

**ORDINANCE NO. 599**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LA QUINTA, CALIFORNIA, APPROVING A DEVELOPMENT AGREEMENT BY AND BETWEEN THE CITY OF LA QUINTA AND GTGF, LLC RELATING TO POLO VILLAS RESIDENCES AND A FINDING THAT THE PROJECT IS CONSISTENT WITH ENVIRONMENTAL ASSESSMENTS 2005-537 AND 2010-608**

**CASE NUMBER:  
DEVELOPMENT AGREEMENT 2021-0003**

**APPLICANT: GTGF, LLC**

**WHEREAS**, California Government Code Section 65864 et seq. (the "Development Agreement Law") authorizes cities to enter into binding development agreements with persons having a legal or equitable interest in real property for the development of such property, all for the purpose of strengthening the public planning process, encouraging private participation and comprehensive planning, and identifying the economic costs of such development; and

**WHEREAS**, the Planning Commission of the City of La Quinta, California did, on January 25, 2022, hold a duly noticed Public Hearing and after review and consideration of this item, and hearing all public testimony, adopt Planning Commission Resolution 2022-004 and recommended approval of said Development Agreement for the Polo Villas residences, generally located west of Madison Street, south of Avenue 50 and north of Avenue 52; and

**WHEREAS**, the City Council of the City of La Quinta, California did, on February 15, 2022 and March 1, 2022, hold a duly noticed Public Hearing to consider the request for a Development Agreement for the Polo Villas residences; and

**WHEREAS**, the Design and Development Department published a public hearing notice in The Desert Sun newspaper on February 4, 2022, as prescribed by the Municipal Code; and

**WHEREAS**, Design and Development Department determined that the project is consistent with Mitigated Negative Declarations adopted December 6, 2005 (EA2005-537) and August 2, 2011 (EA2010-608) and no further environmental review is required under the California Environmental Quality

Act. The Planning Commission considered this determination prior to their recommendation; and

**WHEREAS**, at said Public Hearing, upon hearing and considering all testimony and arguments, if any, of all interested persons desiring to be heard, the City Council did make the following mandatory findings to justify approval of said Development Agreement (Exhibit A):

1. The Development Agreement is consistent with the applicable objectives, policies, general land uses and programs of the La Quinta General Plan as follows:
  - a. Policy LU-6.3: Support and encourage the expansion of the resort industry as a key component of the City’s economic base.
  - b. Policy LU-3.1: Encourage the preservation of neighborhood character and assure a consistent and compatible land use pattern.
  - c. Goal ED-1: A balanced and varied economic base serving both the City’s residents and the region.
  - d. Goal ED-2: The continued growth of the tourism and resort industries in the City.
  - e. The properties are available and must be used for residential purposes which is consistent with the land use pattern in the area. The properties would also be able to be rented as short-term vacation rental residences thus contributing to the economic base and tourism industry of the City.
2. The Development Agreement is compatible with the uses authorized and the regulations prescribed for the land use district in which the real property is located. The properties are available and must be used for residential purposes, and may be the residents’ primary residence or secondary residences, and/or may be used for short-term vacation rentals, which residential use is consistent with the permissible uses of the land use district the property is located in. This is appropriate for the area given the proximity to surrounding residential and polo fields to the east of Madison Street.
3. The Development Agreement is in conformity with the public necessity, public convenience, general welfare and good land use practices. The project may be used as residences, which is consistent with the surrounding area and extends residential development along Madison Street in the project area.

4. The Development Agreement will not be detrimental to the health, safety and general welfare. The project may be used as residences, which is consistent with the surrounding area.
5. The Development Agreement will not adversely affect the orderly development of property or the preservation of property values in that it facilitates development of high-quality homes and extends residential development along Madison Street in the project area.
6. The Development Agreement will have a positive fiscal impact on the City, in that implementation of the Development Agreement will produce revenues through payment of certain development impact fees, increased property taxes, and transient occupancy taxes, when units are rented on a short-term basis.

**NOW, THEREFORE,** the City Council of the City of La Quinta does ordain as follows:

**SECTION 1. FINDINGS AND APPROVAL:** That the above recitations are true and constitute the Findings of the City Council in this case.

**SECTION 2. EFFECTIVE DATE:** This Ordinance shall be in full force and effect thirty (30) days after its adoption.

**SECTION 3. POSTING:** The City Clerk shall, within 15 days after passage of this Ordinance, cause it to be posted in at least three public places designated by resolution of the City Council, shall certify to the adoption and posting of this Ordinance, and shall cause this Ordinance and its certification, together with proof of posting to be entered into the permanent record of Ordinances of the City of La Quinta.

**SECTION 4. CORRECTIVE AMENDMENTS:** the City Council does hereby grant the City Clerk the ability to make minor amendments and corrections of typographical or clerical errors to “Exhibit A” to ensure consistency of all approved text amendments prior to the publication in the La Quinta Municipal Code.

**SECTION 5. SEVERABILITY:** If any section, subsection, subdivision, sentence, clause, phrase, or portion of this Ordinance is, for any reason, held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have adopted this Ordinance and each and every section, subsection, subdivision, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more

section, subsections, subdivisions, sentences, clauses, phrases, or portions thereof be declared unconstitutional.

**PASSED, APPROVED and ADOPTED**, at a regular meeting of the La Quinta City Council held this 15<sup>th</sup> day of March, 2022, by the following vote:

**AYES: Council Members Fitzpatrick, Peña, Radi, Sanchez, and Mayor Evans**

**NOES: None**

**ABSENT: None**

**ABSTAIN: None**



LINDA EVANS, Mayor  
City of La Quinta, California

**ATTEST:**



MONIKA RADEVA, City Clerk  
City of La Quinta, California



**APPROVED AS TO FORM:**



WILLIAM H. IHRKE, City Attorney

City of La Quinta, California

STATE OF CALIFORNIA )  
COUNTY OF RIVERSIDE ) ss.  
CITY OF LA QUINTA )

I, MONIKA RADEVA, City Clerk of the City of La Quinta, California, do hereby certify the foregoing to be a full, true, and correct copy of Ordinance No. (enter number) which was introduced at a regular meeting on the 1<sup>st</sup> day of March, 2022, and was adopted at a regular meeting held on the 15<sup>th</sup> day of March, 2022, not being less than 5 days after the date of introduction thereof.

I further certify that the foregoing Ordinance was posted in three places within the City of La Quinta as specified in the Rules of Procedure adopted by City Council Resolution No. 2015-023.



\_\_\_\_\_  
MONIKA RADEVA, City Clerk  
City of La Quinta, California

#### DECLARATION OF POSTING

I, MONIKA RADEVA, City Clerk of the City of La Quinta, California, do hereby certify that the foregoing ordinance was posted on March 16<sup>th</sup>, 2022, pursuant to Council Resolution.



\_\_\_\_\_  
MONIKA RADEVA, City Clerk  
City of La Quinta, California

RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO

City of La Quinta  
78-495 Calle Tampico  
La Quinta, CA 92253  
Attn: City Clerk

\*\*This document was electronically submitted  
to the County of Riverside for recording\*\*  
Received by: NORMA #248

**ORDINANCE NO. 599 "EXHIBIT A"**  
**ADOPTED: MARCH 15, 2022**  
**CASE NO. DA 2021-0003**

Space Above This Line for Recorder's Use  
(Exempt from Recording Fee per Gov't Code §6103  
and §27383)

**DEVELOPMENT AGREEMENT BY AND BETWEEN**

**THE**

**CITY OF LA QUINTA**

**AND**

**GTGF, LLC**

## DEVELOPMENT AGREEMENT

This Development Agreement (the “Agreement”) is entered into as of the day of March 15, 2022 (“Reference Date”), by and between the CITY OF LA QUINTA, a California municipal corporation and charter city organized and existing under the Constitution of the State of the California (“City”), and GTGF, LLC, a Delaware limited liability company, (“Developer”), with reference to the following:

### RECITALS:

A. Government Code Section 65864 *et seq.* (“Development Agreement Act”) authorizes City to enter into a binding development agreement for the development of real property within its jurisdiction with persons having legal or equitable interest in such real property.

B. Pursuant to Government Code Section 65865, City has adopted its Development Agreement Ordinance (La Quinta Municipal Code Section 9.250.020) establishing procedures and requirements for such development agreements (“Development Agreement Ordinance”).

C. Developer has an equitable interest pursuant to that certain Agreement of Purchase and Sale entered into on or about October 27, 2021, by and between Developer (as Buyer) and Desert Polo Land Company, LLC, a Delaware limited liability company (as Seller) (the “Purchase/Sale Agreement”), for the purchase to own certain improved real property consisting of 11 single-family residence (SFR) properties located on multiple parcels at the addresses 51005-51205 Evangeline Way, La Quinta, CA 92553, and certain vacant real property consisting of 7 unimproved residential lots with Assessor Parcel Numbers (“APNs”) 777-500-016 thru -022 and 777-500-025, in the City of La Quinta, County of Riverside, State of California, as more particularly described in the legal descriptions in Exhibit A attached hereto and incorporated herein by this reference (collectively, the “Property” and each individual parcel (whether improved or vacant) may be referred to herein as “One of the Properties”), and more particularly depicted with corresponding APNs on the Site Map attached hereto as Exhibit B and incorporated herein by this reference (the “Site”).

D. Developer has duly submitted an application for a development agreement and environmental assessment for the development of the Property and/or improvements to previously improved portions of the Property, to use as a residential community that includes and would allow for the development, permitting, operation and use of eighteen (18) residences constructed or be constructed within the Site as short-term vacation rentals pursuant to Chapter 3.25 of the La Quinta Municipal Code (briefly summarized here as the “Project” and more fully defined below in this Agreement). (For reference purposes only, a copy of Chapter 3.25, as that chapter exists on the Effective Date, is attached to this Agreement as Exhibit E.) The Project is more fully described in, and subject to (i) this Agreement, (ii) the City’s General Plan, (iii) Final Tract Map Nos. 36279 and 33085, and any conditions of approval appurtenant thereto (iv) any applicable Specific Plan or Site Development Permit in effect as of the Effective Date, and any conditions of approval appurtenant thereto, (v) any future discretionary or ministerial approvals and/or permits issued for the Property, Site or Project (collectively, the “Project Site Development Permits”); and (vi) any future subdivision maps approved for the Property, Site, or Project, (collectively, the “Future Tract Maps”). The documents, permits, approvals, and conditions described in the foregoing clauses (i)-

(vi) are collectively referred to herein as the “Project Approvals,” and are, or when approved or issued shall be, on file with the City Clerk.

E. A condition for the closing of the escrow for the Property as set forth in the Purchase/Sale Agreement is the entering into a development agreement between Developer and City. This Agreement is in furtherance of satisfying said condition to closing. Therefore, pursuant to the terms and conditions of the Purchase/Sale Agreement and this Agreement, as of the recording date of this Agreement, Developer owns fee simple title to the Property, and by their execution of this Agreement, City and Developer consent to recordation of this Agreement against the Property, including, without limitation, each One of the Properties that comprise the Site.

F. Consistent with Section 9.250.020 of the La Quinta Municipal Code, City and Developer desire to enter into a binding agreement that shall be construed as a development agreement within the meaning of the Development Agreement Act. This Agreement will eliminate uncertainty in planning for and secure the orderly development of the Project, ensure a desirable and functional community environment, provide effective and efficient development of public facilities, infrastructure, and services appropriate for the development of the Project, and assure attainment of the maximum effective utilization of resources within the City, by achieving the goals and purposes of the Development Agreement Act. In exchange for these benefits to City, Developer desires to receive the assurance that it may proceed with development of the Project in accordance with the terms and conditions of this Agreement and the Project Approvals, all as more particularly set forth herein.

G. The Planning Commission and the City Council have determined that the Project and this Agreement are consistent with the City’s General Plan, including the goals and objectives thereof.

H. All actions taken by City have been duly taken in accordance with all applicable legal requirements, including the California Environmental Quality Act (“CEQA”), and all other requirements for notice, public hearings, findings, votes and other procedural matters.

I. On March 15, 2022, the City Council adopted its Ordinance No. 599 approving this Agreement.

### **AGREEMENT:**

NOW, THEREFORE, in consideration of the foregoing Recitals, which are incorporated herein by this reference, the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and legal sufficiency of which is hereby acknowledged, the Parties do hereby agree as follows:

#### 1. GENERAL

##### 1.1 Definitions

1.1.1 “**Affiliated Party**” shall mean (i) any person or entity that directly or indirectly owns or has voting or management rights of Developer or its members or managers, (ii) any entity that is directly or indirectly owned, controlled or managed by Developer



or its members or managers, or such members' or managers' shareholders, or (iii) any entity that is a permitted assignee under the Purchase/Sale Agreement which meets the criteria in either clause (i) or (ii) of this Section 1.1.1.

1.1.2                                **“Agreement”** means this Development Agreement and all amendments and modifications thereto.

1.1.3                                **“Applicable Rules”** means the rules, regulations, ordinances and officially adopted policies of the City of La Quinta in full force and effect as of the Effective Date of this Agreement, including, but not limited to, the City’s General Plan, Chapter 3.25 of the La Quinta Municipal Code, and any applicable zoning ordinance and specific plan. Additionally, notwithstanding the language of this Section or any other language in this Agreement, all specifications, standards and policies regarding the design and construction of public works facilities required with respect to the Project, if any, shall be those that are in effect at the time any of said Project applications and plans are being processed for approval and/or under construction.

1.1.4                                **“Assignment and Assumption Agreement”** shall have the meaning set forth in Section 1.8.1 of this Agreement.

1.1.5                                **“CEQA”** means the California Environmental Quality Act (Cal. Public Resources Code Sections 21000 et seq.) and the State CEQA Guidelines (Cal. Code of Regs., Title 14, Sections 15000 et seq.).

1.1.6                                **“City”** means the City of La Quinta, a charter city and municipal corporation, including each and every agency, department, board, commission, authority, employee, and/or official acting under the authority of the City, including without limitation the City Council and the Planning Commission.

1.1.7                                **“City Council”** means the City Council of the City and the legislative body of the City pursuant to California Government Code Section 65867.

1.1.8                                **“Development Director”** means the Director of the City’s Design and Development Department, or his or her designee.

1.1.9                                **“Developer”** means the Developer identified in the preamble of this Agreement.

1.1.10                               **“Development Agreement Act”** means Section 65864 *et seq.*, of the California Government Code.

1.1.11                               **“Discretionary Action”** means an action which requires the exercise of judgment, deliberation or a decision on the part of City, including any board, commission, committee, or department or any officer or employee thereof, in the process of approving or disapproving a particular activity, as distinguished from an activity which merely requires City, including any board, commission or department or any officer or employee thereof, to determine whether there has been compliance with statutes, ordinances, regulations, or other adopted policies.

1.1.12 “**Effective Date**” shall have the meaning set forth in Section 1.3 of this Agreement.

1.1.13 “**Future Tract Maps**” shall have the meaning set forth in Recital D.

1.1.14 “**General Plan**” means the General Plan of the City.

1.1.15 “**Insubstantial Modification**” shall have the meaning set forth in Section 1.6(a) of this Agreement.

1.1.16 “**New Laws**” means amendments or modifications to the Applicable Rules, and all ordinances, resolutions, initiatives, regulations, rules, laws, plans, policies, and guidelines of the City and its City Council, Planning Commission, and all other City boards, commissions, departments, agencies, and committees enacted or adopted after the Effective Date.

1.1.17 [reserved]

1.1.18 “**Parties**” means collectively Developer and City. Each shall be referred to in the singular as a “Party”.

1.1.19 “**Performance Schedule**” shall mean the performance schedule for the Project attached hereto as Exhibit D and incorporated herein by reference, and as further described in Section 3.3.

1.1.20 “**Planning Commission**” means the City Planning Commission and the planning agency of the City pursuant to California Government Code Section 65867.

1.1.21 “**Project**” means the development, improvement, use and operation of the Site as set forth in more detail in Section 3.1.

1.1.22 “**Project Approvals**” shall have the meaning set forth in Recital D.

1.1.23 “**Purchase/Sale Agreement**” shall have the meaning set forth in Recital C.

1.1.24 “**Reserved Powers**” means the rights and authority excepted from this Agreement’s restrictions on City’s police powers and which are instead reserved to City, its City Council, Planning Commission, and all other City boards, commissions, departments, agencies, and committees. The Reserved Powers include the powers to enact or adopt New Laws or take future Discretionary Actions after the Effective Date of this Agreement that may be in conflict with the Applicable Rules and Project Approvals, except such New Laws which would prevent, or materially impair Developer’s ability to develop the Project and/or use the Property and Site in accordance with the Project Approvals and this Agreement; provided, however, that with respect to such New Laws which would conflict with this Agreement or

prevent, or materially impair Developer’s ability to develop or use the Project in accordance with the Project Approvals, such New Laws shall apply to the Project and the Site only if such New Laws are: (1) necessary to protect the public health and safety, and are generally applicable on a City-wide basis in furtherance of the identified public health and safety concern (except in the event of natural disasters as found by the City Council such as floods, earthquakes and similar acts of God, which shall apply even if not applicable on a City-wide basis); (2) amendments to Uniform Codes, as adopted by City, and/or the La Quinta Municipal Code, as applicable, regarding the construction, engineering and design standards for private and public improvements to be constructed on the Property or at the Site; (3) required by a non-City governmental entity to be adopted by or applied by the City (or, if adoption is optional, the failure to adopt or apply such non-City law or regulation would cause the City to sustain a material loss of funds or material loss of access to funding or other resources, with “material loss” in this clause (3) meaning Seventy Five Thousand Dollars (\$75,000.00) or more, as such minimum threshold amount of \$75,000 may be adjusted as of January 1 of each calendar year (the “Adjustment Date”) during the Term of this Agreement by any increases in the Consumer Price Index for All Urban Consumers for the Riverside-San Bernardino-Ontario, California areas (1982-84=100) from the Effective Date to the applicable Adjustment Date), (4) necessary to comply with state or federal laws and regulations (whether enacted previous or subsequent to the Effective Date of this Agreement), or (5) adopted by the City on a City wide basis and applied to the Property (and each One of the Properties) and the Site in a non-discriminatory manner that does not prevent or materially impair Developer’s ability to develop the Project and/or operate or use the Site and Project in accordance with the Project Approvals and this Agreement.

1.1.25 “**Site**” shall have the meaning set forth in Recital C.

1.1.26 [reserved]

1.1.27 “**Site Map**” means the map that shows the location of the Site and immediately adjacent properties, which is attached hereto as Exhibit B.

1.1.28 [reserved]

1.1.29 “**Term**” means the period of time for which the Agreement shall be effective in accordance with Section 1.2 herein.

1.1.30 “**Transferee**” means individually or collectively, Developer’s successors in interest, assignees or transferees of all or any portion of the Site.

1.1.31 “**Uniform Codes**” means those building, electrical, mechanical, plumbing, fire and other similar regulations of a City-wide scope which are based on recommendations of a multi-state professional organization and become applicable throughout the City, such as, but not limited to, the Uniform Building Code, the Uniform Electrical Code, the Uniform Mechanical Code, Uniform Plumbing Code, or the Uniform Fire Code (including those amendments to the promulgated uniform codes which reflect local modification to implement the published recommendations of the multi-state organization and which are applicable City-wide).

1.1.32 “**Zoning Ordinance**” means Title 9 of the La Quinta Municipal Code.

## 1.2 Term.

The term of this Agreement shall commence on the Effective Date and shall continue for fifty (50) years thereafter, unless said term is otherwise terminated, modified, or extended by circumstances set forth in this Agreement or by mutual consent of the Parties after the satisfaction of all applicable public hearing and related procedural requirements.

## 1.3 Effective Date.

This Agreement shall be effective, and the obligations of the Parties hereunder shall be effective, as of April 14, 2022 (“Effective Date”), which is the date that Ordinance No. 599 takes effect.

## 1.4 Statement of Benefits and Consideration.

The Parties have determined that a development agreement is appropriate for the construction and operation of the Project due to the substantial benefits to be derived therefrom.

City finds and determines that the Project is in the best interests of the health, safety and general welfare of City and its residents, and that entering into this Agreement constitutes a valid, present exercise of its police power. City has undertaken the necessary proceedings, has found and determined that this Agreement is consistent with the General Plan, and has adopted Ordinance No. 599 approving this Agreement. As a result of the development of the Project in accordance with this Agreement, City will receive substantial benefits.

In consideration of the substantial benefits, commitments, and consideration to be provided by Developer pursuant to this Agreement, and in order to strengthen the public planning process and reduce the economic costs of development, City hereby provides Developer assurance that Developer can proceed with the construction and use of the Project at the Site for the Term of this Agreement pursuant to the Applicable Rules and this Agreement. Developer would not enter into this Agreement or agree to provide the public benefits, commitments and consideration described in this Agreement if it were not for the certainty provided by this Agreement that the Project and the Site can be constructed and used during the Term of this Agreement in accordance with the Applicable Rules and this Agreement.

## 1.5 City CEQA Findings.

City finds that review of the environmental impacts of this Agreement, and the Project as a whole, has been conducted in accordance with the provisions of CEQA and the state and local procedural review requirements adopted thereunder. City has given consideration to such environmental review prior to its approval of this Agreement and the Project, and has undertaken all actions necessary to comply with CEQA.

## 1.6 Modification or Amendment of this Agreement.

Except as expressly stated to the contrary herein, this Agreement may be modified or amended from time to time, in whole or in part, only by mutual written consent of the Parties or

their successors in interest, consistent with Government Code Sections 65867-65868, the City's Development Agreement Ordinance, and the following terms:

(a) Insubstantial Modifications. The Parties acknowledge that refinements and further development of the Project may demonstrate that minor changes are appropriate with respect to the details of the Project development and the performance of the parties under this Agreement. The Parties desire to retain a certain degree of flexibility with respect to the details of the Project development and with respect to those items covered in general terms under this Agreement, and thus desire to provide a streamlined method of approving insubstantial modifications to this Agreement. Therefore, any minor modification to this Agreement which does not modify (i) the Term of this Agreement; (ii) permitted uses of the Site, (iii) maximum density or intensity of use, except as specifically allowed in the Project Approvals, (iv) provisions for the reservation or dedication of land, (v) conditions, terms, restrictions or requirements for subsequent discretionary actions, or (vi) monetary obligations of Developer (hereinafter an "Insubstantial Modification"), and that can be processed under CEQA either as not a "project" under CEQA or as exempt from CEQA shall not require a public hearing prior to the parties executing a modification to this Agreement. Either Party may propose an Insubstantial Modification, consent to which shall not be unreasonably withheld, conditioned, or delayed by the other Party. Upon the written request of Developer for a modification to this Agreement, the City Manager or his/her designee shall determine, in his/her sole discretion: (1) whether, in his/her reasonable judgment, the requested modification constitutes an "Insubstantial Modification," as defined herein; (2) whether the requested modification is consistent with Applicable Rules (other than that portion of this Agreement sought to be modified); and (3) whether, in his/her reasonable judgment, the requested modification tends to promote the goals of this Agreement. If the City Manager or his/her designee determines that the requested modification is an "Insubstantial Modification" that is consistent with Applicable Rules and tends to promote the goals of this Agreement, the proposed modification will be approved by the City as an Insubstantial Modification, and a written modification will be executed by the Parties and attached to this Agreement. Any such Insubstantial Modification shall not be deemed an "amendment" to this Agreement under Government Code Section 65858.

(b) Substantial Amendments. Except as otherwise described in Section 1.6(a) of this Agreement, amendments to this Agreement shall be "Substantial Amendments" which require notice and a public hearing pursuant to California Government Code Section 65868.

(d) Parties Required to Amend. Where a portion of Developer's rights or obligations have been transferred, assigned, and assumed pursuant to Section 1.8 of this Agreement, the signature of the person or entity to whom such rights or obligations have been assigned shall not be required to amend this Agreement unless such amendment would materially alter the rights or obligations of such assignee/transferee hereunder.

1.6.1 Effect of Amendment. Any amendment to this Agreement shall be operative only as to those specific portions of this Agreement expressly subject to the amendment, and all other terms and conditions of this Agreement shall remain in full force and effect without interruption.

### 1.7 Termination; Applicable to All of the Property.

Unless terminated earlier, pursuant to the terms hereof, this Agreement shall automatically terminate and be of no further effect upon the expiration of the Term of this Agreement as set forth in Section 1.2. Termination of this Agreement, for any reason, shall not, by itself, affect any right or duty arising from entitlements or approvals set forth under the Project Approvals. Any termination of this Agreement shall affect each and every One of the Properties and the entire Property and the Site, and no owner of One of the Properties may apply for a termination or terminate this Agreement with respect to that owner's One of the Properties unless all of the owners of the Property and each and every One of the Properties apply for and seek to terminate this Agreement for the entire Property and Site. In explanation of the foregoing, this Agreement shall apply to each One of the Properties for the entire duration of the Term, and no One of the Properties may be released from or excused for performance under this Agreement by way of terminating this Agreement for that One of the Properties, unless all of the Property and Site are released from this Agreement.

### 1.8 Assignment of Interests, Rights and Obligations.

Developer may transfer or assign all or any portion of its interests, rights or obligations under this Agreement to third parties acquiring an interest or estate in any One of the Properties, the Property and/or the Site, or any portion thereof, including, without limitation, purchasers or ground lessee(s) of lots, parcels or facilities, subject to the following:

#### 1.8.1 Assignment and Assumption Agreements.

(a) In connection with the transfer or assignment by Developer of all or any portion of the Property and/or the Site (other than a transfer or assignment by Developer to a Mortgagee, defined below), Developer and the transferee shall enter into a written agreement (an "Assignment and Assumption Agreement") regarding the respective interests, rights and obligations of Developer and the transferee in and under this Agreement. Such Assignment and Assumption Agreement may: (i) release Developer from obligations under this Agreement pertaining to that portion of the Property and/or Site being transferred, as described in the Assignment and Assumption Agreement, provided that the transferee expressly assumes such obligations; (ii) transfer to the transferee vested rights to develop and/or improve and use that portion of the Property and/or Site being transferred; and (iii) address any other matter deemed by Developer to be necessary or appropriate in connection with the transfer or assignment.

(b) Developer shall obtain City's prior written consent to any Assignment and Assumption Agreement (other than a transfer or assignment by Developer to an Affiliated Party or a Mortgagee), which consent shall not be unreasonably withheld, conditioned or delayed. Failure by City to respond within thirty (30) days to any request made by Developer for such consent shall be deemed to be City's unconditional approval of the Assignment and Assumption Agreement in question. City may refuse to give its consent only if, in light of the proposed transferee's reputation and financial resources, such transferee would not in City's reasonable opinion be able to perform the obligations proposed to be assumed by such transferee. Such determination shall be made by the City Manager in consultation with the City Attorney and is appealable by Developer directly to the City Council.

(c) An Assignment and Assumption Agreement shall be binding on Developer, City and the transferee provided (i) Developer is not then in default under this Agreement, (ii) Developer has provided notice to City of such transfer, and City has approved the transfer, and (iii) the transferee executes and delivers to City a written agreement in which (a) the name and address of the transferee is set forth and (b) the transferee expressly and unconditionally assumes each and every obligation of Developer under this Agreement with respect to the Property and/or Site, or portion thereof, being transferred (to the extent Developer has not retained a continuing obligation), (c) Developer no longer has any legal or equitable interest in the Property and/or Site or the portion thereof sold or transferred, as applicable, and (d) City has, in the exercise of its reasonable discretion, satisfied itself of transferee's ability to assume those Developer obligations under this Agreement being assigned. Upon recordation of any Assignment and Assumption Agreement in the Official Records of Riverside County, Developer shall automatically be released from those obligations assumed by the transferee therein.

(d) Developer shall be free from any and all liabilities accruing on or after the date of any assignment or transfer with respect to those obligations assumed by a transferee pursuant to an Assignment and Assumption Agreement. No breach or default hereunder by any person succeeding to any portion of Developer's obligations under this Agreement shall be attributed to Developer, nor may Developer's rights hereunder be canceled or diminished in any way by any breach or default by any such person following Developer's release of obligations under the Project Approvals pursuant to an Assignment and Assumption Agreement assigning Developer's obligations to that successor.

(e) The City may assign or transfer any of its rights or obligations under this Agreement with the approval of the Developer, which approval shall not be unreasonably withheld.

#### 1.8.2 Transfers for Mortgages.

Any transfers or assignments for any Mortgagee shall be subject to the provisions in Article 7 of this Agreement.

#### 1.8.3 Transfers to Affiliated Parties.

Developer, or any Affiliated Party of Developer, may at any time and without City's prior consent, transfer all or any portion of its rights and obligations under this Agreement to any Affiliated Party of such Transferor and, in connection with the transfer of any such obligations, be released from such obligations. Developer shall deliver to City, no later than ten (10) days after such transfer an Assignment and Assumption Agreement memorializing the transfer of Developer's rights and obligations under this Agreement to an Affiliated Party, along with that Affiliated Party's contact information for notices to be delivered pursuant to this Agreement.

## 2. AGREEMENTS AND ASSURANCES

### 2.1 Agreement and Assurance on the Part of Developer.

In consideration for City entering into this Agreement, and as an inducement for City to obligate itself to carry out the covenants and conditions set forth in this Agreement, and in order to effectuate the purposes and intentions set forth in the Recitals of this Agreement, Developer hereby agrees that the terms and conditions of this Agreement, including the Project Approvals incorporated herein, shall govern development and operation of the Site for the Term of this Agreement.

### 2.2 Agreement and Assurances on the Part of the City.

In consideration for Developer entering into this Agreement, and as an inducement for Developer to obligate itself to carry out the covenants and conditions set forth in this Agreement, and in order to effectuate the purposes and intentions set forth in this Agreement, City hereby agrees as follows:

#### 2.2.1 Vested Entitlement to Develop.

Developer has the vested right to develop, improve, operate and use the Property, Site, and Project subject to the terms and conditions of this Agreement, the Applicable Rules, Project Approvals and the Reserved Powers. It is the intent of City and Developer that the vesting of development rights of Developer shall include the permitted land uses, densities, and intensities of use of the Property and the Site, timing or phasing of development, zoning, provisions for the reservation or dedication of land for public purposes, and the location and size of public improvements, as well as those other terms and conditions of development of the Project as set forth in this Agreement and the other Project Approvals. Developer's vested rights under this Agreement shall also include, without limitation, the right to remodel, renovate, rehabilitate, rebuild or replace all improvements on the Property and the Site within the Project (or any portion thereof) throughout the applicable Term for any reason, including, without limitation, in the event of damage, destruction or obsolescence of the existing development or the Project or any portion thereof, subject to the terms and conditions of this Agreement, the Applicable Rules, Project Approvals and the Reserved Powers. Such vesting shall expire upon the earlier of the following occurrences: (a) termination of this Agreement, or (b) expiration of the Term of this Agreement. Except for the expiration set forth in clause (b) of the preceding sentence, the expiration of the vesting right set forth in the preceding sentence shall not terminate any obligations of Developer under this Agreement that (x) have accrued prior to termination of this Agreement or (y) that expressly survive the termination of this Agreement, such as indemnification obligations. Notwithstanding anything in this Agreement to the contrary, the Project shall remain subject to the following, to the same extent it would without this Agreement:

- (i) all Applicable Rules, unless modified by or in conflict with the provisions of this Agreement;
- (ii) the right to develop, improve, and use the Property (and each One of the Properties) and the Site for short-term vacation rentals;



- (iii) all New Laws applied to Developer through the City's Reserved Powers;
- (iv) all subsequent development approvals and the conditions of approval associated therewith, including but not limited to any further site development permits, tract maps, and building permits;
- (v) the payment of all fees or exactions in the categories and in the amounts as required at the time such fees are due and payable, which may be at the time of issuance of building permits, or otherwise as specified by applicable law, as existing at the time such fees are due and payable; and
- (vi) the reservation or dedication of land for public purposes or payment of fees in lieu thereof as required at the time such reservations or dedications or payments in lieu are required under applicable law to be made or paid.

## 2.2.2 Changes in Applicable Rules.

### (A) Nonapplication of Changes in Applicable Rules.

Any change in, or addition to, the Applicable Rules, including, without limitation, any change in the General Plan or Specific Plan, zoning or building regulation, adopted or becoming effective after the Effective Date, including, without limitation, any such change by means of ordinance, City Charter amendment, initiative, referendum, resolution, motion, policy, order or moratorium, initiated or instituted for any reason whatsoever and adopted by the City, City Council, Planning Commission or any other board, commission, department or agency of the City, or any officer or employee thereof, or by the electorate, as the case may be, which would, absent this Agreement, otherwise be applicable to the Property, Site, and/or to the Project and which would conflict in any way with the Applicable Rules, Project Approvals, or this Agreement, or in any way reduce the development rights or assurances provided by this Agreement, shall *not* be applied to the Property (or any One of the Properties), Site, or Project unless such changes represent an exercise of City's Reserved Powers, or are otherwise agreed to in this Agreement. It is expressly understood and agreed that Developer has the right to develop, improve, and use the Property (and each One of the Properties) and the Site for short-term vacation rentals pursuant to Article 5 [SHORT TERM VACATION RENTALS/TRANSIENT OCCUPANCY TAXES] of this Agreement. The right to apply for a new or renewal permit, and the City's ability to review and issue a new or renewal permit, for short-term vacation rentals on the Property (or any One of the Properties), Site, or Project, shall be allowed and authorized by this Agreement.

Notwithstanding the foregoing paragraph, Developer may, in its sole discretion, consent in writing to the application to the Property (which shall mean each One of the Properties), Site, and/or Project of any change in the Applicable Rules.

### (B) Changes in Uniform Codes.

Notwithstanding any provision of this Agreement to the contrary, development and use of the Property, Site, and Project shall be subject to changes which may occur from time to time in the Uniform Codes, as such Codes are adopted by the City of La Quinta.

## (C) Changes Mandated by Federal or State Law.

This Agreement shall not preclude the application to the Property, Site, and Project of changes in, or additions to, the Applicable Rules, including rules, regulations, ordinances and official policies, to the extent that such changes or additions are mandated to be applied to developments such as this Project by state or federal regulations, pursuant to the Reserved Powers. In the event state or federal laws or regulations prevent or preclude compliance with one or more provisions of this Agreement, such provisions shall be modified or suspended only to the extent necessary to comply with such state or federal laws or regulations.

## 2.2.3 Subsequent Development Review.

Except as expressly reserved in this Agreement (including the right to apply for a new or renewal permit, and the City's review and issuance of a new or renewal permit, for short-term vacation rentals), nothing shall impair or interfere with the right of City to require the processing of permits as required by law pursuant to the applicable provisions of the La Quinta Municipal Code and the provisions of Uniform Codes.

## 2.2.4 Effective Development Standards.

City agrees that it is bound to permit the uses, intensities of use, and densities of development on the Property (and each One of the Properties) and Site which are permitted by this Agreement and the Project Approvals, insofar as this Agreement and the Project Approvals so provide or as otherwise set forth in the Applicable Rules. City hereby agrees that it will not unreasonably withhold, delay or condition any approvals and/or permits which must be issued by City in order for the Project to proceed and for the Property and Site to be used for the authorized uses herein, provided that Developer reasonably and satisfactorily complies with all applicable procedures for processing applications for such approvals and/or permits.

3. DEVELOPER'S OBLIGATIONS3.1 Development of the Project; Planned Development.

Developer shall construct the Project on the Site only in accordance with the Project Approvals. As depicted in the Project Approvals, as the same may be updated or amended from time to time consistent with the terms hereof, the Project shall consist of a residential single-family development specifically developed and available for residential purposes, and may be the residents' primary residence or secondary residences, and/or may be used for short-term vacation rentals, with the following components:

- (A) Annual permitting fees to be consistent with the City's fee program;
- (B) Any rental or occupancy of 30 nights or less to be subject to the City's then-current transient occupancy tax ("TOT") for short-term vacation rentals;
- (C) Rental or occupancy agreements, and material renter or occupant information, shall be retained for a minimum of three (3) years (or other retention period as may

be approved by City policy or code) by the Developer or Developer's authorized management company for the short-term vacation rentals at the Site;

(D) Occupancy in any residence, including residences used as short-term vacation rentals, shall be capped at two (2) persons per bedroom, plus no more than four (4) additional occupants; and

(E) All residences at the Site (and on each One of the Properties) shall allow for transient occupancy, which means occupancy for thirty (30) days or less.

### 3.2 Compliance with Government Code Section 66473.7

Developer shall comply with the provisions of Government Code Section 66473.7 with respect to any Tract Maps prepared for the Project.

### 3.3 Performance Schedule

Developer shall plan, design and construct the Project in a timely manner, generally in accordance with the Performance Schedule attached hereto as Exhibit D. The Parties acknowledge and agree that the Performance Schedule is a general sequencing of the phases of the Project, and such sequencing may be modified by Developer to effectuate construction and end-use efficiencies. If Developer, in its good faith discretion, anticipates or decides a phase of the Project may need to be removed or an additional phase of the Project should be added, or the timing for completion of phases should be revised, the Performance Schedule may be amended by mutual written agreement of the Parties. The City may approve or deny a requested amendment to the Performance Schedule in its reasonable discretion, provided that such approval shall not be unreasonably withheld or delayed. In evaluating a Developer request for an amendment to the Performance Schedule, the City shall give strong consideration and latitude to Developer in the Developer's good faith exercise of business judgement based on market conditions and other factors Developer deems appropriate in connection with the requested amendment. The City Manager is individually authorized to sign such amendments on behalf of the City.

### 3.4 Funding, Fees, Permits, and Approvals.

3.4.1 No Funding. Developer acknowledges that the City is not providing any funding for the Project.

3.4.2 Fees, Permits, and Approvals Governed by Municipal Code. Except for any permitting or approval process for short-term vacation rentals that would be directly in conflict with Article 5 [SHORT TERM VACATION RENTALS/TRANSIENT OCCUPANCY TAXES] of this Agreement, all permitting and processing fees (including for the permitting and processing of short-term vacation rentals), and all permits and approvals for the Property, Site, and Project, shall be governed by the provisions of the La Quinta Municipal Code and shall be paid and performed in accordance therewith. All such fees and applications submitted to the City shall be processed in accordance with the then-current La Quinta Municipal Code, including the timing provisions therein, and shall not be accorded separate treatment pursuant to this Agreement except for any permitting or approval process for short-term vacation rentals that would be directly in conflict with Article 5 [SHORT TERM VACATION RENTALS/TRANSIENT OCCUPANCY

TAXES] of this Agreement. All City-imposed fees, including the fees for short-term vacation rental permitting, shall be in the amount prescribed by the La Quinta Municipal Code or duly adopted City Council Resolution, in effect at the time the fee is imposed.

3.4.3 Imposition of Existing and Future Fees. Nothing set forth in this Agreement is intended to or shall be construed to limit or restrict the City's authority to impose its existing, or any new or increased, Citywide fees, charges, levies, or assessments for the development of the Property, Site, or Project, or to impose or increase, subject to the required procedure, any taxes applicable to the Property, Site, or Project, including but not limited to transient occupancy taxes. Developer shall timely pay all applicable fees, charges, levies, assessments, and special and general taxes validly imposed in accordance with the Constitution and laws of the State of California, including without limitation school impact fees in accordance with Government Code §§ 65995 *et seq.*

### 3.5 Dedications and Improvements; Improvement Security.

In connection with the recordation of any final subdivision map for the Project, Developer shall, through the execution of a subdivision improvement agreement with the City, provide to the City, in a form reasonably acceptable to the City Attorney, improvement security as provided in the City Code to secure the faithful performance of Developer's obligations under this Agreement to construct the on-site and off-site improvements identified on that map. The terms, amounts and provisions for release of the improvement security shall be as set forth in the City Code.

### 3.6 Indemnification.

Developer shall protect, defend, indemnify and hold harmless City and City's officers, officials, members, employees, volunteers, agents, and representatives (any of the foregoing shall be known individually as "Indemnitee" and collectively as "Indemnites"), and each of them, jointly and severally, against and from any and all claims, demands, causes of action, damages, costs, expenses, losses and liabilities, at law or in equity, of every kind or nature whatsoever, including reasonable attorneys' fees and expert witness fees, arising out of or directly relating to construction and development-related activities on the Site by Developer, and including, without limitation, injury to or death of any person or persons and damage to or destruction of any property, threatened, brought or instituted ("Claims"), excluding those resulting from the negligence or willful misconduct of the City. In the event of any action, litigation, or other adversarial proceeding in any way involving the Claims specified in this section, City agrees, at no cost to City, to cooperate with Developer. Developer shall have the obligation to provide the defense of City in the action, litigation, or other adversarial proceeding, either by providing for legal counsel or, at City's option, timely paying the legal costs incurred by City in the defense of litigation, even though negligence or gross negligence of Developer or its contractors, subcontractors, agents, employees or other persons acting on its behalf has not been established at the time that the defense is provided. In addition, Developer shall be obligated to promptly pay any final judgment or portion thereof rendered against the Indemnitee or Indemnites.

In the event of any court action or proceeding challenging the validity of this Agreement or the Project Approvals, Developer shall indemnify, hold harmless, pay all costs and provide defense for City in said action or proceeding with counsel chosen by Developer and reasonably approved by City. City shall, at no cost to City, cooperate with Developer in any such defense as Developer may reasonably request. In the event Developer fails or refuses to provide such defense of any challenge to this Agreement or the Project Approvals, or any component thereof, City shall have the right not to defend such challenge, and to resolve such challenge in any manner it chooses in its sole discretion, including terminating this Agreement. In the event of such termination, Developer, upon written request of City, shall immediately execute a termination document or other document reasonably required by a reputable title company to remove this Agreement as a cloud on title.

### 3.7 Obligation to Close Escrow; Recording of Agreement.

This Agreement shall be valid and binding as of the Effective Date; provided, however, that the terms and conditions set forth in this Agreement affecting the vested rights and ability to develop and use the Property, Site, and Project as set forth herein, shall be contingent upon this Agreement being recorded in the Riverside County Recorder's Office for Official Records, and this Agreement shall be recorded only if Developer closes escrow for the Property pursuant to the Purchase/Sale Agreement. Upon the close of escrow, this Agreement shall be recorded against the Property. If escrow is cancelled or fails to close pursuant to the Purchase/Sale Agreement, this Agreement shall automatically terminate and be of no further force and effect without the need of either Party hereto to take any additional action in furtherance of said termination.

## 4. CITY'S OBLIGATIONS

### 4.1 Scope of Subsequent Review/Confirmation of Compliance Process.

Nothing set forth herein shall impair or interfere with the right of City to require the processing of building permits as required by law pursuant to the applicable provisions of the La Quinta Municipal Code and the provisions of City's Fire Codes and ordinances, Health and Safety Codes and ordinances, and Building, Electrical, Mechanical, and similar building codes.

Prior to each request for a building permit, Developer shall provide City with a Compliance Certificate ("Certificate"), in substantially the same form as that attached hereto as Exhibit C. The Certificate shall be distributed to the relevant City departments in order to check the representations made by Developer on the Certificate.

### 4.2 Project Approvals Independent.

All approvals required for the Project which may be or have been granted, and all land use entitlements or approvals generally which have been issued or will be issued by City with respect to the Project, constitute independent actions and approvals by City. If any provision of this Agreement or the application of any provision of this Agreement to a particular situation is held by a court of competent jurisdiction to be invalid or unenforceable, or if this Agreement terminates for any reason, then such invalidity, unenforceability or termination of this Agreement or any part hereof shall not affect the validity or effectiveness of any such Project approvals or other land use approvals and entitlements. In such cases, such approvals and entitlements will remain in effect

pursuant to their own terms, provisions. It is understood by the Parties that pursuant to existing law, if this Agreement terminates or is held invalid or unenforceable as described above, such approvals and entitlements shall not remain valid for the term of this Agreement, but shall remain valid for the term of such approvals and entitlements.

#### 4.3 Review for Compliance.

City shall review this Developer's compliance with the terms of Agreement at least once during every twelve (12) month period following the Effective Date of this Agreement, in accordance with City's procedures and standards for such review. During such periodic review by City, Developer, upon written request from City, shall be required to demonstrate, and hereby agrees to furnish, evidence of good faith compliance with the terms hereof. The failure of City to conduct or complete the annual review as provided herein or in accordance with the Development Agreement Ordinance shall not impact the validity of this Agreement. If, at the conclusion of the annual review provided for herein, Developer has been found in compliance with this Agreement, City, through the Development Director, shall, at Developer's written request, issue a Certificate of Compliance to Developer stating that (1) this Agreement remains in full force and effect and (2) Developer is in compliance with this Agreement. The Certificate shall be in recordable form and shall contain information necessary to communicate constructive record notice of the finding of compliance. Developer, at its option and sole cost, may record the Certificate.

### 5. SHORT TERM VACATION RENTALS/TRANSIENT OCCUPANCY TAXES.

#### 5.1 Short Term Vacation Rental Use.

This Agreement expressly provides that short-term vacation rentals are a permitted use on the Property (and each One of the Properties) within the Project that allows residential uses, and the rights to such permitted use are hereby vested pursuant to the terms of this Agreement. Except as expressly provided in this Agreement, the City shall not impose on or apply to the Project or any part thereof (whether by action of the Council, or other legislative body, or by initiative, referendum, or other measure) any ordinance, resolution, standard, directive, condition, or other measure that would prevent, prohibit or materially impair the ability of Developer to apply for and obtain a permit and subsequently use and operate short-term vacation rentals in all residential units within the Project. Notwithstanding the foregoing, and except as expressly provided in this Agreement, short-term vacation rentals on the Property (and each One of the Properties) within the Project shall be subject to Short-Term Vacation Rental Regulations set forth in Chapter 3.25 (or successor provisions) of the La Quinta Municipal Code, including but not limited to violations and penalties for such violations for failing to comply with the City's Short-Term Vacation Rental Regulations, as long as Developer has the ability to apply for and obtain a permit and subsequently use and operate short-term vacation rentals in all residential units within the Project that are not otherwise subject to a violation or penalty preventing issuance of such permit and allowing such use for failing to comply with the City's Short-Term Vacation Rental Regulations. Pursuant to the expressed exceptions referenced in the preceding sentence, and due to the unique location, character and history of the Property, the following provisions shall apply to the use and operation of the Property (and each One of the Properties) within the Project:

5.1.1 Noise Compliance Provisions. Notwithstanding any provision in the La Quinta Municipal Code to the contrary, 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 of any short-term vacation rental unit, or be audible at a level that violates the standards and regulations for permissible noise as set forth in Sections 9.100.210 and 11.08.040 (or successor provisions) of the La Quinta Municipal Code (as measured using standard noise measuring instruments) from the outside of any short-term vacation rental unit, between the hours of 10:00 p.m. and 7:00 a.m. Pacific Standard Time. Observations of noise-related violations shall be made by the City or its authorized designee from any location at which a City official or authorized designee may lawfully be, including but not limited to any public right-of-way, any City-owned public property, and any private property to which the City or its authorized designee has been granted access.

5.1.2 Major Violations. Notwithstanding any provision in the La Quinta Municipal Code to the contrary, City shall not modify, suspend, refuse to renew or revoke a short-term residential permit with respect to any one residential dwelling in the Project except upon two (2) major violations of Chapter 3.25 of the La Quinta Municipal Code or other provisions of the La Quinta Municipal Code within one (1) year by an owner, owner's agent, occupant or responsible person of such residential dwelling. For purposes of this subsection 5.1.2, a "major violation" shall mean a violation of a particular section of the La Quinta Municipal Code that (i) resulted in a substantial impact on the use and enjoyment of adjacent or nearby properties and that has not been cured or eliminated within thirty (30) minutes after the City has given notice of the violation to the owner or the owner's authorized agent or representative, or (ii) constituted a clear and present threat to public health and safety.

## 5.2 Transient Occupancy Tax.

All short-term vacation rentals in the Project shall be subject to, and comply with, the City's Transient Occupancy Ordinance as set forth in Chapter 3.24 of the La Quinta Municipal Code. To the extent the City revises its Transient Occupancy Ordinance after the Effective Date of this Agreement, all short-term vacation rentals in the Project will be subject to those revised or amended provisions unless doing so would violate the vested rights set forth in Section 5.1 of this Agreement. It is the intent of this provision to require, at all times, that all short-term vacation rentals in the Project comply with the City's requirements and procedures for collecting, reporting and paying the applicable transient occupancy tax, including as those requirements and procedures may be modified during the term of this Agreement.

## 5.3 Capacity Limit for Short-Term Vacation Rentals

Notwithstanding anything to the contrary in the City's Short-Term Vacation Rental Regulations, all short-term vacation rentals in the Project shall be subject to an occupancy cap of two (2) persons per bedroom, plus no more than four (4) additional occupants.

#### 5.4 Recordkeeping

All short-term vacation rentals in the Project shall be subject to, and comply with, Chapter 3.25 of the La Quinta Municipal Code, including but not limited to the recordkeeping requirements in Section 3.25.070(F) (or successor provisions).

Prior to occupancy of a short-term vacation rental unit in the Project, the owner or the owner's authorized agent or representative shall:

1. Obtain the contact information of the responsible person; and
2. Provide copies of all electronically distributed short-term vacation rental information from the City, including any good neighbor brochure to the responsible person and post in a conspicuous location within the short-term vacation rental unit, in a manner that allows for the information to be viewed in its entirety; and require such responsible person to execute a formal acknowledgement that he or she is legally responsible for compliance by all occupants of the short-term vacation rental unit and their guests with all applicable laws, rules and regulations pertaining to the use and occupancy of the short-term vacation rental unit. This information shall be maintained by the owner or the owner's authorized agent or representative for a period of three (3) years and be made readily available upon request of any officer of the City responsible for the enforcement of any provision of this code or any other applicable law, rule or regulation pertaining to the use and occupancy of the short-term vacation rental unit.

#### 5.5 Covenants, Conditions and Restrictions.

All CC&Rs recorded on any portion of the Project where residential uses are allowed shall expressly authorize short-term vacation rentals for all residential units, consistent with this Agreement and the requirements set forth in Chapter 3.25 of the La Quinta Municipal Code (or successor provisions) that are not in conflict with this Agreement. All such CC&Rs shall state:

1. The operational requirements and standard conditions applicable to short-term vacation rentals in the Project;
2. That all short-term vacation rentals in the Project are subject to the Transient Occupancy Tax pursuant to Chapter 3.24 of the La Quinta Municipal Code;
3. The occupancy limits for the residences, including residences used as short-term vacation rentals;
4. That all short-term vacation rentals must be rented subject to a "rental agreement" as that term is defined in Section 3.25.030 of the La Quinta Municipal Code, as that section existed on the Effective Date of this Agreement.



## 6. DEFAULT; REMEDIES; DISPUTE RESOLUTION.

### 6.1 Notice of Default.

In the event of failure by either Party substantially to perform any material term or provision of this Agreement, the non-defaulting Party shall have those rights and remedies provided herein, provided that such non-defaulting Party has first provided to the defaulting Party a written notice of default in the manner required by Section 8.1 hereof identifying with specificity the nature of the alleged default and the manner in which said default may satisfactorily be cured.

### 6.2 Cure of Default.

Upon the receipt of the notice of default, the alleged defaulting Party shall promptly commence to cure, correct, or remedy the identified default at the earliest reasonable time after receipt of the notice of default and shall complete the cure, correction or remedy of such default not later than thirty (30) days after receipt of the notice of default, or, for such defaults that cannot reasonably be cured, corrected or remedied within thirty (30) days, such Party shall commence to cure, correct, or remedy such default within such thirty (30) day period, and shall continuously and diligently prosecute such cure, correction or remedy to completion.

### 6.3 City Remedies.

In the event of an uncured default by Developer of the terms of this Agreement, City, at its option, may institute legal action in law or in equity to cure, correct, or remedy such default, enjoin any threatened or attempted violation, or enforce the terms of this Agreement; provided, however, that in no event shall City be entitled to consequential, punitive or exemplary damages for any Developer default. For purposes of this Agreement the term “consequential damages” shall include, but not be limited to, potential loss of anticipated tax revenues from the Project or any portion thereof. Furthermore, City, in addition to or as an alternative to exercising the remedies set forth in this Section 6.3, in the event of a material uncured default by Developer, may give notice of its intent to terminate or modify this Agreement pursuant to City’s Development Agreement Ordinance and/or the Development Agreement Act, in which event the matter shall be scheduled for consideration and review by the City Council in the manner set forth in the City’s Development Agreement Ordinance or the Development Agreement Act.

### 6.4 Developer’s Excusive Remedies.

The Parties acknowledge that the City would not have entered into this Agreement if it were to be liable in damages under, or with respect to, this Agreement or any of the matters referred to herein including, but not limited to, the Project Approvals, the Applicable Rules or any future amendments or enactments thereto, or the Project. Accordingly, Developer covenants on behalf of itself and its successors and assigns, not to sue the City for damages or monetary relief (except for attorneys’ fees as provided for by Section 8.22) for any breach of this Agreement by City or arising out of or connected with any dispute, controversy, or issue between Developer and City regarding this Agreement or any of the matters referred to herein including but not limited to the application, interpretation, or effect of this Agreement, the Project Approvals, the Applicable Rules or any future amendments or enactments thereto, or the Project, or any land use permits or approvals sought in connection with the development of the Project or any component thereof, or

use of a parcel or any portion thereof, the parties agreeing that declaratory and injunctive relief, mandate, and specific performance shall be Developer's sole and exclusive judicial remedies.

## 7. MORTGAGEE PROTECTION; CERTAIN RIGHTS OF CURE

### 7.1 Encumbrances on the Project Site.

This Agreement shall not prevent or limit Developer from encumbering the Site or any portion thereof or any improvements thereon with any mortgage, deed of trust, sale and leaseback arrangement, or any other form of conveyance in which the Site, or a portion thereof or interest therein, is pledged as security, and contracted for in good faith and fair value (a "Mortgage") securing financing with respect to the construction, development, use or operation of the Project.

### 7.2 Mortgage Protection.

This Agreement shall be superior and senior to the lien of any Mortgage. Notwithstanding the foregoing, no breach of this Agreement shall defeat, render invalid, diminish, or impair the lien of any Mortgage made in good faith and for value, and any acquisition or acceptance of title or any right or interest in or with respect to the Site or any portion thereof by a holder of a beneficial interest under a Mortgage, or any successor or assignee to said holder (a "Mortgagee") [whether pursuant to foreclosure, trustee's sale, deed in lieu of foreclosure, lease termination or otherwise] shall be subject to all of the terms and conditions of this Agreement.

### 7.3 Mortgagee Not Obligated.

No Mortgagee will have any obligation or duty under this Agreement to perform the obligations of the Developer or other affirmative covenants of Developer hereunder, or to guarantee such performance, except that (i) the Mortgagee shall have no right to develop or operate the Site without the written consent of the City, and (ii) to the extent that any covenant to be performed by the Developer is a condition to the performance of a covenant by the City, the performance thereof by Mortgagee shall continue to be a condition precedent to the City's performance hereunder.

### 7.4 Notice of Default to Mortgagee; Right of Mortgagee to Cure.

With respect to any mortgage or deed of trust granted by Developer, whenever City may deliver any notice or demand to Developer with respect to any breach or default by Developer in completion of construction of the Project or any component of the Project, City shall at the same time deliver a copy of such notice or demand to each holder of record of any mortgage or deed of trust which has previously requested such notice in writing. Each such holder shall (insofar as the rights granted by City are concerned) have the right, at its option, within sixty (60) days after the receipt of the notice, to cure or remedy or commence to cure or remedy and thereafter to pursue with due diligence the cure or remedy of any such default and to add the cost thereof to the mortgage debt and the lien of its mortgage. It is understood that a holder shall be deemed to have satisfied the sixty (60) daytime limit set forth above for commencing to cure or remedy a Developer default which requires title and/or possession of the Site (or portion thereof) if and to the extent any such holder has within such sixty (60) day period commenced proceedings to obtain title

and/or possession and thereafter the holder diligently pursues such proceedings to completion and cures or remedies the default.

## 8. MISCELLANEOUS

### 8.1 Notices, Demands and Communications Between the Parties.

Any approval, disapproval, demand, document or other notice (“Notice”) which either Party may desire to give to the other Party under this Agreement must be in writing and shall be sufficiently given if (i) delivered by hand, (ii) delivered by reputable same-day or overnight messenger service that provides a receipt showing date and time of delivery, or (iii) dispatched by registered or certified mail, postage prepaid, return receipt requested, to the principal offices of City and Developer at the addresses specified below, or at any other address as that Party may later designate by Notice.

To City: City of La Quinta  
78-495 Calle Tampico  
La Quinta, California 92253  
Attn: Community Development Director

With a copy to: Rutan & Tucker, LLP  
18575 Jamboree Road, 9<sup>th</sup> Floor  
Irvine, California 92612  
Attn: William H. Ihrke

To Developer: GTGF, LLC  
800 W. Olympic Blvd Ste.305  
Los Angeles, California 90015  
Attn: Sean Breuner

With copies to: Nethery/Mueller/Olivier LLP  
41750 Rancho Las Palmas Dr.  
Suite H-1  
Rancho Mirage, CA 92270  
Attn: Daniel Olivier

Any written notice, demand or communication shall be deemed received immediately if personally delivered or delivered by delivery service and shall be deemed received on the third day from the date it is postmarked if delivered by registered or certified mail.

### 8.2 Force Majeure.

In addition to specific provisions of this Agreement, performance by either Party hereunder shall not be deemed to be in default, and all performance and other dates specified in this

Agreement shall be extended, where delays or Defaults are due to causes beyond the control or without the fault of the Party claiming an extension of time to perform, which may include the following (each, a “**Force Majeure**”): war; insurrection; acts of terrorism; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority imposed or mandated by other governmental entities; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor or supplier; acts or omissions of the other Party; or acts or failures to act of any public or governmental agency or entity (other than the acts or failures to act of City which shall not excuse performance by City), or any other causes beyond the control or without the fault of the party claiming an extension of time to perform. Notwithstanding anything to the contrary in this Agreement, an extension of time for any such cause shall only be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the Party claiming such extension is sent to the other Party within thirty (30) days of the commencement of the cause. Times of performance under this Agreement may also be extended in writing by the mutual agreement of City and Developer.

Notwithstanding the paragraph above, Developer is not entitled pursuant to this Section 8.2 to an extension of time to perform because of past, present, or future difficulty in obtaining suitable construction or permanent financing for the development of the Site, or because of economic or market conditions.

### 8.3 Binding Effect.

This Agreement, and all of the terms and conditions hereof, shall be binding upon and inure to the benefit of the Parties, any subsequent owner of all or any portion of the Project or the Site, and their respective assigns, heirs or successors in interest, whether or not any reference to this Agreement is contained in the instrument by which such person acquired an interest in the Project or the Site.

### 8.4 Independent Entity.

The Parties acknowledge that, in entering into and performing this Agreement, each of Developer and City is acting as an independent entity and not as an agent of the other in any respect.

### 8.5 Agreement Not to Benefit Third Parties.

This Agreement is made for the sole benefit of the Parties, and no other person shall be deemed to have any privity of contract under this Agreement nor any right to rely on this Agreement to any extent for any purpose whatsoever, nor have any right of action of any kind on this Agreement nor be deemed to be a third-party beneficiary under this Agreement.

### 8.6 Covenants.

The provisions of this Agreement shall constitute mutual covenants which shall run with the land comprising the Site for the benefit thereof, and for the benefit of City, and the burdens

and benefits hereof shall bind and inure to the benefit of each of the Parties hereto and all successors in interest to the Parties hereto for the term of this Agreement.

8.7 Non-liability of City Officers and Employees.

No official, officer, employee, agent or representative of City, acting in his/her official capacity, shall be personally liable to Developer, or any successor or assign, for any loss, costs, damage, claim, liability, or judgment, arising out of or connection to this Agreement, or for any act or omission on the part of City.

8.8 Covenant Against Discrimination.

Developer and City covenant and agree, for themselves and their respective successors and assigns, that there shall be no discrimination against, or segregation of, any person or group or persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry, or any other impermissible classification, in the performance of this Agreement. Developer shall comply with the Americans with Disabilities Act of 1990, as amended (42 U.S.C. §§ 12101, et seq.).

8.9 No Waiver.

No waiver of any provision of this Agreement shall be effective unless in writing and signed by a duly authorized representative of the Party against whom enforcement of a waiver is sought and referring expressly to this Section. No delay or omission by either Party in exercising any right or power accruing upon non-compliance or failure to perform by the other Party under any of the provisions of this Agreement shall impair any such right or power or be construed to be a waiver thereof, except as expressly provided herein. No waiver by either Party of any of the covenants or conditions to be performed by the other Party shall be construed or deemed a waiver of any succeeding breach or nonperformance of the same or other covenants and conditions hereof.

8.10 Severability.

If any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions of this Agreement shall continue in full force and effect, to the extent that the invalidity or unenforceability does not impair the application of this Agreement as intended by the Parties.

8.11 Cooperation in Carrying Out Agreement.

Each Party shall take such actions and execute and deliver to the other all such further instruments and documents as may be reasonably necessary to carry out this Agreement in order to provide and secure to the other Party the full and complete enjoyment of its rights and privileges hereunder.

8.12 Estoppel Certificate.

Either Party may, at any time, deliver written notice to any other Party requesting such Party to certify in writing that, to the best knowledge of the certifying Party, (i) this Agreement is

in full force and effect and a binding obligation of the Parties, (ii) this Agreement has not been amended or modified either orally or in writing, or if so amended, identifying the amendments, (iii) the requesting Party is not in default in the performance of its obligations under this Agreement, or if in default, describing the nature and amount of any such defaults, and (iv) any other reasonable information requested. A Party receiving a written request hereunder shall execute and return such requested certificate within twenty (20) days following receipt of such request. The form of the requested estoppel certificate shall be reasonably approved by the receiving party. The City Manager is authorized to sign and deliver an estoppel certificate on behalf of City. City acknowledges that a certificate hereunder may be relied upon by transferees and Mortgagees.

#### 8.13 Construction.

The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either Party by reason of the authorship of this Agreement or any other rule of construction that might otherwise apply. As used in this Agreement, and as the context may require, the singular includes the plural and vice versa, and the masculine gender includes the feminine and vice versa.

#### 8.14 Recordation.

This Agreement shall be recorded with the County Recorder of Riverside County at Developer's cost, if any, within the period required by Government Code Section 65868.5. Amendments approved by the Parties, and any cancellation or termination of this Agreement, shall be similarly recorded.

#### 8.15 Captions and References.

The captions of the paragraphs and subparagraphs of this Agreement are solely for convenience of reference, and shall be disregarded in the construction and interpretation of this Agreement. Reference herein to a paragraph or exhibit are the paragraphs, subparagraphs and exhibits of this Agreement.

#### 8.16 Time.

Time is of the essence in the performance of this Agreement and of each and every term and condition hereof as to which time is an element.

#### 8.17 Recitals & Exhibits Incorporated; Entire Agreement.

The Recitals to this Agreement and all of the exhibits and attachments to this Agreement are, by this reference, incorporated into this Agreement and made a part hereof. This Agreement, including all Exhibits attached hereto, constitutes the entire agreement between the Parties with respect to the subject matter of this Agreement, and this Agreement supersedes all previous negotiations, discussions and agreements between the Parties, and no parole evidence of any prior or other agreement shall be permitted to contradict or vary the terms hereof.

#### 8.18 Exhibits.

Exhibits “A” -”E” to which reference is made in this Agreement are deemed incorporated herein in their entirety, whether or not such exhibits are attached hereto in full. Said exhibits are identified as follows:

- A. Legal Description of the Property and the Site
- B. Site Map
- C. Compliance Certificate
- D. Performance Schedule
- E. Chapter 3.25 of LQMC

#### 8.19 Counterpart Signature Pages.

For convenience the Parties may execute and acknowledge this agreement in counterparts and when the separate signature pages are attached hereto, shall constitute one and the same complete Agreement.

#### 8.20 Authority to Execute; Representations and Warranties.

Developer warrants and represents that (i) it is duly organized and existing, (ii) it is duly authorized to execute and deliver this Agreement, (iii) by so executing this Agreement, Developer is formally bound to the provisions of this Agreement, and (iv) Developer’s entering into and performance of its obligations set forth in this Agreement do not violate any provision of any other agreement to which Developer is bound, and (v) there is no existing or threatened litigation or legal proceeding of which Developer is aware which could prevent Developer from entering into or performing its covenants and obligations set forth in this Agreement. City warrants and represents that the person or persons executing this Agreement on its behalf have been duly authorized to execute this Agreement and bind the City to all covenants and obligations set forth in this Agreement.

#### 8.21 City Approvals and Actions.

Whenever a reference is made in this Agreement to an action or approval to be undertaken by the City, or for any amendment, interpretation, or implementing documents required under this Agreement, the City Manager or his or her authorized designee is authorized to act on behalf of the City unless specifically provided otherwise in this Agreement or the law otherwise requires.

#### 8.22 Governing Law; Litigation Matters.

The internal laws of the State of California shall govern the interpretation and enforcement of this Agreement without regard to conflicts of law principles. Any action at law or in equity brought by either Party hereto for the purpose of enforcing, construing, or interpreting the validity of this Agreement or any provision hereof shall be brought in the Superior Court of the State of

California in and for the County of Riverside, or such other appropriate court in said county, and the Parties hereto waive all provisions of law providing for the filing, removal, or change of venue to any other court. Service of process on City shall be made in accordance with California law. Service of process on Developer shall be made in any manner permitted by California law and shall be effective whether served inside or outside of California. In the event of any action between the Parties hereto seeking enforcement of any of the terms of this Agreement or otherwise arising out of this Agreement, the prevailing Party in such litigation shall be awarded, in addition to such relief to which such Party is entitled, its reasonable attorney's fees, expert witness fees, and litigation costs and expenses.

8.23 No Brokers.

Each of the City and the Developer represents to the other party that it has not engaged the services of any finder or broker and that it is not liable for any real estate commissions, broker's fees, or finder's fees which may accrue by means of this Agreement and agrees to hold harmless the other party from such commissions or fees as are alleged to be due from the party making such representations.



IN WITNESS WHEREOF, Developer and City have executed this Agreement as of the Reference Date.

**“DEVELOPER”**

GTGF, LLC,  
a Delaware limited liability company

By: SIGNED IN COUNTERPART

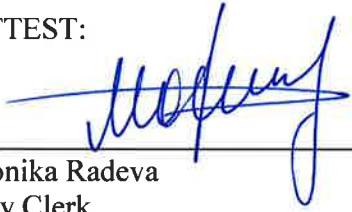
Its: \_\_\_\_\_

**“CITY”**

CITY OF LA QUINTA, a California municipal corporation

By:   
Name: Jon McMillen  
Title: City Manager

ATTEST:

  
\_\_\_\_\_  
Monika Radeva  
City Clerk


APPROVED AS TO FORM  
RUTAN & TUCKER, LLP

  
\_\_\_\_\_  
William H. Ihrke  
City Attorney

IN WITNESS WHEREOF, Developer and City have executed this Agreement as of the Reference Date.

**"DEVELOPER"**

GTGF, LLC,  
a Delaware limited liability company

By:  **Fiona Quinn**  
SVP, Business Affairs  
Its: \_\_\_\_\_

*See CA Acknowledgment attached  
KN 4/18/2022*

**"CITY"**

CITY OF LA QUINTA, a California municipal  
corporation

By: SIGNED IN COUNTERPART  
Name: Jon McMillen  
Title: City Manager

ATTEST:

**SIGNED IN COUNTERPART**

\_\_\_\_\_  
Monika Radeva  
City Clerk

APPROVED AS TO FORM  
RUTAN & TUCKER, LLP

**SIGNED IN COUNTERPART**

\_\_\_\_\_  
William H. Ihrke  
City Attorney

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

**CIVIL CODE § 1189**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )

County of Los Angeles )

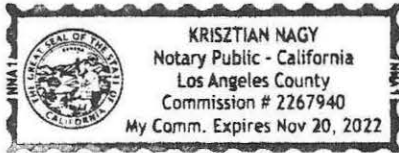
On April 18<sup>th</sup>, 2022 before me, Krisztian Nagy, Notary Public,  
Date Here Insert Name and Title of the Officer

personally appeared Fiona Quinn  
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature [Handwritten Signature]  
Signature of Notary Public

Place Notary Seal Above

**OPTIONAL**

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

**Description of Attached Document**

Title or Type of Document: Development Agreement Document Date: 4/18/2022

Number of Pages: \_\_\_\_\_ Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: Fiona Quinn

Corporate Officer — Title(s): \_\_\_\_\_

Partner —  Limited  General

Individual  Attorney in Fact

Trustee  Guardian or Conservator

Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_

Corporate Officer — Title(s): \_\_\_\_\_

Partner —  Limited  General

Individual  Attorney in Fact

Trustee  Guardian or Conservator

Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_

EXHIBIT "A"

LEGAL DESCRIPTION OF SITE

[attached]

**Exhibit A**  
**Land Description**

LEGAL DESCRIPTION OF REAL PROPERTY

The Land referred to herein below is situated in the City of La Quinta, County of Riverside, State of California, and is described as follows:

LOTS 1 THROUGH 11 OF TRACT MAP NO. 36279, IN THE CITY OF LA QUINTA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP FILED ON MAY 27, 2015 IN BOOK 445 OF MAPS, PAGES 62 AND 63, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

For conveyancing purposes only: APNs

777-500-001 (Affects Lot 1)  
777-500-002 (Affects Lot 2)  
777-500-003 (Affects Lot 3)  
777-500-004 (Affects Lot 4)  
777-500-005 (Affects Lot 5)  
777-500-006 (Affects Lot 6)  
777-500-007 (Affects Lot 7)  
777-500-008 (Affects Lot 8)  
777-500-009 (Affects Lot 9)  
777-500-010 (Affects Lot 10)

and

LOTS 1 THROUGH 7 AND LETTERED LOTS B THROUGH E OF TRACT MAP NO. 33085, IN THE CITY OF LA QUINTA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 460, PAGES 25 AND 26, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

For conveyancing purposes only: APN 777-500-016 (Affects: Lot 1) APN 777-500-017 (Affects: Lot 2) APN 777-500-018 (Affects: Lot 3) APN 777-500-019 (Affects: Lot 4) APN 777-500-020 (Affects: Lot 5) APN 777-500-021 (Affects: Lot 6) APN 777-500-022 (Affects: Lot 7) APN 777-500-023 (Affects: Lot B) APN 777-500-024 (Affects: Lots C and D) APN 777-500-025 (Affects: Lot E)

EXHIBIT "B"

SITE MAP

[attached]

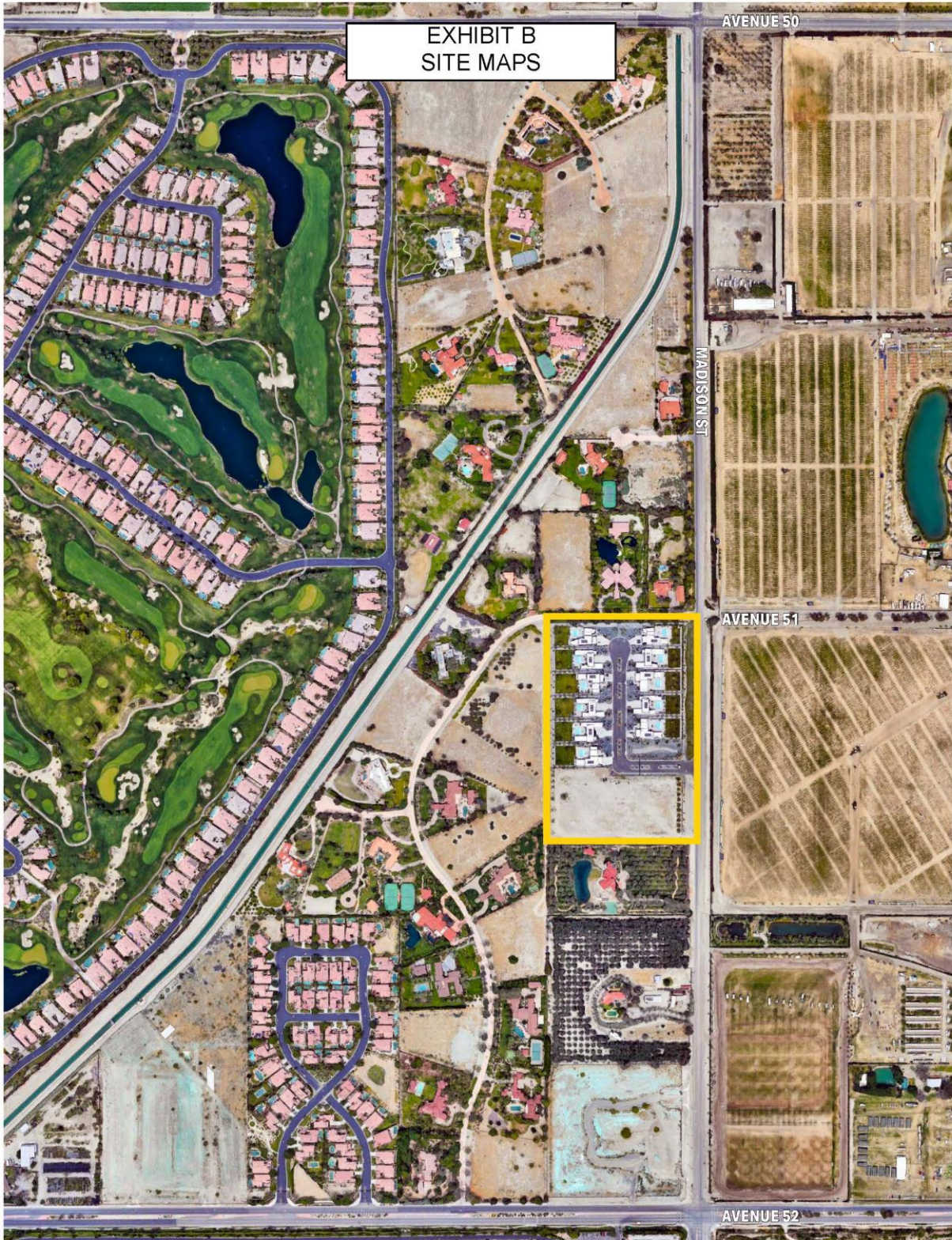


EXHIBIT B



EXHIBIT B



EXHIBIT "C"

COMPLIANCE CERTIFICATE

**(GTGF, LLC DEVELOPMENT AGREEMENT)**

The undersigned, GTGF, LLC, a Delaware limited liability company ("Developer"), pursuant to that certain Development Agreement dated \_\_\_\_\_, 2022, (the "Development Agreement"), by and among Developer and the City of La Quinta, a California municipal corporation and charter city (the "City") by its signature below hereby certifies to the City, for the City's reliance that:

- 1. Capitalized terms not defined herein shall have the same meaning as set forth in the Development Agreement;
- 2. The undersigned is familiar with the certifications and representations set forth in this Compliance Certificate;
- 3. Developer has performed and complied with its obligations under the Development Agreement to be performed or complied with by it on or prior to the date hereof.
- 4. [CITY MAY INSERT ANY ADDITIONAL CONDITIONS UNDER THE DEVELOPMENT AGREEMENT TO BE SATISFIED PRIOR TO ISSUING BUILDING PERMIT].

IN WITNESS WHEREOF, this Compliance Certificate is executed effective the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, under penalty of perjury under the laws of California.

GTGF, LLC, a Delaware limited liability company

By: \_\_\_\_\_

Its: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

## EXHIBIT "D"

PERFORMANCE SCHEDULE

<u>Item of Performance</u>	<u>Start</u>	<u>Completion</u>
<u>TR 36279 (Improved Lots)</u>		
On-site and off-site improvements	N/A	Complete
<u>TR 33085 (Vacant Lots)</u>		
<i>Permitting</i>		
Grading and Engineering Permits	April 2022	Within 6 months of application
Building Permits	October 2022	Within 6 months of application
<i>Construction of Project Components</i>		
Construct off-site improvements	N/A	Complete
Construct all on-site improvements (rough grade, walls, street, storm drain, water, sewer, dry utilities, and landscaping)	November 2022	May 2023
Place monuments	December 2022	May 2023
Begin construction of 7 residential units	April 2023	May 2023
Completion of construction of 7 residential units	December 2023	March 2024
Obtain Certificate of Occupancy for 7 residential units	March 2024	April 2024

## EXHIBIT D

EXHIBIT "E"

CHAPTER 3.25 OF LA QUINTA MUNICIPAL CODE AS OF EFFECTIVE DATE  
(for reference only)

[attached]

Title 3 - REVENUE AND FINANCE  
Chapter 3.25 SHORT-TERM VACATION RENTALS

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### Chapter 3.25 SHORT-TERM VACATION RENTALS

#### 3.25.010 Title.

This chapter shall be referred to as the "Short-Term Vacation Rental Regulations."

(Ord. 590 § 1(Exh. A), 3-16-2021; Ord. 586 § 1(Exh. A), 12-15-2020; Ord. 572 § 1, 2018; Ord. 563 § 1, 2017; Ord. 501 § 2, 2012)

#### 3.25.020 Purpose.

- A. The purpose of this chapter is to establish regulations for the use of privately owned residential dwellings as short-term vacation rentals that ensure the collection and payment of transient occupancy taxes (TOT) as provided in Chapter 3.24 of this code, and minimize the negative secondary effects of such use on surrounding residential neighborhoods.
- B. This chapter is not intended to provide any owner of residential property with the right or privilege to violate any private conditions, covenants and restrictions applicable to the owner's property that may prohibit the use of such owner's residential property for short-term vacation rental purposes as defined in this chapter.
- C. The requirements of this chapter shall be presumed to apply to any residential dwelling that has received a short-term vacation rental permit. A rebuttable presumption arises that, whenever there is an occupant(s), paying rent or not, of a residential dwelling that has received a short-term vacation rental permit, the requirements of this chapter shall apply, including but not limited to any suspension or other modifications imposed on a short-term vacation rental permit as set forth in this chapter. The city manager or authorized designee shall have the authority to implement any necessary or appropriate policies and procedures to implement the rebuttable presumption set forth in this section.

(Ord. 590 § 1(Exh. A), 3-16-2021; Ord. 586 § 1(Exh. A), 12-15-2020; Ord. 572 § 1, 2018; Ord. 563 § 1, 2017; Ord. 501 § 2, 2012)

#### 3.25.030 Definitions.

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

*"Advertise," "advertisement," "advertising," "publish," and "publication"* mean any and all means, whether verbal or written, through any media whatsoever whether in use prior to, at the time of, or after the enactment of the ordinance amending this chapter, used for conveying to any member or members of the public the ability or availability to rent a short-term vacation rental unit as defined in this section, or used for conveying to any member or members of the public a notice of an intention to rent a short-term vacation rental unit as defined in this section. For purposes of this definition, the following media are listed as examples, which are not and shall not be construed as exhaustive: verbal or written announcements by proclamation or outcry, newspaper advertisement, magazine advertisement, handbill, written or printed notice, printed or poster display, billboard display, e-mail or other electronic/digital messaging platform, electronic commerce/commercial Internet websites, and any and all other electronic media, television, radio, satellite-based, or Internet website.

*"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 vacation rental.

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*"Applicant"* means the owner of the short-term vacation rental unit.

*"Authorized agent or representative"* means a designated agent or representative who is appointed by the owner and also is responsible for compliance with this chapter with respect to the short-term vacation rental unit.

*"Booking transaction"* means any reservation or payment service provided by a person or entity who facilitates a home-sharing or vacation rental (including short-term vacation rental) transaction between a prospective occupant and an owner or owner's authorized agent or representative.

*"City manager"* means that person acting in the capacity of the city manager of the city of La Quinta or authorized designee.

*"Declaration of non-use"* means the declaration described in Section 3.25.050.

*" Dwelling "* has the same meaning as set forth in Section 9.280.030 (or successor provision, as may be amended from time to time) of this code; "dwelling" does not include any impermanent, transitory, or mobile means of temporary lodging, including but not limited to mobile homes, recreational vehicles (RVs), car trailers, and camping tents.

*"Estate home"* is defined as a single-family detached residence with five (5) or more bedrooms, subject to evaluation criteria and inspection of the property pursuant to Section 3.25.060(D)(1). An estate home is a sub-type of short-term vacation rental unit and shall be subject to a general short-term vacation rental permit, primary residence short-term vacation rental permit, or homeshare short-term vacation rental permit, as applicable, pursuant to this chapter.

*"General short-term vacation rental permit"* is a type of short-term vacation rental permit that is neither a homeshare short-term vacation rental permit nor a primary residence short-term vacation rental permit.

*"Good neighbor brochure"* means a document prepared by the city that summarizes the general rules of conduct, consideration, and respect, including, without limitation, provisions of this code and other applicable laws, rules or regulations pertaining to the use and occupancy of short-term vacation rental units.

*"Homeshare short-term vacation rental permit"* is a type of short-term vacation rental permit whereby the owner hosts visitors in the owner's dwelling, for compensation, for periods of thirty (30) consecutive calendar days or less, while the owner lives on-site and in the dwelling, throughout the visiting occupant's stay.

*"Hosting platform"* means a person or entity who participates in the home-sharing or vacation rental (including short-term vacation rental) business by collecting or receiving a fee, directly or indirectly through an agent or intermediary, for conducting a booking transaction using any medium of facilitation, including but not limited to the Internet.

*"Local contact person"* means the person designated by the owner or the owner's authorized agent or representative who shall be available twenty-four (24) hours per day, seven (7) days per week with the ability to respond to the location within thirty (30) minutes for the purpose of: (1) taking remedial action to resolve any such complaints; and (2) responding to complaints regarding the condition, operation, or conduct of occupants of the short-term vacation rental unit. A designated local contact person must obtain a business license otherwise required by Sections 3.24.060 and 3.28.020 (or successor provisions, as may be amended from time to time) of this code.

*"Notice of permit modification, suspension or revocation"* means the notice the city may issue to an applicant, authorized agent or representative, local contact person, occupant, owner, responsible person, or any other person or entity authorized to be issued such notice under this code for a short-term vacation rental unit, upon a determination by the city of a violation of this chapter or other provisions of this code relating to authorized uses of property subject to this chapter.

*"Occupant"* means any person(s) occupying the dwelling at any time.

"Owner" means the person(s) or entity(ies) that hold(s) legal and/or equitable title to the subject short-term vacation rental.

"Primary residence" means a dwelling where an owner spends the majority of the calendar year on the property used as a short-term vacation rental unit, and the property is identified in the Riverside County assessor's record as the owner's primary residence.

"Primary residence short-term vacation rental permit" is a type of short-term vacation rental permit whereby the short-term vacation rental unit is the owner's primary residence, as defined herein in this section.

"Property" means a residential legal lot of record on which a short-term vacation rental unit is located.

"Rent" has the same meaning as set forth in Section 3.24.020 (or successor provision, as may be amended from time to time) of this code.

"Rental agreement" means a written or verbal agreement for use and occupancy of a privately-owned residential dwelling that has been issued a short-term vacation rental permit, including a dwelling that may have a permit which has been or is under suspension.

"Responsible person" means the signatory of an agreement for the rental, use and occupancy of a short-term vacation rental unit, and/or any person(s) occupying the short-term vacation rental unit without a rental agreement, including the owner(s), owner's authorized agent(s) or representative(s), local contact(s), and their guests, who shall be an occupant of that short-term vacation rental unit, who is at least twenty-one (21) years of age, and who is legally responsible for ensuring that all occupants of the short-term vacation 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 vacation rental unit.

"Short-term vacation rental permit" means a permit that permits the use of a privately owned residential dwelling as a short-term vacation rental unit pursuant to the provisions of this chapter, and which incorporates by consolidation a transient occupancy permit and a business license otherwise required by Sections 3.24.060 and 3.28.020 (or successor provisions, as may be amended from time to time) of this code. A short-term vacation rental permit is one (1) of the following types: (1) general short-term vacation rental permit, (2) primary residence short-term vacation rental permit, or (3) homeshare short-term vacation rental permit, as defined in this section.

"Short-term vacation rental unit" means a privately owned residential dwelling, such as, but not limited to, a single-family detached or multiple-family attached unit, apartment house, condominium, cooperative apartment, duplex, or any portion of such dwellings and/or property and/or yard features appurtenant thereto, rented for occupancy and/or occupied for dwelling, lodging, or any transient use, including but not limited to sleeping overnight purposes for a period of thirty (30) consecutive calendar days or less, counting portions of calendar days as full days, by any person(s) with or without a rental agreement.

"STVR" may be used by city officials as an abbreviation for "short-term vacation rental."

"Suspension" means that short-term vacation rental permit that is suspended pursuant to Section 3.25.090.

"Tenant" or "transient," for purposes of this chapter, means any person who seeks to rent or who does rent, or who occupies or seeks to occupy, for thirty (30) consecutive calendar days or less, a short-term vacation rental unit.

(Ord. 595 § 1(Exh. A), 6-15-2021; Ord. 590 § 1(Exh. A), 3-16-2021; Ord. 586 § 1(Exh. A), 12-15-2020; Ord. 572 § 1, 2018; Ord. 563 § 1, 2017; Ord. 501 § 2, 2012)

### **3.25.040 Authorized agent or representative.**

- A. Except for the completion of an application for a short-term vacation rental permit and business license, the owner may designate an authorized agent or representative to ensure compliance with the requirements of

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this chapter with respect to the short-term vacation rental unit on his, her or their behalf. Nevertheless, the owner shall not be relieved from any personal responsibility and personal liability for noncompliance with any applicable law, rule or regulation pertaining to the use and occupancy of the subject short-term vacation rental unit, regardless of whether such noncompliance was committed by the owner's authorized agent or representative or the occupants of the owner's short-term vacation rental unit or their guests.

- B. The owner must be the applicant for and holder of a short-term vacation rental permit and business license and shall not authorize an agent or a representative to apply for or hold a short-term vacation rental permit and business license on the owner's behalf. The owner's signature is required on all short-term vacation rental application forms, and the city may prescribe reasonable requirements to verify that an applicant or purported owner is the owner in fact.

(Ord. 590 § 1(Exh. A), 3-16-2021; Ord. 586 § 1(Exh. A), 12-15-2020; Ord. 572 § 1, 2018; Ord. 563 § 1, 2017; Ord. 501 § 2, 2012)

### **3.25.050 Short-term vacation rental permit—Required.**

- A. The owner is required to obtain a short-term vacation rental permit and a business license from the city before the owner or the owner's authorized agent or representative may rent or advertise a short-term vacation rental unit. No short-term vacation rental use may occur in the city except in compliance with this chapter. No property in the city may be issued a short-term vacation rental permit or used as a short-term vacation rental unit unless the property is a residential dwelling that complies with the requirements of this chapter.
- B. A short-term vacation rental permit and business license shall be valid for one (1) year and renewed on an annual basis in order to remain valid.
1. A short-term vacation rental permit and business license renewal application shall be submitted no earlier than sixty (60) calendar days but no later than thirty (30) calendar days prior to the permit's expiration date. Failure to renew a short-term vacation rental permit as prescribed in this section may result in the short-term vacation rental permit being terminated.
  2. A new owner of a property (or a new person and/or new entity that owns or controls a business or organization or other entity of any kind, such as a limited liability company, which is the owner of a property) previously operated as a short-term vacation rental unit by the former owner (or by a former person or entity that owned or controlled the business or organization or other entity of any kind that continues to be the owner of the property) may not renew the previous owner's short-term vacation rental permit and shall apply for a new short-term vacation rental permit, pursuant to this chapter, if the new owner (or new person and/or new entity that owns or controls a business or organization or other entity of any kind that continues to be the owner of a property) wants to continue to use the residential dwelling as a short-term vacation rental unit.
  3. If an owner or an owner's authorized agent or representative, pursuant to all applicable laws, constructs additional bedrooms to an existing residential dwelling or converts non-bedroom spaces and areas in an existing residential dwelling into additional bedrooms, the owner or owner's authorized agent or representative shall notify the city and update the short-term vacation rental unit's online registration profile upon city approval of the addition or conversion so that the city may confirm that such conversion is consistent with this chapter and the code, including all applicable provisions in Title 8 of the code, and reissue the short-term vacation rental permit so that it accurately identifies the number of approved bedrooms, if the owner wants to continue to use the dwelling as a short-term vacation rental unit. The city may conduct an onsite inspection of the property to verify compliance with this chapter and the code. Code compliance inspections may be billed for full cost recovery at one (1) hour for initial inspection and in thirty (30)-minute increments for each follow-up inspection pursuant to subsection D. For purposes of

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this chapter, "reissue" or "reissuance" of a short-term vacation rental permit means a permit that is reissued by the city, with corrected information, as applicable, to be valid for the balance of the existing one (1)-year permit and license period.

- C. A short-term vacation rental permit and business license shall be valid only for the number of bedrooms in a residential dwelling equal to the number of bedrooms the city establishes as eligible for listing as a short-term vacation rental unit and shall not exceed the number of bedrooms allowable for the number of occupants as set forth in Section 3.25.070. The allowable number of bedrooms shall meet all applicable requirements under federal, state and city codes, including, but not limited to, the provisions of Section 9.50.100 (or successor provision, as may be amended from time to time) governing "additional bedrooms" and all applicable building and construction codes in Title 8 of this code. A short-term vacation rental permit shall not issue for, or otherwise authorize the use of, additional bedrooms converted from non-bedroom spaces or areas in an existing residential dwelling except upon express city approval for the additional bedrooms in compliance with this code, including Section 9.50.100 (or successor provision, as may be amended from time to time), and upon approval of an application for a new or renewed short-term vacation rental permit as provided in subsection B.
- D. A short-term vacation rental permit and business license shall not be issued, and may be suspended or permanently revoked, if the property, or any building, structure, or use or land use on the property is in violation of this code. The city may conduct an inspection of the property prior to the issuance or renewal of a short-term vacation rental permit and/or business license. Code compliance inspections may be billed for full cost recovery at one (1) hour for initial inspection and in thirty (30)-minute increments for each follow-up inspection. For purposes of this subsection, a code violation exists if, at the time of the submittal of an application for a new or renewed short-term vacation rental permit or business license, the city has commenced administrative proceedings by issuing written communication and/or official notice to the owner or owner's responsible agent or representative of one (1) or more code violations. For purposes of this chapter, "building," "structure," and "use or land use" have the same meanings as set forth in Section 9.280.030 (or successor provisions, as may be amended from time to time) of this code.
- E. A short-term vacation rental permit and business license shall not be issued or renewed, and may be suspended or permanently revoked, if any portion of transient occupancy tax has not been reported and/or remitted to the city for the previous calendar year by the applicable deadline for the reporting and/or remittance of the transient occupancy tax.
- F. A short-term vacation rental permit and business license shall not be issued or renewed, and may be suspended or permanently revoked, if the residential dwelling to be used as a short-term rental unit lacks adequate onsite parking. For purposes of this subsection, "adequate onsite parking" shall be determined by dividing the total number of occupants commensurate with the approved number of bedrooms as provided in the table under Section 3.25.070 by four (4), such that the ratio of the total number of occupants to onsite parking spots does not exceed four to one (4:1). For example, a residential dwelling with five (5) bedrooms may permissibly host a total number of ten occupants and therefore requires three (3) on-site parking spots. Onsite parking shall be on an approved driveway, garage, and/or carport areas only in accordance with Section 3.25.070(R), and no more than two (2) street parking spots may count towards the number of on-site parking spots necessary to meet the "adequate onsite parking" requirement under this subsection.
- G. An owner or owner's authorized agent or representative who claims not to be operating a short-term vacation rental unit or who has obtained a valid short-term vacation rental permit and business license pursuant to this chapter, may voluntarily opt-out of the requirements of this chapter, prior to the issuance or expiration of a short-term vacation rental permit and business license that are applicable to the short-term vacation rental unit, only upon the owner, the owner's authorized agent or representative and/or the owner's designated local contact person executing, under penalty of perjury, a declaration of non-use as a short-term vacation rental unit, in a form prescribed by the city (for purposes of this chapter, a "declaration of non-use"). Upon the receipt and filing by the city of a fully executed declaration of non-use, the owner or



owner's authorized agent representative shall be released from complying with this chapter as long as the property is not used as a short-term vacation rental unit. Use of the property as a short-term vacation unit after the city's receipt and filing of a declaration of non-use, is a violation of this chapter. If, after a declaration of non-use has been received and filed by the city, the owner or owner's authorized agent or representative wants to use that property as a short-term vacation rental unit, the owner shall apply for a new short-term vacation rental permit and business license and fully comply with the requirements of this chapter and the code; provided, however, that if a short-term vacation rental permit is or will be suspended on the date an owner or owner's authorized agent or representative submits to the city a declaration of non-use for the short-term vacation rental unit under suspension, then the owner may apply for a new short-term vacation rental permit and business license only after twelve (12) consecutive months have elapsed from the date of the declaration of non-use, and the owner and owner's authorized agent or representative otherwise shall fully comply with the requirements of this chapter and the code.

(Ord. 595 § 1(Exh. A), 6-15-2021; Ord. 590 § 1(Exh. A), 3-16-2021; Ord. 586 § 1(Exh. A), 12-15-2020; Ord. 577 § 1, 2019; Ord. 572 § 1, 2018; Ord. 563 § 1, 2017; Ord. 501 § 2, 2012)

### **3.25.055 Non-issuance of new short-term vacation rental permits; periodic council review.**

- A. Commencing May 20, 2021, which is the effective date of the ordinance adding this section, there shall be no processing of, or issuance for, any applications for a new short-term vacation rental permit, required by this chapter to use or operate a short-term vacation rental unit in the city, except applications for a new short-term vacation rental permit covering a short-term vacation rental unit that meets one (1) or more of the following:
1. A residential dwelling within a residential project located in the CT Tourist Commercial District zone, as defined in Section 9.70.070 (or successor section) of this code and depicted in the city's official zoning map.
  2. A residential dwelling within a residential project located in the VC Village Commercial District zone, as defined in Section 9.70.100 (or successor section) of this code and depicted in the city's official zoning map.
  3. A residential dwelling within a residential project subject to a development agreement with the city, or subject to a condition of approval(s) attached to any entitlement approved by the city (including but not limited to a specific plan, subdivision map, or site development permit), pursuant to which short-term vacation rentals are a permitted use, and the residential dwelling's use as a short-term vacation rental is authorized under a declaration of covenants, conditions, and restrictions (CC&Rs), for the residential project.
  4. A residential dwelling within the area covered by the SilverRock Resort Specific Plan.
  5. A residential dwelling is located adjacent to the CT Tourist Commercial District zone, as defined in Section 9.70.070 and depicted in the city's official zoning map, and within the following boundaries; west of Avenida Obregon, south of the Avenida Fernando, east of Calle Mazatlan, and north of the driveway access between Calle Mazatlan and Avenida Obregon that serves as a southern boundary for the La Quinta Tennis Villas/Tennis Condos area identified on page 25 of the La Quinta Resort Specific Plan, 121 E—Amendment 5 (as may be subsequently amended from time to time). For purposes of this subsection, "adjacent to" means across the street from or accessible by a driveway or service road designed to provide access to area(s) within the CT Tourist Commercial District zone.
- B. The city manager or authorized designee shall have the authority to implement policies or procedures to review and verify whether an application for a new short-term vacation rental permit meets the criteria set forth in this section.

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- C. This section shall not apply to applications for a renewal of an existing short-term vacation rental permit and business license, submitted in compliance with this chapter, including when the short-term vacation rental permit is under suspension during the time for processing the renewal application. Applications for renewals must be submitted as prescribed by this chapter. Any short-term vacation rental unit, covered by a permit that is subject to an application for renewal, which is under temporary suspension in violation of this chapter or any other provisions of this code, shall not become permitted to use the dwelling as a short-term vacation rental unit until all violations that led to the temporary suspension have been remedied and the suspension has expired. Any revoked short-term vacation rental permit shall not be eligible for renewal or new short-term vacation rental permit.
- D. The city council shall periodically review the impacts or effects, if any, caused by the non-issuance of new short-term vacation rental permits set forth in this section. The city manager or authorized designee shall prepare a report assessing impacts or effects, if any, for the council to review at a regular or special meeting.
- (Ord. 596 § 2, 2021; Ord. 595 § 1(Exh. A), 6-15-2021; Ord. 591 § 1(Exh. A), 4-20-2021)

### **3.25.060 Short-term vacation rental permit—Application requirements.**

- A. The owner or the owner's authorized agent or representative must submit the information required on the city's short-term vacation rental permit application form provided by the city, which may include any or all of the following:
1. The name, address, and telephone number of the owner of the subject short-term vacation rental unit;
  2. The name, address, and telephone number of the owner's authorized agent or representative, if any;
  3. The name, address, and twenty-four (24)-hour telephone number of the local contact person;
  4. The address of the proposed short-term vacation rental unit, Internet listing site and listing number;
  5. The number of bedrooms shall not exceed the number of bedrooms allowable for the number of occupants as set forth in Section 3.25.070. The allowable number of bedrooms shall meet all applicable building and construction requirements under federal, state and city codes, including, but not limited to, the provisions of Section 9.50.100 (or successor provision, as may be amended from time to time) governing "additional bedrooms" and all applicable building and construction codes in Title 8 of this code;
  6. Acknowledgement of receipt of all electronically distributed short-term vacation rental information from the city, including any good neighbor brochure;
  7. The owner or owner's authorized agent or representative who has applied for a short-term vacation rental permit shall provide the city with written authorization that issuance of a short-term vacation rental permit pursuant to this chapter is not inconsistent with any recorded or unrecorded restrictive covenant, document, or other policy of a homeowner association (HOA) or other person or entity which has governing authority over the property on which a short-term vacation rental unit will be operated; in furtherance of this requirement, there shall be a rebuttable presumption that an owner or owner's authorized agent or representative does not have written authorization for the issuance of a short-term vacation rental permit if a HOA or other person or entity which has governing authority over the property has submitted to the city a duly-authorized official writing, which informs the city that short-term vacation rentals of thirty (30) consecutive days or less are not permitted on the property applying for a short-term vacation rental permit; and
  8. Such other information as the city manager or authorized designee deems reasonably necessary to administer this chapter.

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- B. The short-term vacation rental permit application shall be accompanied by an application fee as set by resolution of the city council. A short-term vacation rental permit and business license shall not be issued or renewed while any check or other payment method cannot be processed for insufficient funds.
- C. The city may determine the maximum number of bedrooms in a residential dwelling with multiple bedrooms eligible for use as a short-term vacation rental unit upon issuance of a short-term vacation rental permit. When determining the maximum number of bedrooms eligible for use as short-term vacation rentals, the city shall consider the public health, safety, and welfare, shall comply with building and residential codes, and may rely on public records relating to planned and approved living space within the residential dwellings, including, but not limited to, title insurance reports, official county records, and tax assessor records. Owners of residential dwellings that exceed five thousand (5,000) square feet of developed space on a lot may apply for additional bedrooms. An owner and/or owner's authorized agent or representative may not advertise availability for occupancy of a short-term vacation rental unit for more than the approved number of bedrooms listed in the short-term vacation rental permit issued by the city pursuant to this chapter. In addition to any other rights and remedies available to the city under this chapter, the first violation for failing to advertise the approved number of bedrooms may be subject to a fine by an administrative citation, and a second or subsequent violation for failing to advertise the approved number of bedrooms may result in a revocation (which may include permanent revocation) of the short-term vacation rental permit and/or any affiliated licenses or permits pursuant to the provisions set forth in Section 3.25.100.
- D. Short-term vacation rental permit applications shall comply with the following:
1. A short-term vacation rental permit application for the estate home shall be subject to evaluation and inspection of the property to ensure that the short-term vacation rental unit will not create conditions materially detrimental to the public health, safety and general welfare or injurious to or incompatible with other properties in the vicinity. Evaluation and inspection shall include, but not be limited to: verification of the number of bedrooms, adequate on-site parking spaces, availability of nearby street parking, physical distance of the estate home from adjacent properties, such as location and distance of outdoor gathering spaces, pools, and other living spaces from neighboring properties. The city manager, or designee, shall have the authority to impose additional conditions on the use of the estate home as a short-term vacation rental unit to ensure that any potential secondary effects unique to the subject short-term vacation rental unit are avoided or adequately mitigated.
  2. A short-term vacation rental permit application may be denied if the applicant has failed to comply with application requirements in this chapter, or has had a prior short-term vacation rental permit for the same unit revoked within the past twelve (12) calendar months. In addition, upon adoption of a resolution pursuant to subsection H, the city may limit the number of short-term vacation rental units in a given geographic area based on a high concentration of short-term vacation rental units. The city shall maintain a waiting list of short-term vacation rental permit applications for such geographic areas where the city determines, based on substantial evidence after a noticed public hearing and public hearing, there is a higher than average concentration of short-term vacation rental units that either affects the public health, safety, and welfare or significantly negatively impacts the character and standard of living in a neighborhood within that geographic area, or both.
- E. Short-term vacation rental permit applications may take up to, and the city shall have, thirty (30) calendar days to process. An application for a renewal of a short-term vacation rental permit and business license should be submitted at least thirty (30) calendar days prior to the existing permit's expiration to allow sufficient time for the city to process the renewal application. Nothing in this subsection or chapter shall be construed as requiring the city to issue or deny a short-term vacation rental permit in less than thirty (30) calendar days, as no permit shall be issued until such time as application review is complete. No short-term vacation rental use may occur in the city without a valid short-term vacation rental permit issued in accordance with this chapter.

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- F. Upon a change of ownership of a property (or upon a new person and/or new entity owning or controlling a business or organization or other entity of any kind, such as a limited liability company, which is the owner of a property) licensed to operate as a short-term vacation rental unit, the owner or owner's authorized agent or representative shall notify the city of such change immediately. The existing short-term vacation rental permit shall be terminated and the property must cease operating as a short-term vacation rental immediately. Failure to comply may result in a fine of one thousand dollars (\$1,000.00) per day for a continuing violation of this subsection F.
  - G. Immediately upon a change of an owner's authorized agent or representative, local contact, or any other change pertaining to the information contained in the short-term vacation rental application, the owner or owner's authorized agent or representative shall update the short-term vacation rental unit's online registration profile used by the city for the implementation of the short-term vacation rental regulations. Failure to update immediately this information may result in a violation of this chapter, including but not limited to a suspension or revocation of a short-term vacation rental permit, until all information is updated.
  - H. The city manager or authorized designee shall prepare, for adoption by resolution by the city council, a review procedure and criteria to evaluate the limitation for issuance of STVR permits and/or STVR applications for geographic areas within the city as set forth in subsection D.

(Ord. 590 § 1(Exh. A), 3-16-2021; Ord. 586 § 1(Exh. A), 12-15-2020; Ord. 572 § 1, 2018; Ord. 563 § 1, 2017; Ord. 501 § 2, 2012)

### **3.25.065 Short-term vacation rental permit—Grounds for denial.**

- A. In addition to any other grounds provided in this chapter, an application (including renewal application) for a short-term vacation rental permit may be denied if use of the short-term vacation rental unit has been, will be, or is apt to become any one (1) or more of the following.
  1. Prohibited by any local ordinance or by any state or federal law, statute, rule or regulation;
  2. A public nuisance;
  3. In any way detrimental to the public interest;
  4. Prohibited by zoning laws and ordinances.
- B. An application (including renewal application) for a short-term vacation rental permit may also be denied on the grounds that the applicant has knowingly made a false statement in a material matter either in his/her/their application or in his/her/their testimony before the city manager or other body hearing such testimony.
- C. This section is intended to be, and shall be construed as being, in alignment with the grounds for denial of a business license set forth in Section 3.28.080 (or successor section) of this code.

(Ord. 591 § 1(Exh. A), 4-20-2021)

### **3.25.070 Operational requirements and standard conditions.**

- A. The owner and/or owner's authorized agent or representative shall use reasonably prudent business practices to ensure that the short-term vacation rental unit is used in a manner that complies with all applicable laws, rules and regulations pertaining to the use and occupancy of the subject short-term vacation rental unit.
  1. An estate home may be established for short-term vacation rental use subject to evaluation and inspection of the property pursuant to Section 3.25.060(D)(1).

2. An estate home established for short-term vacation rental use is required to be equipped with a noise monitoring device(s) that is operable at all times.
- B. The responsible person(s) shall be an occupant(s) of the short-term vacation rental unit for which he, she or they signed a rental agreement for such rental, use and occupancy, and/or any person(s) occupying the short-term vacation rental unit without a rental agreement, including the owner, owner's authorized agent or representative, local contact(s) and their guests. No non-permanent improvements to the property, such as tents, trailers, or other mobile units, may be used as short-term vacation rentals. The total number of occupants, including the responsible person(s), allowed to occupy any given short-term vacation rental unit may be within the ranges set forth in the table below. By the issuance of a short-term vacation rental permit, the city or its authorized designees, including police, shall have the right to conduct a count of all persons occupying the short-term vacation rental unit in response to a complaint or any other legal grounds to conduct an inspection resulting from the use of the short-term vacation rental unit, and the failure to allow the city or its authorized designees the ability to conduct such a count may constitute a violation of this chapter. The city council may by resolution further restrict occupancy levels provided those restrictions are within the occupancy ranges set forth below.

Number of Bedrooms	Total of Overnight* Occupants	Total Daytime** Occupants (Including Number of Overnight Occupants)
0—Studio	2	2—8
1	2—4	2—8
2	4—6	4—8
3	6—8	6—12
4	8—10	8—16
5	10—12	10—18
6	12—14	12—20
7	14	14—20
8	16	16—22
9	18	18—24

\*Overnight (10:01 p.m.—6:59 a.m.)

\*\*Daytime (7:00 a.m.—10:00 p.m.)

- C. The person(s) listed as the local contact person in the short-term vacation rental unit's online registration profile shall be available twenty-four (24) hours per day, seven (7) days per week, with the ability to respond to the location within thirty (30) minutes to complaints regarding the condition, operation, or conduct of occupants of the short-term vacation rental unit or their guests. The person(s) listed as a local contact person shall be able to respond personally to the location, or to contact the owner or the owner's authorized agent or representative to respond personally to the location, within thirty (30) minutes of notification or attempted notification by the city or its authorized short-term vacation rental designated hotline service provider. No provision in this section shall obligate the city or its authorized short-term vacation rental designated hotline service provider to attempt to contact any person or entity other than the person(s) listed as the local contact person.
- D. The owner, the owner's authorized agent or representative and/or the owner's designated local contact person shall use reasonably prudent business practices to ensure that the occupants and/or guests of the short-term vacation rental unit do not create unreasonable or unlawful noise 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 vacation rental unit.

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- E. Occupants of the short-term vacation rental unit shall comply with the standards and regulations for allowable noise at the property in accordance with Sections 9.100.210 and 11.08.040 (or successor provision, as may be amended from time to time) of this code. 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 the outside of any short-term vacation rental unit between the hours of 10:00 p.m. and 7:00 a.m. Pacific Standard Time. Observations of noise related violations shall be made by the city or its authorized designee from any location at which a city official or authorized designee may lawfully be, including but not limited to any public right-of-way, any city-owned public property, and any private property to which the city or its authorized designee has been granted access.
- F. Prior to occupancy of a short-term vacation rental unit, the owner or the owner's authorized agent or representative shall:
1. Obtain the contact information of the responsible person;
  2. Provide copies of all electronically distributed short-term vacation rental information from the city, including any good neighbor brochure to the responsible person and post in a conspicuous location within the short-term vacation rental unit, in a manner that allows for the information to be viewed in its entirety; and require such responsible person to execute a formal acknowledgement that he or she is legally responsible for compliance by all occupants of the short-term vacation rental unit and their guests with all applicable laws, rules and regulations pertaining to the use and occupancy of the short-term vacation rental unit. This information shall be maintained by the owner or the owner's authorized agent or representative for a period of three (3) years and be made readily available upon request of any officer of the city responsible for the enforcement of any provision of this code or any other applicable law, rule or regulation pertaining to the use and occupancy of the short-term vacation rental unit.
- G. The owner, the owner's authorized agent or representative and/or the owner's designated local contact person shall, upon notification or attempted notification that the responsible person and/or any occupant and/or guest of the short-term vacation rental unit has created unreasonable or unlawful 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 vacation rental unit, promptly respond within thirty (30) minutes to immediately halt and prevent a recurrence of such conduct by the responsible person and/or any occupants and/or guests. Failure of the owner, the owner's authorized agent or representative and/or the owner's designated local contact person to respond to calls or complaints regarding the condition, operation, or conduct of occupants and/or guests of the short-term vacation rental unit within thirty (30) minutes, shall be subject to all administrative, legal and equitable remedies available to the city.
- H. Reserved.
- I. 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 on scheduled trash collection days. The owner, the owner's authorized agent or representative shall use reasonably prudent business practices to ensure compliance with all the provisions of Chapter 6.04 (Solid Waste Collection and Disposal) (or successor provision, as may be amended from time to time) of this code.
- J. Signs may be posted on the premises to advertise the availability of the short-term vacation rental unit as provided for in Chapter 9.160 (Signs) (or successor provision, as may be amended from time to time) of this code.
- K. The owner, authorized agent or representative and/or the owner's designated local contact person shall post a copy of the short-term vacation rental permit and a copy of the good neighbor brochure in a conspicuous place within the short-term vacation rental unit, and a copy of the good neighbor brochure shall be provided to each occupant of the subject short-term vacation rental unit.

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- L. Unless otherwise provided in this chapter, the owner and/or the owner's authorized agent or representative shall comply with all provisions of Chapter 3.24 concerning transient occupancy taxes, including, but not limited to, submission of a monthly return in accordance with Section 3.24.080 (or successor provisions, as may be amended from time to time) of this code, which shall be filed monthly even if the short-term vacation rental unit was not rented during each such month.
  - M. Guesthouses, detached from the primary residential dwelling on the property, or the primary residential dwelling on the property, may be rented pursuant to this chapter as long as the guesthouse and the primary residential dwelling are rented to one (1) party.
  - N. The owner and/or the owner's authorized agent or representative shall post the number of authorized bedrooms and the current short-term vacation rental permit number at the beginning or top of any advertisement that promotes the availability or existence of a short-term vacation rental unit. In the instance of audio-only advertising of the same, the short-term vacation rental permit number shall be read as part of the advertisement.
  - O. The owner and/or owner's authorized agent or representative shall operate a short-term vacation rental unit in compliance with any other permits or licenses that apply to the property, including, but not limited to, any permit or license needed to operate a special event pursuant to Section 9.60.170 (or successor provision, as may be amended from time to time) of this code. The city may limit the number of special event permits issued per year on residential dwellings pursuant to Section 9.60.170 (or successor provision, as may be amended from time to time).
  - P. The city manager, or designee, shall have the authority to impose additional conditions on the use of any given short-term vacation rental unit to ensure that any potential secondary effects unique to the subject short-term vacation rental unit are avoided or adequately mitigated, including, but not limited to, a mitigating condition that would require the installation of a noise monitoring device to keep time-stamped noise level data from the property that will be made available to the city upon city's reasonable request.
  - Q. The standard conditions set forth herein may be modified by the city manager, or designee, upon request of the owner or the owner's authorized agent or representative based on site-specific circumstances for the purpose of allowing reasonable accommodation of a short-term vacation rental. All requests must be in writing and shall identify how the strict application of the standard conditions creates an unreasonable hardship to a property such that, if the requirement is not modified, reasonable use of the property for a short-term vacation rental would not be allowed. Any hardships identified must relate to physical constraints to the subject site and shall not be self-induced or economic. Any modifications of the standard conditions shall not further exacerbate an already existing problem.
  - R. On-site parking shall be on an approved driveway, garage, and/or carport areas only; this section does not impose restrictions on public street parking regulations. Recreational vehicles may be parked in accordance with the provisions set forth in Section 9.60.130 (or successor provision, as may be amended from time to time) of this code.

(Ord. 590 § 1(Exh. A), 3-16-2021; Ord. 586 § 1(Exh. A), 12-15-2020; Ord. 577 § 1, 2019; Ord. 572 § 1, 2018; Ord. 563 § 1, 2017; Ord. 501 § 2, 2012)

### **3.25.080 Recordkeeping and hosting platform duties.**

- A. The owner or the owner's authorized agent or representative shall maintain for a period of three (3) years, records in such form as the tax administrator (as defined in Chapter 3.24) may require to determine the amount of transient occupancy tax owed to the city. The tax administrator shall have the right to inspect such records at all reasonable times, which may be subject to the subpoena by the tax administrator

pursuant to Section 3.24.140 (Records) (Transient Occupancy Tax) (or successor provisions, as may be amended from time to time) of this code.

- B. Hosting platforms shall not complete any booking transaction for any residential dwelling or other property purporting to be a short-term vacation rental unit in the city unless the dwelling or property has a current and valid short-term vacation rental permit issued pursuant to this chapter, which is not under suspension, for the dates and times proposed as part of the booking transaction.
1. The city shall maintain an online registry of active and suspended short-term vacation rental permits, which hosting platforms may reference and rely upon for purposes of complying with subsection B. If a residential dwelling or other property purporting to be a short-term vacation rental unit matches with an address, permit number, and/or current and valid permit dates (not under suspension) set forth in the city's online registry, the hosting platforms may presume that the dwelling or other property has a current and valid short-term vacation rental permit.
  2. The provisions of this subsection B shall be interpreted in accordance with otherwise applicable state and federal law(s) and will not apply if determined by the city to be in violation of, or preempted by, any such law(s).

(Ord. 590 § 1(Exh. A), 3-16-2021; Ord. 586 § 1(Exh. A), 12-15-2020; Ord. 572 § 1, 2018; Ord. 563 § 1, 2017; Ord. 501 § 2, 2012)

### **3.25.090 Violations.**

- A. **Additional Conditions.** A violation of any provision of this chapter or this code by any applicant, occupant, responsible person, local contact person, owner, or owner's authorized agent or representative, shall authorize the city manager, or designee, to impose additional conditions on the use of any given short-term vacation 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, this code, California Vehicle Code, or any other applicable federal, state, or local laws or codes, including, but not limited to, applicable fire codes and the building and construction codes as set forth in Title 8 of this code, by any applicant, occupant, responsible person, local contact person, owner, or owner's authorized agent or representative, shall constitute grounds for modification, suspension and/or revocation (which may include permanent revocation) of the short-term vacation rental permit and/or any affiliated licenses or permits pursuant to the provisions set forth in Section 3.25.100.
- C. **Notice of Violation.** The city may issue a notice of violation to any applicant, occupant, responsible person, local contact person, owner, owner's authorized agent or representative, or hosting platform, pursuant to Section 1.01.300 (or successor provisions, as may be amended from time to time) of this code, if there is any violation of this chapter committed, caused or maintained by any of the above parties.
- D. **Two (2) Strikes Policy.** Subject to a minor violation reprieve request, two (2) violations of any provision of this chapter or this code within one (1) year by any applicant, occupant, responsible person, local contact person, owner, or owner's authorized agent or representative, with respect to any one (1) residential dwelling shall result in an immediate suspension of the short-term vacation rental permit with subsequent ability to have a hearing before the city, pursuant to this chapter, to request a lifting of the suspension. For purposes of this subsection, a "minor violation reprieve request" means a written request submitted to the city's code enforcement officer for relief from counting one (1) or more violations within the one (1) year period as a minor violation, and "minor violation" means a violation of a particular section of this code that resulted in minimal impact on the use and enjoyment of the adjacent and nearby properties caused by any of the following:



1. Minor debris or trash containers left in view as a first offense;
2. A short-term vacation rental permit number or bedroom count not posted on an advertisement as a first offense;
3. A short-term vacation rental permit number or bedroom count posted in the wrong location on an advertisement as a first offense; or
4. Over occupancy due to a minor child not associated with a disturbance.

A determination of whether a code violation is a minor violation shall be based on substantial evidence presented to the code enforcement officer relating to that violation.

- E. Administrative and Misdemeanor Citations. The city may issue an administrative citation to any applicant, occupant, responsible person, local contact person, owner, owner's authorized agent or representative, or hosting platform, pursuant to Chapter 1.09 (Administrative Citations) (or successor provisions, as may be amended from time to time) of this code, if there is any violation of this chapter committed, caused or maintained by any of the above parties. Nothing in this section shall preclude the city from also issuing an infraction citation upon the occurrence of the same offense on a separate day. An administrative citation may impose a fine for one (1) or more violations of this chapter in the maximum amount allowed by state law or this code in which the latter amount shall be as follows:
1. General STVR Violations (Occupancy/Noise/Parking).
    - a. First violation: one thousand dollars (\$1,000.00);
    - b. Second violation: two thousand dollars (\$2,000.00);
    - c. Third violation: three thousand dollars (\$3,000.00).
  2. Operating a STVR Without a Valid Short-Term Vacation Rental Permit.
    - a. First violation: three thousand dollars (\$3,000.00);
    - b. Second or more violations: five thousand dollars (\$5,000.00);
    - c. In addition to the fine set forth above, the first violation of operating a STVR without a valid short-term vacation rental permit shall be cause for an owner (or person and/or entity that owns or controls a business or organization or other entity of any kind, such as a limited liability company, which is the owner of a property) to be prohibited for all time from being eligible to be issued a short-term vacation rental permit and/or business license for use of a property as a short-term vacation rental unit.
  3. Hosting a Special Event at a STVR Without a Special Event Permit as Required by Section 9.60.170 (or Successor Provision, as May Be Amended From Time to Time) of This Code.
    - a. First violation: five thousand dollars (\$5,000.00);
    - b. Second violation: five thousand dollars (\$500.00).
- F. Public Nuisance. In addition to any and all rights and remedies available to the city, it shall be a public nuisance for any person or entity to commit, cause or maintain a violation of this chapter, which shall be subject to the provisions of Section 1.01.250 (Violations public nuisances) (or successor provisions, as may be amended from time to time) of this code.

(Ord. 590 § 1(Exh. A), 3-16-2021; Ord. 586 § 1(Exh. A), 12-15-2020; Ord. 578 § 1, 2019; Ord. 572 § 1, 2018; Ord. 563 § 1, 2017; Ord. 501 § 2, 2012)

**3.25.100 Appeals.**

- A. Any person aggrieved by any decision of a city officer made pursuant to this chapter may request a hearing before the city manager in accordance with Chapter 2.08 (or successor provisions, as may be amended from time to time) of this code.
- B. Notwithstanding any provisions in Section 2.08.230 or otherwise in the code, the decision by the city manager of an appeal brought under this chapter shall be the final decision by the city for any violation of a short-term vacation rental permit issued under this order, except for any administrative citation imposing a fine, which shall be processed and subject to an administrative appeal pursuant to Chapter 1.09 of the code.

(Ord. 590 § 1(Exh. A), 3-16-2021; Ord. 586 § 1(Exh. A), 12-15-2020; Ord. 572 § 1, 2018; Ord. 563 § 1, 2017)