

Expedia helps pay for fight against La Quinta short-term rental ban, fueling fundraising gap



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With La Quinta residents soon deciding whether to eliminate short-term rentals in most city neighborhoods, a national travel-booking site is helping fund the ban's opponents, who already had a considerable fundraising lead over the ballot measure's proponents.

Expedia — which is part of a larger company that owns Vrbo, Orbitz, Travelocity and other sites — contributed \$10,000 to the group “We Love La Quinta: Vote No on Measure A” last week, according to campaign finance filings.

That's the largest donation to either campaign focused on the measure that would phase out most short-term vacation rental permits by the end of 2024 in La Quinta's residential neighborhoods. Rentals would still be allowed in exempt areas, including tourist commercial districts and a few other sites.

The group opposed to Measure A raised roughly \$136,000 as of Oct. 12. That's nearly six times more than “La Quinta Neighbors Yes on A,” which has drawn roughly \$23,000 in contributions this year.

Donations to keep La Quinta's short-term rentals were from a variety of sources, including local homeowners, as well as many property managers and businesspeople from other parts of California. The vast majority of donations to the pro-Measure A campaign came from retired La Quinta residents, many of whom gave less than \$1,000.

The opposition campaign's war chest is considerably greater than what candidates for La Quinta's council races have reeled in recently, but it still falls well short of the spending seen in other Coachella Valley cities that recently had short-term rental questions on the ballot.

Palm Springs saw Expedia and Airbnb pitch in a total of \$300,000 to successfully oppose a 2018 ballot measure that would have banned most of the city's rental properties. Last year, Airbnb contributed \$75,000 to oppose a similar measure in Cathedral City, but voters passed it.

Expedia did not respond to a request for comment about its La Quinta donation and opposition to Measure A.

'How rich do we need to be?'

Residents in favor of Measure A see their fundraising disadvantage as part of an unfair playing field that has favored short-term rental owners and operators during campaign season.

The city council, which includes two members who wrote the official argument against Measure A, has focused on the financial hits a rental ban could cause. A recent report commissioned by the city, as allowed under state law, found La Quinta could see a substantial dip in economic activity — as much as \$102 million in annual visitor spending — if Measure A passes.

Members of the group opposed to residential rentals, "Neighbors 4 Neighborhoods of LQ," have repeatedly pushed back against the analysis and other projections in recent council meetings. Local resident Jim Alderson, a retired CPA, argues the city's economic forecasts substantially underestimate the strength of La Quinta's finances, even with the passage of Measure A.

Kay Wolff, a long-time resident whose late husband Fred was the city's first mayor, described much of the forecasting as subjective during a meeting last week.

"No one has a crystal ball," Wolff told the council. "How deep will the recession be? How many new STVRs will be added to exempt zones? How much will police and fire (costs) increase? The two sides are far apart on a pessimistic and an optimistic look for our future."

Wolff said the city is well-off financially, with tens of millions in its unassigned reserves and recent budget surpluses, even during the pandemic.

“But how rich do we need to be?” Wolff asked. “We don’t need to be the Bill Gates (or) the Warren Buffet of the valley. We just need to soldier on and take care of our citizens.”

Wolff and others also argued the council’s emphasis on proper zoning during its recent rejection of plans for the Coral Mountain Resort doesn’t align with its stance in the short-term rental debate. La Quinta Mayor Linda Evans responded by noting Measure A would still allow "hosted" rentals, where the property owner remains on site.

Council members have also noted the steps taken by the city to rein in short-term rentals since establishing its permitting program a decade ago. In 2020, the council approved stiffer fines and penalties that have led to a 70% drop in citywide complaints, according to city statistics.

Last year, the council approved an indefinite pause on new permits for short-term vacation rentals, except in specially zoned areas. In the residential areas where new permits are banned, the city has seen a 23.6% drop in permitted rentals — from 1,037 in January 2021 to 792 in June 2022 — through existing permits not being renewed.

The citywide election is Nov. 8, with ballots starting to head to voters this week.

Correction: An earlier version of this story misstated which company contributed to defeat Cathedral City's ballot measure in 2021. It was Airbnb, not Expedia, that contributed to that campaign.

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