

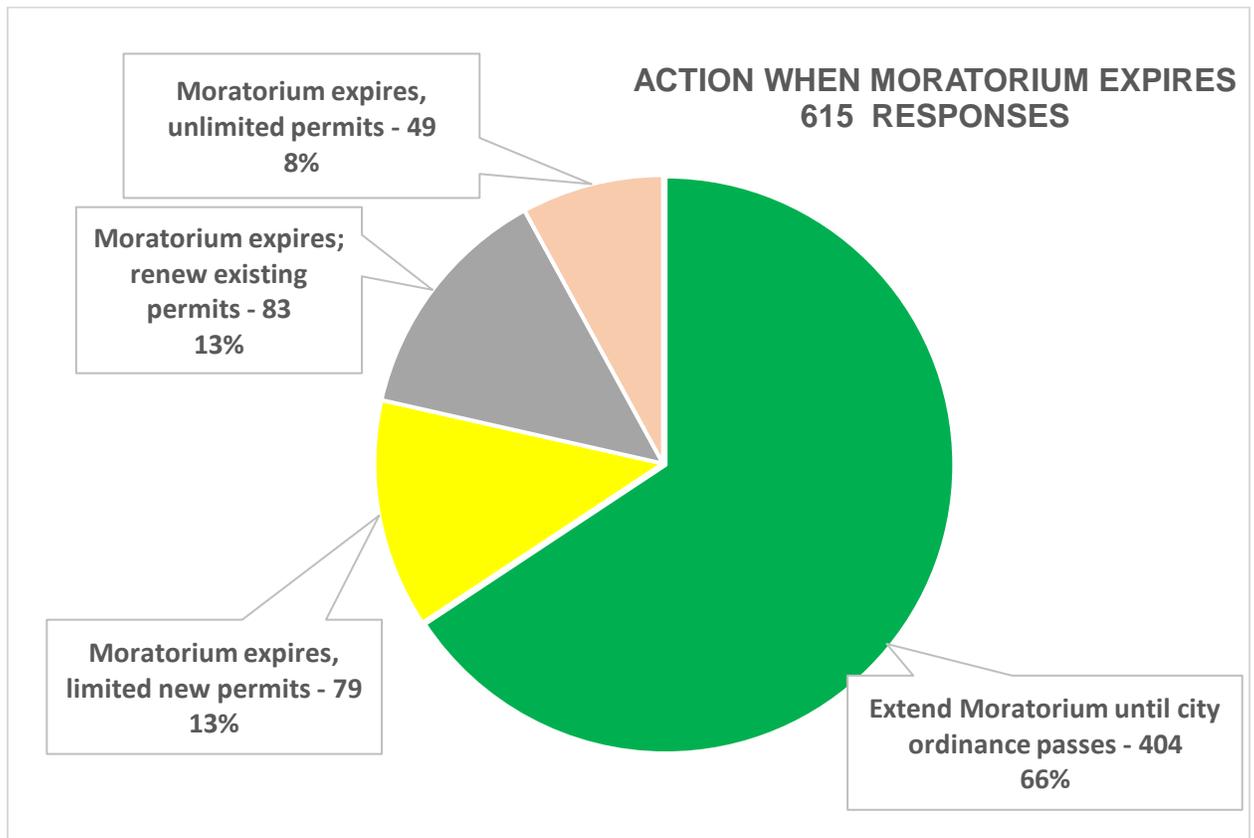
VISION – RECOMMENDATIONS

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?

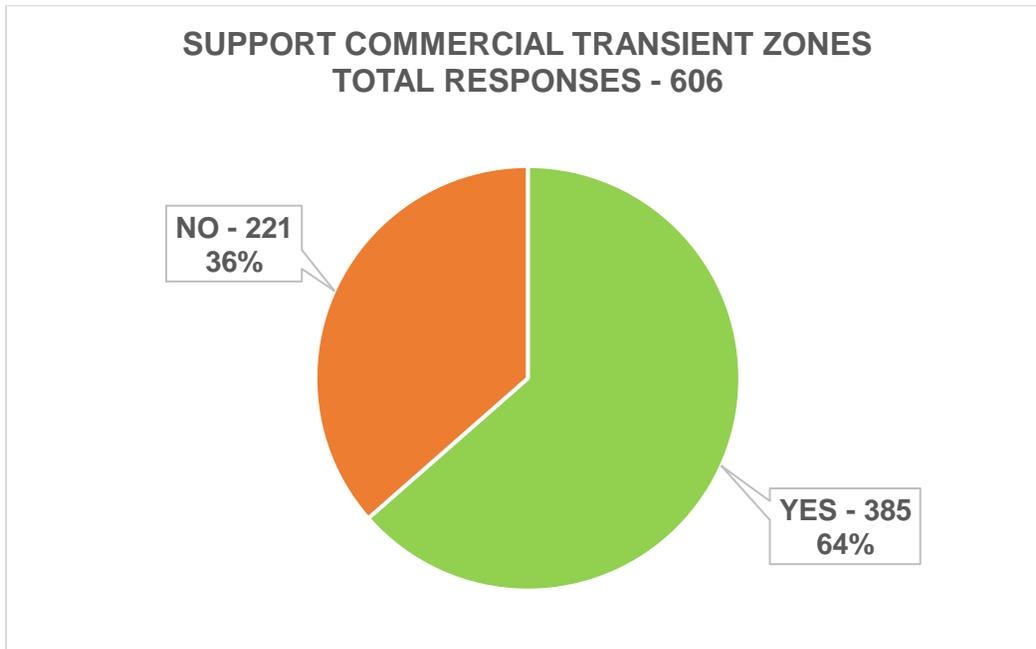
VISION – RECOMMENDATIONS

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

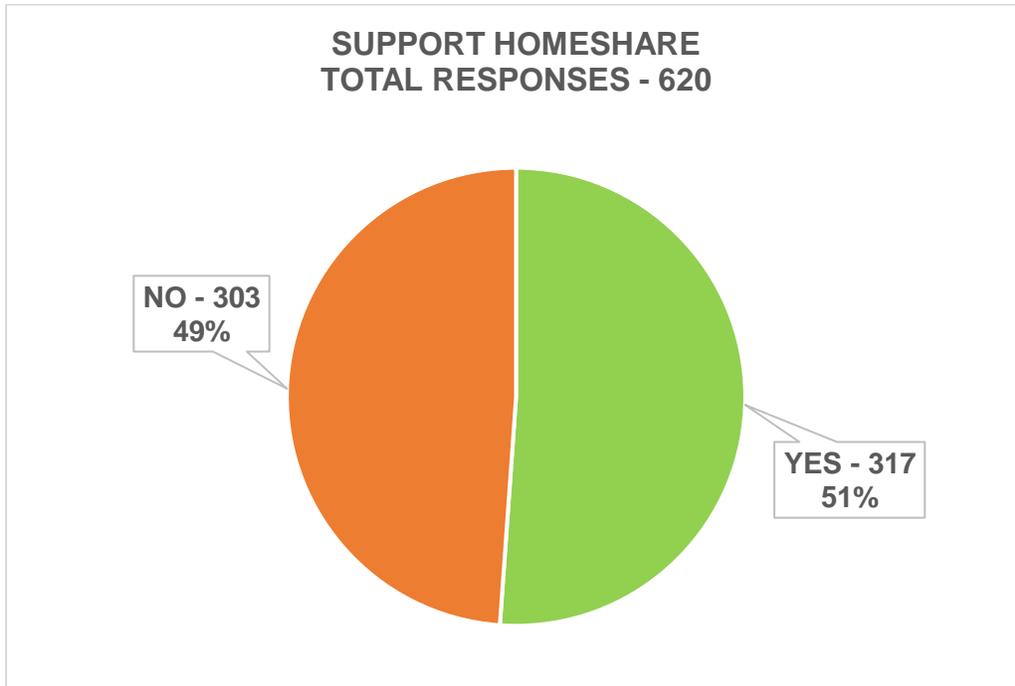
WHY – This will put the regulation in place to support “nightly” STVRs in commercial transient zones and minimum rental stay STVRs in residential zones.



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;

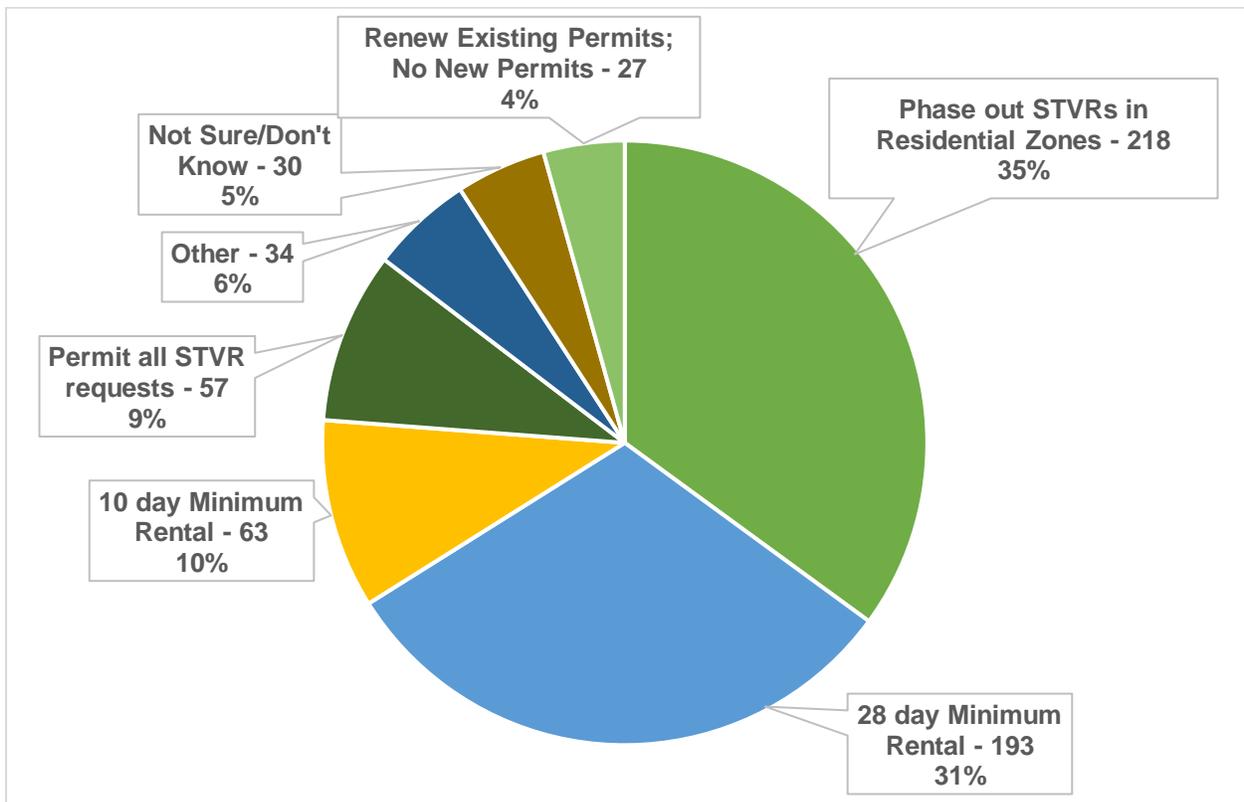
1. Adopting a new ordinance requiring a 3-night minimum rental period in residentially zone areas
2. 18-months after the new ordinance is adopted the minimum rental period will be extended to 10 nights
3. 36-months after the ordinance is adopted City Council will review and reconsider the residential 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 coastal 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 its 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 REVOICATIONS	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;

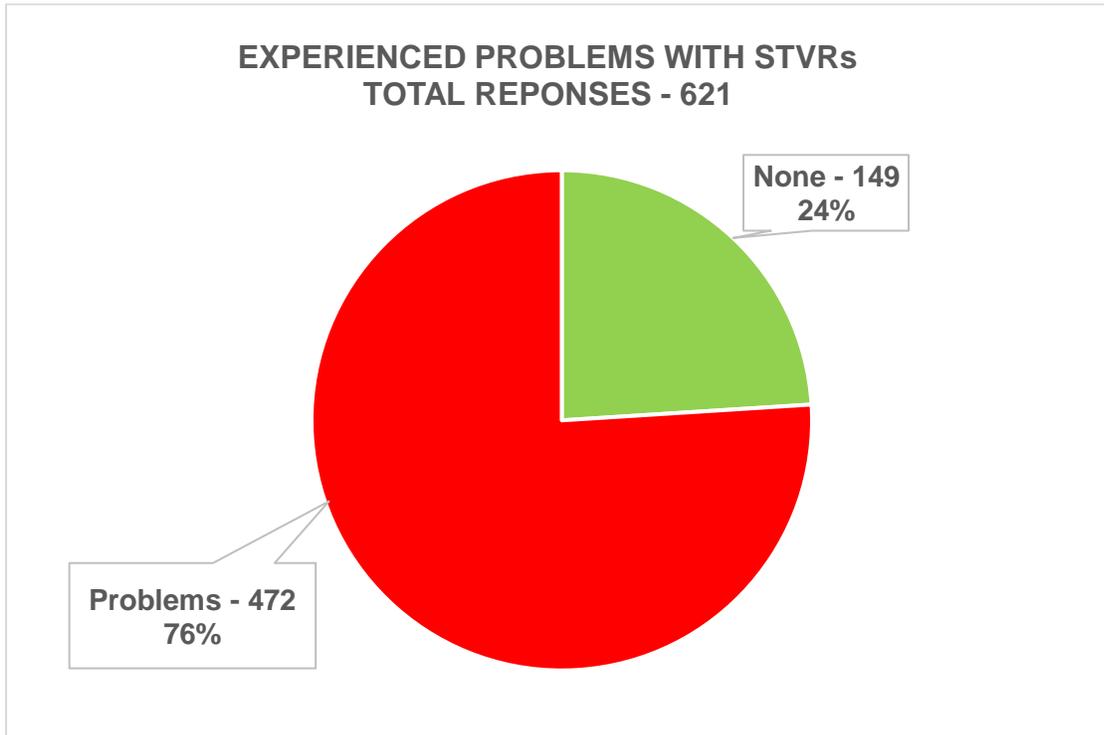
- “Effort is not worth the penalty. Violations are seldom cited, appeals are often approved, such a small percentage of fines actually are enforced why waste my time. Go to the casita to sleep, ignore everything else it will be gone in a couple of days.” (Survey #609)

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.

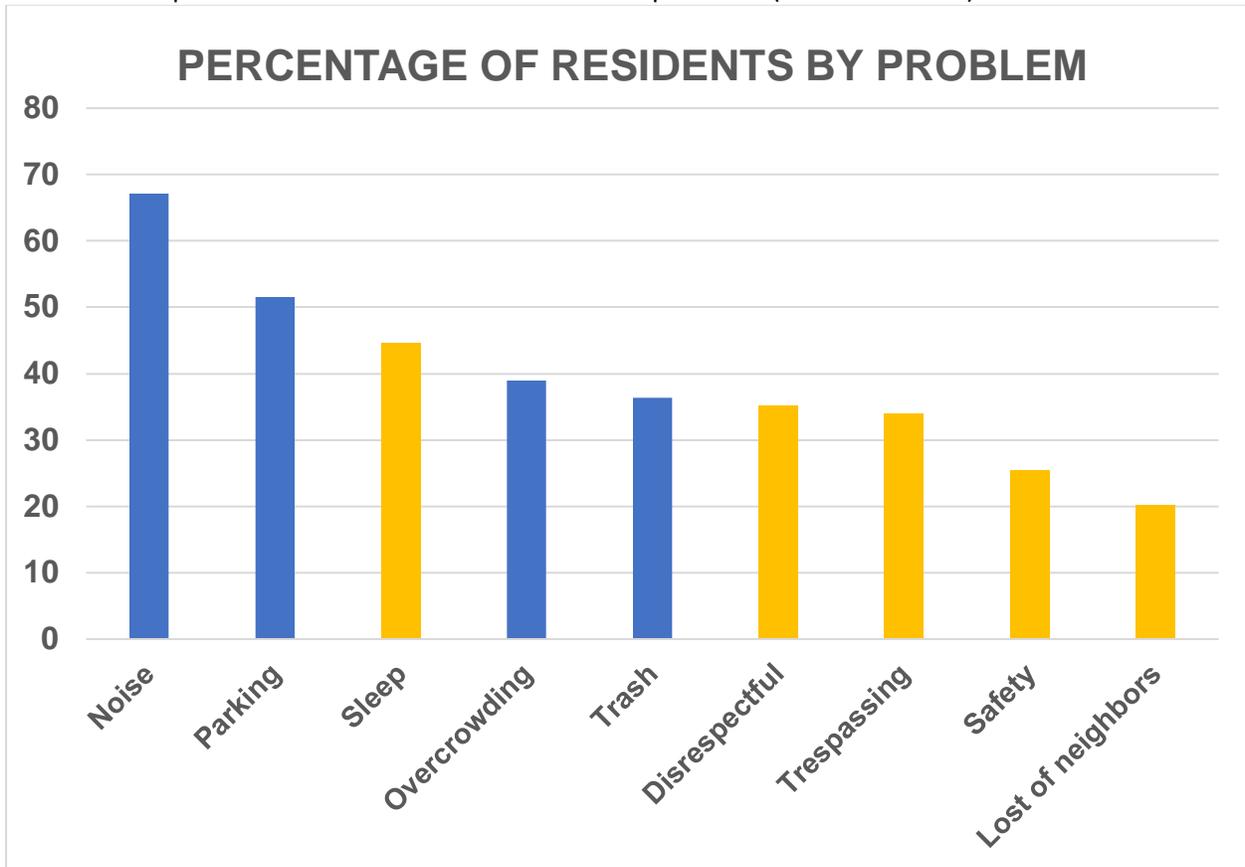
More eye opening is the percentage of citations compared with the "real" number of problems. Combine the 7% citation rate with 33% of complaints are called into the hotline, and you find approximately 2% of STVR neighbors' problems receive a citation.

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.