

Exhibit E

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ORDINANCE NO. _____

AN ORDINANCE OF THE COUNTY OF MONTEREY, STATE OF CALIFORNIA, AMENDING TITLE 20 (COASTAL ZONING) OF THE MONTEREY COUNTY CODE RELATING TO VACATION RENTALS

County Counsel Summary

This Ordinance amends numerous definition and zoning district use sections of Title 20 and repeals and replaces Section 20.64.290 to the Monterey County Code to regulate the vacation (also known as short-term or transient) rental of residential property. This Ordinance aims to strike a balance, allowing opportunity for property owners and residents of unincorporated Monterey County to benefit from the tourism economy while ensuring that residential neighborhoods are protected from loss of long-term housing and the potential negative social and behavioral impacts of vacation rentals. This Ordinance prohibits vacation rentals in residential zoning districts except as accessory to agricultural uses, and allows vacation rentals in commercial zoning districts, visitor serving zoning districts, and zoning districts in which agriculture is an allowed use. Lastly, this Ordinance contains the process for phasing out unpermitted vacation rentals with applications pending a decision by the County of Monterey and amortization of prior permitted vacation rentals.

The Board of Supervisors of the County of Monterey ordains as follows:

SECTION 1. Findings and Declarations.

A. Pursuant to Article XI, Section 7 of the California Constitution, the County of Monterey (“County”) may adopt and enforce ordinances and regulations not in conflict with general laws to protect and promote the public health, safety, and welfare of its residents.

B. If not properly regulated, vacation (also known as short-term or transient) rental operations have the potential to reduce availability of long-term housing and disrupt the sense of safety, security, and peaceful enjoyment of homes in residential neighborhoods.

C. Agriculture and tourism are top economic drivers of the regional economy, and Monterey County is recognized globally as a premier tourist destination. Regulations for the operation of vacation rentals are necessary to protect the health, safety, and welfare of visitors staying in vacation rental accommodations and residents of Monterey County: to provide accommodations for visitors to stay in Monterey County; to provide the opportunity for the agriculture industry to participate in the tourist economy to enhance the economic viability of agriculture in the region; and to safeguard the reputation of Monterey County and the economic benefits tourism provides the region.

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D. Regulation of vacation rentals is also necessary because they potentially could create impacts that are different than residential uses, including but not limited to: different character, density, and intensity than residential uses; removal of long-term housing from the market; and hazards to the public health, safety and general welfare in residential areas known to have infrastructure limitations.

E. On August 27, 2024, the County of Monterey (County) adopted Ordinance No. 5422 amending Title 21 (Non-coastal Zoning Ordinance) to regulate the short-term vacation rental of residential property in unincorporated Monterey County. On September 10, 2024, the County adopted Ordinance No. 5424 to require business licenses and vacation rental operation licenses for any vacation rental operations in unincorporated Monterey County. The vacation rental regulations for the inland areas became operative on October 14, 2024.

F. On August 27, 2024, the County adopted a resolution of intent to adopt an ordinance amending Title 20 (Coastal Zoning Ordinance) to regulate the vacation rental of residential property in the coastal zone of unincorporated Monterey County.

G. On August 13, 2025, the California Coastal Commission (CCC) approved the Monterey County Local Coastal Program (LCP) Amendment No. LCP-3-MCO-24-0039-1 (Vacation Rentals), an ordinance amending Title 20 (Coastal Zoning Ordinance) to regulate vacation rental as submitted by the County.

H. On September 23, 2025, the County adopted Ordinance No. 5439 amending Title 20 (Coastal Zoning Ordinance) to regulate the vacation rental of residential property in the coastal zone of unincorporated Monterey County. The vacation rental regulations for the coastal zone became operative on October 24, 2025. The Vacation Rental Ordinances that were adopted and operative in 2024 and 2025 are herein collectively referred to as the “original vacation rental ordinances”.

I. On December 12, 2025, due to a lawsuit challenging the County’s original vacation rental ordinances, including homestays (*Monterey County Vacation Rental Alliance v. County of Monterey*, Monterey County Superior Court Case No. 24CV004922), the County suspended from permit and license consideration and enforcement two provisions being challenged and generally related to ownership provisions.

J. On January 6, 2026, the Board of Supervisors directed staff to develop ordinances to address the two challenged provisions of the original ordinances and to prohibit vacation rentals in residential zoning districts except those with commercial agricultural operations, maintaining that unique neighborhoods with existing developments established with the intent of allowing managed short-term or transient rentals such as Monterey Dunes Colony are exempt from the regulations, and providing for a ministerial approval process for vacation rentals on lands with agricultural operations (“Amended Vacation Rental Ordinances”).

K. This Ordinance amends the original vacation rental ordinances and aims to strike a balance by allowing opportunity for property owners and residents of unincorporated Monterey

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County to benefit from the tourism economy, while ensuring that residential neighborhoods are protected from loss of long-term housing and the potential negative social and behavioral impacts of vacation rentals.

L. This Ordinance establishes that vacation rentals are consistent with the character, density and intensity of commercial and visitor serving uses and uses accessory to agriculture, and are therefore an allowed use in commercial zoning districts, visitor serving zoning districts, and zoning districts in which agriculture is an allowed use, with a vacation rental operation license, business license, and transient occupancy tax certificate.

M. Regulation of vacation rentals is necessary because they have the potential to impact the character and intensity of an otherwise residential use in residential zoning districts. Impacts include, removing long-term housing from the market, or posing hazards to public health, safety and general welfare in residential areas known to have infrastructure limitations. Vacation rental uses, therefore, are prohibited in residential zoning districts.

N. This Ordinance recognizes that unique neighborhoods with existing developments were established with the intent of allowing managed short-term rentals, such as Monterey Dunes Colony, and these developments are exempt from the regulations set forth in this Ordinance, including the need to apply for a vacation rental operation license. Such developments are not exempt from compliance with Chapter 5.40, requiring payment of transient occupancy tax, and Chapter 7.02, requiring a business license.

O. Vacation rentals do not count towards any visitor-serving units or guestroom caps established by Monterey County Code, Monterey County Coastal Implementation Plan, or Monterey County Land Use Plan.

P. To allow for a reasonable amortization of investment for existing vacation rental operations, this Ordinance provides an initial time period during which an unpermitted vacation rental may continue to operate, provided the vacation rental activity was established prior to October 24, 2025 and the operator is pursuing all necessary County permits, licenses, and entitlements pursuant to Section 20.64.290 of the Monterey County Code as adopted by Ordinance No. 5439. Further, this Ordinance provides for a defined time period that commercial vacation rentals issued coastal development permits pursuant to Section 20.64.290 adopted by Ordinance No. 5439 may continue to operate.

Q. In accordance with the California Environmental Quality Act (CEQA), a Draft Environmental Impact Report (EIR) was prepared and circulated and a Final EIR for the Vacation Rental Ordinances Project made available to the public prior to certification by the Board of Supervisors. The County of Monterey adopted a certified Final EIR for the Vacation Rental Ordinances project (SCH # 2022080643) in compliance with CEQA prior to the adoption of the original vacation rental ordinances and reflects the independent judgment and analysis of the County (Resolution No. 24-355).

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R. Section 15162 of the State CEQA Guidelines (California Code of Regulations Section 15000 *et seq.*) provides that, when an EIR has been certified for a project, no subsequent EIR shall be prepared for that project unless the lead agency determines, on the basis of substantial evidence in the light of the whole record, that either: 1) substantial changes to the project or its circumstances would require major revisions of the previous EIR, due to the involvement of new or worsened significant environmental effects; or 2) new information of substantial importance, which was not known and could not have been known with the exercise of reasonable diligence at the time the previous EIR was certified as complete, shows that the project would have new or worse environmental effects than disclosed in the previous EIR; or 3) that new or newly-feasible mitigation measures would reduce the severity of a significant impact but the project proponent declines to implement them.

S. In accordance with CEQA Guidelines Section 15164(d), an addendum to the certified Final EIR (SCH# 2022080643) was prepared for the Amended Vacation Rental Ordinances project. The County has determined, on the basis of substantial evidence in light of the whole record, that the Amended Vacation Rental Ordinances would not result in substantial project changes that would require major revisions to the Final EIR. There are no changes in circumstances and no new information, not known at the time the Final EIR was certified, that shows the Amended Vacation Rental Ordinances may have a significant environmental effect or a substantial increase in the severity of previously identified significant effects. The County finds that the Amended Vacation Rental Ordinances require minor revisions to the original vacation rental ordinances, but none of the conditions described in CEQA Guidelines Section 15162 calling for preparation of a subsequent EIR have occurred.

T. The County intends to carry out the amendments in a manner fully in conformity with the Coastal Act.

U. This Ordinance amends the Monterey County Coastal Implementation Plan, which is part of the County's Local Coastal Program. Pursuant to the Coastal Act, the County may amend the certified Local Coastal Program provided the County follows certain procedures. The procedures include the following: the County's Planning Commission holds a notice public hearing and make a recommendation to the Board of Supervisors on the proposed amendment; the Board of Supervisors holds a noticed public hearing, adopts a resolution of intent, and submits the proposed amendment to the California Coastal Commission for certification together with materials sufficient for a thorough and complete review; the Coastal Commission certifies the amendment; the Board of Supervisors takes subsequent final action on the ordinance after the Coastal Commission acts; and the Coastal Commission confirms the County's action. Accordingly, this Ordinance will not go into effect until after the Coastal Commission certifies the amendment and confirms the Board's action.

SECTION 2. Subsection (DD) of Section 20.10.050 of the Monterey County Code [High Density Residential District] is amended to read as follows:

DD. ~~Commercial Vacation Rentals, pursuant to Section 20.64.290 (ZA) Repealed.~~

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SECTION 3. Subsection (DD) of Section 20.12.050 of the Monterey County Code [Medium Density Residential District] is amended to read as follows:

DD. ~~Commercial Vacation Rentals, pursuant to Section 20.64.290 (ZA) Repealed.~~

SECTION 4. Subsection (FF) of Section 20.14.050 of the Monterey County Code [Low Density Residential District] is amended to read as follows:

FF. ~~Commercial Vacation Rentals, pursuant to Section 20.64.290 (ZA) Repealed.~~

SECTION 5. Subsection (VV) of to Section 20.16.050 of the Monterey County Code [Rural Density Residential District] is amended to read as follows:

VV. ~~Commercial Vacation Rentals, pursuant to Section 20.64.290 (ZA) Repealed.~~

SECTION 6. Subsection (PP) of Section 20.17.050 of the Monterey County Code [Watershed And Scenic Conservation District] is amended to read as follows:

PP. ~~Commercial Vacation Rentals, pursuant to Section 20.64.290 (ZA) Repealed.~~

SECTION 7. Subsection (RR) of Section 20.18.060 of the Monterey County Code [Coastal General Commercial] is amended to read as follows:

RR. ~~Commercial Vacation Rentals, pursuant to Section 20.64.290 (ZA) Repealed.~~

SECTION 8. Subsection (X) of Section 20.20.060 of the Monterey County Code [Moss Landing Commercial District] is amended to read as follows:

X. ~~Commercial Vacation Rentals, pursuant to Section 20.64.290 (ZA) Repealed.~~

SECTION 9. Subsection (BB) of Section 20.22.060 of the Monterey County Code [Visitor-Serving Commercial District] is amended to read as follows:

BB. ~~Commercial Vacation Rentals, pursuant to Section 20.64.290 (ZA) Repealed.~~

SECTION 10. Subsection (GG) of Section 20.30.050 of the Monterey County Code [Coastal Agriculture Preserve] is amended to read as follows:

GG. ~~Commercial Vacation Rentals, pursuant to Section 20.64.290 (ZA) Repealed.~~

SECTION 11. Subsection (KK) of Section 20.32.050 of the Monterey County Code [Agricultural Conservation] is amended to read as follows:

KK. ~~Commercial Vacation Rentals, pursuant to Section 20.64.290 (ZA) Repealed.~~

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SECTION 12. Subsection (Q) of Section 20.60.090 of the Monterey County Code is amended to read as follows:

Q. Outdoor signs, pursuant to Section 7.120.040. ~~JH~~.

SECTION 13. Section 20.64.290 of the Monterey County Code is amended to read as follows:

A. Purpose: It is the purpose of this Section to:

1. Preserve and enhance the residential character of the coastal zoning districts established in Title 20, long-term housing, and the sense of security and safety in stable neighborhoods of residential properties.

2. Provide opportunity for visitors to access public areas of the unincorporated areas of Monterey County through Vacation Rental opportunities, benefiting the local economy while preserving the housing supply and quality of life, and protecting public health, safety, and general welfare.

3. Establish regulations that provide opportunity for ~~property~~ homeowners and residents to offer Vacation Rentals for visitors that have the potential to provide financial benefits to offset the high cost of living housing, increase the vitality of commercial and visitor serving areas, and increase the economic stability of agriculture in Monterey Countythe region.

4. Establish that ~~Limited~~ Vacation Rental ~~and Homestay~~ uses are similar in character, density, and intensity to residential-commercial uses, visitor serving uses, and residential uses accessory to agricultureuse, are not anticipated to convert long term housing to nonresidential use.

~~5. Establish regulations to address Commercial Vacation Rental uses that have the potential to impact the character, density, and intensity of residential uses, convert long term housing to nonresidential use, or pose hazards to public health, safety, and general welfare in areas known to have infrastructure limitations.~~

B. Definitions: The definitions in Chapter 20.06 shall apply. Unless otherwise expressly stated, whenever used in this Section, the following words shall have the meanings set forth below:

1. “Bedroom” means any habitable room of a dwelling unit which is: 1) 70 square feet or greater in size for the first individual in a bedroom and 50 square feet of space for each additional individual in the room; 2) has an exterior door or window for egress meeting health and safety code standards at the time the dwelling was constructed; and 3) has a closing door that separates the room from other areas of the dwelling. The

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following shall not be considered a bedroom: Any interior room that must be passed through to access another bedroom; a hallway; bathroom; kitchen; living room; dining room; family room; breakfast nook; pantry; laundry room; or closet/dressing room opening off a bedroom.

~~2. “Commercial Vacation Rental” means a Vacation Rental that is Non-hosted and rented for more than three times per 12-month period.~~

~~23.~~ “County” means County of Monterey.

~~34.~~ “Effective Date” means the date on which the Ordinance adding this Section 20.64.290 to the Monterey County Code took effect.

~~54.~~ “Homestay Hosted” means a Vacation Rental in which the Owner-Operator occupies at least one Bedroom within the Vacation Rental while it is being rented as a Vacation Rental. The Vacation Rental must be the Owner’s Operator’s Primary Residence.

~~6. “Limited Vacation Rental” means a Vacation Rental that is Non-hosted and rented for not more than three times per 12-month period.~~

~~75.~~ “Non-hosted” means that an Operator does not occupy the Vacation Rental while it is being rented.

~~86.~~ “Operator” means a person who operates the Vacation Rental and, if not the Owner, a person, who has the ~~legal~~ permission of the Owner to operate the Vacation Rental on the subject real property.

~~97.~~ “Owner” means the person or persons who hold fee title to the real property upon which a Vacation Rental is operated.

~~108.~~ “Owner’s Operator’s Primary Residence” means a Residential Property lived in by the Owner-Operator for at least 183 days per calendar year, which is documented by at least two of the following: motor vehicle registration, voter registration, homeowner’s exemption on their property taxes, lease, or ~~a~~ utility bills.

~~119.~~ “OWTS” means an onsite wastewater treatment system, also referred to as a septic system, as regulated by Chapter 15.20 of the Monterey County Code.

~~12. “Property Manager” means the person who is designated by the Operator as being responsible for managing the Vacation Rental operation and it may include the Owner, professional property manager, realtor, other resident, or nonresident owner of the subject property.~~

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~~1310.~~ “Residential Property” means improved property, used or occupied, or intended to be used or occupied, for residential purposes.

~~1411.~~ “Vacation Rental” means the use, by any person, of Residential Property for transient lodging for remuneration 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. ~~“Vacation Rental” includes Commercial Vacation Rentals, Homestays, and Limited Vacation Rentals.~~ “Vacation Rental” does not include a bed and breakfast facility, hotel, motel, hostel, inn, roominghouse, boardinghouse, rooming or boarding.

C. Applicability: This Section applies in the unincorporated coastal zone of the County of Monterey.

D. ~~Regulations for Homestays:~~Repealed.

~~1. Homestays are allowed and exempt from a Coastal Development Permit pursuant to 20.70.120(S), in the following zoning districts, subject to the requirements of this Section:~~

- ~~a. High Density Residential (HDR(CZ));~~
- ~~b. Medium Density Residential (MDR(CZ));~~
- ~~b. Low Density Residential (LDR(CZ));~~
- ~~b. Rural Density Residential (RDR(CZ));~~
- ~~b. Watershed and Scenic Conservation (WSC(CZ));~~
- ~~b. Coastal General Commercial (CGC(CZ));~~
- ~~b. Moss Landing Commercial (MLC(CZ));~~
- ~~b. Visitor Serving Commercial (VSC(CZ));~~
- ~~b. Coastal Agriculture Preserve (CAP(CZ)); and~~
- ~~b. Agricultural Conservation (AC(CZ)).~~

~~2. Homestays shall be prohibited in any other zoning district.~~

E. ~~Repealed.~~Regulations for Limited Vacation Rentals:

~~1. Limited Vacation Rentals are allowed and exempt from a Coastal Development Permit pursuant to 20.70.120(T), in the following zoning districts, subject to the requirements of this Section:~~

- ~~— High Density Residential (HDR(CZ));~~
- ~~— Medium Density Residential (MDR(CZ));~~
- ~~— Low Density Residential (LDR(CZ));~~
- ~~— Rural Density Residential (RDR(CZ));~~
- ~~— Watershed and Scenic Conservation (WSC(CZ));~~
- ~~— Coastal General Commercial (CGC(CZ));~~
- ~~— Moss Landing Commercial (MLC(CZ));~~

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- ~~a. Visitor-Serving Commercial (VSC(CZ));~~
- ~~a. Coastal Agriculture Preserve (CAP(CZ)); and~~
- ~~a. Agricultural Conservation (AC(CZ)).~~

~~2. Limited Vacation Rentals shall be prohibited in any other zoning district.~~

F. Regulations for ~~Commercial~~ Vacation Rentals:

1. ~~Commercial~~ Vacation Rentals are allowed ~~with a Coastal Development Permit~~ in the following zoning districts, subject to the requirements of this Section:

- ~~a. High Density Residential (HDR(CZ));~~
- ~~b. Medium Density Residential (MDR(CZ));~~
- ~~c. Low Density Residential (LDR(CZ));~~
- ~~d.~~ a. Rural Density Residential accessory to the agricultural use of the property (RDR(CZ));
- ~~e.~~ b. Watershed and Scenic Conservation (WSC(CZ));
- ~~f.~~ c. Coastal General Commercial (CGC(CZ));
- ~~g.~~ d. Moss Landing Commercial (MLC(CZ));
- ~~h.~~ e. Visitor-serving Commercial (VSC(CZ));
- ~~i.~~ f. Coastal Agriculture Preserve (CAP(CZ)); and
- ~~j.~~ g. Agricultural Conservation (AC(CZ)).

2. ~~Commercial~~ Vacation Rentals shall be prohibited in any other zoning district.

3. ~~Commercial~~ Vacation Rentals are subject to the following additional limitations:

a. Big Sur Coast Land Use Plan as follows: Non-hosted Vacation Rentals are prohibited in the Big Sur Coast Land Use Plan area.

b. ~~B~~based on a maximum allowable limit of ~~permitted Commercial~~ Vacation Rentals to be licensed pursuant to Chapter 7.120 of Monterey County Code at any given time of ~~not to exceed~~ four percent of the total single family residential dwelling unit count within each area as follows:

<u>Planning Area</u>	<u>Maximum Allowed Number of Vacation Rentals (Non-hosted)</u>	<u>Maximum Allowed Number of Vacation Rentals (Hosted)</u>
<u>Big Sur Coast Land Use Plan</u>	<u>0</u>	<u>Unlimited</u>
<u>Carmel Area Land Use Plan</u>	<u>118</u>	<u>Unlimited</u>
<u>Del Monte Forest Land Use Plan</u>	<u>57</u>	<u>Unlimited</u>
<u>Moss Landing Community Plan</u>	<u>2</u>	<u>Unlimited</u>

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<u>North County Coastal Land Use Plan</u>	<u>157</u>	<u>Unlimited</u>
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~~a. — Big Sur Coast Land Use Plan Area as follows: Commercial Vacation Rentals are prohibited within the Big Sur Coast Land Use Plan area.~~

~~b. — Carmel Area Land Use Plan Area as follows:~~

~~i. — Commercial Vacation Rentals are prohibited in LDR(CZ) zoning districts within the Carmel Areal Land Use Plan area.~~

~~ii. — A total of 118 maximum Coastal Development Permits shall be issued at any given time for Commercial Vacation Rental uses within the Carmel Area Land Use Plan area, excluding LDR(CZ) zoning districts.~~

~~c. — North County Coastal Land Use Plan Area as follows: A total of 157 maximum Coastal Development Permits shall be issued at any given time for Commercial Vacation Rental uses within the North County Coastal Land Use Plan area.~~

~~d. — Del Monte Forest Land Use Plan Area as follows: A total of 57 maximum Coastal Development Permits shall be issued at any given time for Commercial Vacation Rental uses within the Del Monte Forest Land Use Plan area.~~

~~e. — Moss Landing Community Plan as follows:~~

~~i. — Commercial Vacation Rentals are prohibited in LDR(CZ) and MDR(CZ) zoning districts within the Moss Landing Community Plan area.~~

~~ii. — A total of two maximum Coastal Development Permits shall be issued at any given time for Commercial Vacation Rental uses within the Moss Landing Community Plan area, excluding LDR(CZ) and MDR (CZ) zoning districts.~~

cf. Permitted short-term, transient, and vacation rentals existing as of the dates noted will count against their respective Land Use Plan maximum allowable vacation rental cap as follows:

i. All existing transient use of a property for remuneration as a similar use to a Bed and Breakfast facility or other visitor-serving uses (such as hotels, motels, and inns) permits or entitlements issued prior to the ~~Effective Date~~ October 24, 2025 of this Chapter will count against their respective Land Use Plan cap until the . ~~If upon the~~ permit or entitlement expiration date or within seven years of the ~~Effective Date of this Chapter~~ October 24, 2025, whichever is sooner;

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ii. All existing commercial vacation rental permits or entitlements issued prior to; Effective Date pursuant to Section 20.64.290 adopted by Ordinance No. 5439 will count until the permit or entitlement expiration date; and

iii. If within 30 days of the expiration of a prior permitted short-term, transient, or vacation rental, the Operator does not make an application for all permits, licenses, certificates, or other entitlements required by County regulations; the unit count will be added back to the Land Use Plan cap.

~~4. A Commercial Vacation Rental that is not accessible directly from a public road shall be subject to Monterey County Code Chapter 16.80. Upon making an application with the County for Vacation Rental use, the Operator shall be required to mail notice to all properties with ownership or access rights to the private road to inform them of the proposed Vacation Rental use and shall include the application reference number, location of the vacation rental, name and contact information for the Property Manager; and procedures and contact information for the County.~~

~~5. Commercial Vacation Rentals must demonstrate that response times for County emergency services for fire and emergency medical will be adequate. Adequate is defined as 5-8 minutes within Community Areas, Community Plans, and Sphere of Influence, 12 minutes within Rural Centers, and 45 minutes for all other areas. Commercial Vacation Rentals must provide contact information for County emergency services for fire and emergency medical. Notice of emergency services contact information shall be included in rental contracts and posted within the unit in a prominent place within six feet of the front door. The notice shall identify the average response time for emergency services to reach the subject property and describe the onsite fire protection systems (such as fire breaks, alarms and/or water storage tanks) available.~~

~~6. Commercial Vacation Rentals shall provide parking as required for the dwelling type by Section 20.58.040, or the applicable parking regulations at the time the dwelling was built.~~

74. Only one Commercial-Hosted Vacation Rental shall be allowed per legal lot of record, regardless of the number of dwellings on the legal lot of record, except in the development types and zoning districts specified below. This provision does not apply to other types of developments, such as planned unit developments or similar cluster residential subdivisions. This provision does not apply to Coastal General Commercial (CGC(CZ)), Moss Landing Commercial (MLC(CZ)), and Visitor-Serving Commercial (VSC(CZ)) zoning districts. These districts shall be allowed more than one Commercial-Hosted -Vacation Rental per legal lot of record and shall not exceed the number of residential units per legal lot of record.

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~~8. A Commercial Vacation Rental served by an OWTS shall maintain the system in good working order and ensure it is functioning properly at all times. The OWTS shall comply with Chapter 15.20 of this Code.~~

~~9. If the Commercial Vacation Rental is served by an OWTS, the Operator shall submit evidence that the system is in good working order and functioning properly by providing a performance evaluation report completed by a qualified OWTS professional in the form and manner required by the County. Any OWTS component noted to be in unacceptable condition shall be repaired or replaced prior to County approval of a Coastal Development Permit.~~

~~10. The Owner of the Vacation Rental shall only have an ownership interest in one Commercial Vacation Rental real property within the unincorporated Monterey County at a time.~~

~~11. Required Findings. To grant a Coastal Development Permit for a Commercial Vacation Rental, the Appropriate Authority must find, based on substantial evidence, that the Commercial Vacation Rental complies with all findings required for a Coastal Development Permit pursuant to Chapter 20.70 and complies with all requirements of this Section.~~

~~12. Time Limits. All Coastal Development Permits issued for Commercial Vacation Rentals shall be subject to the following time limits on the use authorized by the Coastal Development Permit:~~

~~a. The initial Coastal Development Permit shall be issued for a term of no more than seven years.~~

~~b. The Operator may apply to extend the Coastal Development Permit prior to the expiration date of the Coastal Development Permit pursuant to Section 20.70.110. The extension application shall be made at least 30 days prior to the expiration of the Coastal Development Permit. The Coastal Development Permit shall be extended by the Appropriate Authority by seven years upon each renewal, unless the Appropriate Authority finds that the operation is subject to revocation or modification accordingly to the criteria set forth in Section 20.70.060.~~

~~c. The Operator shall maintain a valid business license pursuant to Chapter 7.02 and a valid Vacation Rental Operation License pursuant to Chapter 7.120 of this Code throughout the permitted term of the Commercial Vacation Rental use.~~

~~d. The purpose of the seven-year term limit is to provide adequate ongoing review of the Commercial Vacation Rental to ensure that the use continues to meet the standards of this Section.~~

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5. For Vacation Rentals on a property in a Rural Density Residential zoning district, the Vacation Rental must be accessory to the agricultural use of the property which includes a commercial agricultural operation, agricultural processing facility, or an agricultural support facility.

G. Phasing Out Unpermitted Operations:

1. To provide time for Operators of Vacation Rentals that were unpermitted prior to the ~~Effective Date~~October 24, 2025 to bring the Vacation Rental into compliance with this Section, an Operator may continue the operation for a limited period of time, if the Operator, pursuant to Section 20.64.290 as adopted by Ordinance No. 5439, by or before December 24, 2025:

a. ~~who can d~~Demonstrated that ~~a the~~ Vacation Rental use was established and operating on the subject property prior to ~~the Effective Date~~October 24, 2025; and

~~may continue the operation for a limited period of time.~~

~~2. For unpermitted Vacation Rental uses, the Operator has two months from the Effective Date to make.~~ Applied an application for all permits, licenses, certificates, or ~~other entitlements~~ required by ~~this Section 20.64.290 as adopted by Ordinance No. 5439~~Code by or before December 24, 2025. The Operator will be allowed to continue to operate as a Vacation Rental ~~for up to two months from the Effective Date, or until County takes action on the Operator's application for all required permits, licenses, and entitlements made pursuant to this Code, whichever is later,~~ unless County requires earlier termination of the Vacation Rental use due to a risk to public health, safety and welfare. The Operator must diligently pursue the approval and issuance of the required permits, licenses, and entitlements, or the County can require earlier termination of the Vacation Rental.

~~2.~~

4. ~~Pending applications for transient use of a property for remuneration as a similar use to a Bed and Breakfast facility or other visitor serving uses (such as hotels, motels, and inns), submitted by a qualified applicant to the County, pursuant to Title 20.64.290 as adopted by Ordinance No. 5439, that have not been approved by the Appropriate Authority prior to the Effective Date shall be required to comply with this Section. Applications that have not yet been considered and that do not qualify under this Section may be voided and, if voided, the Housing and Community Development Department will refund permit fees paid.~~

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3. Nothing in this Section prohibits the County from taking enforcement action, which may lead to shutting down a Vacation Rental operation during the phasing out period if the Vacation Rental creates an immediate or imminent threat to life, public health, or safety.

H. Phasing Out Previously Permitted Operations:

1. All ~~existing~~ transient use of a property for remuneration as a similar use to a Bed and Breakfast facility or other visitor-serving uses (such as hotels, motels, and inns) permits or entitlements issued prior to the ~~Effective Date~~ October 24, 2025, shall be required to comply with this Section upon expiration of their existing permits or entitlements. If the prior use is no longer allowed pursuant to this Section, the Operator must cease operations ~~at the time of the~~ upon expiration of their permit or entitlement.

2. All ~~existing~~ transient use of a property for remuneration as a similar use to a Bed and Breakfast facility or other visitor-serving uses (such as hotels, motels, and inns) permits or entitlements issued prior to the October 24, 2025 ~~Effective Date~~ without expiration dates shall ~~be required to~~ comply with this Section within seven years of October 24, 2025 ~~the Effective Date~~.

3. All Coastal Development Permits issued pursuant to Section 20.64.290 as adopted by Ordinance No. 5439 for a commercial vacation rental prior to the Effective Date of this Section shall comply with this Section upon expiration of their existing permit. If the prior use is no longer allowed pursuant to this Section, the Operator must cease operations at the time of the upon expiration of their permit.

4. The Operator shall maintain a valid business license pursuant to Chapter 7.02 and a valid Vacation Rental Operation License pursuant to Chapter 7.120 of this Code throughout the permitted term of the Commercial Vacation Rental use.

35. Nothing in this Section prohibits the County from taking enforcement action, which may lead to shutting down a Vacation Rental operation during the phasing out period if the Vacation Rental creates an immediate or imminent threat to life, public health, or safety.

I. Request for Extended Phase Out Period:

1. An Operator may request to extend the phase out period for a vacation rental, if they claim to have a unique circumstance that entitles the Operator to a longer phase out period. The request shall be made in writing on a form prescribed by the Director of Housing and Community Development and submitted to the County within 30 calendar days following the Effective Date. The request must be accompanied by evidence supporting the request, and in all cases must contain, without limitation, the following:

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- a. Owner, Operator, and/or Property Manager contact information including name, address, telephone number and e-mail address;
- b. Property Address and Assessor's Parcel Number;
- c. Clear description of the unique circumstances demonstrating that:
 - i. Investments were made in preparation of a property to operate as a Vacation Rental;
 - iii. The ordinance phase out period is insufficient to recover reasonable investments made based on verifiable rental rates and rental booking frequency; and
 - iv. Definitive documented evidence exists that substantiates the claim, including but not limited to receipts, tax records, rental contracts.

2. The Director of Housing and Community Development is the Appropriate Authority to consider requests. The Director shall, upon receipt of a written request containing all required information pursuant to this Subsection, consider and render a decision on the request, in writing, within 60 days.

a. If the request is approved, the vacation rental shall conform with the regulations for vacation rentals pursuant to Chapter 7.120 of Monterey County Code, as applicable.

b. If the request denied, the Director's decision is appealable pursuant to Chapter 20.86 of the Monterey County Code.

IJ. **Exemptions:** The regulations set forth in this Section do not apply to unique neighborhoods with existing developments that were established with the intent of allowing managed Vacation Rentals. The existing permitted unique neighborhoods with managed Vacation Rentals must operate according to the regulations and conditions approved through its their original land use entitlementss.

SECTION 14. Subsection (S) of Section 20.70.120 of the Monterey County Code is amended to read as follows:

S. ~~Homestays, pursuant to Section 20.64.290, are exempt in the following zoning districts: High Density Residential (HDR(CZ)); Medium Density Residential (MDR(CZ)); Low Density Residential (LDR(CZ)); Rural Density Residential (RDR(CZ)); Watershed and Seenie Conservation (WSC(CZ)); Coastal General Commercial (CGC(CZ)); Moss Landing Commercial (MLC(CZ)); Visitor Serving Commercial (VSC(CZ)); Coastal Agriculture Preserve (CAP(CZ)); and Agricultural Conservation (AC(CZ))~~Repealed.

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SECTION 15. Subsection (T) of Section 20.70.120 of the Monterey County Code is amended to read as follows:

T. ~~Limited Vacation Rentals, pursuant to Section 20.64.290, are exempt in the following zoning districts: High Density Residential (HDR(CZ)); Medium Density Residential (MDR(CZ)); Low Density Residential (LDR(CZ)); Rural Density Residential (RDR(CZ)); Watershed and Scenic Conservation (WSC(CZ)); Coastal General Commercial (CGC(CZ)); Moss Landing Commercial (MLC(CZ)); Visitor Serving Commercial (VSC(CZ)); Coastal Agriculture Preserve (CAP(CZ)); and Agricultural Conservation (AC(CZ))~~Repealed.

SECTION 16. Subsection (U) of Section 20.70.120 of the Monterey County Code is added to read as follows:

U. Vacation Rentals, pursuant to Section 20.64.290, are exempt in the following zoning districts: Rural Density Residential accessory to the agricultural use of the property (RDR(CZ)); Watershed and Scenic Conservation (WSC(CZ)); Coastal General Commercial (CGC(CZ)); Moss Landing Commercial (MLC(CZ)); Visitor-Serving Commercial (VSC(CZ)); Coastal Agriculture Preserve (CAP(CZ)); and Agricultural Conservation (AC(CZ)).

SECTION 17. SEVERABILITY. If any Section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be invalid, such decision shall not affect the validity of the remaining portions of this Ordinance. The Board of Supervisors hereby declares that it would have passed this Ordinance and each Section, subsection, sentence, clause, and phrase thereof, irrespective of the fact that any one or more Sections, subsections sentences, clauses, or phrases are declared invalid.

SECTION 18. EFFECTIVE DATE. This Ordinance shall become effective on the thirty-first day following its adoption by the County if certified by the California Coastal Commission or thereafter upon certification by the California Coastal Commission.

PASSED AND ADOPTED on this ____ day of _____, 2026, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Wendy Askew, Chair
County of Monterey Board of Supervisors

ATTEST

APPROVED AS TO FORM:

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VALERIE RALPH
Clerk of the Board of Supervisors

KELLY L. DONLON
Chief Assistant County Counsel

By: _____
Deputy

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