

Exhibit “A”

Title 5 BUSINESS TAXES, LICENSES AND REGULATIONS

Chapter 5.10 SHORT-TERM RENTALS

5.10.010 Title.

This chapter shall be referred to as the “Short-Term Rental Ordinance.” (Ord. 1236 § 2, 2012).

5.10.020 Purpose.

- A. The purpose of this chapter is to regulate privately-owned residential dwellings used as Short-Term Rental Units, ensure that transient occupancy taxes (TOT) are paid and collected, and minimize the potential negative effects of Short-Term Rental Units on surrounding residential neighborhoods.
- B. This chapter is not intended to allow any residential property Owner to violate any private conditions, covenants, and restrictions applicable to the Owner’s property that may prohibit the Owner from using his or her property as a Short-Term Rental Unit, as defined in this chapter. (Ord. 1236 § 2, 2012).
- C. The City reserves the right to change the regulations provided in this chapter at any time, including discontinuing the issuance of Short-Term Rental Units permits, notwithstanding any impacts to existing or future short-term permit holders. Anyone accepting a Short-Term Rental Units permit pursuant to this chapter acknowledges and accepts that possibility.

5.10.030 Definitions.

For purposes of this chapter, the following words and phrases shall have the meaning ascribed to them by this section:

“Actively Operating” means a short-term rental that is rented out/occupied for a total of more than 18 days per calendar year.

“Apartment” means a rented room or set of rooms that is part of a residential building and is used as a place to live.

“Applicable Laws, Rules and Regulations” means any laws, rules, regulations and codes (whether local, state, or federal) pertaining to the use and occupancy of a privately-owned dwelling unit as a short-term rental.

“Applicant” means a person applying for a Short-Term Rental Unit permit, and a temporary Short-Term Rental Permit, or renewal of either permit.

“City Manager” means the City manager of the City, or his or her designee.

“Good Neighbor Brochure” means a document prepared by the City, as may be revised from time to time that summarizes the general rules of conduct, consideration and respect pertaining to the use and occupancy of Short-Term Rental Units.

“Mixed Residential District (R-2)” means to provide moderate intensity and density (3.0 – 10.0 du/ac) for neighborhood development, and are characterized by a variety of housing choices and mixed-uses with buildings organized around formal and walkable streetscapes with high levels of pedestrian connectivity.

“Multifamily Residential District (R-3)” means to provide suitable areas for moderate to higher intensity and density (7.0 – 40.0 du/ac) for residential development and small-scale commercial activity, and is characterized by higher density residential development and mixed-uses in proximity to retail commercial services with buildings organized around formal streetscapes with a variety of plazas and other pedestrian amenities and open spaces that are highly connected to surrounding development.

“Operator” means an individual or business entity who is designated as the Owner’s agent to act on the Owner’s behalf to insure compliance with this Chapter. “Operator” may be the “Owner.”

“On-Site Owner Short-Term Rental” means a Short-Term Rental Unit where an Owner who is living and present within the main unit during the rental duration rents one (1) or more bedroom(s) or a detached/attached casita.

“On-Site Owner Short-Term Rental Permit” is a permit issued for an “On Site Owner Short-Term Rental.”

“Owner” means any person or entity having fee-title ownership and/or appearing on the last equalized assessment roll of Riverside County showing controlling interest of the Short-Term Rental Unit.

“Planned Residential District (P.R.)” means to provide for flexibility in residential development, by encouraging creative and imaginative design, and the development of parcels of land as coordinated projects involving a mixture of residential densities (4.0 – 40.0 du/ac), mixed housing types, and community facilities, and is characterized as providing for the optimum integration of urban and natural amenities within developments and is organized around formal, walkable, and highly connected streetscapes.

“Property” means the actual single-family house or other residential dwelling unit, including all of its improved real property, which is used as a short-term residential rental.

“Responsible Person” means a Short-Term Rental Unit occupant who is at least 25 years of age and who is legally responsible for ensuring that all occupants of the short-term rental unit and/or their guests comply with all applicable laws, rules and regulations pertaining to the use and occupancy of the subject short-term rental unit.

“Short-Term Rental Permit” is a permit for a Short-Term Rental Unit.

“Short-Term Rental Unit” means a privately-owned residential dwelling (not a hotel, motel, or timeshare), including, without limitation, a single-family detached or multiple-family attached unit (not including apartments), second unit dwelling, lodging or rooming house, condominium, duplex, triplex, quadplex, mobile home or house trailer at a fixed location, or any portion of such dwellings, rented for occupancy for dwelling, lodging, or sleeping purposes for any period less than 27 consecutive days.

“Single-Family Residential District (R-1)” means to encourage the preservation and development of traditional residential neighborhoods, and provides for low intensity development (2.0 – 8.0 du/ac) generally characterized by single-family homes on medium-sized lots organized around formal and walkable streetscapes.

“Transient” means any person who seeks to rent or who does rent a privately-owned residential unit for a period less than 27 consecutive days.

“Transient Occupancy Registration Permit” means a permit that allows the use of a privately-owned residential dwelling as a short-term rental unit pursuant to the provisions of Chapter 3.28, Transient Occupancy Tax, respectively. (Ord. 1236 § 2, 2012).

“Transient Occupancy Tax” means the tax levied by the City in accordance with Chapter 3.28 of the Municipal Code. This tax is levied upon individuals or businesses engaged in the rental of sleeping accommodations to the public.

5.10.040 Authorized agent or representative.

- A. An Owner shall designate an Operator to act on the Owner’s behalf to insure compliance with the requirements of this chapter.
- B. Notwithstanding subsection ‘A’, the Owner shall not be relieved from any personal responsibility or personal liability for noncompliance with any applicable law, rule or regulation pertaining to the use and occupancy of the subject short-term rental unit, regardless of whether such noncompliance was committed by the Owner or Operator or the occupants of the Owner’s short-term rental unit or their guests.

5.10.050 Short-Term Rental Permit; On-Site Owner Short-Term Rental Permit - Required.

An Owner must obtain one of the following types of Short-Term Rental Permits and a Transient Occupancy Registration Permit prior to advertising or renting any privately-owned residential dwelling to any transient for a period less than 27 consecutive days:

- A. Short-Term Rental Permit.
- B. On-Site Owner Short-Term Rental.

5.10.060 Short-Term rental permit for all types - Application and processing requirements.

- A. The applicant must submit the following information on an application form provided by the City:
 - 1. The name, address, valid email address, and telephone number of the Owner of the subject short-term rental unit.
 - 2. The name, address, valid email address, and telephone number of the Operator of the subject Short-Term Rental Unit.
 - 3. The address of the proposed short-term rental unit.
 - 4. The number of bedrooms and the applicable overnight and daytime occupancy limit of the proposed short-term rental unit.
 - 5. Acknowledgement of receipt and inspection of a copy of the Good Neighbor Brochure.
 - 6. Mailing labels from a title company for all owners of property within 200 hundred feet of the proposed Short-Term Rental Unit's property line. Mailing labels are not required for properties located within the P.R. zone.
 - 7. Other information as the City Manager deems reasonably necessary to administer this chapter.

B. A Short-Term Rental Permit will not be granted for properties that do not qualify under Section 5.10.070 Short-Term Rental Permit – Prohibited in R-1 and R-2 zones.

C. Short-Term Rental Permits shall not be issued where short-term rentals are prohibited by covenants, conditions, and restrictions (CC&Rs) that clearly prohibit such use. For units located in any area governed by a homeowners' association or community association (association) and subject to CC&Rs, the applicant must additionally submit a copy of a letter to the association's governing board stating the applicant's intent to operate a Short-Term Rental Unit and inviting the association to submit a letter to the City stating that: 1) the CC&Rs do not regulate such short-term rentals; 2) short-term rentals are not prohibited at the proposed unit by the CC&Rs; or 3) that the CC&Rs do not allow short-term rentals as defined herein. If the Owner contests the association's determination

that short-term rentals are not allowed, the Owner shall submit a copy of the CC&Rs to the City. The City shall provide an opportunity for the Owner and the association to be heard based on the evidence submitted. The decision of the City Manager shall be final.

- D. For units subject to CC&Rs but not within an association, a copy of the CC&Rs shall be submitted to the City to determine whether short-term rentals are either not regulated or not clearly prohibited by the CC&Rs.
- E. Upon the issuance of a new Short-Term Rental Permit and a renewal permit, excluding the P.R. zone, the City shall mail a notice to the owners and occupants of all residences within 200 hundred feet of the property line of the rental unit notifying the occupants that a Short-Term Rental Permit has been issued and providing information regarding how to lodge complaints (a copy of Good Neighbor Brochure, and the 24-hour contact person's name and telephone number) regarding the Short-Term Rental Unit.
- F. A short-term rental permit application shall be accompanied by payment of an application processing fee established by resolution of the City Council.
- G. Within 30 days of a change of property ownership, change of Operator, or any other change in material facts pertaining to the information contained in the Short-Term Rental Permit, the Operator shall submit an application and requisite application fee for a new short-term rental permit, if continued short-term rental is desired, which permit must be obtained prior to continuing to rent the subject unit as a Short-Term Rental Unit.
- H. A Short-Term Rental Permit shall not be issued or renewed if there are unresolved City code compliance cases, outstanding City fines or fees, or City liens on the property.
- I. A Short-Term Rental Permit must be renewed annually to remain valid. Failure to renew a Short-Term Rental Permit within 30 calendar days of the expiration date will result in the Short-Term Rental Permit being terminated.
- J. Short-Term Rental Permit renewals are subject to any intervening changes in this Chapter 5.10 and renewal shall be denied if the short-term rental no longer qualifies under the requirements of this chapter, unless specifically exempted therefrom. A Short-Term Rental Permit shall not be renewed if the unit has not been Actively Operating in the prior calendar year. An Owner or Operator that is denied a renewal for failure to actively operate may apply for a new Short-Term Rental Permit, if otherwise qualified under this chapter.
- K. A Short-Term Rental Permit shall not be granted for apartments, as defined in this chapter.

- L. The City may conduct an inspection of the Short-Term Rental Unit prior to issuing a new permit and prior to issuing any renewal permit.
- M. A short-term rental permit application may be denied if the applicant has had a prior short-term rental permit suspended or revoked.
- N. The Tax Administrator, as defined in Section 3.28.020(E), shall issue the short-term rental permit, which will incorporate a transient occupancy registration permit, as provided in Section 3.28.060, if the applicant satisfies the requirements of this chapter and Chapter 3.28.

5.10.070 Short-Term Rental Permit – Prohibited in R-1 and R-2 zones.

The City shall prohibit the issuance of new Short-Term Rental Permits within the R-1 and R-2 zones of the City as described below. These requirements do not apply to Temporary Short-Term Rental Permits and On-Site Owner Short-Term Rental Permits.

- A. A new Short-Term Rental Permit within the R-1 zone will not be issued.
- B. A new Short-Term Rental Permit within the R-2 zone will not be issued.
- C. Existing Short-Term Rental Permits in R-1 and R-2 zones may be renewed if otherwise qualified, but all such Short-Term Rental Permits shall terminate, and such uses permanently cease operation, by July 1, 2019. Additional renewals for operation beyond July 1, 2019, maybe granted only by the City Manager based on the criteria outlined in 25.34.140 “Exceptions Based on Unconstitutional Takings.”
- D. If an existing permit is revoked pursuant to this chapter, and the Short-Term Rental Unit is located in the R-1 or R-2 zones, then a new permit will not be issued.

5.10.080 On-Site Owner Short-Term Rental Permit – Additional application and processing requirements.

- A. The Owner shall demonstrate regular occupancy, which may be by neighbor verification or other means sufficient, in the discretion of the Tax Administrator, to demonstrate regular and continuous owner-occupancy prior to and during the rental period.

5.10.090 Operational requirements for all types of Short-Term Rental Permits.

- A. While a Short-Term Rental Unit is rented, the Operator shall be available 24 hours a day, seven days a week for the purpose of responding within 30 minutes to complaints regarding the condition, operation, or conduct of occupants or guests of the Short-Term Rental Unit.

- B. Upon notification that the Responsible Person and/or any occupant and/or guest of the short-term rental unit has created unreasonable noise or disturbances, engaged in disorderly conduct, or committed violations of any applicable law, rule or regulation pertaining to the use and occupancy of the subject short-term rental unit, the Operator shall promptly respond within 30 minutes in an appropriate manner to immediately halt or prevent a recurrence of such conduct by the Responsible Person and/or any occupants and/or guests. Failure of the Operator to respond to calls or complaints regarding the condition, operation, or conduct of occupants and/or guests of the Short-Term Rental Unit within 30 minutes and in an appropriate manner shall render the Operator subject to all administrative, legal and equitable remedies available to the City, up to and including Short-Term Rental Permit revocation.
- C. The Operator shall post the current short-term rental permit number on, or in, any advertisement appearing in any newspaper, magazine, brochure, television trade paper, Internet website, etc., that promotes the availability or existence of a short-term rental unit in a place or location deemed acceptable by the City Manager. In the instance of audio-only advertising of the same, the short-term rental permit number shall be read as part of any advertising. The following shall be clearly identified in any advertisement: 1) the maximum overnight occupancy of the Short-Term Rental Unit; 2) requirements for compliance with the City's noise standards and regulations; and 3) a statement that the Short-Term Rental Unit occupants shall respect the neighbors' privacy and enjoyment of their property.
- D. The Operator shall use reasonably prudent business practices to ensure that the occupants and/or guests of the short-term rental unit do not create unreasonable noise in violation of Palm Desert Municipal Code, (PDMC,) Chapter 9.24, Noise Control or disturbances, engage in disorderly conduct, or violate any applicable law, rule or regulation pertaining to the use and occupancy of the subject short-term rental unit. The short-term rental unit shall be used in a manner that complies with all applicable laws, rules and regulations pertaining to the use and occupancy of the subject short-term rental unit, including Chapter 3.28. (Transient Occupancy Tax.)
- E. Occupants of the short-term rental unit shall comply with all standards and regulations of the PDMC, including and especially Chapter 9.24, Noise Control, and Chapter 9.25, Multiple Responses to Loud or Unruly Parties, Gatherings or Other Similar Events.
- F. Minimum Number of Days and Nights for Rent or Lease. The minimum duration of a short-term rental unit is three days, two nights. Less than three-day, two-night rentals or leases are prohibited.
- G. Maximum Number of Occupants. The maximum number of overnight guests and residents for a short-term rental unit shall not exceed two persons per bedroom. Additional daytime guests are allowed between the hours of 7:00 a.m. and 10:00

p.m., with the additional maximum daytime guests not to exceed two persons per bedroom with a maximum of 20 guests allowed for five bedrooms or more. The following table illustrates the maximum number of occupants. If the use is On-Site Owner Short-Term Rental, the Owner shall be deemed to occupy at least one bedroom, which shall diminish the number of bedrooms for overnight guests accordingly:

Number of Bedrooms	Total of Overnight Occupants	Total Daytime Occupants (Including Number of Overnight Occupants)
1	2	4
2	4	8
3	6	12
4	8	16
5	10	20
6	12	20
7	14	20

- H. A short-term rental unit shall not change the residential character of the outside appearance of the residence, either by the use of colors, materials, lighting, or any advertising mechanism.
- I. No property use shall cross over any property line.
- J. All parking associated with a short-term rental unit shall be entirely on-site, in the garage, carport, and driveway or otherwise off of the public street.
- K. The City Manager shall have the authority to impose additional conditions on the use of any given short-term rental unit to ensure that any potential secondary effects unique to the subject short-term rental unit are avoided or adequately mitigated.
- L. Trash and refuse shall not be left stored within public view, except in proper containers for the purpose of collection by the City’s authorized waste hauler, and only on scheduled trash collection days. The Operator shall use reasonably prudent business practices to ensure compliance with all the provisions of Chapter 8.16 (Solid Waste) of the PDMC.
- M. Unless otherwise provided in this chapter, the Operator shall comply with all provisions of Chapter 3.28 of the PDMC concerning TOT, including, but not limited to, submission of a monthly TOT return in accordance with Section 3.28.070 of Chapter 3.28 of the PDMC, which shall be filed monthly even if the short-term rental unit was not rented during each such month.

5.10.100 Procedures for operators and renters.

A. Prior to occupancy of a short-term rental unit the Operator shall:

1. Meet and greet the Responsible Person on-site and obtain his or her name, address, and a copy of a valid government identification.
2. Provide the Responsible Person a copy of the Good Neighbor Brochure.
3. Provide the Responsible Person information about the short-term rental regulations.
4. Require such Responsible Person to execute a formal acknowledgement in the form acceptable by the City that he or she is legally responsible for compliance of all occupants of the short-term rental unit and their guests with all applicable laws, rules and regulations pertaining to the use and occupancy of the short-term rental unit. This information shall be maintained by the Operator for a period of three years and be made readily available upon request of any officer of the City responsible for the enforcement of any provision of the PDMC or any other applicable law, rule or regulation pertaining to the use and occupancy of the short-term rental unit.
5. Provide the Responsible Person with the Operator's 24-hour availability information.
6. Provide the Responsible Person a copy of the maximum number of overnight occupants and the maximum number of daytime occupants as permitted pursuant to the chapter.
7. Post a copy of the short-term rental permit and a copy of the Good Neighbor Brochure in a conspicuous place within the short-term rental unit.
8. Provide the Responsible Person a copy of trash pick-up day and applicable rules and regulations pertaining to leaving or storing trash on the exterior of the property.
9. Provide the Responsible Person a copy of the PDMC, Chapter 9.24, Noise Control, and Chapter 9.25, Multiple Responses to Loud or Unruly Parties, Gatherings or Other Similar Events.
10. Explain to the Responsible Person that the occupant and Owner may be cited or fined by the City in accordance with this chapter and/or Chapter 9.24, Noise Control, and Chapter 9.25, Multiple Responses to Loud or Unruly Parties, Gatherings or Other Similar Events, and
11. Provide a copy that no radio receiver, musical instrument, phonograph, compact disk player, loudspeaker, karaoke machine, sound amplifier, or any machine, device or equipment that produces or reproduces any sound shall be used outside or be audible from beyond the property boundaries of any short-term rental unit between the hours of 10:00 p.m. and 10:00 a.m.

5.10.110 Recordkeeping duties.

The Operator shall maintain for a period of three years, records in such form as the Tax Administrator (as defined in, and required by, Chapter 3.28) may require to determine the amount of TOT owed to the City. The Tax Administrator shall have the

right to inspect such records at all reasonable times. Such records shall be maintained at the Owner or Operator's premises or shall be available for delivery to the Tax Administrator within one week after request, which may be subject to the subpoena pursuant to Section 3.28.110. (Ord. 1236 § 2, 2012).

5.10.120 Violations.

- A. Additional Conditions. A violation of any provision of this chapter by any of the occupants, Owner(s) or the Operator shall authorize the City Manager to impose additional conditions on the use of any given short-term rental unit to ensure that any potential additional violations are avoided.
- B. Permit Modification, Suspension and Revocation. A violation of any provision of this chapter by any of the occupants, Owner(s) or the Operator shall constitute grounds for modification, suspension and/or revocation of the Short-Term Rental Permit and/or any affiliated licenses or permits pursuant to the provisions set forth in this chapter.
 - 1. Whenever any Operator fails to comply with any provision of this chapter, the City Manager upon hearing, after giving the Operator and/or Owner 10 days' notice in writing specifying the time and place of hearing and requiring him or her to show cause why the short-term rental permit should not be revoked, may modify, suspend or revoke the permit held by the Operator.
 - 2. The City Manager shall give to the Operator and/or Owner written notice of the modification, suspension or revocation of the permit. The notices required in this section may be served personally or by mail.
 - 3. The Tax Administrator shall not issue a new short-term rental permit after the revocation of a permit unless he or she is satisfied that the former holder of the permit will comply with the provisions of this chapter and the unit complies with Section 5.10.070 Short-Term Rental Permit – Additional application and processing requirements. During the period of time while such a permit is suspended, revoked or otherwise not validly in effect, the use of the dwelling as a Short-Term Rental Unit is prohibited.
- C. Notice of Violation. The City may issue a notice of violation to any occupant, Owner(s) or Operator, pursuant to this chapter, if there is any violation of this chapter committed, caused or maintained by any of the above parties.
- D. Administrative Citation. The City may issue an administrative citation to the property Owner(s) pursuant to Chapter 8.81 (Administrative Citation) of the municipal code if there is any violation of this chapter committed, caused or maintained. Nothing in this section shall preclude the City from also issuing an infraction citation upon the occurrence of the same offense on the same day to any occupant, Owner(s) or the Operator. Unless otherwise provided herein, any

person issued an administrative citation pursuant to this chapter shall for each separate violation be subject to: 1) an administrative fine in an amount not to exceed one-thousand dollars (\$1,000) for the first citation; 2) an administrative fine in an amount not to exceed three-thousand dollars (\$3,000) for a second citation issued for the same offense within a 12-month period of the date of the first offense; and 3) a fine in an amount not to exceed five-thousand dollars (\$5,000) and an immediate revocation of the Short-Term Rental Permit for a period of two years for the third citation within a 12-month period of the date of the first offense. If the property is zoned R-1 or R-2, then Section 5.10.070 Short-Term Rental Permit – Prohibited in R-1 and R-2 zones applies.

- E. Notwithstanding the above, operating a short-term rental unit without a validly issued short-term rental permit shall be subject to a fine in an amount up to five-thousand dollars (\$5,000) for the first citation and each additional citation, and the City has the right to refuse the issuance of any new or renewed Short-Term Rental Permit for the cited Property and/or to the cited Owner and/or Operator anywhere else within the City.
- F. Infraction. The City may issue an infraction citation to any occupant, Owner(s) or Operator, pursuant to the provisions set forth in Chapter 1.08, Citations for Code Violations, including, but not limited to, the imposition of any and all criminal penalties set forth therein if there is any violation of this chapter committed, caused or maintained by any of the above parties. Unless otherwise provided herein, any person convicted of an infraction shall, for each separate violation of this chapter be subject to: 1) a fine in an amount not to exceed one-thousand dollars (\$1,000) for a first conviction of an offense; 2) a fine in an amount not to exceed three-thousand dollars (\$3,000) for a second conviction of the same offense within a 12-month period of the date of the first offense; and 3) a fine in an amount not to exceed five-thousand dollars (\$5,000) for the third conviction of the same offense within a 12-month period of the date of the first offense.
- G. Public Nuisance. It shall be a public nuisance for any person to commit, cause or maintain a violation of this chapter, which shall be subject to the provisions of Chapter 9.24, Noise Control, and Chapter 9.25, Multiple Responses to Loud or Unruly Parties, Gatherings or Other Similar Events. (Ord. 1236 § 2, 2012).