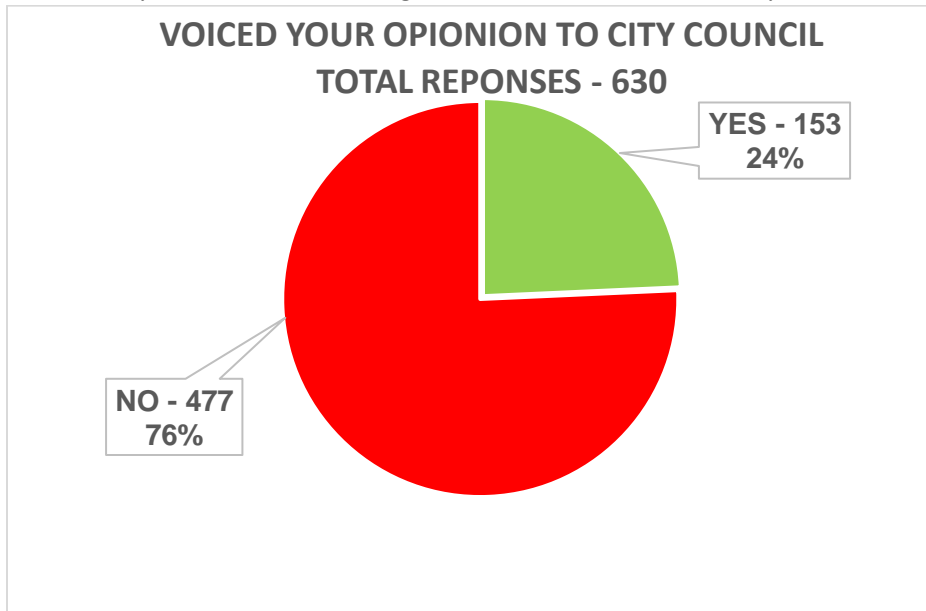


## FACTS – ADDITIONAL DATA

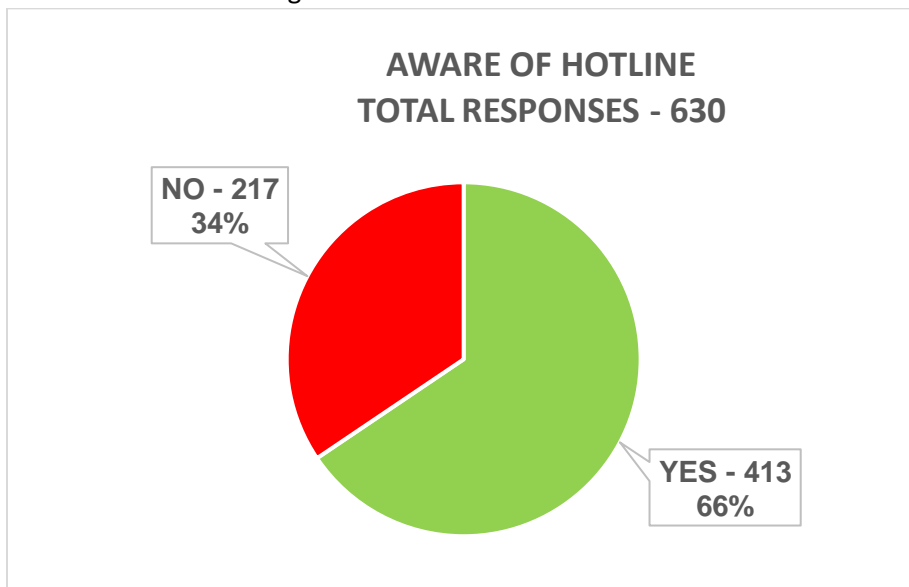
**FACT** – Only 24% of the STVR Neighbors communicated with City Council



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 whopping +/- 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.

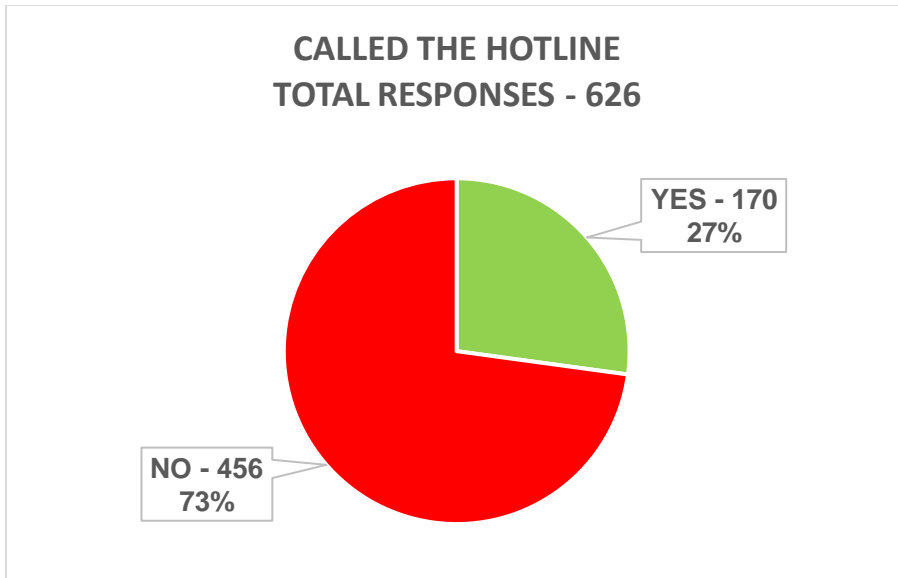


Question #11 – Are you aware of the STVR hotline for reporting complaints?

**LESSON LEARNED** – Educating residents about the hotline is reasonably successful

## FACTS – ADDITIONAL DATA

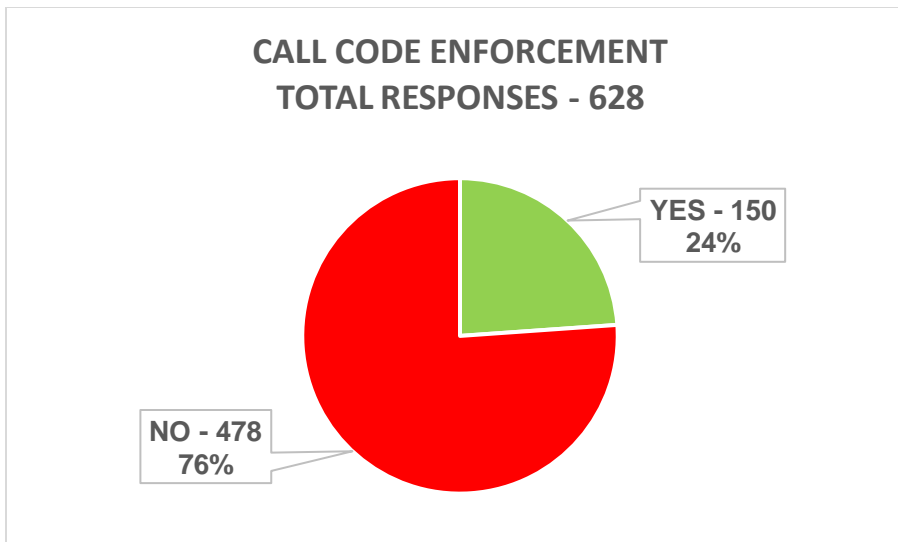
**FACT** – Only 27% of the people call the hotline. That’s less than half of the 66% of the residents that know about the hotline.



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.

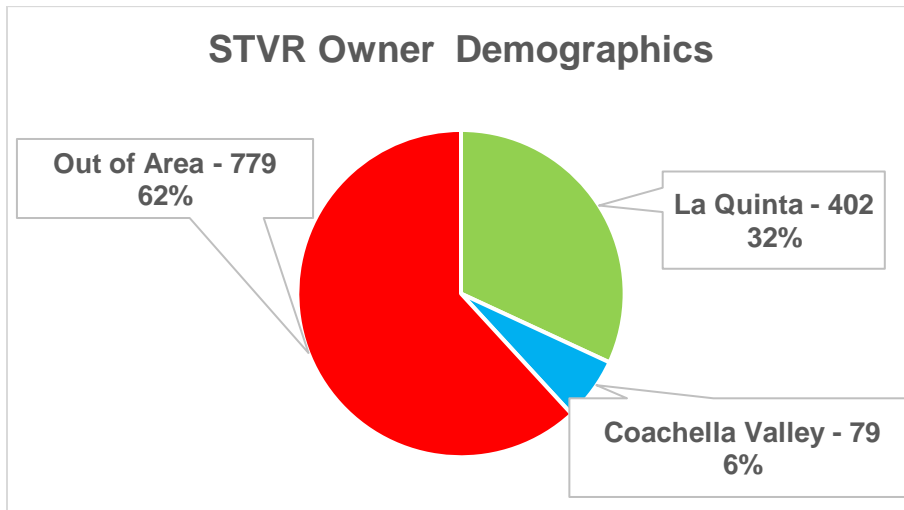


Question #13 – Have you called Code Enforcement or any other city official related to an STVR issue at anytime in the past year?

## FACTS – ADDITIONAL DATA

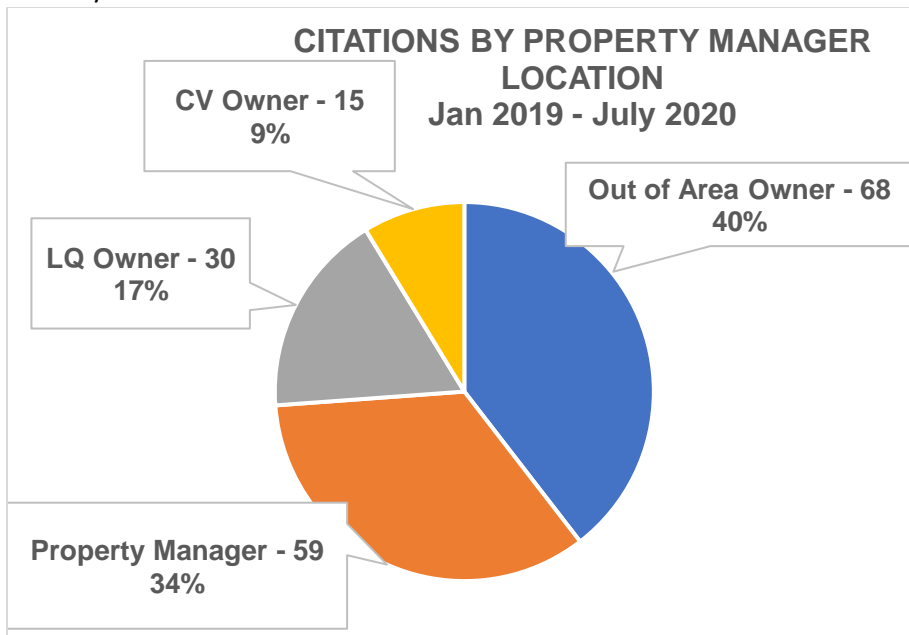
**LESSON LEARNED** – Residents did not buy their home in a residential neighborhood anticipating a hotel being built next to them. The neighbor next to an STVR has involuntarily become the security monitor for the absentee business investor. Now he has to buy a decibel meter and get trained on how to 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, 2019

**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 5<sup>th</sup> 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 Cmty. Ass’n, 235 Cal. App. 4<sup>th</sup> 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. .

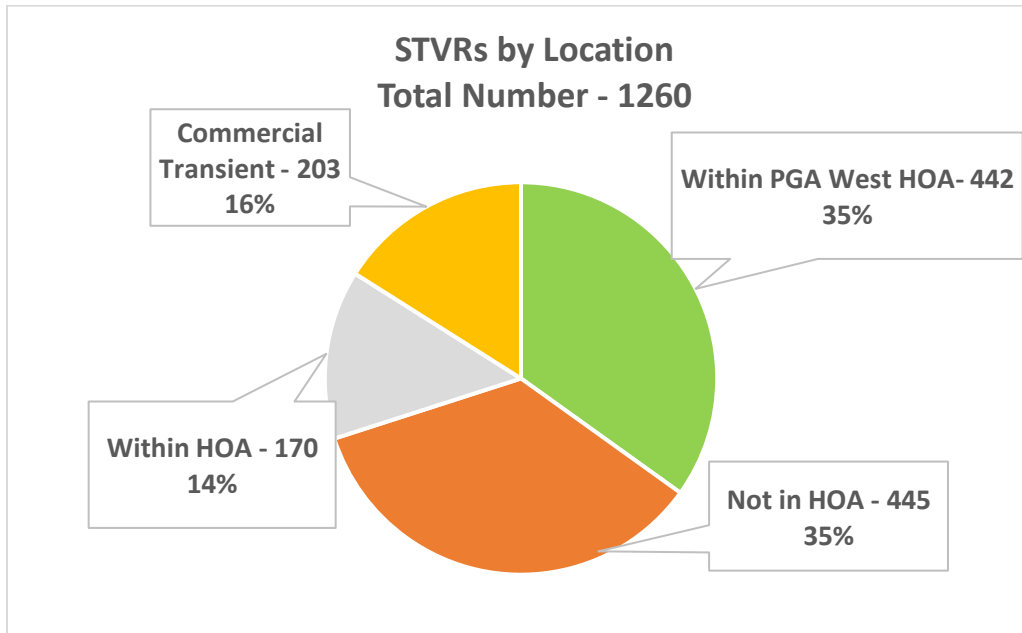
**FACT** – STVRs are a business.

- 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 5<sup>th</sup> 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 20<sup>th</sup> 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.

<b>HOUSING, ECONOMIC AND DEMOGRAPHIC DATA <sup>1</sup></b>	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 <sup>2</sup>	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 <sup>3</sup>	340 <sup>5</sup>	779 <sup>5</sup>	80 <sup>5</sup>	270 <sup>5</sup>	1,320 <sup>2</sup>	787 <sup>4</sup>
STVR %	5.3	1.4	1.9	1.4	1.7	5.3 <sup>2</sup>	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.