



## Board Report

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File #: ORD 23-011, Version: 1

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### **Interim Ordinance on Vacation Rentals in the Inland Unincorporated Areas**

Public Hearing to consider:

- a. Continuing the hearing for consideration of adoption of an interim ordinance, as an urgency measure pursuant to Government Code section 65858, to prohibit on a temporary basis the transient use of residential property for remuneration in the Carmel Valley Master Plan and Greater Monterey Peninsula Plan areas of unincorporated Monterey County; and
- b. Find that the transient use of residential property for remuneration is a significant public policy issue within Supervisorial District 5 which warrants referral of consideration of applications for administrative permits for such use to the Planning Commission in this area; and
- c. Deem the referral complete.

*Proposed CEQA action:* Find that the proposed action would not change or modify regulations and would not result in any direct or indirect impacts to the environment and as such, is not “project” subject to the California Environmental Quality Act (“CEQA”) as defined in CEQA Guideline section 15378.

#### RECOMMENDATION:

Staff recommends that the Board of Supervisors direct staff to:

- a. Find that the transient use of residential property for remuneration is a significant public policy issue within Supervisorial District 5 which warrants referral of consideration of applications for administrative permits to the Planning Commission within this area; and
- b. Deem the referral complete.

#### SUMMARY/DISCUSSION:

On February 28, 2023, the Board of Supervisors added Supervisor Adams’s Referral No. 2023.05 to the County Board of Supervisors’ referral matrix. The referral was assigned to the Housing and Community Development Department (“HCD”) for consideration and analysis. The referral requests consideration of an interim ordinance to enact a stay or moratorium on issuance of administrative permits for transient use of residential property for remuneration (also known as “short term rentals” or “vacation rentals”) under Monterey County Code Section 21.64.280 (inland area) until new vacation rental regulations are adopted.

Under Government Code Section 65858, the County may adopt as an urgency measure an interim ordinance that prohibits any uses that may be in conflict with a contemplated general plan, specific plan, or zoning proposal that the County is considering, studying, or intends to study within a reasonable timeframe, in order to protect the public safety, health, and welfare of its citizens. County staff is currently in the process of preparing an Environmental Impact Report (“EIR”) for new draft coastal and inland short term rental ordinances. The Draft EIR is anticipated to be released for public review in July 2023.

On March 21, 2023, HCD presented a preliminary analysis to the Board of Supervisors in response to Referral No. 2023.05. At the meeting, the Board received significant written and public testimony about the impacts of short term rentals in Carmel Valley and the Board requested clarification on the ability to limit the interim ordinance geographically. Staff has determined that the scope of the interim ordinance can be limited

geographically provided there is a reasonable justification for doing so. Review of the administrative permit applications and online advertisements for vacation rentals within the County have revealed areas of high concentration. Within the inland unincorporated areas of the County, there are two geographic planning areas that have the highest concentration of permit applications and advertisements for short-term rentals. As may be expected, there is a correlation between short term rental activity and proximity to recreational opportunities, visitor attractions, and event spaces around the Monterey Peninsula. Areas of concentration include Carmel Valley Master Plan and Greater Monterey Peninsula Plan areas. If the Board directs, staff could prepare an interim ordinance that would prohibit short term rentals on a temporary basis within these two plan areas.

As described above, an interim ordinance allows the County to prohibit a use being contemplated as opposed to prohibiting the issuance of permits for that use, so consideration of an interim ordinance may not directly align with the Board Referral No. 2023.05. Staff believes that there may be other options available to address the underlying issues leading to the referral. Specifically, Title 21 of the Monterey County Code (inland zoning ordinance) allows the Chief of Planning to elevate applications for administrative permits for short term rentals to the Zoning Administrator and/or Planning Commission when there is public controversy. Monterey County Code Section 21.64.280 allows the transient use of residential property for remuneration with an administrative permit. Per Monterey County Code Chapter 21.70, administrative permits are considered administratively by the Chief of Planning, unless the matter is referred to a public hearing by the Zoning Administrator. Per Monterey County Code Chapter 21.04, if certain factors are met, the Zoning Administrator may refer a permit to the Planning Commission for consideration. These factors include, but are not limited to, significant public policy issues and significant changes in the nature of a community. The Planning Commission then considers the permit based on the merits of the specific application. The Planning Commission's decision on a permit is then appealable to the Board of Supervisors. This process also includes a determination pursuant to the California Environmental Quality Act ("CEQA") for each project. As such, staff recommends that the Board find that the transient use of residential property for remuneration is a significant public policy issue within Supervisorial District 5 which warrants referral of consideration of applications for administrative permits to the Planning Commission within this area and deem the referral complete.

OTHER AGENCY INVOLVEMENT:

The Office of County Counsel has coordinated with Housing & Community Development on this matter.

FINANCING:

Funding for staff time associated with preparation of this report and the ordinance is included in the HCD and the Office of County Counsel's FY22-23 Adopted Budget. Funding for staff time to implement an amended interim ordinance would also be included in the HCD adopted Budget.

Prepared by: Craig Spencer, Interim Director, HCD  
Approved by: Kelly Donlon, Assistant County Counsel

cc: Front Counter Copy; Craig Spencer, HCD Interim Director; The Open Monterey Project (Molly Erickson); LandWatch; Carmel Valley Association; Richard Rosenthal; Scott Hennessy; Vacation Rental Interested parties list;

Attachments: None