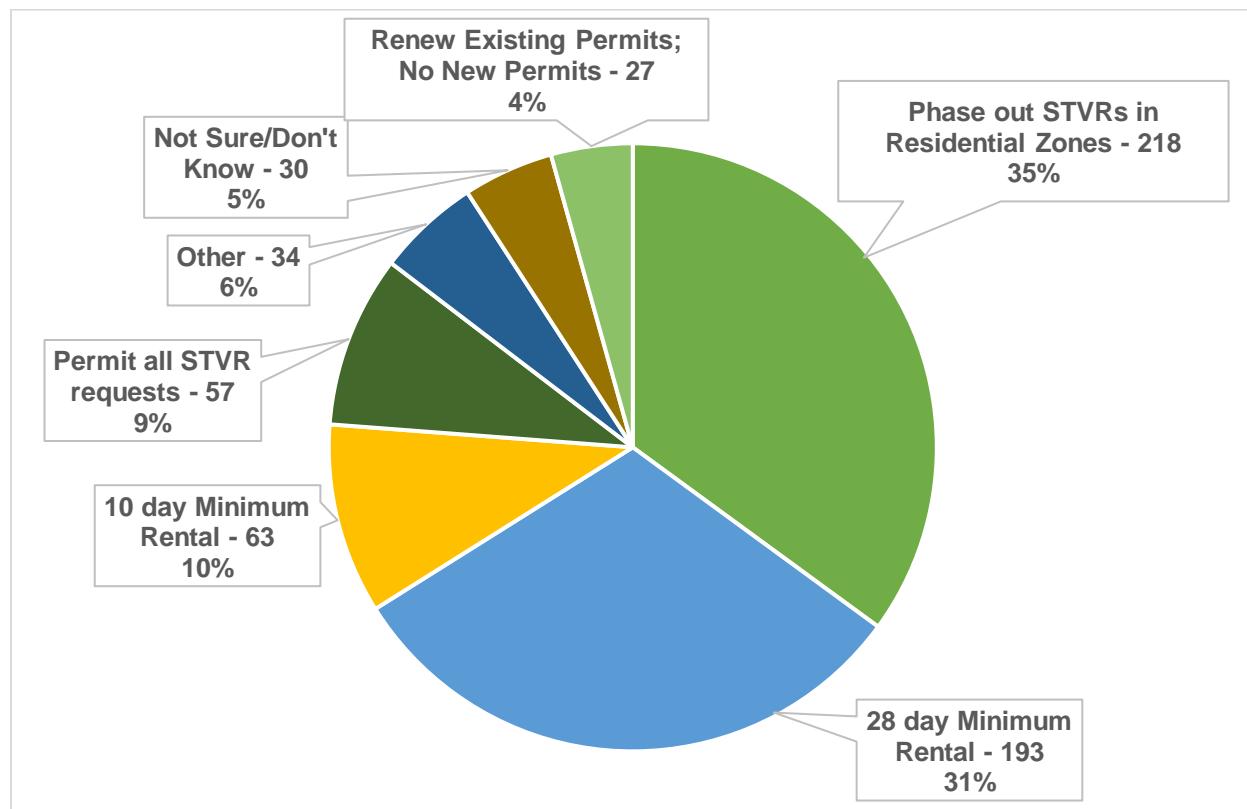
1. Adopting a new ordinance requiring a 3-night minimum rental period in residentially zone areas
2. 18-months after the new ordinance is adopted the minimum rental period will be extended to 10 nights
3. 36-months after the ordinance is adopted City Council will review and reconsider the residential permitted program with the intent of extending the minimum rental period to 28-nights.

WHY – It is widely recognized extending the STVR minimum stay will not only reduce complaints but reduce management responsibility by the city. A few examples of this recognition are;

- Ad Hoc Committee – is recommending a 2-night minimum stay
- Newport Beach City Council – 3-night minimum stay ordinance passed
- HOAs – 48 La Quinta HOAs have a 30 -day minimum stay
- Coachella Valley Cities – 4 cities have passed ordinances requiring a 31 -night minimum stay
- STVR Owner organizations – Laura Davis, Vacation Rental Owners and Neighbors of Rancho Mirage, “would support a 3-night minimum” Desert Sun December 5,2020
- California 4th Appellate Court “Short-term rentals are more likely to alter the character of a neighborhood than long-term rentals or tenancies.”

Opinion of STVRs in Your Neighborhood

Total Responses - 622



Question #7 – What is your opinion of STVRs in your neighborhood

VISION – RECOMMENDATIONS

Survey results show that phasing out STVRs is the most popular option among residents living near an STVR. This does not mean STVR owners can't rent their houses, it does mean in La Quinta they would be required to rent for a 30-night minimum stay.

Based on the City Council's directive to the ad hoc committee not to address the option of eliminating STVRs within the city, N4N explored alternate approaches to banning STVRs that other Southern California cities and HOA's have taken.

Forty-eight La Quinta HOAs have adopted a 30 day or greater minimum rental period (Attachment 3-2). This is a strong endorsement by residents who are able to control their own neighborhoods, they don't want "nightly" renters.

Thirty-one percent of those residents taking the survey thought a 28-day minimum rental was the best option. This would return the original rental model La Quinta was developed with, an extend stay and seasonal rental program.

A total of seventy-one percent of the residents taking the survey want a 10 day or longer STVR rental period.

N4N studied very closely the Newport Beach City Council process to adopt a 3-night minimum rental for several reasons;

1. they have been dealing with STVRs for decades,
2. they are a tourist community that has the largest number of STVRs of any costal city, and
3. they just approved a 3-night minimum rental ordinance.

Although a 3-night minimum rental period was not an option in the survey question there was a comment box. Many residents identified 3- and 7-day rental periods as desirable options in the other and not sure comment section.

The Ad Hoc committee recommended a minimum rental period of 2 – nights (Ad Hoc Committee Report December 15, 2020 page 34). We are pleased that the committee recognized there is a correlation between the length of the rental period and the number of neighbor complaints. However, we do not believe a 2-night minimum stay will significantly affect the problem. Two nights is a perfect match for a weekend party vacation.

Any recommendation N4N makes that is not a ban of STVRs in residential neighborhoods, is considered a compromise based on the survey results. To balance the City Council's directive to "establish a reasonable accommodation for the STVR properties within the community" while respecting the opinion of residents living the STVR experience we recommend the following;

4. Adopting a new ordinance requiring a 3-night minimum rental period in residentially zone areas
5. 18-months after the new ordinance is adopted the minimum rental period will be extended to 10 nights
6. 36-months after the ordinance is adopted city council will review the residential permitted program with the intent of extending the minimum rental period to 28-nights.

VISION – RECOMMENDATIONS

Establishing and extending the minimum rental period over time has numerous advantages;

1. Extending the minimum rental period “has been shown to reduce the number of disturbances and the demand on the police.” (Ordinance No. 2020-26: Short Term Lodging Amendments, October 13, 2020)
2. Staggering the implementation of different minimum rental periods will allow STVR owners time to decide the business model they wish to pursue; “nightly” or extended stay rentals.

The proposed minimum rental requirements are for STVRs in residential zones only, Homeshare in residential zones and STVR – commercial in commercial transient zones will have no minimum stay requirement.

VISION – RECOMMENDATIONS

RECOMMENDATION #4

CAP NUMBER OF STVR – RESIDENTIAL PERMITS

The permit process should be changed to place a limit on the number of STVR-residential permits that are issued. Recommendation is to freeze issuing new STVR residential permits until the ratio of STVRs to homes in La Quinta residential zoned communities reaches 3%.

WHY – La Quinta has the highest percentage of STVRs to housing units of any city N4N studied in Southern California. This has a direct impact on La Quinta residents based on available housing and relative density of STVRs to residential homes. Issued permits should not exceed 3% of the total number of community homes. The 3% ratio will provide a macro-management tool to evaluate the Ad Hoc Committees property density recommendation.

STVRs to HOUSING UNIT PERCENTAGE BY CITY

City	Housing Units	# STVR	STVR %
Newport Beach	44801	1550 ¹	3.5%
Carlsbad	47000	690	1.5%
Dana Point	17317	307	1.8%
Anaheim	105,286	277	0.3%
Huntington Beach	81396	266	0.3%
Rancho Mirage	15545	270	1.7%
La Quinta	24860	1260	5.2%

Source: Newport Beach Short Term Lodging Amendment; October 13, 2020

1 - Maximum number of permits to be issued

Considering only STVRs in residential zones, La Quinta has 1057 STVRs (there are 203 STVRs in commercial transient zones). 10,373 new homes would need to be added to the existing 24,860 La Quinta housing units to bring the percentage of STVRs to housing units down to 3%. To realize the number of new homes that would be needed to have the number of STVR permits reach a comparable level with other Southern California tourist cities provides insight into why La Quinta has such a challenge in addressing it's STVR problems in residential neighborhoods.

Other than Newport Beach the 3% ratio goal is higher than other coastal tourist town and Rancho Mirage as a desert city comparison.

N4N recommends addressing the over-permitted problem by

1. Not issuing any new STVR residential permits until the 3% ratio is met
2. Adopt the property density recommendation proposed by the Ad Hoc Committee
3. Support the near-term development of Silver Rock Resort and The Signature

The 3% STVR ratio requirement can be achieved by building new homes or by reducing the number of permits. The number of permits can be reduced by;

1. not re-issuing permits to STVRs that violate the property density 300-foot radius recommendation of the Ad Hoc committee.
2. not re-issuing a permit when a residential STVR is sold
3. recalling a permit due to 2-strike violation

Realistically new homes will be built and some number of residential STVR permits will not be re-issue. It is anticipated that the decrease of residential STVRs will be offset by "nightly" commercial STVRs.

VISION – RECOMMENDATIONS

RECOMMENDATION #5 STVR – RESIDENTIAL PROPERTY DENSITY LIMITS

Single family STVRs properties within residential communities would be subject to one property within a 300-foot radius of another permitted STVR (Ad hoc committee recommendation)

WHY – This will help restore the character of neighborhood and meet the 3% STVR permit cap in residential neighborhoods.

RECOMMENDATION #6 INCLUSION OF HOAs

The Ad Hoc committee's recommendations were made for city wide application.

Why – With 62% of the permitted STVRs being inside HOAs it's logical that 62% of the TOT is generated from these STVRs. Since La Quinta is benefitting from the HOA STVRs, N4N recommends the city STVR program should include HOAs. Individual HOAs would still be able to amend their CC&Rs if they desire different regulations than the city STVR program.

During the Ad Hoc Committee's evaluation of the city's STVR program they did not consider HOAs. HOAs are governed by their own set of CC&Rs. Like other La Quinta communities HOAs are dealing with the same STVR issues.

48 of La Quinta's HOAs have amended their CC&Rs to require a minimum rental period of 30-days or greater (Attachment 3-2). Of the 1,057 STVRs in residential zoned communities, 612 are in HOAs; that is 58%. Based on its history of extended stay and seasonal rentals, PGA West has 442 permitted STVRs, which is 42% of the permitted STVRs in residential neighborhoods, the highest concentration in La Quinta. Approximately 15% of all homes in PGA West are in the STVR business. Reflect back on Newport Beach passing an ordinance to limit the number of permits issued to approximately 3% of the housing unit.

PGA West community has three HOAs. Currently two of the HOAs are having a vote to amend their CC&Rs to a 28-day minimum rental stay. Approval requires 50%+1 of all owners. It will be a challenge to get 50% of the population to vote, let alone all vote the same way.

If the city amends the STVR program such that it's more restrictive than an HOAs CC&Rs and HOAs are excluded from the program the demand for STVR home conversions within these HOAs will increase. With the already high concentration of STVRs in these communities, their neighborhoods will be essentially lost.

N4N is in support of the Ad Hoc Committees recommendation the La Quinta STVR program have a city-wide application, including HOAs.

VISION – ENFORCEMENT

ENFORCEMENT

The Ad Hoc Committee Report and Recommendations_Rev3 identifies all of the events involved with the STVR code enforcement process. As the different pillars of N4N's VISION FOR LA QUINTA were being defined and analyzed, time was spent trying to understand the intersection of the STVR program enforcement with each pillar. There is a definite intersection between STVRs and two of the pillars; tourism and residents' quality of life. There are commercial STVRs with Embassy Suites, La Quinta Resort, Legacy Villas, Silver Rock and The Signature, and residential STVRs with La Quinta neighborhoods. What would the code enforcement process need to look like to address these intersections?

N4N's goal was to simplify and shorten the timeline from verifying a complaint to serving a citation. La Quinta covers 37 square miles making timely enforcement very challenging. To file a complaint a resident must be a first responder by calling the hotline, learn to use a decibel meter, and hope code enforcement arrives before the situation subsides or risk getting a citation for filing a false claim. Not a situation La Quinta residents want to sign up for. How do we make it simpler and more effective?

First we need to assess where we are at. In the INTRODUCTION section of this report one of the questions posed for N4N to answer was "Do code enforcement citations accurately reflect the impact "nightly" STVRs have on their neighbor's lives?"

NUMBER OF COMPLAINTS REGISTERED AND CITATIONS

MONTH	Jul_20	Jun_20	May_20	Apr_20	Mar_20	Feb_20	Jan_20
COMPLAINTS	246	164	151	117	101	20	17
CITATION NOISE/BEHAVIOR	17	5	1	0	0	0	0
CITATION FOR NO LICENSE; ETC	10	7	7	7	1	1	1
NON-RESPONSE	13	5	0	1	2	2	0
PERMIT REVOCATIONS	8	3	3	3	0	0	0

STVR Ad Hoc Committee Citation Data_Rev2

Only 7% of complaints result in a citation. Survey comment on the citation process;

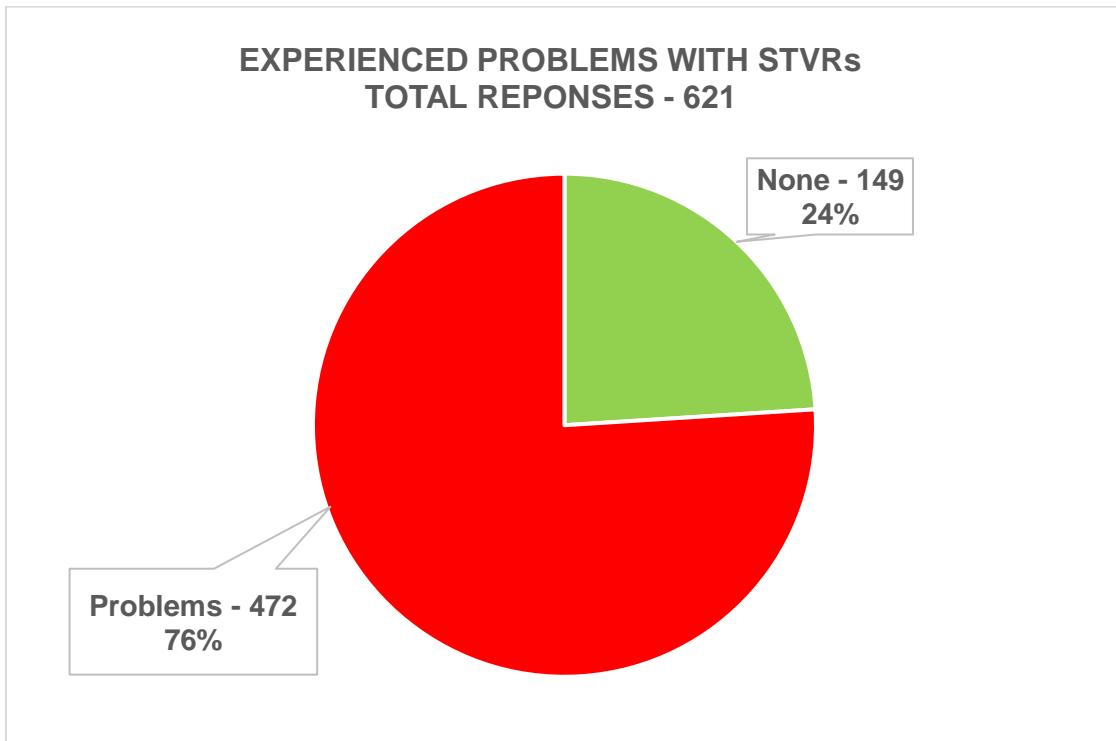
- "Effort is not worth the penalty. Violations are seldom cited, appeals are often approved, such a small percentage of fines actually are enforced why waste my time. Go to the casita to sleep, ignore everything else it will be gone in a couple of days." (Survey #609)

Let's look at the survey data to evaluate how effective each step in the enforcement process is. Charts and data are presented in FACTS – LESSONS LEARNED section of this report. To summarize;

1. 66% of residents are aware of the Hotline
2. 27% have used the Hotline
3. 24% have called or spoken with a code enforcement officer.

Residents are aware of the hotline, but many don't use it. Could this be because they don't have a reason to use it?

VISION – ENFORCEMENT



Question #6 – What problems if any have you had with the STVRs?

So, 76% of the neighbors of STVRs have experienced problems, but only 27% have called the Hotline. Almost 2 to 1 people who have a problem don't use the hotline. So, there are up to twice as many complaints not made as made.

It would appear residents just don't want to get involved. Being required to call the hotline is the second impact on a resident's quality of life, the first is the disturbance which requires the call to be made. Evidently that is one too many disruptions for most residents living near an STVR.

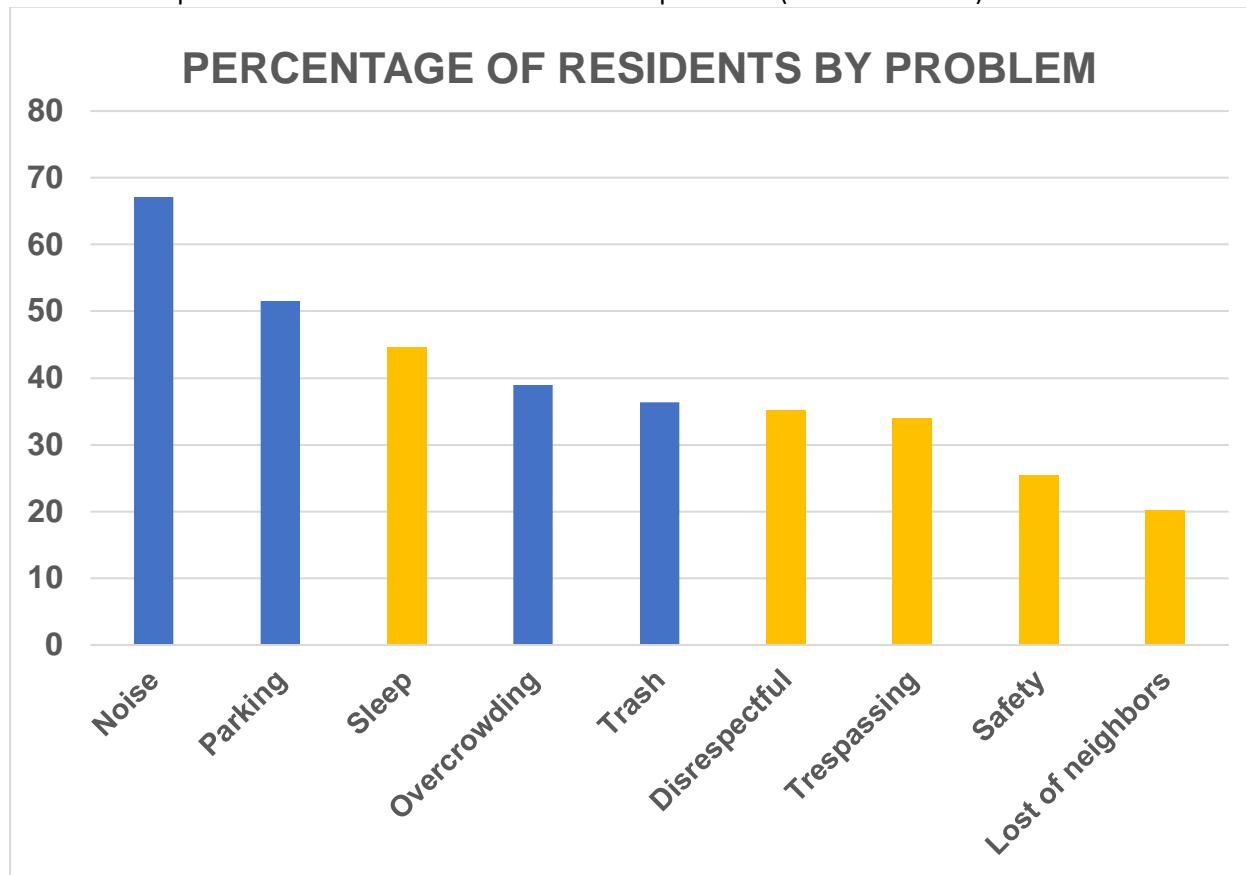
More eye opening is the percentage of citations compared with the “real” number of problems. Combine the 7% citation rate with 33% of complaints are called into the hotline, and you find approximately 2% of STVR neighbors’ problems receive a citation.

Do all the problems experienced by an STVR neighbor deserve a citation? The survey asks residents to identify problems they experienced from the following list;

- None
- Noise
- Safety
- Parking
- Sleep disturbance
- Overcrowding
- Trespassing
- Disrespectful
- Loss of neighbors and friends

VISION – ENFORCEMENT

103 residents provided additional comments on other problems (Attachment 6-1).



Of all the residents who took the survey 67% had a noise problem. Four out of the top five problems are the usual suspects; noise, parking, overcrowding and trash. These four problems are measurable, observable and if they continue longer than the response time of code enforcement could qualify for a citation.

The problems identified with the gold bars, create personal stress and anxiety but do not qualify for a citation. They will create angry residents but will not be reported in any enforcement evaluation.

A special note on the 20% of the residents who have lost a friend or neighbor due to STVRs. During the preparation of this report two N4N members announced they were moving due to STVRs. The survey did not put a time frame when the STVR neighbors experience their problems, the 20% loss of neighbors equals 124 homes, approximately 248 La Quinta residents gone. This is too many people to lose from our city no matter the time frame.

What have we learned about applying citations issues as a measurement of STVR disruption to their neighbor's quality of life?

- Lots of hotline complaints with few citations issued
- For every hotline complaint there are two complaints not reported
- 45% of the resident's problems do not even qualify for consideration of issuing a citation

The survey would suggest that the anxiety and anger neighbors of "nightly" STVRs are feeling will not go away until there is a paradigm shift in the STVR program. The pieces to implement this paradigm shift

VISION – ENFORCEMENT

are mentioned in the Ad Hoc Committee's Report and Recommendations Rev3, they only need to be integrated together into the STVR program. Key concepts are;

- Minimum Stay Requirement (page 34 of 48) – STVRs in residential communities
- Specialized STVR focused communities (page 16 of 48) – ‘Nightly’ STVRs in commercial transient zones

How and why to make these concepts part of the STVR program is presented in the VISION – RECOMMENDATIONS section of this report and detailed in;

- Recommendation #2 – Three Types of Permits
- Recommendation #3 – STVR Residential Minimum Stay

As the minimum STVR rental stay increases in residential communities, disturbances and complaints will decrease. In parallel as commercial STVR units become available at Embassy Suites, La Quinta Resort, Legacy Villas and with the build out of commercial transient zone developments; e.g., Silver Rock Resort and The Signature; “nightly” rentals will be focused in small areas. Concentrating nightly rentals in commercial transient communities which can be patrolled by code enforcement. Having boots on the ground patrolling will address most situations and their local presence will significantly shorten the complaint response time line.

This approach reduces the need for a large enforcement staff being a critical part of the STVR program.

SURVEY

The N4N survey was developed and administered using the credibility standards of the American Association for Public Opinion Research (AAPOR)

The survey's objective was to collect and evaluate the opinions of La Quinta residents living near STVRs. One question the survey was designed to provide data for was question #3 in the Introduction section of this report "Do code enforcement citations accurately reflect the impact "nightly" STVRs have on neighbors' lives?"

For details on the survey's analytics (confidence level, confidence interval, sample size, percentage and population size) see Attachment 4-1

The required sample size to meet the AAPOR criteria of a 95% confidence level with a confidence interval of +/- 4% (margin of sampling error) was calculated to be 526. The population size for this survey was estimated to be 4,428. Total number of residents to take the survey (sample size) is 632

American Association for Public Opinion Research – Standard Disclosure Form

Basic Disclosure Elements	Details
Survey Sponsor	N4N
Population Represented	La Quinta Residents
Number of subjects surveyed	Total responses - 632
Medium of conducting the survey	Constant contact website
How subjects were selected	Participation was Voluntary. Notice of survey availability was posted on social media, email lists and ad in the GEM
How the questions were ask	Self-administer
Type of sample (probability/non-probability)	Probability
Exact wording of all questions	Complete survey is Attachment 4-1
When and where the questions were ask	Survey was posted online from Nov 25th through Dec 11th
AAPOR credible margin of sampling error	+/-4% at the 95% confidence level with 50% probable answer
Survey actual margin of sampling error	+/-3.65% at 95% confidence level with 50% probable answer

The survey was developed by an independent group living outside of La Quinta that had no involvement with N4N. Once the draft survey was delivered, N4N added additional questions to address potentially unique solutions to the La Quinta STVR problems. To protect against questions being leading or biased the final survey draft was given to three reviewers not N4N members to evaluate and make any changes necessary. The survey was then tested by 6 randomly selected people in order to evaluate the online survey process, question clarity, and verify the test could be completed within 5 minutes.

The final step before activating the survey online was to verify its credibility against the AAPOR standard.

The survey was self-administered online to avoid any interviewer involvement, adding to the integrity of the answers.

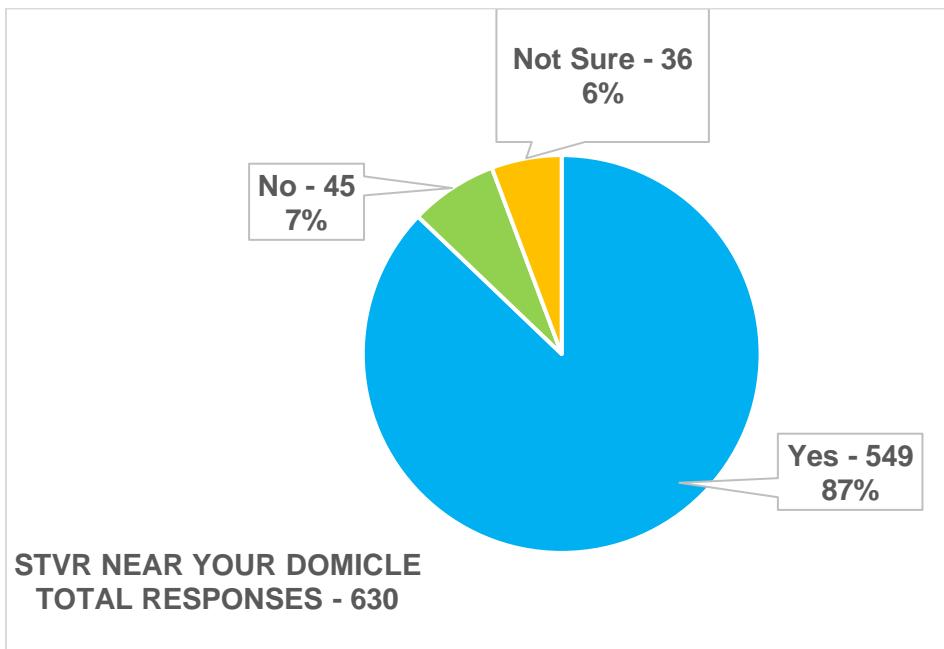
SURVEY

In an attempt to have as many La Quinta communities as possible participate in the survey it was decided to take an ad out in the GEM. Being that N4N is not a member of the Chamber of Commerce the ad was reviewed and approved by GEM management. When the GEM staff member called with the approval she said "they were surprised at how unbiased the survey was."

For total transparency a blank survey as administered is Attachment 4-2. The GEM ad is Attachment 4-3.

To baseline the number of STVRs for this report, we used the total number of active STVR permits on October 31,2020; 1260. (Source: City Staff report to City Council dated November 17, 2020). These 1260 STVRs are made up of 203 in commercial transient zones and 1057 in residential zones.

546 residents (87%) who voluntarily took the survey live near an STVR, with 76% (472) experience problem(s) with their neighboring STVR.

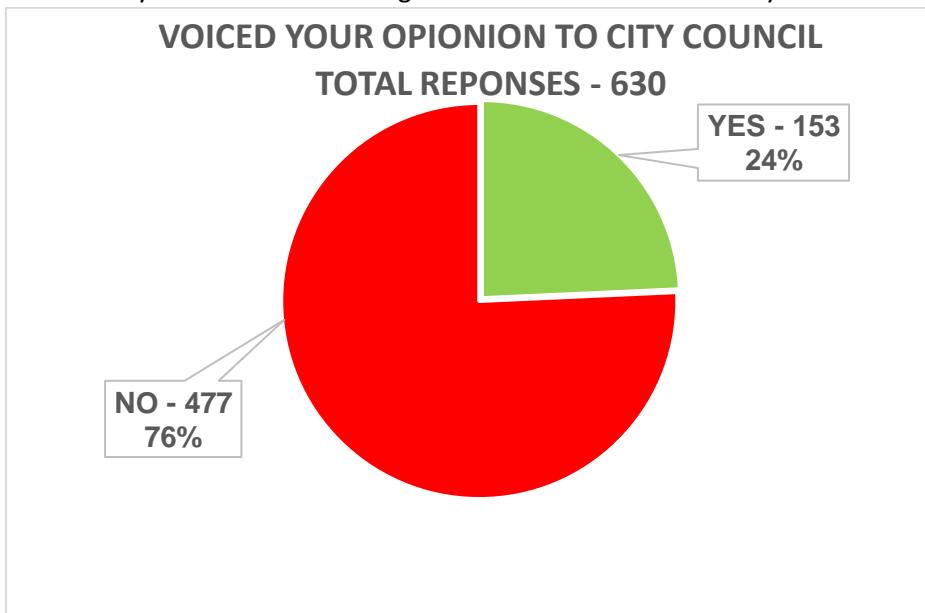


Question #5 – Are you aware of any STVRs located near your domicile?

A collection of the survey data is presented as charts in Attachment 4-4, with all accompanying comments in Attachment 6-1. This data is distributed throughout the report as needed to support N4N recommendations for the City Council to consider adopting as amendments to the La Quinta STVR program and to depict an accurate picture of the impact STVRs are having on neighbors.

FACTS – ADDITIONAL DATA

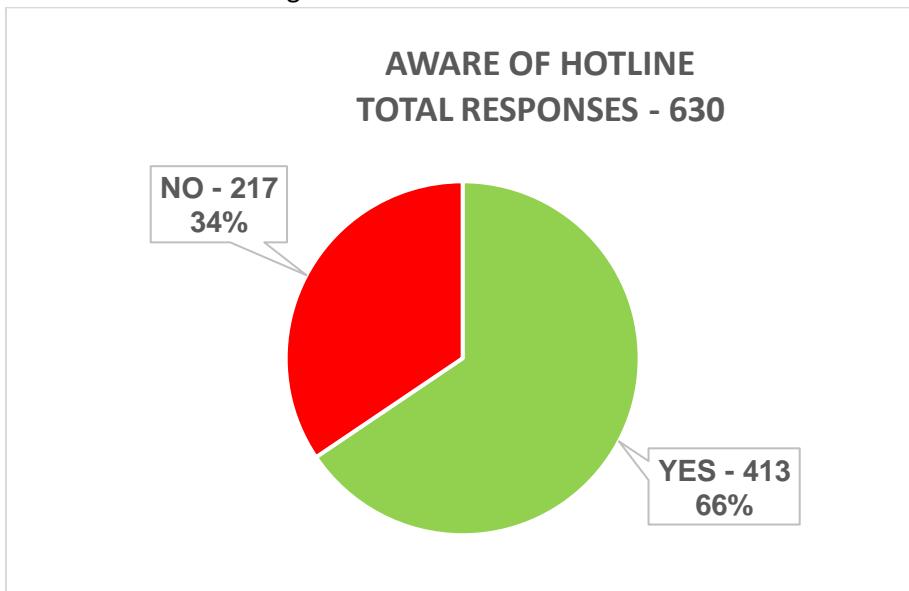
FACT – Only 24% of the STVR Neighbors communicated with City Council



Question #10 – Have you voiced your opinion on STVRs to the City Council with an email, phone call or spoken at a meeting in the past year

LESSON LEARNED – Only 1 in 4 people have expressed their opinion on STVRs to the City Council. Very hard to get an accurate picture of what it is like to live near an STVR when so few residents have communicated about their issues. The AAPOR survey credibility criteria could not be met with this small of a sample size. The confidence interval would be a whooping +/- 7.8% compare to the AAPOR standard of +/- 4% and the N4N survey's +/- 3.65.

FACT – 66% of STVR neighbors are aware of the STVR hotline.

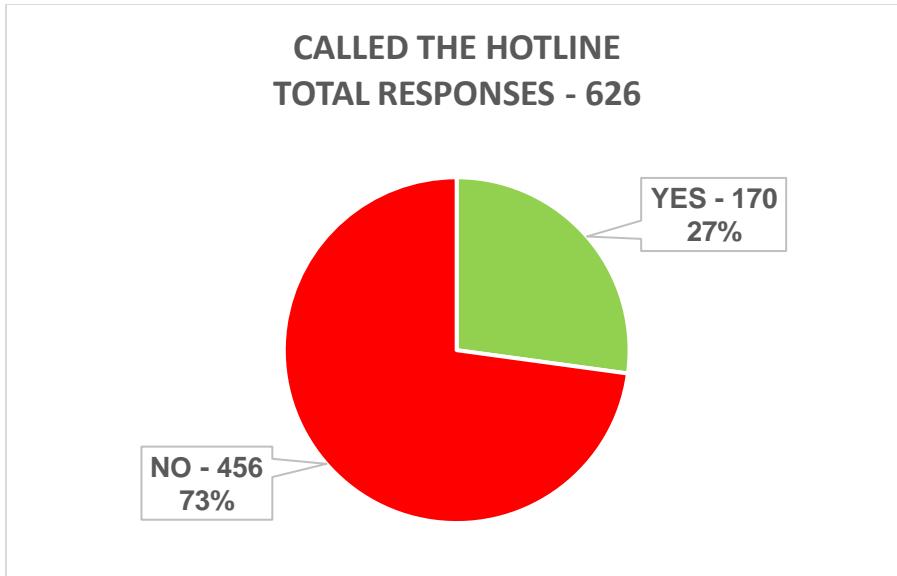


Question #11 – Are you aware of the STVR hotline for reporting complaints?

LESSON LEARNED – Educating residents about the hotline is reasonably successful

FACTS – ADDITIONAL DATA

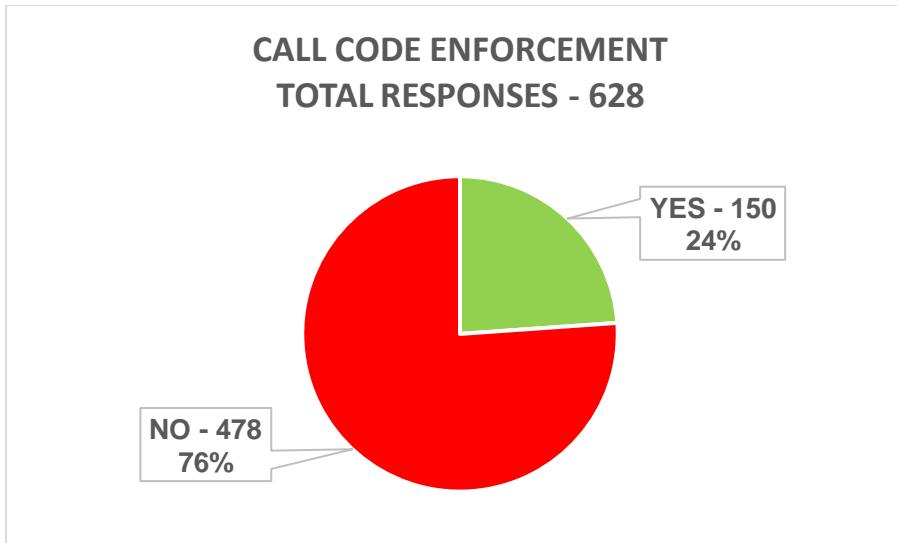
FACT – Only 27% of the people call the hotline. That's less than half of the 66% of the residents that know about the hotline.



Question #12 – Have you called the hotline with a complaint in the past year?

LESSON LEARNED – More than half the people don't want to be a cop or a first responder. Being required to call the hotline is the second impact on their quality of life, the first is the disturbance which requires the call be made. Sounding an alarm about a disturbance does not address the root cause of the problem or guarantee the call won't need to be made again and again. The 945 comments addressing the hotline can be reviewed in Attachment 6-1.

FACT – Only 24% of survey responders have spoken with a code enforcement officer or any other city official.

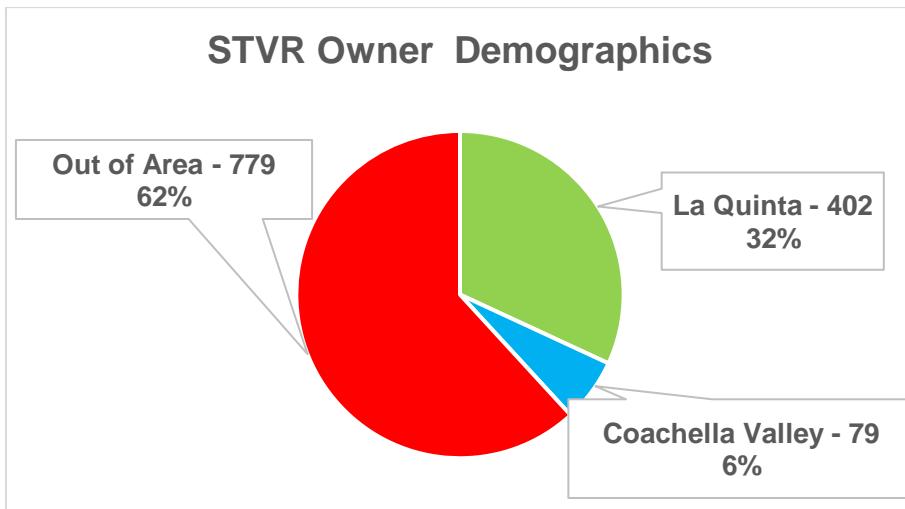


Question #13 – Have you called Code Enforcement or any other city official related to an STVR issue at anytime in the past year?

FACTS – ADDITIONAL DATA

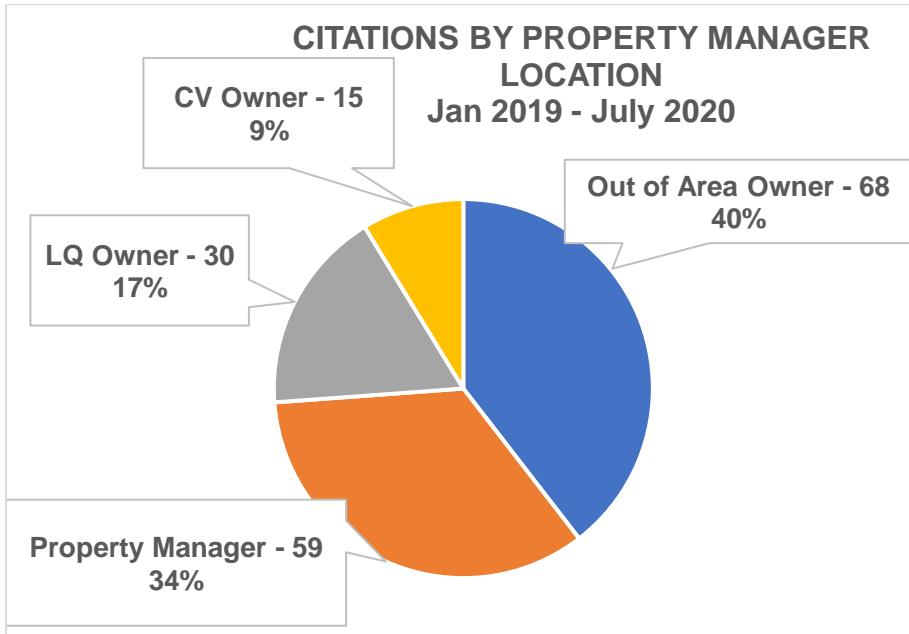
LESSON LEARNED – Residents did not buy their home in a residential neighborhood anticipating a hotel being built next to them. The neighbor next to an STVR has involuntarily become the security monitor for the absentee business investor. Now he has to buy a decibel meter and get trained on how to use it or risk being cited for a false claim. If only 2% of the complaints result in a citation, why do it?

FACT – STVR owners who claim their homes are not a problem, have no idea because they don't live here.



Source: Staff Report November 17, 2029

FACT – 74% of citations served were to out of area property owners and property management services hired by owners.



Source: Ad Hoc Committee Meeting September 3, 2020

FACTS – ADDITIONAL DATA

LESSON LEARNED – N4N spoke with a number of residents not experiencing any STVR problems. The common thread; owners are La Quinta residents, manage their own properties, rent their property for a minimum of 7 days and personally vet all potential renters.

FACT – Complaints by Type

#	COMPLAINT TYPE	Pct
1	No STVR Permit	24%
2	Noise	22%
3	No STVR Permit Listed on Ad	14%
4	Failure to TOT	12%
5	Non-Response from Local Contact	11%
6	Over Occupancy	9%
7	Three Strikes Violation	4%
8	Trash/Debris	2%
9	Local Contact not within 45 min.	2%
		100%

Staff Report to City Council November 17, 2020

The complaint types can be divided into two categories; those caused by renter misbehavior #'s 2,6, & 8 and those created by owner integrity and management issues #'s 1, 3, 4, 5, 7, & 9. Summing the numbers in each category, 67% of the complaints are caused by owners and 33 % are caused by renters. Additionally, the report states 175 citations had been issued, with 30 properties were served multiple citations, with 43 STVR permits being suspended.

Curious how the second largest problem identified by the survey, Parking is missing from this list. Over 50% of STVR neighbors experience renter generated parking problems.

LESSONS LEARNED – This table is a strong reminder that STVRs are businesses operating in residential neighborhoods. In addition, the table suggests owners are bigger violators of STVR regulations than their renters.

Based on resident phone calls, emails and personal testimony to the Mayor and City Council it's difficult to believe owner created problems out number renter created problems 2 to 1.

Let's estimate the number of resident lives impacted by the citations reported by staff. Start with multiple citations being given to 30 homes; assuming 2 citations per home, subtract 30 (for duplicate citations) from the 175 total citations and add the 43 suspended permits; total 188. Allowing for four neighbors, two on each side, behind and across the street, that's a total of 752 residents quality of life being impacted by these cited STVRs. Add to that how many times violations were reported before a citation was served.

87% of those responding to the survey live near an STVR. If you live near an STVR 89% of those people will experienced one or more problems with the STVR. This is not to suggest there is an on-going problem for 89% of the homes near an STVR, if you live near an STVR sooner or later there will be a

FACTS – ADDITIONAL DATA

problem. When renters change every night, it becomes a game of chance. “Nightly” renters do not become part of the rhythm and fabric of a neighborhood.

Should residents live with the anxiety of what the next renter’s behavior is going to be like? Should they stress when car doors slam at 10pm and they hear luggage being pulled across the pavement. You can’t serve a citation for the emotional distress created or the loss of sleep caused by STVRs (Attachment 4-4, Question #6). But as with loud noise it ruins the quality of life for the home owner next door.

N4N is asking the Mayor and City Council during your deliberations to evaluate the impact “nightly” STVR businesses have on neighbors lives by being permitted into residential neighborhoods. Where is the red line, in terms of the number of residents’ lives impacted?

FACT – Rancho Mirage adopted STVR regulations similar to those being deliberated by the La Quinta City Council and added code enforcement officers to implement these additional regulations.

RANCHO MIRAGE CITY COUNCIL APPROVED AMENDMENTS TO THEIR STVR PROGRAM

Parking restrictions	What exactly constitutes a bedroom
No parking on lawns	Regulation regarding outdoor sports
Three cars maximum in driveway	Regulation regarding people on rooftops
Greet renters, explain rules and regulations, provide brochures & what's expect of them	Instituted visitor and party restrictions; hours, how many people during day and night
Noise regulations	Do away with lockboxes
Music Volume	No blocking of driveways
No electronic music outside	Institute no clustering of rental homes
Number of occupants per bedroom	Institute 45-minute response time

Rancho Mirage Council Meeting October 15, 2020

This table lists all the regulations Rancho Mirage added to their STVR program. The city wanted to keep STVRs, so the above regulations were introduced one or two at a time and officers added to enforce these regulations. Even with the additional enforcement officers these regulations proved to be ineffective, as a result on November 5th the Council voted to phase out vacation rentals in non-HOAs.

“There are no guarantees and unfortunately there are always bad apples. Full time residents spend money to create beautiful homes for themselves and they want the peace and quiet they deserve. They deserve to have their neighborhood run like a residential neighborhood, not like a business neighborhood.” Iris Smotrich Rancho Mirage Councilwoman

LESSON LEARNED – Rancho Mirage was unable to make the above regulations work even with additional enforcement. They were dealing with 121 properties over a 25 square mile area. La Quinta is managing 1260 properties over 36 square miles.

The survey results are compelling that a large number of residents are being hurt because of STVRs. Their lives should not become a petri dish while La Quinta experiments on how they might be able to

FACTS – ADDITIONAL DATA

make regulations similar to those listed above work when evidence supports more initiatives and more enforcement won't improve the problems associated with STVRs.

What will provide an immediate improvement in the character of La Quinta neighborhoods and the quality of their residents' lives is to adopt a minimum stay requirement (VISION Recommendation #3). Data presented in this report strongly supports a minimum stay requirement of 3-nights or longer.

FACTS – LEGAL

FACT – A property owner does not have an unfettered right to do whatever they wish – that is the purpose of zoning and other municipal regulations (Attachment 5-1).

LESSON LEARNED – Property owners rights are subject to laws implemented for the public good and for the entire community.

Short term rentals are more likely to “alter the character of a neighborhood” (Metzner v Wojdyla, 886 P.2d 154,159 (Wash 1994)) and burden community associations than long-term rentals or tenancies (Wats v Oak Shores Cnty. Ass’n, 235 Cal. App. 4th 466 (App. 2015))

FACT – Online platforms like Airbnb and STVR businesses and owners have tried to discourage or stop cities attempts to restrict the growth of STVRs and restore neighborhoods to the residents by suing the cities.

LESSON LEARNED – Many California courts have decided in favor of the cities. Attachment 5-2 is a short list of cases in which courts have supported the cities.

FACT – Land use element document Page 11-26 LU-3.1 Encourage the preservation of neighborhood character and ensure a consistent and compatible land use pattern. Page 11-30 Goal SC-1: A community that provides the best quality of life for all its residents.

LESSON LEARNED – City could not anticipate the turn the STVR business would take with the growth in popularity of Airbnb and Expedia. “Nightly” rentals are fundamentally incompatible with residentially zoned neighborhoods. Residential zoning should be restored in residential communities to return the character to these neighborhoods. .

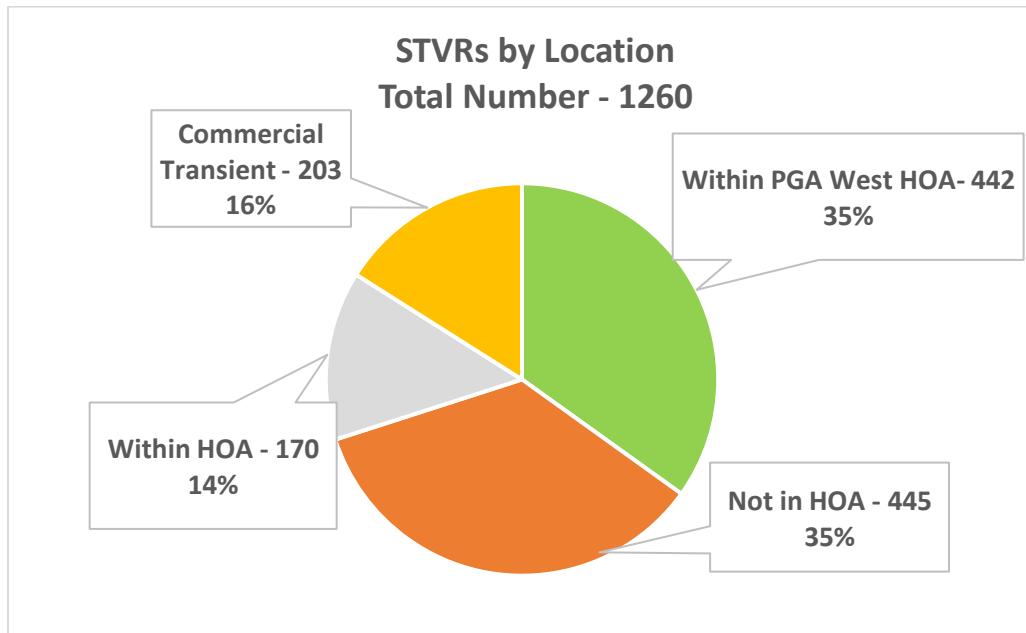
FACT – STVRs are a business.

- California legislature in the Housing Crisis Act of 2019 equated short term occupancy of a residence as “the commercial use of land”.
- STVR transaction is indeed commercial activity for a number of reasons
 1. STVRs are a monetary transaction
 2. Often require a business permit or license
 3. Government often classifies them as commercial
 4. Subject to TOT same as a hotel
 5. IRS requires rental income reported either as supplemental or business incomeSource: Hyatt v Court No.2008-CA-001474-MR 2009
- La Quinta city council passed an ordinance (3.25) to accommodate and allowed for commercial enterprises (STVRs) in residential zones
- La Quinta requires STVR owners to have a business license and an STVR operating permit

LESSON LEARNED – STVRs are a commercial business. They are an incompatible use in areas planned for residential use.

FACTS – REAL ESTATE

FACT – Real estate values for the community of Mountain View are \$269/sq ft, compared to PGA West at \$264/sq ft. Source Realtor.com. PGA West has 35% of all STVRs in La Quinta.



Source: City Staff Report November 17, 2020

LESSON LEARNED – The Mountain View HOA has had a STVR 30-day minimum rental period since 2010. PGA West HOA permits STVRs without restriction. **There is no evidence placing a minimum rental period on STVRs will impact property values.**

FACT – Desert Sun Dec 5th 2020 article provides the following data for La Quinta with around 1285 currently permitted STVRS compared with approximately 1300 at the end of 2019. This is with a moratorium on new permits instituted in August and in place through February.

By comparison, Palm Desert in 2020 there were 779 permitted STVRs compared with 809 in 2019. That is a decrease of 30 permitted STVRs, roughly 4%

LESSON LEARNED – STVR permit numbers are very fluid, but in 12-month period ending November 20th La Quinta's STVR permits have not experienced a significant change while the median home price has risen from \$455,000 to \$625,000, a 37% increase. Data courtesy of California Lifestyle Realty.

Palm Desert has increased in the same time frame from \$416,000 to \$503,500, a 21% increase with a decrease of 4% in STVR permits.

STVR home sales have no impact on median home sale price.

FACTS – REAL ESTATE

FACT – During the past 12 months Cathedral City and Rancho Mirage have banned STVRs, Palm Desert and La Quinta have moratoriums on new permits and Indian Wells has a ban on STVRs except during the BNP. With STVR business growth being limited in many Coachella Valley cities the available housing inventory has fallen from approximately 3200 at the beginning of 2020 to 1830 at the beginning of December. Data courtesy of California Lifestyle Realty.

LESSON LEARNED – The valley housing market remains bullish despite the stagnation of STVR business growth.

FACTS – LA QUINTA LARGEST FAMILY HOUSEHOLD PERCENTAGE

FACT - Below is a comparison of housing, economic and demographic data for seven cities in the Coachella Valley.

HOUSING, ECONOMIC AND DEMOGRAPHIC DATA ¹	Palm Springs	Cathedral City	Palm Desert	Indian Wells	Rancho Mirage	La Quinta	Indio
Population, 2019	47,897	54,357	52,575	5,370	18,193	41,076	89,469
Total Housing Units	38,421	23,620	39,951	5,782	15,844	25,022 ²	38,996
Housing Density (Houses/Sq. Mi.)	409	1,099	1,483	404	640	740	1,175
Change in Housing Units 2010 to 2019	10.4%	12.3%	7.2%	12.0%	11.2%	10.6%	34.6%
Approximate number of housing units added 2010 to 2019	3619	2587	2683	620	1596	2398	10024
Ave. # Rooms in a House	4.3	4.6	4.4	5.5	5.2	5.2	5.1
Families as a % of all Households	42	61	56	64	54	70	64
Ave. Family Size in a Household	2.9	3.9	2.8	2.4	2.5	3.2	3.6
Population % Change 2010 - 2019	7.5%	6.2%	8.5%	8.3%	5.7%	9.6%	17.7%
Population Growth 2010 to 2019	3,342	3,173	4,119	412	981	3,598	13,455
Median Home Price	389,800	279,500	350,400	722,500	486,700	398,200	281,400
Median Household Income	\$53,441	\$46,521	\$59,977	\$107,500	\$78,682	\$77,839	\$53,669
Permitted STVRs	2,019 ³	340 ⁵	779 ⁵	80 ⁵	270 ⁵	1,320 ²	787 ⁴
STVR %	5.3	1.4	1.9	1.4	1.7	5.3 ²	1.8

1 Source – Towncharts.com

2 Ad Hoc Committee Meeting, July 9, 2020

3 Desert Sun October 27, 2020

4 Desert Sun July 2019

5 Desert Sun December 5, 2020

From this table the following facts hi-lite the residential makeup of La Quinta.

- 1 - La Quinta has the largest percentage of family households in the valley; 70%
- 2 - La Quinta had the second largest percentage population growth in the valley the past 10 years; 9.6% (3,598)
- 3 - Only Indian Wells (\$107,500) and Rancho Mirage (\$78,682) have a higher median income than La Quinta (\$77,839)
- 4 - La Quinta had the third lowest percentage change in housing units the past ten years; 10.6%; only leading Palm Springs (10.4%) and Palm Desert (7.2%)
- 4 - There is little similarity between Palm Springs and La Quinta besides percentage of STVRs; (5.3%)

LESSONS LEARNED – La Quinta’s available housing data indicates 70% of homes are family households, which has been limited the past ten years due to available housing. Despite the limited housing, La Quinta had the second highest percentage in population growth, demonstrating families continue to find La Quinta the most desirable city in the valley to call home. However during this ten year period the average number of family members per households (2.6) decreased by approximately 19% compared with the historical average (3.2).

To maintain and potentially grow the historical La Quinta family household foundation will require the housing inventory and new home construction be increased. Twenty-five percent (25%) of La Quinta’s

FACTS – LA QUINTA LARGEST FAMILY HOUSEHOLD PERCENTAGE

population is 18 years old or younger. To provide the opportunity for La Quinta young couples and working families to live near their family and friends will require a significant growth in available housing. STVRs work against this future by removing houses from the market and converting them into commercial rentals. This is a mutually exclusive choice since every house converted into an STVR business eliminates that house from becoming a family household.

Comparing numbers in the above table Palm Springs and La Quinta have little in common except for the percentage of STVRs; 5.3%. It should be noted this percentage is more than twice that of any other valley city. The excessive number of STVRs in Palm Springs has residents wanting a ban on STVRs, while the city is considering a moratorium on new permits and placing a percentage cap on each neighborhood (Desert Sun October 27, 2020) which will result in a cap for the entire city.

Palm Springs should have fewer STVR created problems than La Quinta for the following reasons;
1 – Housing Density; Palm Springs housing density (409) is nearly one half that of La Quinta (740). Housing density was recognized by the ad hoc committee as a key contributor to STVR problems and neighbor complaints.

2 – Percentage of Family Households; Palm Springs has significantly fewer (42%) family households as a percentage of housing units than La Quinta (70%). Families and neighborhoods are the fundamental building blocks of a city. This large disparity (28%) between the two cities means at their very core the cities are fundamentally different.

3 – Home Size; Palm Springs homes average almost one room less (4.3) than La Quinta homes (5.2). Homes converted to STVRs in La Quinta will have more guests based on the additional room being a bedroom.

La Quinta's STVR problems are fundamentally more challenging than Palm Springs based on a higher density of homes and more STVR guests per rental.

La Quinta has an opportunity to expand its already leading percentage of family households in the valley through a unique and visionary STVR program. La Quinta's future does not have to be a binary decision. Rather than copying and adopting policies and rules which arguably have had limited success, La Quinta can put in place an STVR program which in the future other cities will want to model based on the strength of its visionary fundamentals;

- supports family household growth,
- restores neighborhoods character and resident's quality of life,
- encourages the opportunity for STVR investors in commercial transient zones,
- continues a TOT revenue stream and
- significantly reduces the time the STVR program occupies on the City Council agenda.

FACTS – LEGAL

FACT – A property owner does not have an unfettered right to do whatever they wish – that is the purpose of zoning and other municipal regulations (Attachment 5-1).

LESSON LEARNED – Property owners rights are subject to laws implemented for the public good and for the entire community.

Short term rentals are more likely to “alter the character of a neighborhood” (Metzner v Wojdyla, 886 P.2d 154,159 (Wash 1994)) and burden community associations than long-term rentals or tenancies (Wats v Oak Shores Cnty. Ass’n, 235 Cal. App. 4th 466 (App. 2015))

FACT – Online platforms like Airbnb and STVR businesses and owners have tried to discourage or stop cities attempts to restrict the growth of STVRs and restore neighborhoods to the residents by suing the cities.

LESSON LEARNED – Many California courts have decided in favor of the cities. Attachment 5-2 is a short list of cases in which courts have supported the cities.

FACT – Land use element document Page 11-26 LU-3.1 Encourage the preservation of neighborhood character and ensure a consistent and compatible land use pattern. Page 11-30 Goal SC-1: A community that provides the best quality of life for all its residents.

LESSON LEARNED – City could not anticipate the turn the STVR business would take with the growth in popularity of Airbnb and Expedia. “Nightly” rentals are fundamentally incompatible with residentially zoned neighborhoods. Residential zoning should be restored in residential communities to return the character to these neighborhoods. .

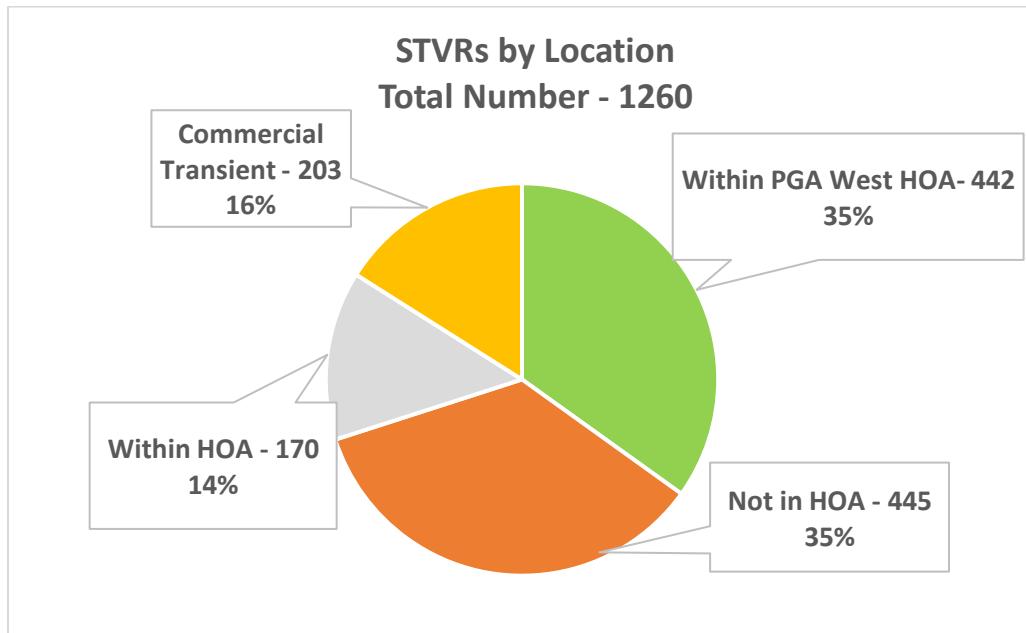
FACT – STVRs are a business.

- California legislature in the Housing Crisis Act of 2019 equated short term occupancy of a residence as “the commercial use of land”.
- STVR transaction is indeed commercial activity for a number of reasons
 1. STVRs are a monetary transaction
 2. Often require a business permit or license
 3. Government often classifies them as commercial
 4. Subject to TOT same as a hotel
 5. IRS requires rental income reported either as supplemental or business incomeSource: Hyatt v Court No.2008-CA-001474-MR 2009
- La Quinta city council passed an ordinance (3.25) to accommodate and allowed for commercial enterprises (STVRs) in residential zones
- La Quinta requires STVR owners to have a business license and an STVR operating permit

LESSON LEARNED – STVRs are a commercial business. They are an incompatible use in areas planned for residential use.

FACTS – REAL ESTATE

FACT – Real estate values for the community of Mountain View are \$269/sq ft, compared to PGA West at \$264/sq ft. Source Realtor.com. PGA West has 35% of all STVRs in La Quinta.



Source: City Staff Report November 17, 2020

LESSON LEARNED – The Mountain View HOA has had a STVR 30-day minimum rental period since 2010. PGA West HOA permits STVRs without restriction. **There is no evidence placing a minimum rental period on STVRs will impact property values.**

FACT – Desert Sun Dec 5th 2020 article provides the following data for La Quinta with around 1285 currently permitted STVRS compared with approximately 1300 at the end of 2019. This is with a moratorium on new permits instituted in August and in place through February.

By comparison, Palm Desert in 2020 there were 779 permitted STVRs compared with 809 in 2019. That is a decrease of 30 permitted STVRs, roughly 4%

LESSON LEARNED – STVR permit numbers are very fluid, but in 12-month period ending November 20th La Quinta's STVR permits have not experienced a significant change while the median home price has risen from \$455,000 to \$625,000, a 37% increase. Data courtesy of California Lifestyle Realty.

Palm Desert has increased in the same time frame from \$416,000 to \$503,500, a 21% increase with a decrease of 4% in STVR permits.

STVR home sales have no impact on median home sale price.

FACTS – REAL ESTATE

FACT – During the past 12 months Cathedral City and Rancho Mirage have banned STVRs, Palm Desert and La Quinta have moratoriums on new permits and Indian Wells has a ban on STVRs except during the BNP. With STVR business growth being limited in many Coachella Valley cities the available housing inventory has fallen from approximately 3200 at the beginning of 2020 to 1830 at the beginning of December. Data courtesy of California Lifestyle Realty.

LESSON LEARNED – The valley housing market remains bullish despite the stagnation of STVR business growth.

FACTS – SAMPLE OF SURVEY COMMENTS

FACTS – There were a total of 945 comments included with the survey results. There were five survey questions that requested or provided the opportunity for comment. The number of comments made to each of these questions is given in the table below.

QUESTION	NUMBER OF COMMENTS
#6 – What problems, if any, have you experienced with the STVRs? Please mark ALL that apply. Other impact (please specify)	103
#7 – What is your opinion of STVRs in your neighborhood? Please briefly describe the reason for your opinion.	259
#12 – Have you called the STVR hotline with a complaint at any time in the past year? If yes, approximately how many times? If no, why not?	219
#13 – Have you called code enforcement or talked with a code officer or any other city official related to an STVR issue at anytime in the past year? If yes how many times?	133
#15 – Do you have any other comments regarding STVRs you would like to add?	231
TOTAL	945

A sample of the comments are listed below.

- I have owned a rental property in La Quinta for 3 years. The long-term people were never a problem. The Short-Term people are not in a Hotel so that they can get drunk, mis-behave. They add little to the local economy, they are living out of their coolers in the backyard until they pass out. (Survey #40)
- Tired of having to continually call the STVR Hotline number for Party Houses (3) around our house. (Survey #56)
- There are many people here who do not have the ability to relocate. They must stay and suffer the consequences of illegal motels running commercial enterprises in residential areas. (Survey #79)
- STVRs have changed the neighborhood, putting us on edge (Survey #85)
- City should stop exploiting its communities for cash. Protect the people you represent. (Survey #116)
- I am one of many that are waiting to see what the city does with STVR as to continuing residing in LQ or moving elsewhere. I hope the city does what is best for all residents not just STVR investors. (Survey #122)
- Rentals of less than 2 weeks seem to attract party people who have little respect for neighbors in terms of noise and conduct. (Survey #130)
- There are far too many "party house" rentals. It has changed the character of our neighborhood. (Survey #156)
- Transient occupancy tax is not worth eliminating the community we had before the massive proliferation of STVRs. (Survey #199)
- Long term vacation rentals appear to care about the property they are renting. Short term rentals are simply party houses, very often young people, who could care less about the property or the neighbors because they are only there for a few nights. These type rentals should be in designated areas only. (Survey #221)
- We are seriously considering leaving LaQuinta where we pay property taxes exceeding \$12,000 per year. Our street is filled with STVRs and they have ruined our quality of life for which we pay dearly. (Survey #224)

FACTS – SAMPLE OF SURVEY COMMENTS

- the rental homes literally ran me out of my own home that we loved. that along with PGA West not enforcing the city rules, let alone their own rules is why we moved and will most likely quit PGA West (Survey #281)
- Something needs to be done, we have friends who are moving out of PGA West because of STVRs constantly causing issues. (Survey #314)
- We're a residential community not an incubator for "would be" motels operated by absentee landlords. They are businesses and beginning to destroy the fabric of our neighborhood. We are losing good neighbors who are fed up with this situation and voting with their feet. The City is driven by myopic greed in its embrace of STVRs. Is the money it generates even a consideration when it comes to the long-term livability of our neighborhoods? Stop it now! (Survey #334)
- 75% of the owners are absent tea and not even taking direct responsibility for their property local residents are paying the price for the cities miss management of other projects and needing the revenue from ST ER's (Survey #370)
- Something needs to be done now to preserve the neighborhoods. The city should have been ahead of this problem years ago. It's tone-deaf to say that 'STRs are here to stay and we just have to learn to live together', and 'we aren't the same community we were 20 years ago'. They are addicted to the revenues. As tax payers, we need to know the expenses! (Survey #380)
- Short term renters are inconsiderate and in some cases belligerent if you say anything. Why should we have to "police" short term renters? They can take their anger out on us for reporting them. (Survey #423)
- I think STVR are the death of neighborhoods. I certainly do not want to be anywhere near STVRs. The other side of the street I live on are filled with 6plexs that are being used as STVR. I'm thinking of moving out of the area because of the issues with STVR. (Survey #474)
- Long term rentals are reasonable for seasonal owners who, for example, may not be able to come to the desert due to medical problems. Short term rentals (less than 28 days) fundamentally disturb the community we bought into. (Survey #459)
- City should pass an ordinance with a 5-day minimum rental. This way families can still afford to rent homes but will phase out the riff raff that only rents for a day or two. (Survey #468)
- STVRs ruin communities since you can't be neighbors with transients. They also create more noise, cars, and trash can problems than a long-term renter would. (Survey #473)
- There is ABSOLUTELY NO benefit to the community. The loss of available resident housing is a catastrophic detriment to a community. (Survey #474)
- PLEASE INCLUDE HOA'S IN ANY NEW RULES REGARDING USAGE, SUCH AS A 28-DAY MINIMUM RENTAL PERIOD. PEOPLE WHO RENT FOR A WEEKEND ADD NOTHING FOR THE CITY; THEY PARTY AT THE RENTAL HOUSE ALL WEEKEND, DO NOT GO TO RESTAURANTS, ETC. IT'S AS IF WE RESIDENTS PAY OUR HOA DUES TO PROVIDE A WELL-MAINTAINED VACATION ENVIRONMENT, NICE POOLS, ETC., FOR THE RENTERS, WHO PAY THE HOA'S NOTHING IN RETURN. HOA GOVERNING DOCUMENTS SET A TOO HIGH THRESHOLD FOR US TO CONTROL STVRS. HOA'S NEED CITY'S HELP (Survey #500)
- We moved to the Cove as a neighborhood, not as a business with unknown people coming and going. We shouldn't have to move because city govt has a take it or leave it attitude. I've been here since 2003, before the STVRs. They need to leave so we can take back our neighborhood (Survey #510)
- If I can't run a business out of my home, why can people on both sides of me use their house for a business? This has ruined our LQ experience. After 30 years in this same neighborhood, we want to sell but are worried we'll inflict another STVR on our remaining friends and neighbors. This has got to stop. (Survey #520)

FACTS – SAMPLE OF SURVEY COMMENTS

- City should cap the number of STVR permits issued. (Survey #525)
- I want to live in a neighborhood with neighbors. This constant stream of strangers is very unnerving. I feel very unsafe all the time. This has got to stop. (Survey #535)
- I'm a realtor, people should be able to rent their homes. However, stays for 1 or 2 nights gives a transient vibe, not a vibe of security. If a renter rents for at least ten days it attracts those less likely to use the home as a "party house". Additionally, La Quinta should require a special sec deposit. Each renter must sign a disclosure page from LA QUINTA CITY stating the STVR rules and the fines that will be imposed/taken out of their sec. deposits (as a pet deposit is separate/additional) (Survey #542)
- 28 day would be reasonable alternative letting owners make some \$ but keeping out the weekend partiers. 10 day not enough as people would rent for 10 but only stay 4-5 (Survey #559)
- STVRs add no value to the community and only enrich individual owners and the city permit treasury. They often feel that they are entitled to all the privileges of the private club members and act illegally. (Survey #582)
- I spend a lot of money to live at PGA West, I cannot enjoy my property as I feel I now live next to a Frat house. I am seriously considering selling as this is not what I bought into. (Survey #584)
- Weekend rental folks are the issue here. A couple of homes in our small community are rented every weekend and continually exceed the noise ordinance standards. (Survey #602)
- I am being forced to move from my dream home due to totally unacceptable behavior of ST renters next door that occurs again and again. (Survey #605)
- There is no reason the council should be subjecting the residents to having to live like this, we have considered leaving La Quinta over this issue. I could not recommend in good faith at this time with this issue unresolved, anyone moving to this city while other valley cities have been proactive to reclaim their stature, La Quinta city officials seem to have sold out to the high dollar interest Why would they detail what the STVR issue costs the city yearly, they only talk about TOT collected (Survey #611)
- I prefer hotels, resorts and vacationers stay in defined "party zones" as not to degrade La Quinta's premium communities. Thank you. (Survey #621)
- Makes me sick city council supports outside business investors instead of La Quinta residents. City council must support their citizens, who voted them into office, and stop STVR nightly rentals in La Quinta neighborhoods. (Survey #629).

LESSONS LEARNED – To get a better understanding of the root cause of resident's pent-up anxiety, frustration and anger caused by "nightly" STVRs. a key work search was performed on the 945 comments (Attachment 6-1) returned with the survey. The results are shown in the table below. Combining these comments with the detailed survey data analysis (Attachment 4-4) help to formulate the 6 recommendations present in this report's section; VISION- RECOMMENDATIONS (page 9).

KEY WORDS	TOTAL NUMBER OF LIKE COMMENTS
Revolving door/Quiet/Safety	108
Disrespect/Threatening	89
Party/Overcrowding/Motel 6	132
Owners Unreliable/Greedy	123
Tired/Don't think city is doing enough	202
Advocate long term rental	100
TOTAL	754

FACTS – LA QUINTA LARGEST FAMILY HOUSEHOLD PERCENTAGE

FACT - Below is a comparison of housing, economic and demographic data for seven cities in the Coachella Valley.

HOUSING, ECONOMIC AND DEMOGRAPHIC DATA ¹	Palm Springs	Cathedral City	Palm Desert	Indian Wells	Rancho Mirage	La Quinta	Indio
Population, 2019	47,897	54,357	52,575	5,370	18,193	41,076	89,469
Total Housing Units	38,421	23,620	39,951	5,782	15,844	25,022 ²	38,996
Housing Density (Houses/Sq. Mi.)	409	1,099	1,483	404	640	740	1,175
Change in Housing Units 2010 to 2019	10.4%	12.3%	7.2%	12.0%	11.2%	10.6%	34.6%
Approximate number of housing units added 2010 to 2019	3619	2587	2683	620	1596	2398	10024
Ave. # Rooms in a House	4.3	4.6	4.4	5.5	5.2	5.2	5.1
Families as a % of all Households	42	61	56	64	54	70	64
Ave. Family Size in a Household	2.9	3.9	2.8	2.4	2.5	3.2	3.6
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FACTS – LA QUINTA LARGEST FAMILY HOUSEHOLD PERCENTAGE

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FACTS – STVRs IMPACT ON THE CITY OF LA QUINTA

FACT – The Housing Data table presented in the previous section (FACTS – LA QUINTA LARGEST FAMILY HOUSEHOLD PERCENTAGE) can be used to access the impact STVRs have on the city of La Quinta.

The STVR Ad Hoc Committee Meeting Minutes July 9, 2020 identified the number of active registered STVRs at 1,320 which is 5.3% of the 25,022 total housing units. This ratio is a measure of the number of homes that have been removed from the residential housing inventory. La Quinta and Palm Springs are the only cities in the valley that this ratio exceeds 2%. Applying the four-home impact zone rule (two adjacent homes, one behind and one across the street) 21.2% of La Quinta homes are affected by STVRs. The Survey results for the types and percentages of problems experienced by STVR neighbors are presented on page 50.

To evaluate the impact STVRs have on La Quinta's residential makeup you must first remove the STVRs in Commercial Transient Zones (203 - City Council Meeting November 17, 2020). The total number of STVRs in residential communities is 1,017. The following conclusions can be developed;

1 - In the past ten years there were 2,398 new homes built in La Quinta. However effectively there were only 1,381 homes added because 1,017 new homes were needed to replace those existing homes converted into STVRs. The fact is every house converted into a STVR means there is one less house available to become a "new" family household. The decreasing housing inventory and limited new home construction has restricted La Quinta's population growth over the past 10 years.

2 – The number of residents per home over the past 10 years is 2.6; (3,598 population growth divide by 1,381 housing units added). This is a 19% decrease from the city's historical average of 3.2. It is worth noting that La Quinta's historical average is third highest in the valley, only behind Cathedral City (3.9) and Indio (3.6).

3 - If only "commercial" STVRs had been permitted, 1,017 more homes would have been available for population growth. Using the 2.6 people per household number, population growth would have been increased from 9.6% (3,598) to 16.7% (6,242) adding another 2,644 residents. It could be argued that if more housing were available the historical number of residents per household (3.2) would have been reached resulting in a population growth of 6,852 (18.3%).

4 - The La Quinta median household income is \$77,839. This is the third highest median income in the valley, behind Indian Wells (\$107,500) and Rancho Mirage (\$78,682). If the 1,017 STVRs had remained in the residential housing inventory, the city could have realized an additional \$79,159,619 of household income.

LESSONS LEARNED - STVRs have impacted La Quinta in the following ways;

1. The city has lost 1,017 residential homes
2. The potential population growth has been reduced by 2,644 to 3,254 residents.
3. The city has lost \$79,159,619 of household income

More important than the raw numbers of this analysis are recognizing that STVRs not only impact their neighbor's quality of life but the vitality and future of the entire city. Residential housing is both key and critical in continuing La Quinta's leadership as the valley's most desirable city for families and also increasing the city's overall economic wellbeing.

ATTACHMENT 1-1 Ad Hoc Committee Report Synopsis

RENTAL PERMIT PROCESS AND REQUIREMENTS

- Two types of permits – Homeshare and Standard STVR
- Minimum stay requirements
- Neighbor notification of a new permit or permit renewal
- Review of costs for STVR program to ensure all costs are fully covered by permit/license fees
- Permits shall be non-transferrable
- Enhance City data bases to improve enforcement and reporting of the STVR program
- Sus[ended STVR property addresses to be published on the City website
- Properties to be suspended for 6 months for operating without a permit and denied a permit if this type of violation re-occurs

DENSITY RECOMMENDATIONS

- **Occupancy Limits**
 1. Studio and 1-bedroom properties are not to be considered the same
 2. Increase Studio occupancy from 2 to occupants, with one occupant being 12 years of age or younger
 3. Increase of 1-bedroom occupancy from 2 to 4 occupants with 2 occupants being 12 years of age or younger
 4. Maintain recommendations on occupancy level for 2-bedroom properties at 4 occupants
 5. Maintain recommendations on occupancy level for 3-bedroom properties at 6 occupants
- **Property Density Limits**
 1. Divide STVR community into 2 groups; Homeshare and standard STVRs
 2. Homeshares would be exempt from density limitations
 3. Single family STVR properties would be subject to one STVR property per 300-foot radius of another permitted property
 4. Condominium complexes consisting of 4 or more units would be subject to 2 STVR properties per 300-foot radius
 5. STVRs within Tourist Commercial Zones would be exempt from density limitations

ENFORCEMENT PROCESS

Part 1 - Issues before an enforcement event

- 1 -Communicating with the City/Verifying a complaint
- 2- Homeowner not registered with the city
- 3 - Owner not Aware of the Rules
- 4 - Renter not Aware of the Rules
- 5 - Neighbors not Aware of the Rules

Part 2- The Enforcement Event

- 6- No Contact with Owner/Representative
- 7- Noise Behavior/Party Event
- 8- Occupancy Limit Violation

ATTACHMENT 1-1 Ad Hoc Committee Report Synopsis

9- Parking

10 – Trash

Part 3 - After the Enforcement

11 -Repeat Offenders/3 strikes

Recommendation on Violations/Fines

1- General Violations - Noise/Parking

2- Operating without a permit

3 - Failure to Respond

4- Exceeding Occupation Limits

5 - Notify Adjacent Properties



October 9th, 2020

Kathleen Pipoly
81230 Legends Way
La Quinta, CA, 92253

Dear Kathleen,

My name is Andy Stavros, and I am reaching out to you on behalf of myself and my family as we are hoping to find a home to purchase in the Legends community of PGA for a 2nd home. We currently live in Newport Beach, CA.

I did some research and your home on 81230 Legends Way might be a perfect fit for us.

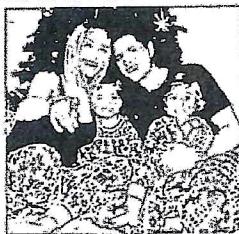
We are very serious and qualified. I can send proof of funds and lender approval upon request. I am a Real Estate Broker and can handle the transaction without you needing to pay any commissions.

If you are interested in selling your home, I would love the opportunity to speak with you. Please call me at 949-290-0139, or email at Andy.Stavros@Elliman.com

Sincerely,

A handwritten signature in black ink, appearing to read "Andy Stavros".

Andy Stavros
STAVROS GROUP
Broker Associate
Douglas Elliman
Broker #01408840



ATTACHMENT 3-2 HOA MINIMUM RENTAL

LA QUINTA HOA MINIMUM RENTAL PERIOD

COMMUNITY	RENTAL PERIOD	COMMENTS
Alta Verde	30 Day Minimum	
Andalusia	30 Day Minimum	
Capistrano at LQ	30 Day Minimum	
Carmela	30 Day Minimum	
Casitas Las Rosas		Short Term Allowed
Codorniz	30 Day Minimum	
Desert Club Estates		Short Term Allowed
Desert Cove		Short Term Allowed
Duna La Quinta	30 Day Minimum	
Enclave	30 Day Minimum	
Griffin Ranch	30 Day Minimum	
Hidden Canyon	30 Day Minimum	
La Cantera	30 Day Minimum	
La Quinta Cove		Short Term Allowed
La Quinta Fairways	30 Day Minimum	
La Quinta Polo Estates	30 Day Minimum	
Laguna De La Paz	30 Day Minimum	
Lake La Quinta	30 Day Minimum	
Legacy Villas		Short Term Allowed
Lions Gate	30 Day Minimum	
LQ Spa Resort Villas		Short Term Allowed
LQ Tennis Villas		Short Term Allowed
LQCC Estates	30 Day Minimum	
Lago De La Quinta	30 Day Minimum	
LQCC Montero Estates	30 Day Minimum	
LQCC Villas	30 Day Minimum	
Mira Flores	30 Day Minimum	
Mountain View CC	30 Day Minimum	
Painted Cove	90 Day Minimum	
Pamilla	30 Day Minimum	
Parc La Quinta	30 Day Minimum	
PGA WEST - Res 1		Short Term Allowed
PGA WEST - Res 2		Short Term Allowed
PGA WEST - Fairways		Short Term Allowed
Piazza Serena	30 Day Minimum	
Point Happy Estates	30 Day Minimum	
Puerta Azul		Short Term Allowed
Rancho La Quinta	30 Day Minimum	
Rancho Santana	30 Day Minimum	

ATTACHMENT 3-2 HOA MINIMUM RENTAL

Renaissance	30 Day Minimum		
Santa Rosa Cove CC		Short Term Allowed	1 Week Minimum
Santa Rosa Trail	60 Day Minimum		
Santera	30 Day Minimum		
Stone Creek Ranch			Unable to verify
Talante	30 Day Minimum		
The Citrus	30 Day Minimum		
The Enclave			Unable to verify
The Estancias at Rancho LQ	30 Day Minimum		
The Estates at LQ			Unable to verify
The Hideaway	30 Day Minimum		
The Madison	30 Day Minimum		
The Palms	30 Day Minimum		
The Quarry	30 Day Minimum		
The Tradition	30 Day Minimum		
Trilogy	30 Day Minimum		
Watercolors	30 Day Minimum		

The **confidence level** tells you how confident one can be about the survey responses. Most common confidence level used to validate a survey is 95%. Most researchers use the 95% confidence level as an acceptable standard.

The **confidence interval** is the plus-or-minus figure usually reported in newspaper or television opinion poll results. For example, if you use a confidence interval of 4 and 50% of your sample picks an answer you can be sure that if you had asked the question of the entire relevant population between 46% (50-4) and 54% (50+4) would have picked the answer.

When you combine the confidence level and the confidence interval, you can say that you are 95% sure that the true percentage of the population is between 46% and 54%.

The wider the confidence interval you are willing to accept you are willing to accept the more certain you can be that the whole population's answers will be within that range.

There are three factors that determine the size of the confidence interval for a given confidence level; sample size, percentage and population size.

Sample size is the number of people who participate in a poll or survey. The larger the sample size the more certain you can be that their answers truly reflect the population. For a given confidence level the larger your sample size the smaller your confidence interval. The relationship between sample size and confidence interval is not linear; i.e., doubling the sample size will not halve the confidence interval. See table below.

When evaluating the sample size needed for a given level of accuracy you must use the **worst-case percentage (50%)**. If the percentage answers are 51% and 49% the chances of error are much greater than if the sample was 99% and 1%. It is easier to be sure of extreme answers than middle of the road answers.

To determine the confidence interval for a specific answer your sample has given, you can use the percentage picking that answer and get a smaller interval than the 50% worst-case confidence interval.

Population size is the number of people in the group your sample represents. Often you may not know the exact population size, this is not a problem. The mathematics of probability proves the size of the population is irrelevant, unless the size of the sample exceeds a few percent of the total population. This means that a sample of 500 people is equally useful in examining the opinions of a state of 15,000,000 as it would a city of 100,000.

Let's determine the population size; starting with the active STVR permits on October 30,

STVR LOCATION	# of STVR UNITS	% of STVR TOTAL
Within HOA	170	14%
Within PGA West HOA	442	35%
Not in HOA	445	35%
Commercial	203	16%
Total	1260	100%

In order to focus on impact STVRs have on La Quinta residential areas, subtract commercial STVRs; total number of STVRs in residential communities are 1057. Consider neighbors on four sides of each STVR (adjacent on both sides, across the street and behind) the population size is 4228.

The sample size for a 4228-population size 95% confidence level with a +/-4% confidence interval is 526.

ATTACHMENT 4-2 SURVEY

Neighbors for Neighborhoods (N4N) Short-Term Vacation Rental (STVR) Survey

**This survey will take less than 5 minutes to complete
Your input will contribute to possible changes to La Quinta City policy on STVRs**

Neighbors for Neighborhoods (N4N) are developing recommendations for a proposed city ordinance to restore quality of life in residential neighborhoods impacted by Short Term Vacation Rentals (STVRs). STVRs are allowed to rent from one day up to 30 consecutive days. To shape our proposal, N4N is seeking information from residents regarding their experiences with residential properties being used as STVRs. You are receiving this survey because you are a subscriber to the N4N Newsletter. Please complete the survey below and submit your response to N4N no later than Dec 10th. Your input will be used to insure our proposed ordinance addresses your concerns. Individual responses will remain confidential and only summarized data will be shared.

1. What best describes you
 - Full time resident
 - Part time resident
 - STVR owner
 - Property Manager
 - Realtor
2. What type of a residential zone is your La Quinta domicile?
 - Low density residential
 - Cove residential
 - Medium density residential
 - Medium high density residential
 - Not Sure
3. In which La Quinta community do you reside?
 - Cove
 - PGA West
 - North La Quinta
 - Other (specify) _____
4. The moratorium on issuing new STVR permits expires on February 2. Do you support;
 - Extending the current moratorium until a city ordinance addressing STVRs can be passed
 - Letting the moratorium expire and allowing unlimited new STVR permits to be issued
 - Letting the moratorium expire but limit the number of new STVR permits
 - Letting the moratorium expire but only renew existing STVR permits
5. Are you aware of any STVR's located near your domicile?
 - Yes
 - No
 - Not Sure/don't know
6. What problems, if any, have you experienced with the STVRs? Please mark ALL that apply.
 - None
 - Noise
 - Safety
 - Parking
 - Trash
 - Sleep, late night music or partying
 - Overcrowding, trespassing on HOA/club properties
 - Disrespectful of neighbors

ATTACHMENT 4-2 SURVEY

- Loss of neighbors and friends
 - Other impact (please specify) _____
-

7. What is your opinion of STVRs in your neighborhood?
- City should pass an ordinance phasing out STVRs in residential zoned neighborhoods
 - City should pass an ordinance with a 10 day minimum rental
 - City should pass an ordinance with a 28 day minimum rental
 - City should renew existing STVR permits but not approve any new permits
 - City should permit all STVR requests
 - Other _____
 - Not sure/don't know/neutral

Please briefly describe the reason for your opinion.

8. If the City phases out STVRs in residential zones do you support the city identifying "new" commercial transient zoned areas for high density STVRs with stricter regulations and improved enforcement?
- Yes
 - No
9. Do you support home share; to rent out a room or rooms in a home that is the primary residence of the home owner who must be present full time during the rental stay?
- Yes
 - No
10. Have you voiced your opinion on STVRs to the City Council with an email, phone call or spoken at a meeting in the past year?
- Yes
 - No
11. Are you aware of the STVR Hotline for reporting complaints?
- Yes
 - No
12. Have you called the STVR Hotline with a complaint at any time in the past year?
- Yes
 - No
 - If yes, approximately how many times? If NO, why not? _____
13. Have you called Code Enforcement or talked with a Code Officer or any other city official related to an STVR issue at any time in the past year?
- Yes
 - No
 - If yes how many times? _____
14. Have you called the La Quinta Police Department or Riverside County Sheriff's Department with complaints about STVRs in the past year?
- Yes
 - No
15. Do you have any other comments regarding STVRs you would like to add? _____

Thank you for your participation and helping restore quality of life to La Quinta neighborhoods

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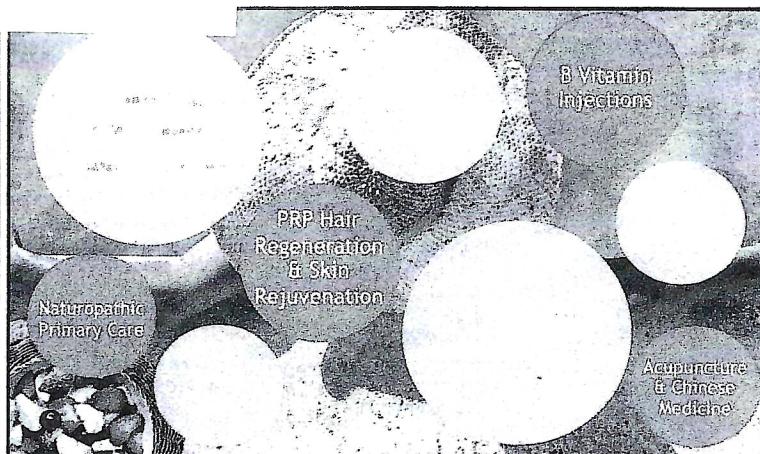
Contractor Lic# 502929

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2 Locations in our valley

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Palm Springs Life 40 under 40



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78900 Avenue 47, Ste 102 / 760.771.5970 / www.livewellclinic.org

HELP SOLVE THE LA QUINTA STVR PROBLEMS

A COALITION OF CONCERNED LA QUINTA HOME OWNERS IS SEEKING A SOLUTION TO THE STVR (Short Term Vacation Rental) PROBLEMS THAT ARE ALTERING THE CHARACTER OF OUR NEIGHBORHOODS

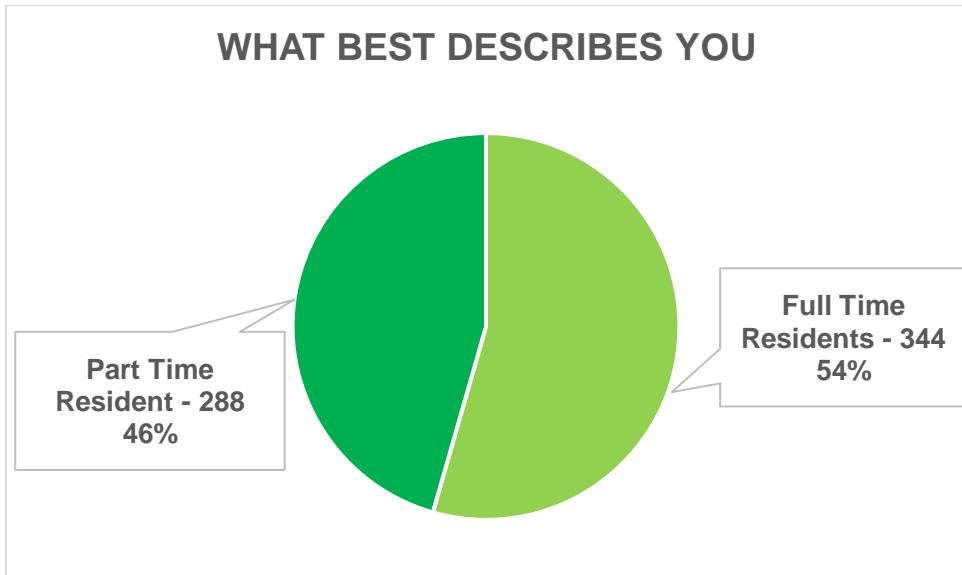
WE WOULD LIKE TO DEFINE A SOLUTION WHICH BALANCES THE NEEDS OF CITY GOVERNMENT, THE RENTAL BUSINESS AND LA QUINTA RESIDENTS QUALITY OF LIFE]

YOUR INPUT IS NEEDED TO FIND THIS BALANCE. PLEASE ADD YOUR VOICE TO IDENTIFY A SENSIBLE SOLUTION TO THE STVR PROBLEMS BY TAKING THE SURVEY BELOW

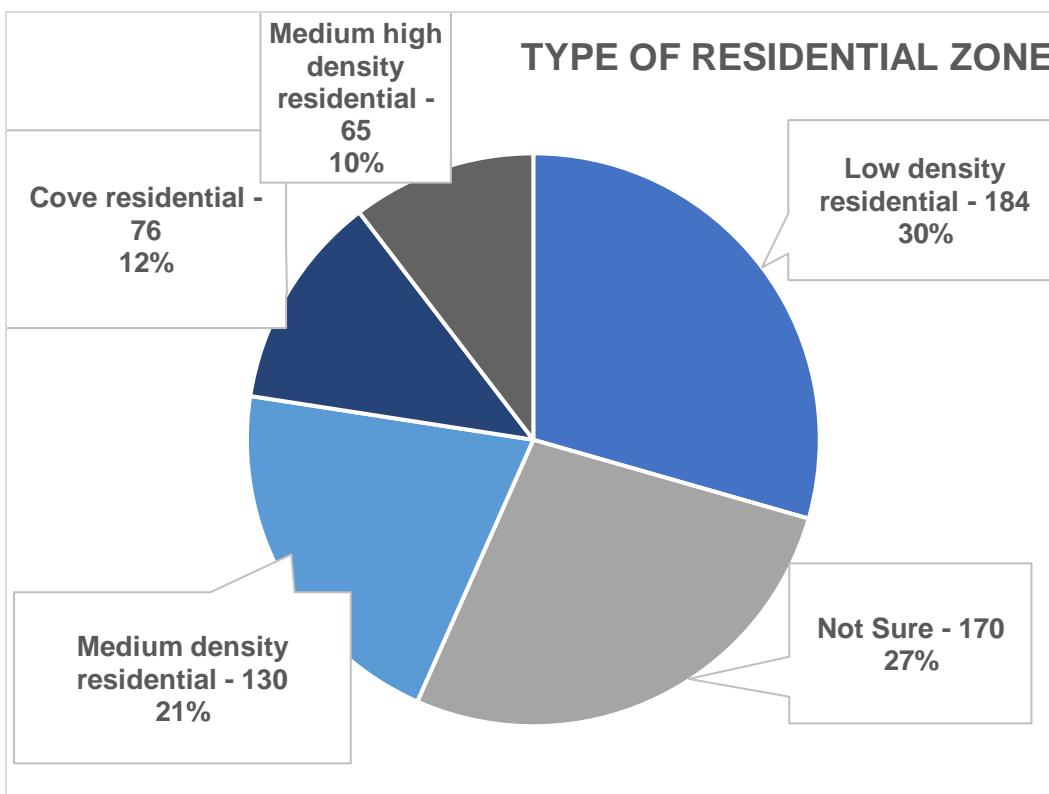
THIS SURVEY WILL TAKE LESS THAN 5 MINUTES TO COMPLETE AND ALL RESPONSES WILL REMAIN CONFIDENTIAL WITH ONLY SUMMARIZED DATA SHARED

GO TO – <https://bit.ly/STVRsurvey>

Attachment 4-4 SURVEY ANALYSIS



Question #1 – What best describes you



Question #2 – What type of a residential zone do you live in?

The **confidence level** tells you how confident one can be about the survey responses. Most common confidence level used to validate a survey is 95%. Most researchers use the 95% confidence level as an acceptable standard.

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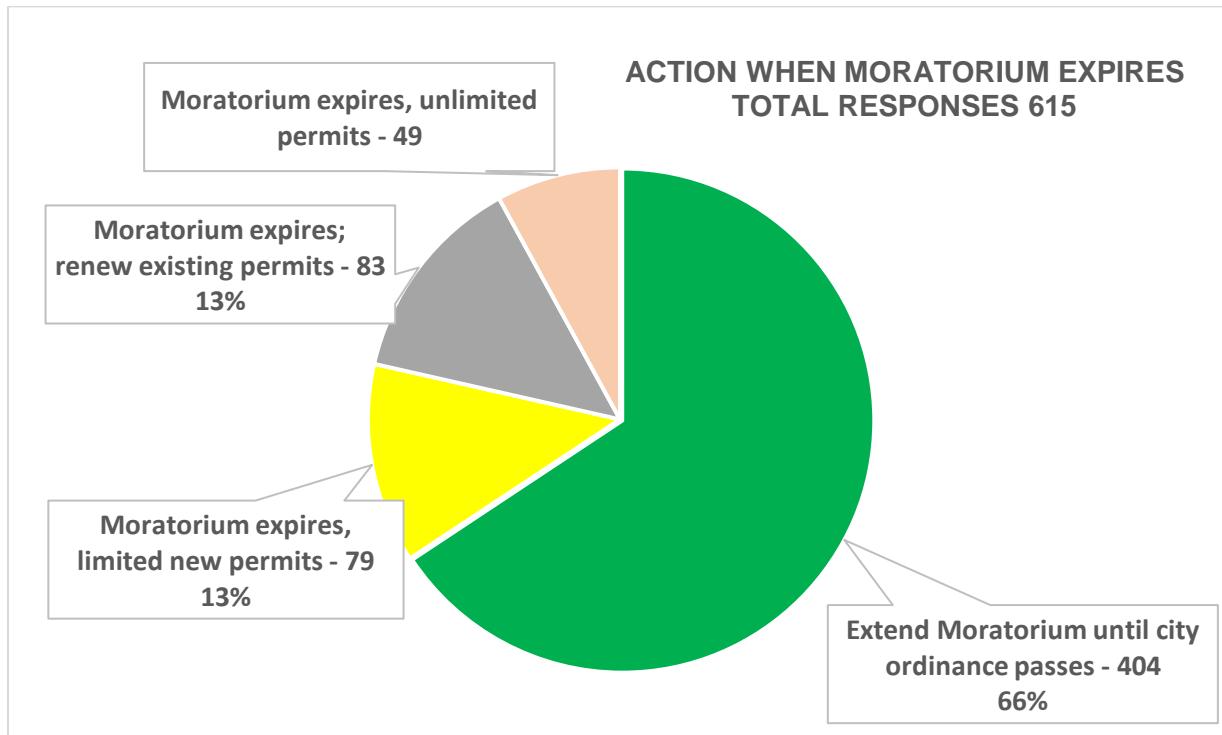
The sample size for a 4228-population size 95% confidence level with a +/-4% confidence interval is 526.

Attachment 4-4 SURVEY ANALYSIS

NEIGHBORHOODS RESPONDING TO THE SURVEY

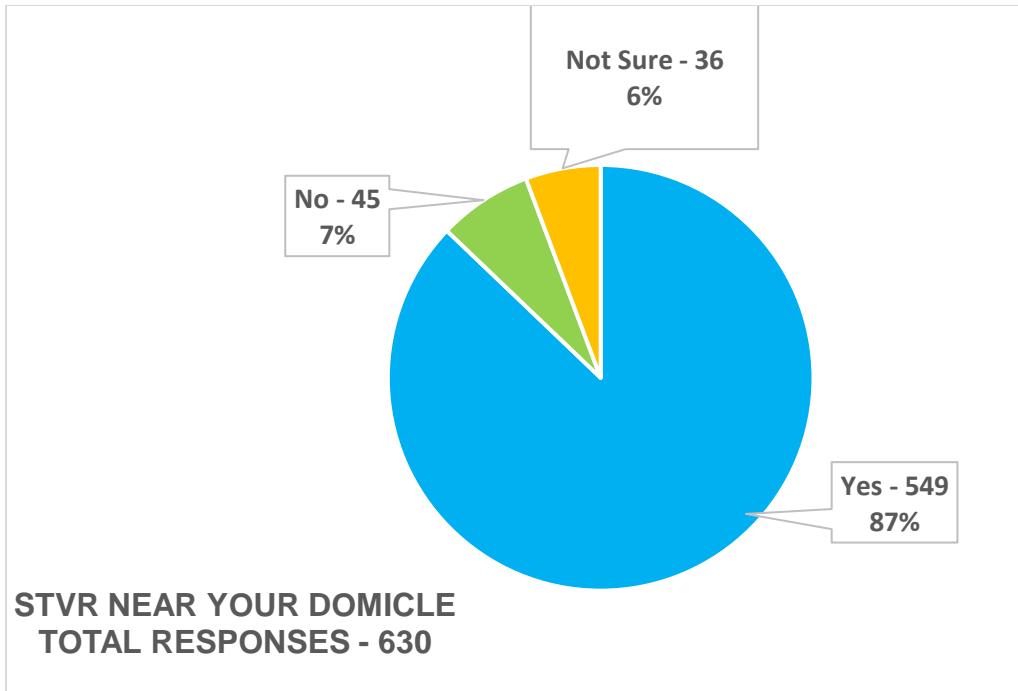
Andalusia	Estates at La Quinta	PGA West
Calle Fortuna	Haciendas at La Quinta	Puerta Azul
Codorniz	Hideaway	Rancho Santana
Cove	Highland Palms	Renaissance at La Quinta
Desert Club Estates	La Cantera	South La Quinta
Desert Club Manor	La Quinta Fairways	The Citrus
Duna La Quinta	North La Quinta	Trilogy

Question #3 – In Which La Quinta community do you reside?



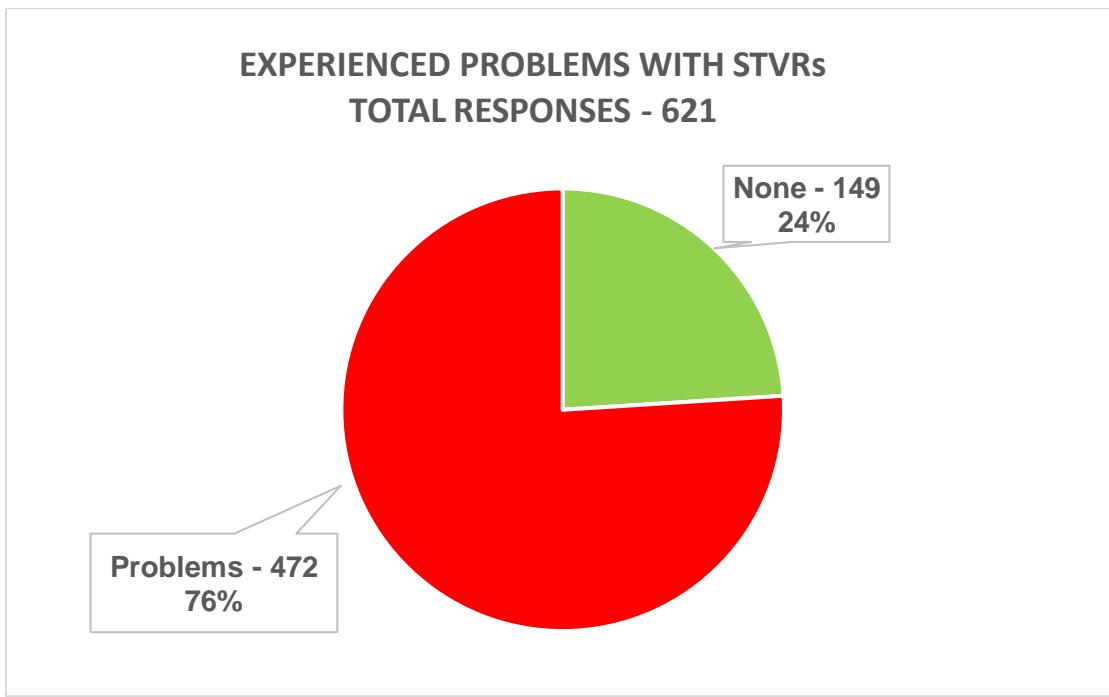
Question #4 - Moratorium on issuing new STVR permits expires on February 2. Do you support?

Attachment 4-4 SURVEY ANALYSIS



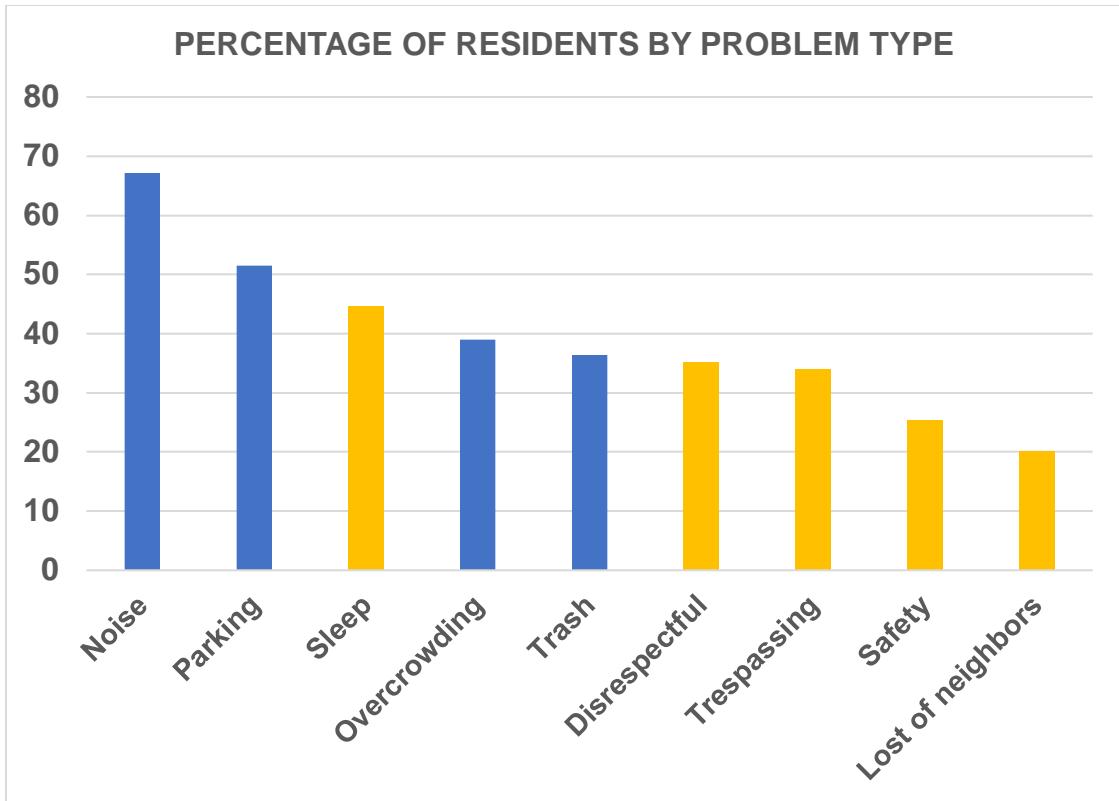
Question #5 – Are you aware of any STVRs located near your domicile?

Question #7 What is opinion of STVRs in your neighborhood?

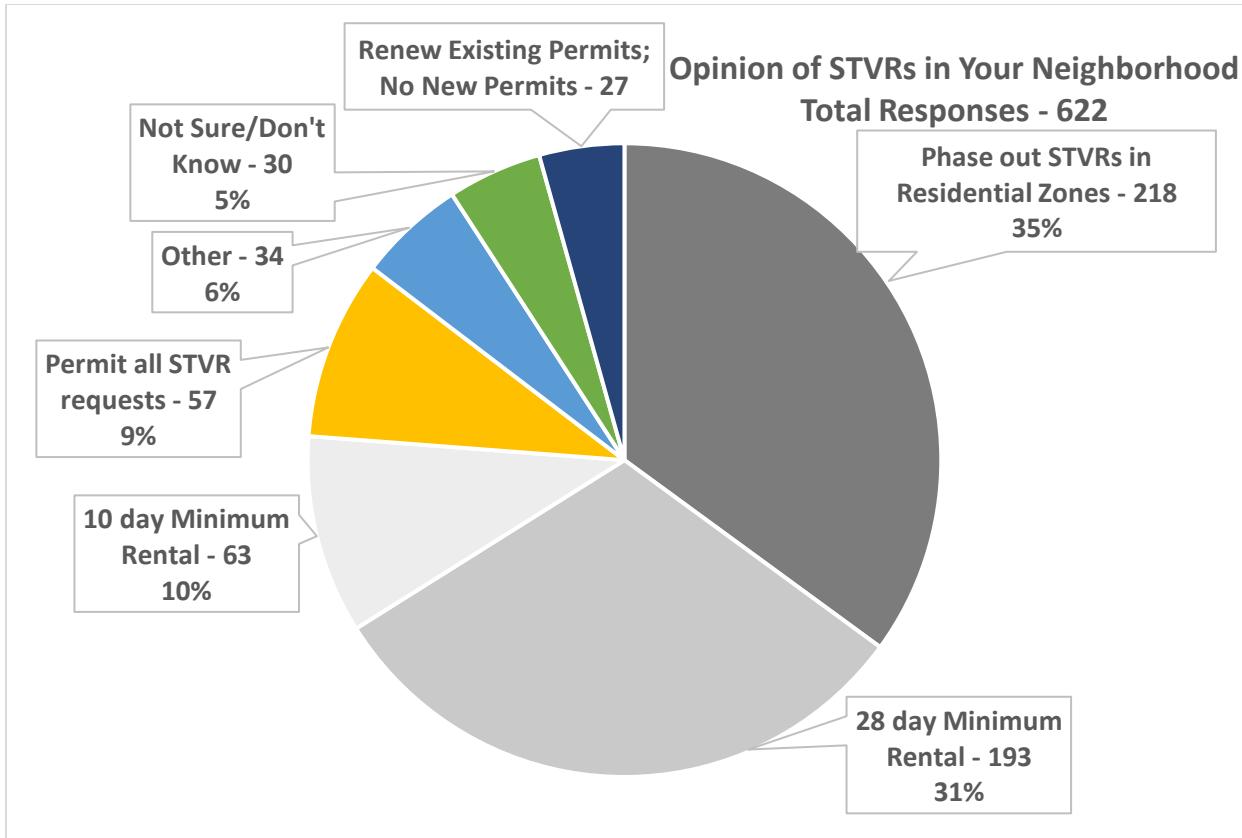


Question #6 – What problems if any have you experienced with STVRs?

Attachment 4-4 SURVEY ANALYSIS



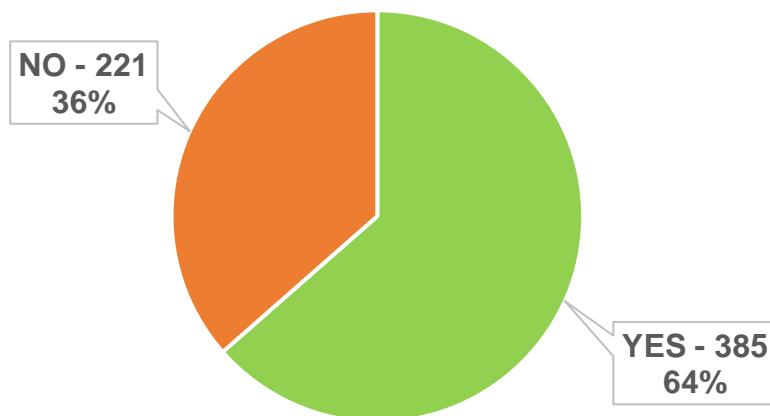
Question #6 – Please mark all that apply



Question #7 – What is your opinion of STVRs in your neighborhood?

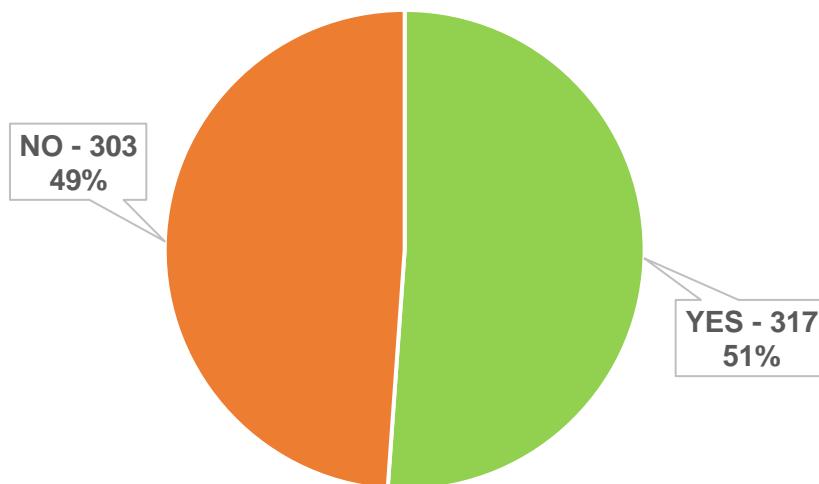
Attachment 4-4 SURVEY ANALYSIS

SUPPORT COMMERCIAL TRANSIENT ZONES TOTAL RESPONSES - 606



Question #8 - If the city phases out STVRs in residential zones do you support the city identifying new commercial transient zoned areas for high density STVRs with stricter regulations and improved enforcement?

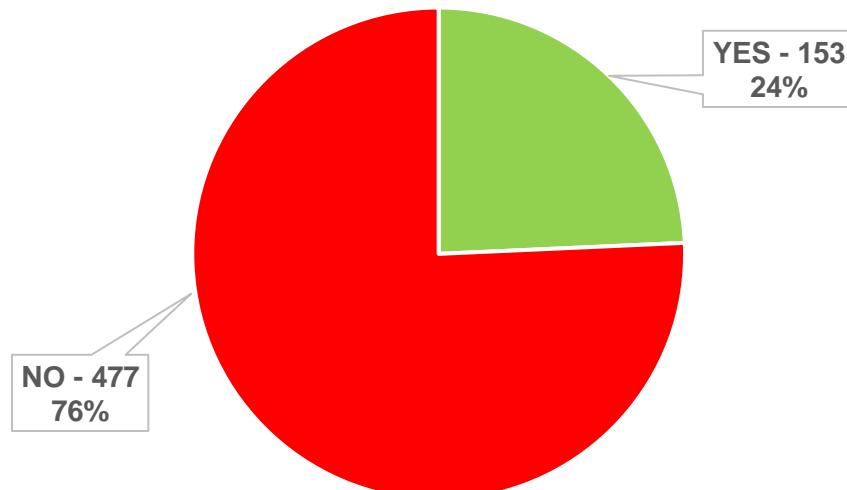
SUPPORT HOMESHARE TOTAL RESPONSES - 620



Question #9 – Do you support home share?

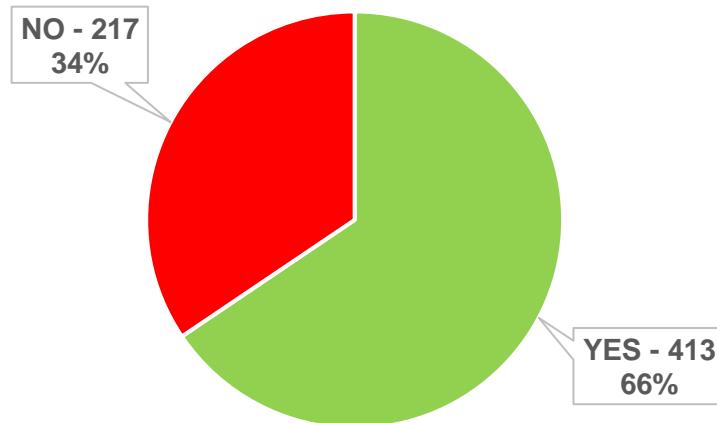
Attachment 4-4 SURVEY ANALYSIS

VOICED YOUR OPINION TO CITY COUNCIL TOTAL RESPONSES - 630



Question #10 – Have you voiced your opinion on STVRs to the City Council with an email, phone call or spoken at a meeting in the past year?

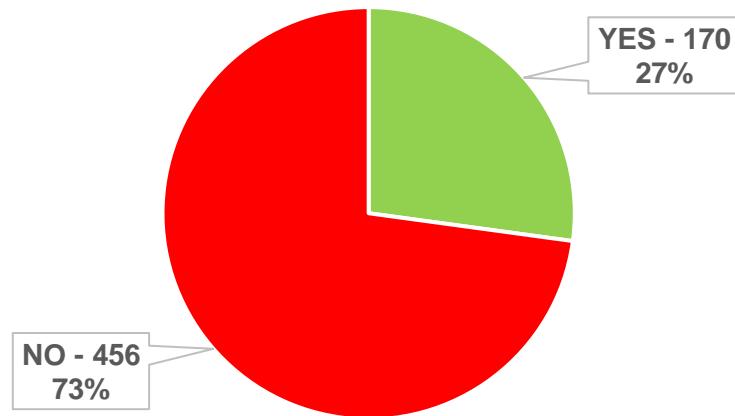
AWARE OF HOTLINE TOTAL RESPONSES - 630



Question #11 – Are you aware of the STVR Hotline for reporting complaints?

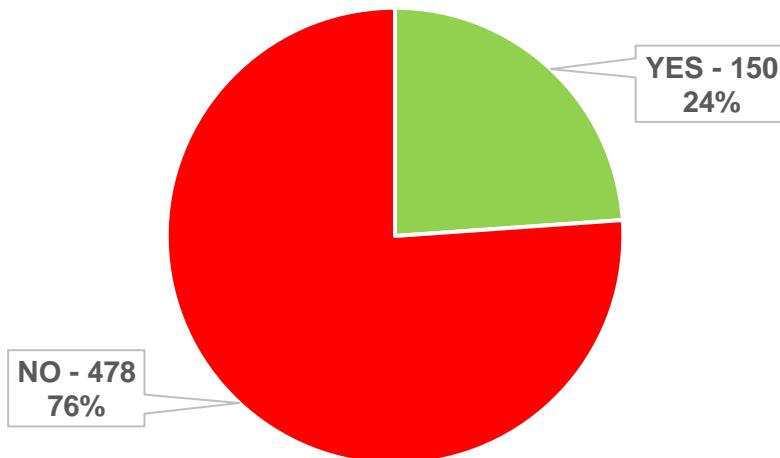
Attachment 4-4 SURVEY ANALYSIS

CALLED THE HOTLINE TOTAL RESPONSES - 626



Question #12 – Have you called the STVR Hotline with a complaint at any time in the past year?

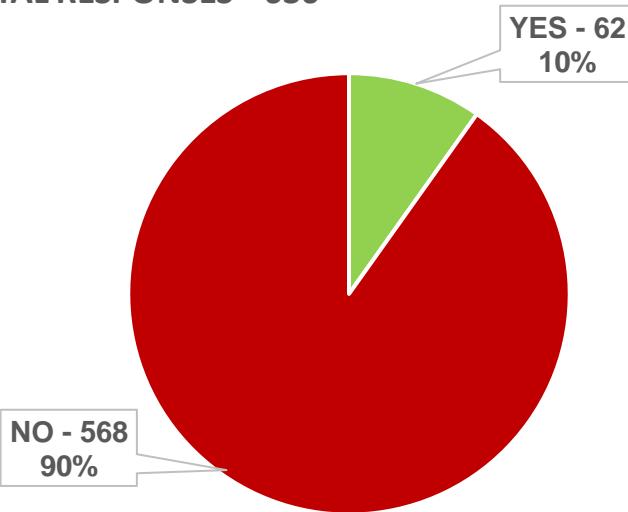
CALL CODE ENFORCEMENT TOTAL RESPONSES - 628



Question #13 – Have you called Code Enforcement or talked with a Code Enforcement Officer or any other city official related to an STVR issue at anytime in the past year?

Attachment 4-4 SURVEY ANALYSIS

CALL POLICE OR SHERIFF TOTAL RESPONSES - 630



Question #14 – Have you called the La Quinta Police Department or Riverside County Sheriff's Department with complaints about STVRs in the past year?

ATTACHMENT 5-1 CASE LAW SUPPORTING CITY ORDINANCES

LEGAL ISSUES AND SELECTED CASE LAW SUPPORTING THE PROPOSAL

STVR Owners' due process rights are not denied. In the seminal case Ewing v. City of Carmel by the Sea, 234 Cal. App. 3d 1579 6th Dist. 1991, cited in most STVR opinions as well as in many preambles to municipal STVR ordinances, a STVR owner sued the city over its ordinance prohibiting STVRs. The California Sixth District Court of Appeal first held that the owner's due process rights were not violated, stating: "We have already determined that the ordinance is rationally related to the stated goal. Carmel wishes to enhance and maintain the residential character of the R-1 District. Limiting transient commercial use of residential property for remuneration in the R-1 District addresses that goal." [Emphasis added]

In upholding the lower court's decision upholding the city's ordinance, the Court in Ewing stated the following: "It stands to reason that the 'residential character' of a neighborhood is threatened when a significant number of homes...are occupied not by permanent residents but by a stream of tenants staying a weekend, a week, even 29 days. Whether or not transient rentals have the other 'unmitigatable, adverse impacts' cited by the Council, such rentals undoubtedly affect the essential character of a neighborhood and the stability of a community. **Short-term tenants have little interest in public agencies or in the welfare of the citizenry. They do not participate in local government, coach little league, or join the hospital guild. They do not lead a Scout troop, volunteer at the library, or keep an eye on an elderly neighbor. Literally, they are here today and gone tomorrow—without engaging in the sort of activities that weld and strengthen a community.**" [Emphasis added].

South Lake Tahoe Property Owners Group v. South Lake Tahoe (El Dorado County, SC-20180243, Law and Motion Calendar Dept. 9, decided 6/12/2020), involved a challenge to the enactment of a citizen's initiative Measure T to eliminate STVRs in residential zones by the city by majority vote of the electorate at the 11/6/2018 election. Several features of Measure T are similar to Proposal 2 (cancels existing permits in 2021; limits number of occupants; limits operation of STVRs to permanent residents.) The court ruled in favor of the city in substantial part, and found that Measure T did not violate the rights of current STVR owners. In its decision, the court said: "Use of a reasonable amortization scheme provides an equitable means of reconciliation of the conflicting interests in satisfaction of due process requirements." (P. 88)

Municipalities' authority to regulate STVRs is within their zoning power. It is settled law in California that zoning regulations that restrict or prohibit short term rentals in residential areas are within the lawful scope of a city's zoning power where the restrictions are found to be substantially related to land use impacts in the area. (Ewing v. City of Carmel by the Sea, 234 Cal. App. 3d 1579 6th Dist. 1991; Rathkops's The Law of Zoning and Planning Sec. 81:11 4th Ed 2011.)

Ordinances restricting STVRs do not amount to an unconstitutional "taking". In a case in Oregon in which a municipal ordinance prohibited short term rentals, the court decided that the ordinance did not deny the owners economically viable use of their properties: "We next consider whether Ordinance 92-1, by prohibiting transient occupancy, denies property owners economically viable use of their properties. We conclude it does not. On its face, Ordinance 92-1 permits rentals of dwellings for periods of 14 days or more. The ordinance also permits the owners themselves to reside in the dwellings. Although those uses may not be as profitable as are shorter-term rentals of the properties they are economically viable uses." (Cope v. City of Cannon Beach 855 P.2d. 1083 (Or. 1993), 1086-87.)

ATTACHMENT 5-2 SELECTED CASES RESTRICTING STVRs

SELECTED EXAMPLES OF CASES UPHOLDING MUNICIPAL ORDINANCES RESTRICTING STVRs

Homeaway.com, Inc. v. City of Santa Monica 918 F.3d 676 (9th Cir. 2019) – *Upheld Santa Monica's ordinance restricting STVRs to home sharing.* Ninth Circuit Court of Appeals affirmed the City of Santa Monica's home sharing ordinance. The Court agreed with the district court that the City's ordinance is a lawful housing and rental regulation with the "central and significant goal" of preserving the City's "housing stock and preserving the quality and nature of residential neighborhoods".

Rosenblatt v. Santa Monica 940 F.3d 439 (9th Cir. 2019) – *Upheld Santa Monica's ordinance prohibiting STVRs except for hosted short term home shares during which the primary resident host lives in the unit with the guest.* Affirmed by the Ninth Circuit Court of Appeals; U.

S. Supreme Court declined to review the judgement (5/18/2020).

South Lake Tahoe Property Owners Group v. South Lake Tahoe (El Dorado County, SC-20180243, Law and Motion Calendar Dept. 9, decided 6/12/2020) – *Upheld in substantial part a citizen's measure eliminating STVRs in residential zones (with a 3 year phaseout).* This was a summary judgment proceeding; decision rendered by the El Dorado county judge.

2 Pacific Grove Lawsuits – brought against Pacific Grove over a voter passed Measure phasing out STVRs in certain areas outside the Coastal zone using a lottery system but still allowing home sharing. The first case (**STRONGpg v. City of Pacific Grove**) was dismissed, and it was described as a fishing expedition to extract concessions from the City such as grandfathering in existing STVRs. The second case (**Hobbs v. City of Pacific Grove**) was funded by the Goldwater Institute and Airbnb. The trial date was set for 12/16/2019, but was dismissed by the plaintiffs themselves, who then filed an appeal, but the appeal is pending because plaintiffs failed to pay the filing fee.

Wallace v. Town of Grand Island 194 CA 19-00925(6/12/2020) – *The NY Supreme Court Appellate Div. 4th upheld the City's zoning regulations prohibiting STVRs except for owner-occupied (i.e. home sharing) with a one year amortization period which could be extended up to 3 times.*

The Wallace case is important because it is based on a U. S. Supreme Court case, **Penn Central Transportation Co. v New York City** 438 US 104 (1978), where the Court found that the plaintiff failed to provide financial evidence that "the subject premises was not capable of producing a reasonable return on his investment or that it was not adaptable to other suitable private use." At best, the plaintiff established a "mere diminution" in property value, which is not sufficient to establish a regulatory taking. The Court observed that the plaintiff was not precluded from selling the property at a profit, or from renting it on a long-term basis. Finally, the Court noted that, even if the plaintiff successfully established a regulatory taking, the proper relief for his claim would have been a hearing on just compensation, not invalidation of the law.