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The Honorable Jean Benson
Mayor, City of Palm Desert
Palm Desert Civic Center
73-510 Fred Waring Drive
Palm Desert, CA 92260

February 14, 2011

RE: Short-Term Rental Conditional Use Permit

Dear Mayor Benson:

The California Desert Association of REALTORS® (CDAR), the Coachella Valley's largest trade association, opposes the proposed short-term rental conditional use permit (CUP) ordinance scheduled for hearing at the March 10, 2011 City Council meeting.

The basic questions before the Council, as it considers regulation of short-term rentals, is whether additional regulation is necessary and, if it is, how to achieve the city's goals while minimizing the impact on basic property rights. This balance is particularly important in these economic times as many property owners are seeking ways to avoid foreclosure on their homes.

There are two reasons why the city would want greater regulation of short-term rentals: significant complaints about loud and/or rowdy tenants; and collection of transient occupancy taxes. We do not believe that the regulatory plan before the council is an effective solution to either goal.

As to the first, disruptive tenants, we understand that there have been very few complaints to the police department regarding short-term rentals and that the most recent complaints involved family members of the property owner. A CUP process wouldn't reach property usage by family members, or, as explained below, many other landlords, and so won't resolve the distress experienced by affected neighbors. A more promising avenue for solution to this problem would be found in stronger laws on public nuisances and increased enforcement.

The proposal also fails to address the city's need to collect transient occupancy taxes (TOT). The proposal creates a difficult and expensive process for property owners (particularly absentee owners) who wish to offer their property for short-term rental. They must apply for a CUP, provide notice to their immediate neighbors of their intentions, submit to a public hearing on their request and pay a substantial fee.

The reality is that few property owners will learn of this new regulatory process, fewer still among the large number of absentee owners and very few will voluntarily subject themselves to this time consuming and expensive process. They will simply find creative ways to stay “underground”, avoid the CUP process and its costs and hope to avoid discovery. The only owners who will “comply” will be those very few discovered as a result of a nuisance complaint from neighbors. The vast majority of owners offering short-term rentals will escape enforcement, regulatory oversight and payment of the TOT.

We believe that the registration and licensure process employed by many other cities, including Palm Springs, would provide more compliance and revenue for the city than the proposed CUP process. Palm Springs’ experience is instructive. They have found that most property owners agree to pay a small business license tax and complete an on-line registration form that assures collection of the TOT. With a similar plan Palm Desert could provide residents a greater degree of regulation of the short-term rental marketplace, collect a greater share of transient occupancy taxes and be able to promptly respond to and act on citizen complaints.

If the city’s goal is to establish a true, workable, regulatory environment for short-term rentals, one that recognizes the economic challenges facing many owners, the economic benefit to the city of this business activity and that encourages compliance we suggest you reject the proposal forwarded by the Planning Commission, it is not the solution you seek.

A short-term rental regulatory process that utilizes limited staff resources to notify short-term rental owners of a simple, inexpensive business license and registration process will encourage compliance, generate revenue for the general fund and provide increased protection of neighborhood tranquility. If short term rentals are indeed an issue that needs resolution, we are ready to work with you on common sense solutions.

Sincerely,



Burt McChesney
Government Affairs Director

cc: Palm Desert City Council
CDAR LGR Committee
Greg Berkemer, Executive Officer, CDAR