



## Board Report

File #: PC 24-060, Version: 1

### REF 100042 [INLAND] & REF 130043 [COASTAL] - VACATION RENTAL ORDINANCES

Public Hearing to consider a recommendation to the Board of Supervisors to find the Vacation Rental Ordinances consistent with the Final Environmental Impact Report (Final EIR) and certify the Final EIR for the amendments to the Monterey County Code (SCH # 2022080643), to adopt ordinances amending Title 7 (Business Taxes, Licenses and Regulations), adopt a resolution of intent to adopt an ordinance amending Title 20 (Coastal Zoning Ordinances), and to adopt an ordinance amending Title 21 (Non-coastal Zoning Ordinance) to establish a new Chapter 7.120, Section 20.64.290, and Section 21.64.290, and amending Resolution Board No. 01-485 to add item 14 “to the list of compatible uses within Agricultural Preserves” and add item 15 “to the list of compatible uses within Farmland Security Zones.”

**Project Location:** Countywide

**Proposed CEQA action:** Find the vacation rental ordinances consistent with the Final Environmental Impact Report (Final EIR) and recommend that the Board certify the Final Environmental Impact Report (Final EIR) for the amendments to the Monterey County Code (MCC).

#### RECOMMENDATION:

It is recommended that the Planning Commission adopt a resolution recommending that the Board of Supervisors:

- a) Find the vacation rental ordinances consistent with the Final EIR and certify the Final EIR for the amendments to the Monterey County Code (SCH # 2022080643);
- b) Adopt an ordinance amending Title 7 of Monterey County Code to amend Section 7.02.060 and add Chapter 7.120 - *Regulations for Vacation Rentals (Attachment 1)*;
- c) Adopt a resolution of intent to adopt an ordinance amending Title 20 of the Monterey County Code (coastal) to add Section 20.64.290 - *Regulations for Vacation Rentals (Attachment 2)*;
- d) Adopt an ordinance amending Title 21 of the Monterey County Code (inland) to amend Section 21.64.280 and add Section 21.64.290 - *Regulations for Vacation Rentals (Attachment 3)*; and
- e) 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” (**Attachment 4**), and add Item No. 15, which allows Vacation Rentals, to the “list of compatible uses within Farmland Security Zones.” (**Attachment 5**).

#### PROJECT INFORMATION:

Planning File Number: REF100042 & REF130043

Project Location: Countywide

Plan Area: Big Sur Land Use Plan, Cachagua Area Plan, Carmel Area Land Use Plan, Carmel Valley Master Plan, Central Salinas Valley Area Plan, Del Monte Forest Land Use Plan, Greater Monterey Peninsula Area Plan, Greater Salinas Area Plan, North County Area Plan, North County Land Use Plan, South County Area Plan, and Toro Area Plan.

#### SUMMARY:

The draft ordinances would amend Title 7, Title 20, and Title 21 of the Monterey County Code. A new chapter would be added to Title 7 (Business Taxes, Licenses, and Regulations) to regulate all vacation rental operations with the newly established Vacation Rental Operation License. New sections would be added to Title 20

(Coastal Zoning) and Title 21 (Non-coastal Zoning) to regulate Commercial Vacation Rentals. Commercial Vacation Rentals are those Vacation Rentals that are rented as non-hosted three or more times per twelve-month period. Non-hosted means that the operator does not reside on site while it is rented as a vacation rental. These regulations would establish requirements for vacation rentals in the unincorporated areas of Monterey County. The County of Monterey also prepared an Environmental Impact Report (EIR) through the California Environmental Quality Act (CEQA) process to evaluate the potential impact of vacation rentals and receive public input on the potential environmental impacts of the draft ordinances.

After numerous meetings/workshops with the public and targeted stakeholders, the Monterey County Board of Supervisors (Board), the Planning Commission (Commission), Land Use Advisory Committees (LUACs), the Agricultural Advisory Committee (AAC), the draft ordinances have been refined. They are being presented for final consideration and recommendation by the Commission.

Today, staff seeks the Commission's recommendation of the final draft ordinances to the Board, inclusive of the Commission's recommendation on proposed policy options and input provided to staff. The ordinance establishes regulations to regulate vacation rentals in unincorporated Monterey County. Staff has prepared a draft resolution (**Exhibit A**) to memorialize the Commission's recommendation to the Board. The draft ordinances are attached to the draft Commission resolution (**Attachment 1, 2, and 3 to Exhibit A**). The draft Commission resolution additionally contains amendments to the compatible uses list for Agricultural Preserves and Farmland Security Zones to allow vacation rentals on land that is under a Williamson Act contract (**Attachment 4 and 5 to Exhibit A**). A FEIR was prepared, which identifies that the project would not have a significant effect on the environment. The FEIR is included as **Exhibit D** and the Findings of Fact document, where no impacts were identified with the implementation of the proposed regulations, is included as **Attachment 6 to Exhibit A**.

DISCUSSION:

To read the full background for the policy, please refer to the Detailed Discussion included as **Exhibit B**.

The County of Monterey began policy outreach and the process of drafting ordinances pursuant to Vacation Rentals (also known as short-term rentals for overnight accommodations) in 2014. This process resulted in significant public input as well as comments and direction from the Board, the Commission, and the LUACs. The draft ordinances amending Title 7 (Vacation Rental Operation License and Business License), Title 20 (Coastal Zoning), and Title 21 (Inland Zoning) reflect these comments and input.

Vacation Rentals are defined as the use 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 is for a period of thirty (30) consecutive calendar days or fewer, counting portions of calendar days as full days.

The key features of the Vacation Rental Ordinances are included below:

- **Hosted versus Non-hosted:**
  - Hosted Vacation Rental, which requires that the Operator occupies at least one Bedroom for the duration of the Vacation Rental.
  - Non-hosted Vacation Rental, which is a Vacation Rental where the Operator does not occupy the Vacation Rental.

- **Two types of Vacation Rentals:**
  - Commercial Vacation Rentals:
    - Definition: Rented as a Non-hosted Vacation Rental for more than three times per 12-month period or a Hosted Vacation Rental for an unlimited number of times per 12-month period.
    - Limitation on the number of Commercial Vacation Rentals per Planning Area.
    - Maximum overnight occupancy of two per Bedroom and not to exceed ten and daytime occupancy of 1.5 times the overnight occupancy and not to exceed 15.
    - Required Licenses and Permits:
      - Use Permit or Coastal Development Permit (Section 20.64.290 or 21.64.290), which is renewed every seven years;
      - Vacation Rental Operation License issued ministerially by the County of Monterey Housing and Community Development Department (Chapter 7.120), which is renewed every year;
      - Transient Occupancy Tax Certificate issued by the County of Monterey Treasurer-Tax Collector (Chapter 5.40); and
      - Business License issued by the County of Monterey Treasurer-Tax Collector, which is renewed every year (Section 7.02.060.C).
    - Additional Regulatory Requirements for Commercial Vacation Rentals:
      - Compliance with Chapter 16.80 (Regulations Relating to Applications Involving Use of Private Roads).
      - Compliance with the parking requirements in Sub-Sections 20.58.040 and 21.58.040.
      - Verification that the septic system is in good working order and functioning properly and in compliance with Chapter 15.20 (Sewage Disposal).
      - Verification of adequate response time for fire and emergency services.
  - Limited Vacation Rentals:
    - Definition: Rented as a Non-hosted Vacation Rental not more than three times per 12-month period, or a Hosted Vacation Rental for an unlimited number of times per 12-month period.
    - Maximum overnight occupancy of two per Bedroom and not to exceed four and daytime occupancy of 1.5 times the overnight occupancy and not to exceed six.
    - Required Licenses and Permits:
      - Vacation Rental Operation License issued ministerially by the County of Monterey Housing and Community Development Department (Chapter 7.120);
      - Transient Occupancy Tax Certificate issued by the County of Monterey Treasurer-Tax Collector (Chapter 5.40); and
      - Business License issued by County of Monterey Treasurer-Tax Collector (Section 7.02.060.C).

- **Regulations for All Vacation Rentals:**
  - Allowable in specific Zoning Districts;
  - One rental contract at a time per Vacation Rental;
  - Only allowed in single family dwellings;
  - Not allowed in temporary structures;
  - If the parcel has active agricultural operations, the property manager or owner is required to reside onsite;
  - Property manager or operator is available at all times of the day to respond to complaints within 30 minutes;
  - Prohibition on outdoor fire areas;
  - Informational letter to neighboring properties within a 300-foot radius;
  - No exterior signage;
  - Provision to provide the following documents to the County of Monterey Housing and Community Development Department (HCD):
    - Operation plan;
    - Site plan;
    - Floor plan; and
    - Home inspection by certified home inspector.
  - Requirement to notify the Vacation Rental occupants of:
    - Emergency response numbers;
    - Quiet hours;
    - Map of evacuation routes; and
    - Contact information for the property manager or operator.
  - Required to comply with Monterey County Code Chapters:
    - 8.36 (Nuisance and Nuisance Animals);
    - 10.41 (Solid Waste Collection and Disposal);
    - 10.60 (Noise Control);
    - 15.04 (Domestic Water Systems).
  - Enforcement requirements that include both fines and civil penalties;
  - Enforcement that each violation will be a separate and unique violation that will incur separate penalties;

- Requirements for the hosting platforms (such as VRBO or Airbnb) to ensure that they are not listing unpermitted vacation rentals in the County and notification process that they must remove any listing that the County finds to be unpermitted; and
- A process for phasing out unpermitted operations and requiring existing permitted operations to follow an appropriate timeline to comply with the new regulations.

*Staff recommends that the Planning Commission recommend that the Board of Supervisors certify the FEIR, adopt the revised draft ordinances for vacation rentals inclusive of the Planning Commission's recommendation on the proposed policy options, and provide input to staff.*

#### OTHER AGENCY INVOLVEMENT

HCD staff are working in collaboration with the Treasurer-Tax Collector's Office, County of Monterey Environmental Health, and Fire Agencies to develop the ordinances and with the Office of County Counsel to review as to form. Staff has met with California Coastal Commission staff and discussed ordinances for the Coastal Zone.

HCD also received input from all of the LUACs as well as the AAC.

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Approved by: Melanie Beretti, AICP, Acting Chief of Planning, 831-755-5285

Approved by: Craig Spencer, HCD Director

The following Attachments are on file with the HCD:

Exhibit A - Draft Resolution, including:

- Attachment 1 - Title 7 amendment to Chapter 7.02.060 and establish a new Chapter 7.120 of Regulations for Vacation Rental Operation License
- Attachment 2 - Title 20 amendment and additions to Coastal Zoning Ordinance Regulations for Vacation Rentals in the Coastal Zone
- Attachment 3 - Title 21 amendment and additions to Inland Zoning Ordinance Regulations for Vacation Rentals in the Non-coastal Zone
- Attachment 4 - 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"
- Attachment 5 - Amend Resolution No. 01-485, Amending Procedure for Agricultural Preserves, to add item no. 15, which allows Vacation Rentals, to the "list of compatible uses within Farmland Security Zones"
- Attachment 6 - Findings of Fact Document

Exhibit B - Detailed Discussion

Exhibit C - Agricultural Advisory Committee Action Minutes - April 25, 2024

Exhibit D - Final Environmental Impact Report

cc: Front Counter Copy; Planning Commission; REF 100042 & REF 130043 Public Distribution List; County of Monterey Treasurer-Tax Collector; Monterey County Regional Fire; County of Monterey Health Department Environmental Health Bureau; California Coastal Commission; Monterey County Land Watch; Keep Big Sur Wild; Liz Gonzales, Permit Center Manager; Anna Quenga, Principal Planner - Current Planning; Karen Riley-Olms, Management Analyst II; Josh Bowling, Chief of Building Services; Evan Nuckles, HCD Building

Services Manager; Melanie Beretti, Acting Chief of Planning; Craig Spencer, HCD Director