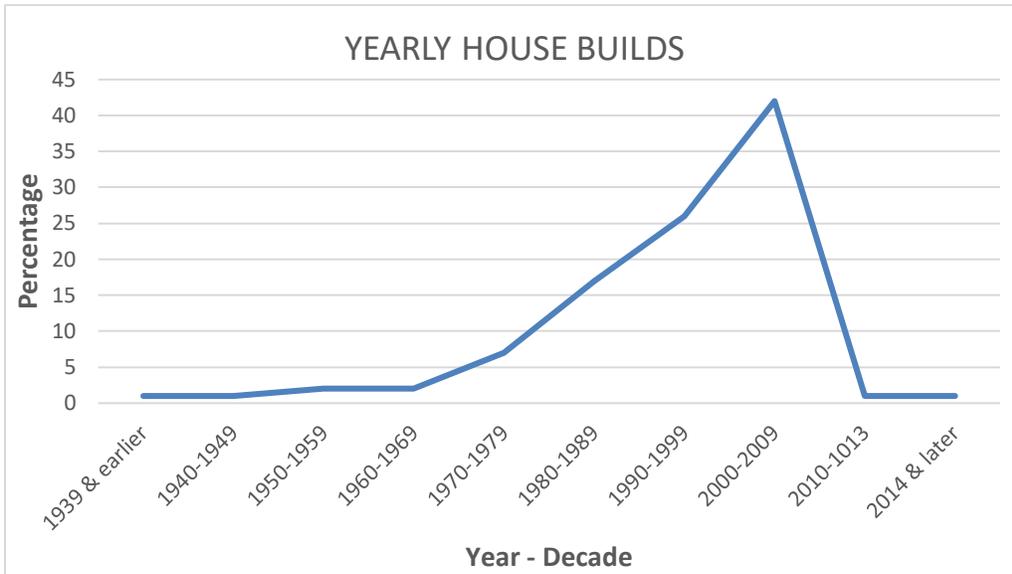


BACKGROUND

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 gather 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 proposed 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.