



CITY COUNCIL STAFF REPORT

DATE: APRIL 20, 2016

LEGISLATIVE

SUBJECT: PROPOSED URGENCY ORDINANCE AND ORDINANCE PROHIBITING THE RENTAL OF APARTMENTS (MORE THAN THREE-UNITS) AS VACATION RENTALS

FROM: David H. Ready, City Manager

BY: Chief of Staff/City Clerk and City Attorney

SUMMARY

The City Council will consider the adoption of an urgency ordinance to prohibit vacation rentals as apartments (four-or more apartment units) and rescind any existing vacation rental permit currently issued to an apartment, as defined, allowing for a wind-down period.

RECOMMENDATION:

1. Adopt Urgency Ordinance No. _____, "AN URGENCY ORDINANCE OF THE CITY OF PALM SPRINGS, CALIFORNIA, AMENDING SECTIONS 5.25.020 AND 5.25.030 OF, AND ADDING SECTION 5.25.075 TO, THE PALM SPRINGS MUNICIPAL CODE PROHIBITING THE RENTAL OF APARTMENTS AS VACATION RENTALS." (4/5THS VOTE)
2. Waive the reading of the text and introduce on first reading Ordinance No. _____, "AN ORDINANCE OF THE CITY OF PALM SPRINGS, CALIFORNIA, AMENDING SECTIONS 5.25.020 AND 5.25.030 OF, AND ADDING SECTION 5.25.075 TO, THE PALM SPRINGS MUNICIPAL CODE PROHIBITING THE RENTAL OF APARTMENTS AS VACATION RENTALS."

STAFF ANALYSIS:

The City currently allows and has adopted extensive regulations for vacation rental properties. The proposed ordinances would prohibit apartments (four or more units) from being used as vacation rentals (short-term rental less than 28-days).

Apartments under three units (such as a duplex or triplex) should not create an adverse impact to affordable housing stock, and are consistent with the overall finding that vacation rentals are an ancillary use of a residential zoned property.

City Staff has preliminarily identified approximately 12-properties that currently hold one or more vacation rental permits which would no longer qualify.

The urgency ordinance immediately goes into effect and revokes any vacation rental permit issued to an apartment with four or more units, and requires the owner to immediately cease advertising. The ordinance provides a wind-down period that may allow the rental of a unit with a valid contract proven to be executed prior to the effective date of the urgency ordinance, until June 30, 2016, when all vacation rental operations must cease.

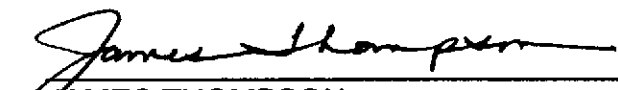
City Staff has received several pending applications from properties that would no longer qualify for a vacation rental permit. Pending applications will not be processed and a vacation rental certificate will not be issued.

ONE-PS has recommended the City Council prohibit apartments or apartment units from being used for vacation rentals, and the City Council Subcommittee (Mayor Pro Tem Mills and Councilmember Foat) concurs with the recommendation.

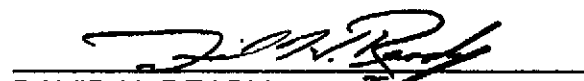
Additionally, the City Council Subcommittee and City Staff are reviewing other recommendations submitted by ONE-PS and other organizations, which will be presented at a future date.

FISCAL IMPACT:

Minimal loss of Vacation Rental fees and Transient Occupancy Tax that could be generated by the conversion of an apartment, consisting of four or more units, to vacation rental units.

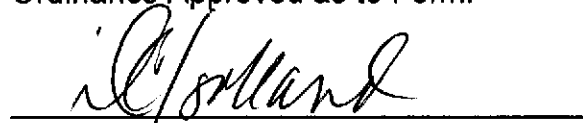


JAMES THOMPSON
Chief of Staff/City Clerk



DAVID H. READY
City Manager

Ordinance Approved as to Form:



DOUGLAS C. HOLLAND
City Attorney

Attachments:

- Urgency Ordinance
- Proposed Ordinance

ORDINANCE NO. _____

AN URGENCY ORDINANCE OF THE CITY OF PALM SPRINGS, CALIFORNIA, AMENDING SECTIONS 5.25.020 AND 5.25.030 OF, AND ADDING SECTION 5.25.075 TO, THE PALM SPRINGS MUNICIPAL CODE PROHIBITING THE RENTAL OF APARTMENTS AS VACATION RENTALS (4/5THS VOTE)

City Attorney Summary

This Urgency Ordinance amends the City's Vacation Rental ordinance to prohibit vacation rentals of apartments (as defined) in the City. This Ordinance goes into effect upon adoption by 4/5ths vote.

The City Council of the City of Palm Springs finds:

A. The City Council of the City of Palm Springs has adopted a Land Use Element and a Housing Element of its General Plan. The Land Use Element sets forth policies and goals toward the protection of land use planning that is protective of the social impacts of land uses and the Housing Element sets forth the City's policies and goals towards providing a supply and range of housing opportunities throughout the City.

B. The City Council has expressed concern regarding the potentially adverse impacts that the conversion of rental apartment units to vacation rental uses may have on the City's rental housing stock and resident socio-economic population mix.

C. There is a current and immediate threat to the public health, safety, and welfare because conversions of apartment units to vacation rentals could displace apartment residents and drive these residents out of Palm Springs, eroding the City's resident socio-economic population mix but also adversely impact City business that rely on residents in that mix as a valuable employee pool.

D. The City Council specifically finds there is a reasonable relationship between the conversion of apartment units to vacation rentals and the diminution in the supply of affordable housing by eliminating formerly affordable housing units will create undue hardships residents displaced by the conversion to vacation rentals and will otherwise adversely affect the availability and cost of affordable housing throughout the City.

E. The purpose of this ordinance is to (1) ensure a reasonable balance in the availability of rental and ownership housing in the City and to maintain opportunities for individual choice in the tenure, type, cost, and location of housing; (2) maintain an adequate supply of affordable housing; and (3) avoid displacement of and undue hardship to residents of the City who may be required to move from the community due to a shortage of affordable housing caused in part by conversions of apartment units to vacation rentals.

The City Council of the City of Palm Springs, California, ordains:

SECTION 1. Section 5.25.020 of the Palm Springs Municipal Code is amended to read:

5.25.020 Findings.

The City Council finds and determines as follows:

- (a) The use of single-family dwelling units for Vacation Rental lodging purposes provides alternate visitor serving lodging opportunities in the City; however, such uses in certain single-family neighborhoods may have effects that can best be addressed through an appropriate city regulatory program.
- (b) The establishment of a regulatory program for Vacation Rental lodging will provide an administrative procedure to preserve existing visitor serving opportunities and increase and enhance public access to areas of the City and other visitor destinations.
- (c) Limiting Vacation Rental lodging to single-family dwelling units and prohibiting Vacation Rental lodging in apartments will preserve and protect residential housing stock in the City.
- (d) The purpose of this Chapter is to establish regulations for Vacation Rental lodging within single-family residential neighborhoods and the related use of residential property thereby enabling the City to preserve the public health, safety, and welfare.
- (e) This Chapter is not intended to regulate hotels, motels, inns, time-share units, or non-vacation type rental arrangements including, but not limited to, lodging houses, rooming houses, convalescent homes, rest homes, halfway homes, or rehabilitation homes.

SECTION 2. Section 5.25.030 of the Palm Springs Municipal Code is amended to add the following definitions and amend the definition of "Vacation Rental:"

"Apartment" means a residential unit in a multi-family development of four (4) or more dwelling units where each unit is rented or leased for occupancy as a residence for one individual or family.

"Single-family dwelling" means a detached building designed primarily for the use of a single family and no portion which is to be rented out separately. For the purpose of this Chapter, the term "single-family dwelling" also means a residential unit in a multi-family development of three (3) or two (2) units.

"Vacation Rental" means a single-family dwelling, or any portion thereof, rented for occupancy for dwelling, lodging, or sleeping purposes for a period of twenty-eight

consecutive days or less, other than ongoing month-to-month tenancy granted to the same renter for the same unit, occupancy of a time-share basis, or a condominium hotel as defined in Ordinance No. 1521 as such ordinance may be amended from time to time.

SECTION 3. Section 5.25.075 is added to the Palm Springs Municipal Code to read:

5.25.075 Specific Prohibitions.

- (a) No person or entity shall offer or provide an apartment, or any portion thereof, for rent for 28 consecutive days or less to any person.
- (b) No person or entity shall maintain any advertisement of a rental that is in violation of any provision of this Chapter.

SECTION 4. Any current and valid vacation rental certificate issued to an apartment or apartment unit, as defined, is immediately revoked, any and all advertising shall immediately cease. An owner or owners agent may not enter into any new rental contract after the effective date of this ordinance. The City Manager, or designee, is authorized to issue a refund or a prorated refund of vacation the rental registration fee paid for the current vacation rental certificate.

SECTION 5. Notwithstanding the provisions in Section 4 of this Ordinance, an owner or owners agent if any apartment operating as a vacation rental in compliance with the prior law shall terminate such use by June 30, 2016. The City Manager, or designee, may allow a short-term rental for a valid contract proven to be executed prior to the effective date of this ordinance. Under no circumstances shall any short term rental be allowed after June 30, 2016.

SECTION 6. The Mayor shall sign and the City Clerk shall certify to the passage and adoption of this Ordinance and shall cause the same, or the summary thereof, to be published and posted pursuant to the provisions of law, and this Ordinance shall take effect immediately, and shall expire June 30, 2016, and shall no longer be in full force and effect.

PASSED, APPROVED, AND ADOPTED BY THE PALM SPRINGS CITY COUNCIL THIS 20TH DAY OF APRIL, 2016.

ROBERT MOON, MAYOR

ATTEST:

JAMES THOMPSON, CITY CLERK

CERTIFICATION

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
CITY OF PALM SPRINGS)

I, JAMES THOMPSON, City Clerk of the City of Palm Springs, hereby certify that Urgency Ordinance No. ____ is a full, true and correct copy, and was introduced, passed, and adopted at a regular meeting of the Palm Springs City Council on the 20th day of April, 2016, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

JAMES THOMPSON, CITY CLERK
City of Palm Springs, California

ORDINANCE NO. _____

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B. The City Council has expressed concern regarding the potentially adverse impacts that the conversion of rental apartment units to vacation rental uses may have on the City's rental housing stock and resident socio-economic population mix.

C. There is a current and immediate threat to the public health, safety, and welfare because conversions of apartment units to vacation rentals could displace apartment residents and drive these residents out of Palm Springs, eroding the City's resident socio-economic population mix but also adversely impact City business that rely on residents in that mix as a valuable employee pool.

D. The City Council specifically finds there is a reasonable relationship between the conversion of apartment units to vacation rentals and the diminution in the supply of affordable housing by eliminating formerly affordable housing units will create undue hardships residents displaced by the conversion to vacation rentals and will otherwise adversely affect the availability and cost of affordable housing affordable throughout the City.

E. The purpose of this ordinance is to (1) ensure a reasonable balance in the availability of rental and ownership housing in the City and to maintain opportunities for individual choice in the tenure, type, cost, and location of housing; (2) maintain an adequate supply of affordable housing; and (3) avoid displacement of and undue hardship to residents of the City who may be required to move from the community due to a shortage of affordable housing caused in part by conversions of apartment units to vacation rentals.

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(b) The establishment of a regulatory program for Vacation Rental lodging will provide an administrative procedure to preserve existing visitor serving opportunities and increase and enhance public access to areas of the City and other visitor destinations.

(c) Limiting Vacation Rental lodging to single-family dwelling units and prohibiting Vacation Rental lodging in apartments will preserve and protect residential housing stock in the City.

(d) The purpose of this Chapter is to establish regulations for Vacation Rental lodging within single-family residential neighborhoods and the related use of residential property thereby enabling the City to preserve the public health, safety, and welfare.

(e) This Chapter is not intended to regulate hotels, motels, inns, time-share units, or non-vacation type rental arrangements including, but not limited to, lodging houses, rooming houses, convalescent homes, rest homes, halfway homes, or rehabilitation homes.

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- (b) No person or entity shall maintain any advertisement of a rental that is in violation of any provision of this Chapter.

SECTION 4. The Mayor shall sign and the City Clerk shall certify to the passage and adoption of this Ordinance and shall cause the same, or the summary thereof, to be published and posted pursuant to the provisions of law, and this Ordinance shall take effect 30-days after adoption.

PASSED, APPROVED, AND ADOPTED BY THE PALM SPRINGS CITY COUNCIL THIS 4TH DAY OF MAY, 2016.

ROBERT MOON, MAYOR

ATTEST:

JAMES THOMPSON, CITY CLERK

CERTIFICATION

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
CITY OF PALM SPRINGS)

I, JAMES THOMPSON, City Clerk of the City of Palm Springs, hereby certify that Urgency Ordinance No. ____ is a full, true and correct copy, and was introduced, at a regular meeting of the Palm Springs City Council on the 20th day of April, 2016, and adopted at a regular meeting of the City Council held the 4 day of May, 2016, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

JAMES THOMPSON, CITY CLERK
City of Palm Springs, California