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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)

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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.

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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

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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.