

Vacation Rentals Ordinances

Agenda Item 13

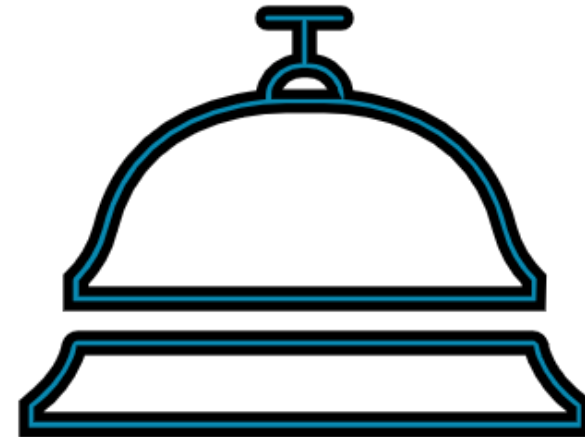
**Monterey County
Board of Supervisors**

August 27, 2024



Presentation Overview

- Requested Action
- Process Background
- Vacation Rental Ordinances Overview
- Options To Consider
- CEQA Alternatives
- Vacation Rental Fees & Budget
- Next Steps & Timing
- Recommendation



Requested Action - CEQA

- Find the Vacation Rental Ordinances consistent with the Final EIR and certify the Final EIR for amendment to the Monterey County Code and that the Final EIR was prepared in compliance with CEQA; and
- Find that establishment of license fees is statutorily exempt from CEQA pursuant to Section 15273 of the CEQA Guidelines as the establishment of the Vacation Rental Operation License fee will assist the County of Monterey Housing and Community Development in meeting operational expenses.



Requested Action

- Regulations for Vacation Rentals
 - Title 7 (Transient Occupancy Tax Certificate & Business License + Vacation Rental Operation License);
 - Title 20 (Coastal Zoning Ordinance – Zoning Districts where Vacation Rentals are allowable & Commercial Vacation Rental Regulations);
 - Title 21 (Inland Zoning Ordinance – Zoning Districts where Vacation Rentals are allowable & Commercial Vacation Rental Regulations);
 - Amend Resolution No. 01-485, Add Vacation Rentals to the list of compatible uses for Agricultural Preserves and within Farmland Security Zones; and
 - Amend Fee Article IX – Land Use to establish a new fee, which is the Vacation Rental Operation License for which “Each” Vacation Rental Operation License will cost \$965.



Hearing Body Process

- Land Use Advisory Committees – Multiple times between 2016 and 2018
- Agricultural Advisory Committee – Multiple times in 2018 and again in 2023 and 2024
- Planning Commission – Multiple times between 2016 and 2024
- Board of Supervisors – Multiple times between 2018 and 2024



Outreach Overview

- **General Public:**

- 2015 – 2016 – Short-Term Rental Workgroup
- August 2022 – Agricultural Landowner and Group Meetings
- September 2022 – CEQA public consultation sessions
- February 2023 – Community Meetings in District 5
- February 2024 – League Of Women Voters Meeting

- **Agencies & Organizations:**

- Monterey County Hospitality Association (MCHA)
- Monterey County Vacation Rental Alliance (MCVRA)
- Carmel Valley Association (CVA)
- Big Sur Local Coastal Program Defense Committee (BSLCPDC)
- Pebble Beach Company (PBC)
- California Coastal Commission
- California State Parks



Vacation Rental Definition

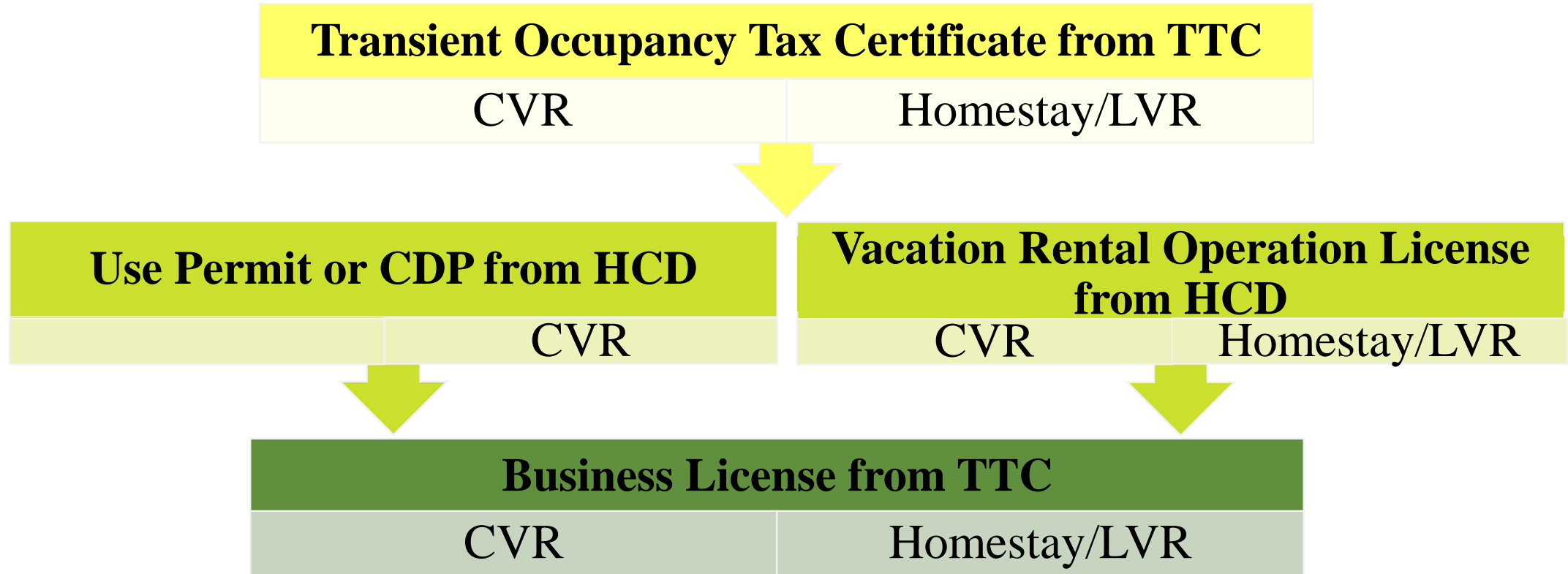
- The **use**, by any person, of **Residential Property for transient lodging** where the term of occupancy, possession, or tenancy of the property by the person entitled to such occupancy, possession, or tenancy **for a period of 30 consecutive calendar days or fewer**, counting portions of calendar days as full days. [bold emphasis added]



Vacation Rental Types

A	B	C	D	E	F
Vacation Rental Type	Description	Rental Contract Limitation	Maximum Overnight Occupancy	Maximum Daytime Occupancy (D * 1.5 = E)	HCD Requirements
Homestay	VR in which the Owner or principal resident occupies at least one Bedroom within the VR while it is being rented as a VR. VR is the Owner's Primary Residence .	Cannot have more than 1 rental contract per 7 days	2 per bedroom plus 1 and not including infants (0-12 months). Not more than a total of 10 (including residents).	15 (Occupants + Visitors)	Vacation Rental Operation License
Limited Vacation Rental	VR rented for not more than three times per 12-month period.	Cannot have more than 1 rental contract per 7 days	2 per bedroom plus 1 and not including infants (0-12 months). Not more than a total of 10 (including residents).	15 (Occupants + Visitors)	Vacation Rental Operation License
Commercial Vacation Rental	VR rented for more than three times per 12-month period.	No limitation	2 per bedroom plus 1 and not including infants (0-12 months). Not more than a total of 10 (including residents).	15 (Occupants + Visitors)	Vacation Rental Operation License; and Use Permit; or Coastal Development Permit

Vacation Rental Permit & License Process



*NOTE: Vacation Rental Operation Licenses and the associated Use Permits or CDPs are not required to meet the Permit Streamlining Act.

Regulations for Vacation Rentals (Section 7.120.040)

Allowable Property Types

- Only allowed in Single Family Dwellings
- Prohibited in temporary or non-habitable structures

Rental Contracts

- Contact information for Occupants
- License plate numbers
- Dates of stay
- Record maintenance for two years

Regulations for Vacation Rentals (Section 7.120.040) contd.

MCC Code Compliance

- Transient Occupancy Tax (TOT) (Chapter 5.40)
- Nuisance and Nuisance Animals (Chapter 8.36)
- Solid Waste Collection and Disposal (Chapter 10.41)
- Noise Control (Chapter 10.60)
- Domestic Water Systems (Chapter 15.04)
- Sewage Disposal (Chapter 15.20)

Other Compliance

- Property Manager arrive at the site within 30 minutes
- Prohibition of outdoor fire areas
- If onsite agricultural operation Owner, Operator, or Property Manager must be onsite while rented

Regulations for Vacation Rentals (Section 7.120.040) contd.

Informational Letter to Neighboring Properties

- Vacation Rental Operation License number
- Address of Vacation Rental
- Vacation Rental Type
- Name and contact information for Property Manager
- Contact information for County

Informational Notice inside Vacation Rental

- Vacation Rental Operation License number
- Maximum Occupancy (Daytime + Nighttime)
- Maximum and Minimum Advertised Rental Rate
- Copy of Business License and TOT Certificate
- Name and contact phone number for Property Manager
- Notification: fines for amplified noise, limit excessive water usage, and evacuation routes in event of emergency

Commercial Vacation Rentals (CVRs) (Sections 20.64.290.F & 21.64.290.F)

- Use Permit (inland) or Coastal Development Permit (CDP) (coastal)
 - Hearing at the Zoning Administrator
 - 7-year term, 7-year extension with each renewal
 - Cap by Planning Area (4% of total single-family residential dwelling units)
- CVRs Prohibited
 - Big Sur Coast Land Use Plan
 - Carmel Area Land Use Plan – Low Density Residential (Carmel Highlands)
 - Carmel Valley Master Plan – Low Density Residential, Medium Density Residential, High Density Residential, Rural Density Residential
 - Moss Landing Community Plan – Low Density Residential, Medium Density Residential



Commercial Vacation Rentals (CVRs) (Sections 20.64.290.F & 21.64.290.F) condnt.

- Monterey County Code:
 - Regulations Relating to Applications Involving the Use of Private Roads (Chapter 16.80)
 - Regulations for On-site Parking (Chapter 20.58.040 and 21.58.040)
 - Sewage Disposal – EHB Verification (Chapter 15.20)
 - Adequate Emergency Response time (fire and emergency medical)
 - 1 per legal lot of record, except in Commercial Zoning Districts



Vacation Rental Operation License Application Process (Section 7.120.090)

- Site Plans
- Floor Plans
- Operation Plans
 - Safety and emergency plan
 - Number of employees
 - On-site parking plan
- Home Inspection (completed by certified third-party and provided to County)
 - Minimum Requirements:
 - Adequate egress;
 - Residential Property conformed with applicable state building and fire codes at the time the building was constructed; and
 - Fire extinguishers, fire alarms, and a carbon monoxide alarm on each level.



Phasing Out Unpermitted Operations & Enforcement (Sections 7.120.090-160, 20.64.290.G-H, and 21.64.290.G-H)

- Allows for Phasing Out of Unpermitted Operations
 - Inland Area – Six Months from October 14, 2024
 - Coastal Zone – Six Months from Effective Date
- Allows for Phasing Out of Previously Permitted Operations
 - Upon expiration of their existing permit or within seven years.



Phasing Out Unpermitted Operations & Enforcement (Sections 7.120.090-160, 20.64.290.G-H, and 21.64.290.G-H) contd.

- Grounds for revocation
- Code violation administrative citation fees
 - First Violation: 175% of Maximum Advertised Rental Rate (ARR) or \$1,000 per day
 - Second Violation (in year): 275% Maximum ARR or \$2,500 per day
 - Third Violation (in year): 375% Maximum ARR or \$5,000 per day



Regulations for Hosting Platforms (Section 7.120.080)

- Require the Operator to list the Vacation Rental Operation License number in the advertisement.
- Provide the County with a monthly listing of all Vacation Rentals in the County.
- Notification and removal process for unpermitted listed Vacation Rentals.



Planning Commission Recommendations

- Amendments to Titles 7, 20, and 21
 - Guesthouse clarification.
 - Homestay as a new vacation rental type.
 - Staff Recommendation – remove “~~or principal resident~~” from the definition of Homestay
 - Maximum occupancy limitations.
- Amendments to Title 7
 - Clarify: preserve neighborhood security and safety and post the Advertised Rental Rate.
- Amendment to Title 20
 - Prohibit Commercial Vacation Rentals in residential zoning districts in the Moss Landing Community Plan.



Options To Consider (Redline in Draft Ordinances)

- Prohibit investor-owned Vacation Rentals operations.
- Increase maximum fines for violations.
- Allowing Vacation Rentals to post outdoor signs.
- Reduce previously operating Vacation Rental compliance timeline in Coastal Zone.
- Limit the number of Commercial Vacation Rentals that a single Owner can have at any time.
- Research streamlined options for Homestay permit process and reduced fees.



CEQA Alternatives – Analyzed – **Included***

- No Project Alternative (Alternative 1)
- **Homestays (Alternative 2)***
- Different Commercial Vacation Rental Caps
 - Lower Cap (Alternative 3)
 - No additional growth alternative (Alternative 4)
 - **4% of single-family residential dwelling units***
- Other Permitting & Policy Options (Alternative 5)
 - Eliminating regulations for Limited Vacation Rentals
 - **Informational packets in Vacation Rental***
 - **Establish an amortization period for currently permitted operations***
- **Prohibit Commercial Vacation Rentals in Carmel Valley Master Plan Area (Alternative 6)***



Vacation Rental Fees

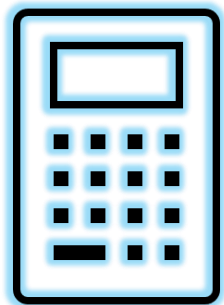
AREA	LAND USE PERMIT – HCD*	LICENSE – HCD*	BUSINESS LICENSE – TTC	TOT – TTC
COASTAL	\$11,000	\$965	Flat Fee To Be Determined	10.5% of rent charged to transient guests.
INLAND	\$5,500	\$965	Flat Fee To Be Determined	10.5% of rent charged to transient guests.

*These fees are only the fee for the Use Permit, Coastal Development Permit, or Vacation Rental Operation License and exclude other fees charged by other departments such as Environmental Health, any fire review fees, or County Counsel fees. These also exclude fees that are added on as a percentage of the overall fee charged by HCD.



Vacation Rental – HCD Budget

- Self-sustaining over the 2-year cycle with initial fees.
- Self-sustaining over the 7-year cycle with only renewal fees.
- Reduction in Transient Occupancy Tax.
- Return to the Board within a year to set Vacation Rental Operation License renewal fees.



Vacation Rental – Enforcement Program

Proposed Program Staffing	Annual Cost
Code Compliance Inspector II (2.00 FTE)	\$315,396
Permit Technician III (1.00 FTE)	\$144,477
Assistant Planner (1.00 FTE)	\$135,120
Contract Planner* (0.40 FTE)	\$147,200
Third-Party Compliance Tools/Services	\$25,000
First Two Years Proposed Program Staffing*	\$767,193
Long-Term Proposed Program Staffing	\$619,993

*The Contract Planner's annual costs are only for the Program's first two years.



Next Steps & Timing

- Title 7:

- First Reading: August 27, 2024
- Second Reading on consent: September 10, 2024
- Operative Date: October 14, 2024

- Title 21:

- Adopt Ordinance: August 27, 2024
- Operative Date: October 14, 2024

- Title 20:

- Resolution of Intent: August 27, 2024
- Certification by CCC: TBD
- Adoption by Board: TBD
- Operative Date: TBD



Recommendation

- CEQA:
 - Find the Vacation Rental Ordinances consistent with the Final Environmental Impact Report and certify the Final Environmental Impact Report for amendments to Monterey County Code.
 - Find the establishment of license fees is statutorily exempt from CEQA pursuant to Section 15273 of the CEQA Guidelines.
- Ordinances & Resolutions:
 - Introduce, waive first reading, and set September 10, 2024, as the date to adopt on consent an ordinance amending Title 7 of the Monterey County Code to amend Section 7.20.060 and add Chapter 7.120.
 - Adopt a resolution of intent to adopt an ordinance amending Title 20 of the Monterey County Code to add Section 20.64.290.
 - Adopt an ordinance amending Title 21 of the Monterey County Code to amend Section 21.64.280 and to add Section 21.64.290.
 - Amend Resolution No. 01-485, Amending Procedure for Agricultural Preserves, to add Item No. 14, which allows Vacation Rentals to the list of compatible uses within Agricultural Preserves, and to add Item No. 15, which allows Vacation Rentals to the list of compatible uses within Farmland Security Zones.
 - Adopt a Resolution amending the Monterey County Fee Resolution to Fee Article IX – Land Use to add a new “Each” fee for a Vacation Rental Operation License, which will be established at \$965.