

Exhibit E

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PEBBLE BEACH
COMPANY

October 9, 2024

Melanie Beretti, AICP
Acting Chief of Planning
Monterey County Housing and Community Development
1441 Schilling Place
Salinas, CA 93901

RE: Objection to Issuance of Vacation Rental Permits in Del Monte Forest

Dear Melanie:

Thank you for meeting with us on September 12, 2024, which as you know was the latest in a years-long series of meetings between County staff and Pebble Beach Company relating to short-term vacation rentals. We again discussed Pebble Beach Company's position that vacation rentals, and in particular, Commercial Vacation Rentals and Homestays (which the vacation rental ordinances recently passed by the Board of Supervisors will allow within Del Monte Forest) constitute commercial use of property in violation of the CC&Rs contained in the deeds on residential properties in Del Monte Forest. You invited us to submit this letter, which constitutes the Company's "blanket objection" to the issuance of such permits.

While not all deeds underlying properties in Del Monte Forest are uniform, to the best of my knowledge, every deed has language that prohibits commercial use of the premises, and California courts have concluded that restrictions on vacation rentals contained in CC&Rs are reasonable and enforceable. The language reproduced below constitutes CC&R language which is representative of the language contained in other Del Monte Forest deeds:

No trade, business or profession of any description shall be conducted on said premises. Said premises shall not be used for any purpose whatever except solely and exclusively for the purpose of construction and maintenance of not more than one private single family residence with appurtenant detached guest and servants' cottages (without cooking facilities), greenhouse, garage, and if approved in writing by Grantor, a stable for saddle horses.

The plain meaning of the CC&R language bans short-term vacation rentals in the Del Monte Forest. Arguments to the contrary are entirely unpersuasive. For example, arguing that a use titled "commercial vacation rental" is somehow actually not a commercial use of the property defies logic and would be a problematic position for the County to take. In addition, the fact that commercial vacation rentals operated pursuant to Chapters 7.120 and 7.121 are required to obtain an annual business or operation license and pay transient occupancy taxes makes any such rentals, by definition, a business. Like hotels, vacation rentals are a business conducted for the

purpose of making a profit, and are treated as such by federal laws and the County's own code provisions regulating business operations and the income derived therefrom.

Homestays are virtually indistinguishable from commercial vacation rentals. There are no restrictions on the number of rentals allowed by either classification. The permitting process for Homestays will simply be easier and less expensive, and since there is no cap, these will undoubtedly have the most significant impact on the Del Monte Forest residential community, particularly given the County's admitted challenges with regard to enforcement. Accordingly, Pebble Beach Company also objects to Homestays as a prohibited commercial use of property in Del Monte Forest.

There are three commercial land use designations allowed in Del Monte Forest pursuant to the Del Monte Forest Land Use Plan. Visitor-Serving Commercial allows "Major hotel or inn accommodations," defined as The Lodge, The Inn, Poppy Hills, and the Area M hotel site owned by Pebble Beach Company. The other two commercial designations are solely support functions for the uses permitted in those areas zoned as Visitor-Serving Commercial. The remainder of the Forest is zoned residential, which, consistent with the deeds, does not allow for commercial use.

Separately, for the portion of Del Monte Forest located within the Greater Monterey Peninsula Area Plan (GMP LUP), commercial uses are outright prohibited; the entire area is zoned for residential uses or open space/resource conservation.

Accordingly, Pebble Beach Company believes that operation of vacation rentals in Del Monte Forest would violate both the CC&Rs and both the Del Monte Forest LUP and the GMP LUP, and asks the County on this basis to deny applications for commercial and homestay short-term vacation rentals.

Finally, during our meeting, Pebble Beach Company affirmed its intent to require proof of access from applicants pursuant to Chapter 16.80 of the Monterey County Code, and restates that intent here. Del Monte Forest residents are granted right of access to their single family residence on roads privately owned by Pebble Beach Company subject to the payment of an annual road fee (which in many cases is only \$25 per year). Since commercial use of the property is specifically prohibited, the access agreement does not cover access for that purpose.

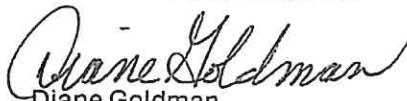
County staff stated that it will not enforce that portion of Chapter 16.80 that explicitly refers to right of access for a specific "Project." We understand the County's position to be effectively "reading out" the law's requirement that "[a]n applicant shall provide . . . [w]ritten permission to use a private road for the project from a private road governing structure[.]" Ch. 16.80.040(A)(3) (emphasis added); see also Ch. 16.80.040(C)(1)(g); Ch. 16.80.040(D)(6). If the applicant has right of access to the property via the private roads for any purpose (i.e., the right to access a home for residential purposes), the County has told us its position is that it will assume right of access via the private roads for the purposes of running a vacation rental. This position runs contrary to the plain text of the law, and in effect deletes the "for the project" requirement from the text of the law. A change of use from residential to commercial constitutes a specific project under the law; indeed, there would be no need for an "application" if the use did not constitute a "project" under the law. The plain text of both the private roads code chapter and the recently enacted short-term vacation rental ordinances support this common sense reading of both laws. As the owner of the

private roads that will be used to access such commercial projects, the law grants Pebble Beach Company the right to grant or deny access for the purposes of such projects under Chapter 16.80. Pebble Beach Company intends to withhold consent for the use of its privately owned and operated roads for such commercial purposes, and respectfully requests the County to reconsider its position and ensure enforcement of Chapter 16.80 as written.

In summary and in accordance with our longstanding public-private partnership on this short-term rental issue, Pebble Beach Company respectfully submits that the County must deny applications for vacation rentals in Del Monte Forest because, among other reasons, such rentals constitute a prohibited commercial use of a residential property. In addition, as the sole owner and operator of private roads in Del Monte Forest, Pebble Beach Company intends to enforce its statutory rights pursuant to Chapter 16.80 to grant or deny access to its private roads in the Forest, and respectfully requests the County's cooperation in this effort.

Sincerely,

PEBBLE BEACH COMPANY

A handwritten signature in cursive script that reads "Diane Goldman".

Diane Goldman
General Counsel

- c. Kathleen Lee, Director of Governmental and Community Affairs
Patrick Hovakimian, Chief Legal Officer



PEBBLE BEACH
COMPANY

December 4, 2024

Supervisor Glenn Church, Chair
Monterey County Board of Supervisors
168 W. Alisal Street
Salinas, CA 93901

RE: 12/4/24 Item #35, Vacation Rental Study Session

Dear Chair Church,

Pebble Beach Company has repeatedly opposed commercial vacation rentals and unlimited vacation rentals of any kind in Del Monte Forest. We write to emphasize the Company's opposition to Commercial Vacation Rentals and Homestays in Del Monte Forest and request the County prohibit Commercial Vacation Rentals and Homestays throughout the Del Monte Forest by incorporating the prohibition in both the Del Monte Forest Land Use Plan and the Greater Monterey Peninsula Land Use Plan.

At the invitation of Housing and Community Development staff, Pebble Beach Company has submitted to the County a letter objecting to Commercial Vacation Rentals and Homestays within Del Monte Forest. The attached letter sets forth the various legal arguments that support our position.

The Del Monte Forest Land Use plans are written to protect a delicate balance between residential, visitor serving and habitat of the 5,3000 acres of the Del Monte Forest. 1,335 acres of the Forest are conserved as open space, and the remaining acreage is divided between visitor serving and residential. The Company is charged with maintaining this balance between conservation, visitor-serving and protecting the residential character of the Forest. Allowing commercial uses in our residentially zoned areas disrupts this balance and negatively impacts community character as well as our available housing and rental stock.

If the County decides to not prohibit vacation rentals in the Del Monte Forest, Pebble Beach Company reiterates our request that the cap of 4% of vacation rental units apply to the entire Del Monte Forest. As written, the Del Monte Forest is bisected into two different land use plans each with a 4% cap. This creates the potential for a higher density of up to 8% vacation rentals, more than any other planning area in Monterey County, and in a geographic area that already has a high number of visitor serving units. The staff report notes that it may be appropriate to place a 4% cap within the entirety of the Del Monte Forest to minimize clustering of allowable vacation rentals. If the Board decides not to prohibit vacation rentals in the Forest, please direct staff to amend the cap to 4% for the entire Del Monte Forest, both inland and coastal zoning.

Pebble Beach Company is opposed to allowing long-term renters to apply for a Homestay license. As written, Homestays are virtually indistinguishable from commercial vacation rentals

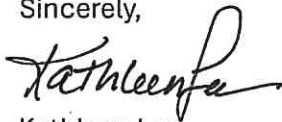
LEGAL AFFAIRS

and enforcement will be a significant challenge. The Company is deeply concerned that Pebble Beach Company security will be the de facto enforcement agency and will be put in harm's way when a renter violates the ordinances and/or refuses to be a good neighbor.

Pebble Beach Company respectfully requests that the Board of Supervisors direct staff to ban Commercial Vacation Rentals and Homestays in the Del Monte Forest, that long-term renters not be allowed to apply for a Homestay license and that if Commercial Vacation Rentals and/or Homestays remain in Del Monte Forest, that the 4% cap be applied to the entire Del Monte Forest covering both the inland and coastal areas of the Forest.

Thank you again for your time and consideration,

Sincerely,

A handwritten signature in black ink, appearing to read "Kathleen Lee", written in a cursive style.

Kathleen Lee
Director of Governmental and Community Affairs
Pebble Beach Company

Attachment, October 9, 2024, letter from Pebble Beach Company

Cc:

Sup. Adams

Sup. Lopez

Sup. Alejo

Sup. Root Askew

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