



Vacation Rental Regulations Workshop

(REF250042/REF250043)

Board of Supervisors

Agenda Item No. 15

January 6, 2026

Action

- Conduct a workshop to consider possible amendments to the Monterey County Code (“MCC”) Title 20 (Coastal Zoning Ordinance), Title 21 (Inland Zoning Ordinance) and Title 7 (Business Tax, Licenses and Regulations) to regulate the vacation (or short-term) rental of residential property; and
- Provide direction to staff.



Background

- Inland Regulations
 - Operative October 14, 2024.
 - Unpermitted operations phased out April 14, 2025.
- Coastal Regulations
 - Operative October 25, 2025.
 - Unpermitted operations phased out December 24, 2026.
- Application Status Summary
 - Homestays – 58 pending; 24 approved; 2 denied
 - Limited Vacation Rentals (LVRs) – 13 pending; 17 approved; 1 denied
 - Commercial Vacation Rentals (CVRs) – 147 pending; 2 approved; 15 denied



Application Status – Inland and Coastal

Type	Denied Void Withdrawn	Pending Incomplete	Approved	Prior Approved
INLAND				
Homestay	2	35	22	N/A
Limited Vacation Rental	0	17	13	N/A
Commercial Vacation Rental	2	46	2	34*
COASTAL				
Homestay	0	23	2	N/A
Limited Vacation Rental	1	7	0	N/A
Commercial Vacation Rental	13	101	0	N/A

**Operations that were permitted per the prior regulations will expire within not more than 7 years (by October 14, 2031) and must come into compliance.*



Background

- Lawsuit alleges numerous causes of action, including two claims that the regulations violate:
 - U.S. Constitution's Dormant Commerce Clause by treating non-resident property owners differently for homestays
 - U.S. and California Constitutions' Equal Protection Clauses by treating corporate or other non-individual entity owners differently from natural person owners for all types of vacation rentals
- Suspended Limited Provisions (See December 12, 2025 memo)
 - Interpret "owner" to mean "owner or owner's designated representative" for definition of Homestay, definition of primary residence for homestay
 - Remove provision limiting ownership of any vacation rental to an individual or trustee to allow corporations, LLCs or other ownership structures



Ordinance Amendment Options

- Fix Challenged Regulations
 - Codify limited changes from December 12, 2025 memo
- Ban
 - Prohibit Vacation Rentals in some or all areas of unincorporated Monterey County
- Other Options?



Next Steps & Timeline

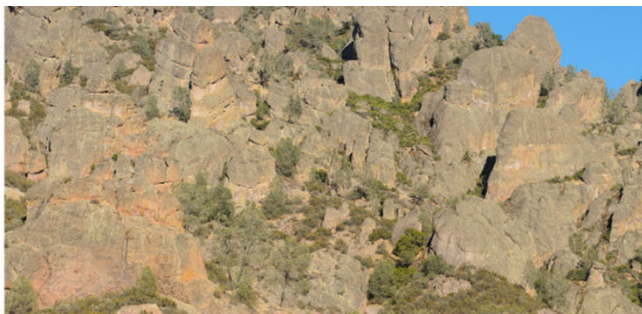
- Ordinance Amendments
 - Planning Commission – *Review and Recommendation*
 - Board of Supervisors – *Adoption*
 - Inland - Effective after 30 days approval
 - Coastal – Submit to CA Coastal Commission; then Board final adoption



Recommendation

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Thank you
