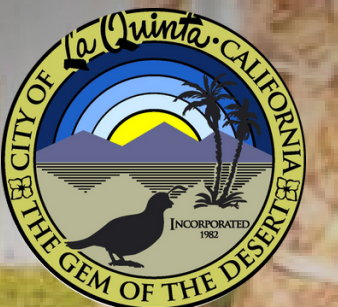


MEASURE A

November 8, 2022, Ballot Measure

A citizen-driven ballot initiative proposing to phase-out and permanently ban non-hosted Short-Term Vacation Rentals (STVRs), in non-exempt areas in the City of La Quinta by December 31, 2024.





Measure A - Sponsors & Supporters

- Don Shoffstall- proponent of citizen-driven ballot initiative, per State Elections Code
- Don Shoffstall submitted Arguments in Support of Measure A
- Ballot measure committee supporting Measure A: "La Quinta Neighbors Yes on A"

La Quinta City Council - Official Opposition

- Council took official action Opposing Measure A, per State Elections Code
- Council submitted Arguments in Opposition of Measure A



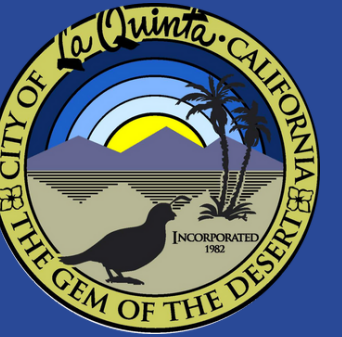
"NO" on Measure A - What Does it Mean?

- A "No" vote is against the proposed phase-out and permanent ban of non-hosted STVRs in non-exempt areas by December 31, 2024.
- Current city law will continue to prohibit the issuance of new STVR permits, except for dwellings located in exempt areas.
- Current holders of non-hosted STVR permits on or before August 4, 2020, will still be authorized to renew permits annually.
- A "No" vote allows for the gradual attrition of STVR permits. With the current ban in place, the City has seen a 23.63% drop in permitted STVRs, in non-exempt areas, since January 2021 through attrition.



"YES" on Measure A - What Does it Mean?

- A "Yes" vote is in favor of the proposed phase-out and permanent ban of non-hosted STVRs in non-exempt areas by December 31, 2024.
- Current city law would be amended so that, by December 31, 2024, non-hosted STVR permits would be prohibited, except in exempt areas of the City as specified in the Measure.
- If the Measure is adopted, STVR permits would be allowed only for hosted rentals, where the owner remains on site for the occupant's stay.



"Short-Term Vacation Rental"- What Does it Mean?

- A dwelling rented for compensation for periods of 30 calendar days or less, subject to 10% transient occupancy tax (TOT) payable to the City.

Note: "Long-Term Rentals" are dwellings rented for more than 30 consecutive calendar days, which are not subject to TOT.

"Non-Hosted" STVR- What Does it Mean?

- A dwelling rented for compensation, for periods of 30 consecutive calendar days or less, whereby the owner does not remain on-site.



Housing in La Quinta

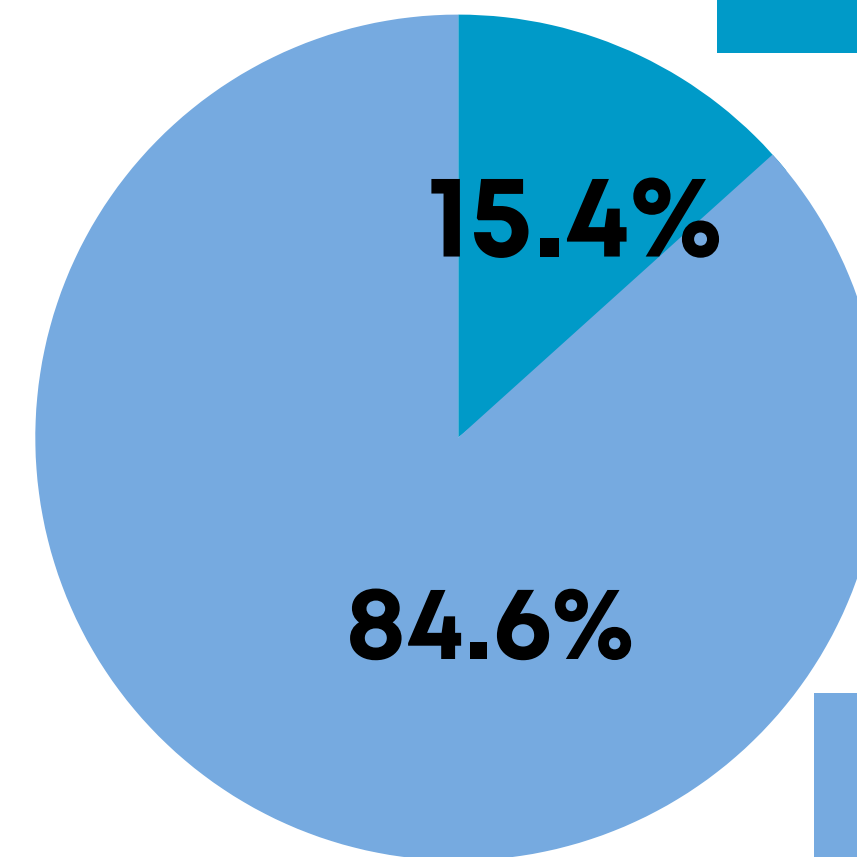
- Of the City's 25,875 housing units, an estimated 63% are occupied by year-round residents, 32.5%, or 8,416 units are occupied by seasonal residents, and the remaining 4.5%, or 1,167 units are permitted as STVRs.





Tourism in La Quinta*

- Tourism is a key driver of jobs, income, and tax revenue in the City.
- In 2021, La Quinta welcomed 1.3 million total visitors.
- Of the 1.3 million visitors, 200,000 stayed in a STVR (15% of total visitors).



**Total STVR visitors:
200,000**

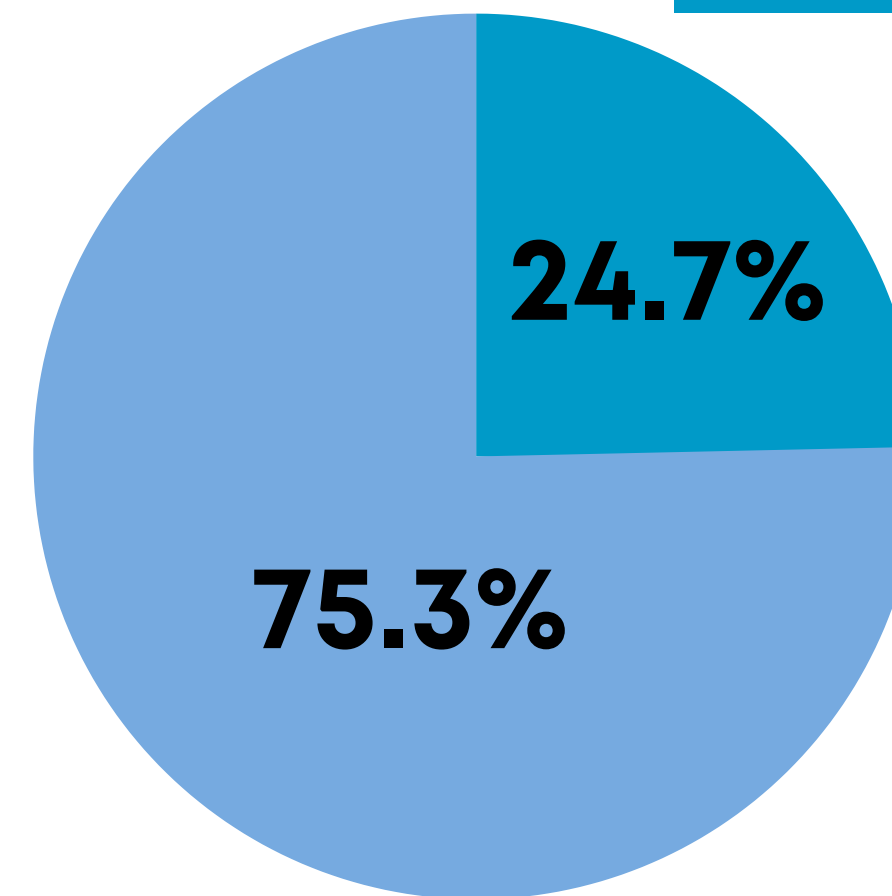
**Total non-STVR visitors:
1.1 Million**

**Source: Tourism Economics Report - July 2022*



Tourism in La Quinta*

- In 2021, 1.3 Million visitors spent a total of \$580 million.
- Roughly 25%, or \$143 million, of total visitor spending in 2021 came from STVR visitors.



**Total STVR
visitor spending:
\$143 Million**

**Total non-STVR
visitor spending:
\$437 Million**

**Source: Tourism Economics Report – July 2022*



Tourism in La Quinta*

- La Quinta has 5 hotels with approximately 1,100 rooms inventory.
- STVRs offer approximately 3,500 additional rooms for rent. Measure A proposes to eliminate approximately 2/3 of the existing STVR rooms inventory.
- Lower hospitality rooms inventory would proportionally correspond to an average of 105,000 fewer visitors per year.
- The estimated 10-year average impact per year is:

105,000 Fewer Visitors = \$84M less Visitor Spending
= \$100M less Business Sales
= 445 fewer Jobs driven by STVRs
= \$13M less in Personal Income
= \$8M less in Local Tax Revenues



Where does **the Revenue** go?

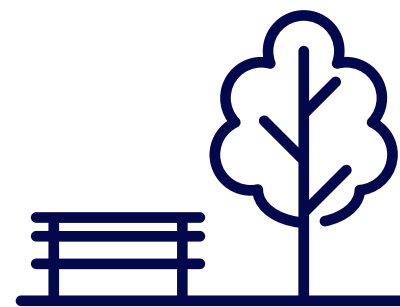
- The STVR program generated approximately \$7.1 million in General Fund revenue in fiscal year 2021/2022 to the City of La Quinta.
- The General Fund is the primary operating fund of the City and is supported by a variety of revenue sources, with the top 3 primary sources being sales tax, transient occupancy tax, and property tax.
- Through these revenues the General Fund supports:



Public Safety



Public Works



**Community
Resources**



**Design &
Development**



Administration



Where does the Revenue go?

REVENUES			EXPENDITURES		
Sales Taxes	\$24,500,000	36%	Police & Fire	\$27,037,772	40%
Property Taxes	\$9,915,000	15%	Capital Improvements	\$10,059,000	15%
Hotel & Vacation Rental Taxes	\$12,775,000	19%	Facilities/Parks Maintenance	\$7,515,470	11%
State, Assessment District & Fire Tax Credit	\$7,853,000	11%	General Administration	\$5,710,292	8%
Other Taxes & Franchise Fees	\$7,756,700	10%	Citywide Services & Benefits	\$4,388,100	7%
Licenses & Permits	\$2,823,200	4%	Community Programs	\$4,315,312	6%
Leases/Investments/Misc.	\$1,155,100	2%	Planning & Development	\$4,029,498	6%
Charges for Services	\$1,081,100	2%	Measure G Reserves	\$3,353,000	5%
Fines & Assessments	\$462,000	1%	Finance	\$1,595,830	2%
TOTAL: \$68,321,100			\$68,004,274		
			TOTAL SURPLUS: \$316,826		



City Reserves

- The City has more than \$100 million in reserves; there are 3 categories of Reserves:

Committed Reserves

Includes:

- Emergency- Natural Disaster
- Emergency- Economic Downturn
- Cash Flow Reserve
- Capital Replacement Reserve

Assigned Reserves

Includes:

- Sales Tax- Measure G
- Public Safety Fire Service Trust
- Capital Projects
- Pension Trust Fund
- Other Post Employment Benefits Trust Fund

Unassigned Reserves

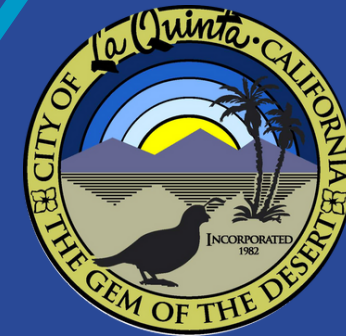
- One-time expenditures or capital expenses used at City Council discretion
- *Balance must not fall below \$8 million*

- The City of La Quinta strives to maintain adequate reserves as a matter of fiscal prudence and sound financial management. The City Council has the discretion to use reserves for one-time expenditures, excluding ongoing operations, as the continuing availability of these funds is not sustainable.



City Reserves

Fund Balance Summary		Estimated as of 6/30/2023
Committed Reserves		\$ 36,000,000
Emergency-Natural Disaster		10,000,000
Emergency-Economic Downturn		11,000,000
Cash Flow Reserve		5,000,000
Capital Replacement Reserve		10,000,000
Assigned Reserves		59,350,341
Sales Tax (Measure G)		16,592,241
Public Safety Fire Service Trust		12,800,000
Capital Projects		17,404,100
Pension Trust Fund		10,519,000
Other Post Employment Benefits Trust Fund		2,035,000
Unassigned Reserves		30,182,572
Overall Total		125,532,913



History of STVR Program

STVR Program Established

La Quinta's STVR Program was enacted to establish a permitting process and set compliance requirement.

● **Oct 2012**

● **2012**

1,000 STVRs Operating Without A Permit

There were 106 registered STVRs, but as many as 1,000 advertised STVRs operating within the City without a permit.

Launched Online Permit System and Ad Hoc Committee

The City launched an online permit system and appointed a 15-member Ad-Hoc Committee allowing community members and stakeholders to evaluate the program and make recommendations to the City Council.

● **2019/2020**

● **2019**

Community Outreach and Added STVR Resources

The City conducted community outreach, added STVR dedicated staff and the 24/7 STVR hotline.

STVR Locations



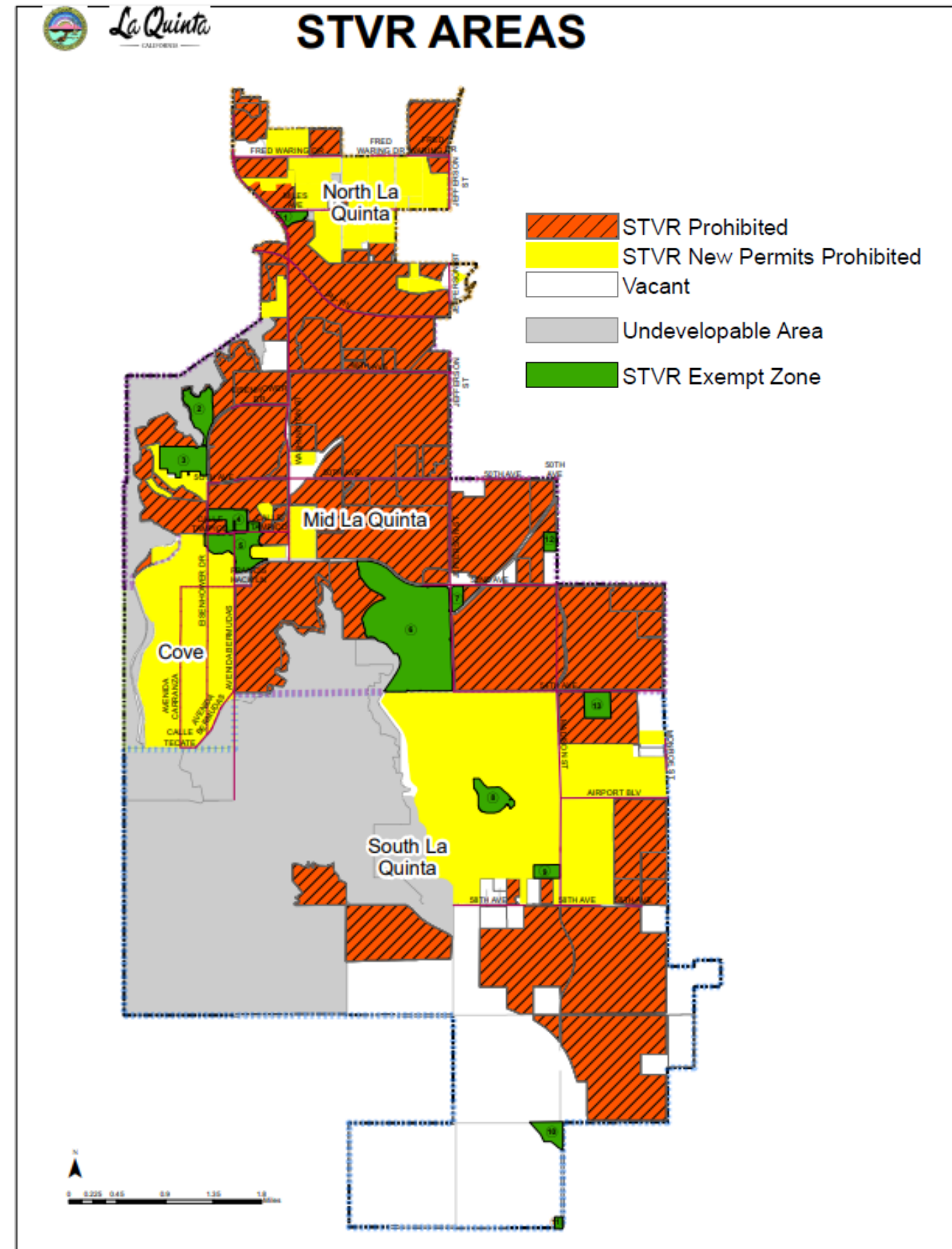
The 13 areas in La Quinta not subject to the ban:

- There are a total of 48 gated residential developments in La Quinta, only 6 of which allow STVR rentals.
 - Issuance of new STVR permits in the City of La Quinta is prohibited, except in exempt areas. This ban has been in place since August 4, 2020.
1. Homewood Suites (La Quinta Desert Villas - Center Pointe)
 2. Legacy Villas
 3. La Quinta Resort, including the Spa and Tennis Villas
 4. Embassy Suites (Casitas Las Rosas)
 5. Village/Tourist Commercial-zoned areas
 6. SilverRock Specific Plan
 7. Codorniz
 8. Signature at PGA West (Haciendas and Jewel)
 9. Puerta Azul
 10. Southwest corner of Avenue 62 and Madison Street
 11. Northwest corner of Avenue 64 and Madison Street
 12. Polo Villas Residences
 13. Merv Griffin Estate



STVR Areas Map

- Measure A would phase-out and ban by December 31, 2024, existing non-hosted STVRs in the areas depicted in **yellow**.
- New and existing STVRs will only be allowed in the exempt areas depicted in **green**.
- STVRs are prohibited in the areas depicted in **orange** due to land use or private HOA restrictions.



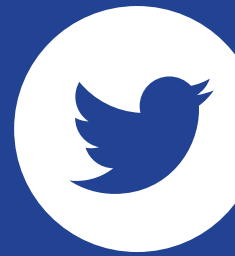
FOR MORE INFORMATION:



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@CityofLaQuinta



@CityofLaQuinta



2022 Election - www.LaQuintaCA.gov/Election2022

Measure A - www.LaQuintaCA.gov/MeasureA

