

**CALIFORNIA COASTAL COMMISSION**

CENTRAL COAST DISTRICT  
725 FRONT STREET, SUITE 300  
SANTA CRUZ, CA 95060  
PHONE: (831) 427-4863  
EMAIL: CENTRALCOAST@COASTAL.CA.GOV  
WEB: WWW.COASTAL.CA.GOV



# W15a

**Prepared July 25, 2025 for August 13, 2025 Hearing**

**To:** Commissioners and Interested Persons

**From:** Dan Carl, Central Coast District Director  
Kevin Kahn, Central Coast District Manager  
Katie Butler, Central Coast District Supervisor

**Subject: Monterey County LCP Amendment Number LCP-3-MCO-24-0039-1  
(Vacation Rentals)**

---

## SUMMARY OF STAFF RECOMMENDATION

Monterey County proposes to amend its Local Coastal Program (LCP) Implementation Plan (IP) to provide regulations for vacation rentals (also known as short-term rentals) within single-family residential dwellings in the County's coastal zone. This amendment would constitute the County's first vacation rental regulations for the coastal zone. That said, although this use has not to date been explicitly regulated by the LCP, the County has in more recent times provided a permitting path under existing LCP rules (as a use akin to bed and breakfasts) while they developed a vacation rental program. This path has been difficult and imperfect, leading to what is probably best considered a somewhat stifled vacation rental market currently, as opposed to what the market might bear under a different regulatory construct. In any case, the County indicates that there are approximately 400 vacation rentals of all types (e.g., hosted and unhosted) currently operating in the County coastal zone, representing about 4% of overall coastal zone single-family residential housing units.

The proposed amendment would add a series of new vacation rental-related definitions, it would include referenced operational requirements (related to annual licensing, transient occupancy taxes, rental contracts, noise, occupancy, trash, parking, hosting platforms, etc.), it would create three distinct vacation rental types (Homestays, Limited Vacation Rentals, and Commercial Vacation Rentals), and it would provide limits on the number of Commercial Vacation Rentals in each of the County's four coastal areas. In terms of the latter, the proposed amendment would allow unlimited Homestays (i.e., room rentals in an occupied residence, also known as hosted rentals) and unlimited Limited Vacation Rentals (i.e., whole house rentals, also known as unhosted rentals, up to three times per year) anywhere in the coastal zone without a CDP, but would cap the number of Commercial Vacation Rentals (i.e., whole house/unhosted rentals with no limit on the number of rentals per year) at four percent (i.e., the current overall percentage of homes used for vacation rentals) of the total single-family residential unit count by area, except in the Big Sur and Carmel Highlands areas where Commercial

Vacation Rentals would be prohibited. Thus, although more limited forms of vacation rental would be unlimited, unhosted rentals, which appear to be the predominant rental type in the County's coastal zone currently, would be curtailed significantly, especially south of Carmel. The number of allowed unhosted rentals would be a reduction from the current number overall to 334 throughout the coastal zone, and essentially limited to the North County, Del Monte Forest, and Carmel areas of the County, representing a growth compared to current numbers of allowed unhosted rentals in North County (over 150% more) and a reduction in Carmel (nearly 50% less), the Del Monte Forest (over 30% less), and Big Sur (100% less).

The Commission has historically recognized that vacation rentals can provide a unique and important source of visitor-serving accommodations in the coastal zone, especially for families and groups, and has typically found that undue restrictions on this type of lodging are inconsistent with Coastal Act and/or LCP provisions prioritizing public access and visitor-serving uses. At the same time, the Commission has also recognized a need to restrict vacation rentals in some coastal communities where evidence showed that the vacation rental market was having impacts on coastal resources or significantly impacting the availability of housing. In that sense, the Commission has sought to accommodate a balance between these sometimes competing interests, where the appropriate balance is typically driven by the community context. Further, in all cases, the Commission has always supported 'good neighbor' operational standards, which are proposed here, and are important tools to address use concerns while maintaining such a balance.

Here, although the proposal provides straightforward standards designed to ensure vacation rentals are appropriately operated and regulated (including through a process for licensing and compliance), the Commercial Vacation Rental bans in Big Sur and the Carmel Highlands raise some concerns as they would decrease public recreational access opportunities in these prime visitor destinations associated with vacation rental options. In Big Sur, in particular, which is a rugged coastline that is both not easily accessible and is also a world-famous visitor destination with already fairly overtapped 'standard' overnight accommodation options, such a decrease in overnight opportunities can only make public access more difficult in these areas. The same can be said for the Carmel and Del Monte Forest areas, albeit to a lesser degree given the number of overnight accommodation options for these areas, although much of these accommodations are at the higher cost end of the accommodation spectrum. And while a primary impetus for the proposed regulations is to open up longer term housing opportunities, these areas have some of the highest priced housing in the entire County, and a high proportion of second (or third or more) homes, and it is not clear that homes that are being used for unhosted rentals will instead be used for longer-term housing under these proposed rules.

Conversely, the North County area, which is the site of the County's most affordable coastal zone housing, and an area that has not to date been the type of visitor destination that southern portions of the County's coastal zone have been, is being slated for a significant increase in allowed vacation rentals as compared to the number that are currently present in this area. At a fundamental level, this type of vacation rental increase in a more affordable housing market area would seem to be at odds with the

housing objectives of the proposed amendment, but it would at the same time allow for the area to attempt to capitalize on visitors as well, including where vacation rentals can offset some of the costs of property ownership there. And the North County area is a beautiful stretch of the coast that is in some ways yet to be discovered by visitors.

Both County and Commission staff have heard from the various interested parties on this matter, and there are stakeholders on all sides of the argument. For example, the Monterey County Vacation Rental Alliance, which has already sued the County over its implementation of the regulations in the County's non-coastal zone areas, argues that the ordinance is inconsistent with Coastal Act and LCP provisions that require that public recreational opportunities be maximized and that prioritize visitor-serving over private residential use, and argues that this amendment will not actually lead to an increase in longer term housing. Similarly opposed, although focused on Del Monte Forest issues, is the Pebble Beach Company, which is the predominant landowner, including of all the roads, and the predominant hospitality entity in the Del Monte Forest, including the only source of standard hotel overnight accommodations. The Pebble Beach Company has commented that some amount of vacation rentals in the Del Monte Forest area may be appropriate, but that 4%, or about 57 homes, is too many. It would also like to see more limits on when such rentals could take place (for example, limited to when large events take place in the Forest to help satisfy overnight stay demand). On the other side of the spectrum, the Big Sur Local Coastal Program Defense Committee supports the ban on Commercial Vacation Rentals (which would eliminate them from the current number of 37 in Big Sur), opining that Big Sur is a rural area with severe housing shortages where existing housing needs to be prioritized for long-term use.

However, while recognizing such concerns, the County also found that the ban on Commercial Vacation Rentals in Big Sur and the Carmel Highlands (and the caps in all other areas) is an important means to minimize the commercialization of these traditionally residential areas and safeguard longer term housing opportunities (which are also LUP requirements). And while one approach to address housing shortages is simply to build more housing, the reality is that building housing in certain parts of Monterey County's coastal zone is quite difficult. North County, for example, has vast areas of protected agricultural lands with an overtapped groundwater basin as its sole water supply, and Big Sur is mountainous, remote, and full of sensitive habitats. In cases where development potential is limited, the Commission has in past cases recognized that more stringent limits on vacation rentals may be appropriate to retain existing housing stock given the difficulties in increasing supply. And this loss of some vacation rentals is tempered by the fact that the overall package, including the allowance for unlimited Homestays and Limited Vacation Rentals in all areas, would still allow for these types of rentals to serve as important visitor serving facilities for groups of visitors or families, and for homeowners to benefit from the tourist economy while protecting against the potential loss of longer term housing from the market.

The relationship between vacation rentals, housing stock, the visitor-serving economy, and healthy functioning coastal communities is complex and complicated with few clear answers. What is clear is that the different proposed prescriptions across the County's coastal areas originated from many years of input, discussions, and ultimately, an EIR

and Socioeconomic Analysis that explored in depth the issues associated with and impacts of vacation rentals. With respect to Big Sur, the County received extensive feedback from the Big Sur community over many years regarding vacation rentals, ranging from concerns about very limited workforce housing stock, wildfire risks, and overuse of limited resources. The County ultimately found that whole house (unhosted) rentals with no limits on the number or frequency of rentals were having an outsized impact on the wild, rural, and unspoiled nature of Big Sur, and that a prohibition on such rentals is consistent with the Big Sur LUP. As such, they found it appropriate to prohibit all Commercial Vacation Rentals on the basis that this was a more intensive visitor use that was not appropriate outside of Big Sur's established visitor-serving developments, and that the Homestays and Limited Vacation Rentals would still allow for this use in a more protective manner.

With respect to the Carmel Highlands (which encompasses the Low Density Residential-zoned portion of the Carmel area), the County found that the unique resource limitations of the area dictated a prohibition on Commercial Vacation Rentals. And if such limitations are combined with allowing for all three vacation rental types in the other areas of Carmel, this limitation can be found consistent with the Carmel Area LUP direction to provide and encourage public recreational and visitor use while also limiting the potential impact on coastal resources.

In the Del Monte Forest coastal area, the County found that the proposed 4 percent cap on Commercial Vacation Rentals (or 57 total) along with unlimited Homestays and Limited Vacation Rentals represented a mix that would encourage and facilitate public access and visitor-serving use while ensuring that the residential community is not significantly disrupted. Similarly in North County, the County found that the mix (Commercial Vacation rentals capped at 4 percent (or 157 plus 2 in the Moss Landing sub-area), and unlimited Homestays and Limited Vacation Rentals) would ensure that public access in this area is maximized and maintained and that coastal resource overuse is limited. In addition, for North County, the County noted that the cap on Commercial Vacation Rentals is low enough that residential community character is protected, while at the same time it provides for adequate visitor accommodations, since this area is less reliant on tourism than other coastal areas of Monterey County and has fewer commercial visitor-serving facilities such as hotels.

Thus, the County did not just arbitrarily develop this IP amendment; it spent considerable time and energy engaging the public on potential solutions. Indeed, the County spent over a decade exploring myriad options and permutations. But such permutations highlight and exemplify the point that it has been the Commission's experience that there are multiple ways to achieve a balanced regulatory framework and program for vacation rentals in coastal communities. And depending on how one views vacation rentals and their effects on community character, resource protection, housing, and their interplay with protection of residential neighborhoods, and how the mix of LUP policies are interpreted and weighed, multiple LUP consistent outcomes are certainly possible.

The County has chosen specific caps and limitations based on its years of outreach and study and based on its findings that these regulations are consistent with and adequate

to carry out its LUP. There is a high level of discretion and a wide range of what can be considered reasonable to meet the objectives of providing overnight accommodations and protecting other coastal resources. And as the Commission has found in other cases, there is no 'one size fits all' vacation rental solution in coastal California. The County spent nearly a decade on an inclusive public process to arrive at this proposal, where there were and are many supporters and opponents of vacation rentals and the County's chosen approach at regulating them. The County carved out a middle ground that appears to not be wholly supported by either side, but that represents a balance based on the unique attributes of the built and natural environment of its coastal areas and the various policies of its LUPs. Both County staff and decisionmakers acknowledge that the proposed vacation rental regulations will likely need to be updated as implementation progresses and lessons are learned. But they also need to begin implementation of the program in order to determine what refinements may be necessary, based on empirical evidence of its successes and failures.

The Commission's standard of review is whether the proposed IP provisions adequately carry out and conform with the LUP. Given the County's broad LUP provisions, Commission staff recommends that the Commission find that the proposal represents an adequate balance and is LUP consistent. It also strongly encourages the County to stay abreast of implementation, and to make changes and refinements as necessary over time as the vacation rental program is established.

In sum, while the proposed amendment may impact the availability of visitor serving accommodations in some part of the County's coastal zone, it allows for unlimited Homestays and Limited Vacation Rentals throughout the coastal zone and allows additional Commercial Vacation Rentals in other areas, for a total of 334 Commercial Vacation Rentals (again, whole house, unhosted, more than 3 times per year) overall out of over 9,000 single-family residential units in the coastal zone. This is not an inconsequential amount of vacation rentals and would still represent a healthy vacation rental market. Vacation rental regulation is not an all or nothing proposition, and the key is finding a balance that makes sense for both communities and visitors. Finding that balance can be an incredibly difficult process, including as it played out here in Monterey County, where the County crafted an LUP-consistent compromise between what can be truly competing objectives. In this case, a meaningful vacation rental market would be maintained in the County's coastal areas, while also addressing coastal resource protection and community needs and objectives. In conclusion, staff recommends that the Commission find that the proposed IP amendment conforms with and is adequate to carry out the Land Use Plans, and that the Commission certify it as submitted. There is one motion to implement the staff recommendation, and it is found on page 6 below.

**Staff Note: LCP Amendment Action Deadline**

This proposed LCP amendment was filed as complete on November 25, 2024. The proposed amendment affects the LCP's IP only, and the 60-working day deadline for the Commission to take action on it was February 25, 2025. On February 5, 2025, the Commission extended the deadline for final action one year to February 25, 2026. Therefore, the Commission has until February 25, 2026 to take a final action on this LCP amendment.

TABLE OF CONTENTS

**1. MOTION AND RESOLUTION ..... 7**  
**2. FINDINGS AND DECLARATIONS..... 7**  
    A. LCP Amendment Background ..... 7  
    B. Proposed LCP Amendment..... 9  
    C. Land Use Plan Consistency Determination ..... 13  
    D. California Environmental Quality Act (CEQA)..... 32  
**3. APPENDICES..... 32**

**EXHIBITS**

Exhibit 1: LCP Planning Areas

Exhibit 2: Proposed LCP Amendment

**CORRESPONDENCE**

## 1. MOTION AND RESOLUTION

Staff recommends that the Commission, after public hearing, **certify the proposed LCP amendment as submitted** by Monterey County. The Commission needs to make one motion in order to act on this recommendation, and staff recommends a **NO** vote on the motion below. Failure of this motion will result in certification of the Implementation Plan amendment as submitted and the adoption of the following resolution and findings. The motion passes only by an affirmative vote of a majority of the Commissioners present.

***Motion to Certify:*** *I move that the Commission reject Implementation Plan Amendment Number LCP-3-MCO-24-0039-1 as submitted by Monterey County, and I recommend a **no** vote.*

***Resolution to Certify:*** *The Commission hereby certifies Implementation Plan Amendment Number LCP-3-MCO-24-0039-1 as submitted by Monterey County and adopts the findings set forth below on the grounds that the amendment conforms with, and is adequate to carry out, the provisions of the certified Land Use Plan. Certification of the amended Implementation Plan complies with the California Environmental Quality Act because either 1) feasible mitigation measures and/or alternatives have been incorporated to substantially lessen any significant adverse effects of the amended Implementation Plan on the environment, or 2) there are no further feasible alternatives or mitigation measures that would substantially lessen any significant adverse impacts of the amended Implementation Plan on the environment.*

## 2. FINDINGS AND DECLARATIONS

### A. LCP Amendment Background

Monterey County's coastal zone stretches from the Pajaro River at its northern border with Santa Cruz County to near Ragged Point in southern Big Sur at the San Luis Obispo County border to the south, extending along approximately 136 miles of coastline that is also punctuated by the incorporated coastal cities of Marina, Sand City, Seaside, Monterey, Pacific Grove, and Carmel-by-the-Sea. The coastal zone portion of the unincorporated County encompasses a wide range of landscapes, from the rural agricultural North County, to the hospitality and single-family residential built environment within Del Monte Forest and Carmel, to the largely undeveloped and mountainous Big Sur. Given this vast coastal zone with distinct geographical characteristics and development patterns, the Monterey County Local Coastal Program (LCP) is broken out into four separate area plans, one each for North County, Del Monte Forest, Carmel Area, and the Big Sur Coast (see Exhibit 1), the latter of which is the largest LCP planning area at some 150,000 acres. As explained subsequently, each area has its own LCP Land Use Plan (LUP) and Implementation Plan (IP), and those LUPs/IPs, along with a zoning code that applies to all such areas, constitute the certified LCP.

In the 1990s, Monterey County began to regulate transient or short-term rental (STR) use of residential property in inland areas of the County and intended to pursue similar

regulation in the coastal zone. Despite multiple Commission and County staff conversations about what a coastal zone STR program might look like, however, no agreements were reached at that time, and the County deprioritized these LCP amendment efforts. Since that time, and similar to what transpired in other coastal communities as visitation increased and online STR booking platforms proliferated, the number of residential properties in the County being used for short-term rentals continued to grow. By 2015, the County had established a Short-term Rental Workgroup that met a total of nine times between 2015 and 2016. However, the Workgroup ultimately did not reach consensus on whether or not STRs should be allowed, or where, although they did agree that an ordinance should be developed to address STRs.<sup>1</sup>

Subsequently, in late 2016, the County released guidelines to the public to clarify and explain which County code sections applied to STRs,<sup>2</sup> advising that STRs could be permitted with a CDP based on either the LCP's bed and breakfast facility regulations (for hosted STRs) or based on a project- and site-specific determination that the proposed unhosted STR was of a similar character, density, and intensity to the types of uses allowed in the applicable zoning district. The guidelines also stated that registration with the County Tax Collector and payment of transient occupancy tax (TOT) was required for such rentals, and that owners found to be renting homes without proper permits, regardless of whether TOT was paid, would be subject to penalties and fines.<sup>3</sup> The County acknowledged this construct was imperfect and served as an interim 'band aid' of sorts while more targeted regulations directly addressing specific STRs issues could be developed. Importantly, it was also confusing and costly to pursue such STRs, including where potential outcomes (e.g., approval or denial) were quite uncertain. In any event, the County identifies there are currently about 400 STRs across the its vast coastal zone. Either way, the County's guidance was not and is not actually part of the LCP.

County staff also conducted outreach to its Land Use Advisory Committees between 2016 and 2018, and collaborated with members of the public and the County Planning

---

<sup>1</sup> Including, per the Workgroup, to address potential problems resulting from STRs in residential areas; provide opportunity to access public areas of the County; preserve the residential character of neighborhoods; protect public health, safety, resource, and general welfare; and integrate economic opportunity with the preservation of quality of life for residents.

<sup>2</sup> Where STRs were referred to as "the transient use of residential property for 30 days or less"; see *Current Regulations Relative to the Transient Use of Residential Property (Short-term Rental of Residential Property) (30 Days of Less)*, by Mike Novo, AICP, RMA Director of Planning and Carl Holm, AICP, RMA Director (September 20, 2016).

<sup>3</sup> County enforcement staff have conducted various enforcement efforts against unpermitted short-term rentals over the years, but have indicated that County resources are limited for enforcing this type of violation unless it poses an immediate threat to life and safety. Given available resources, the County classifies and pursues code violations by priority on a scale of one to three, with one being the highest and three as the lowest. STRs are typically classified as priority three, and handled as time allows relative to higher priority cases. The exception would be in a case where an STR has other violations that may threaten life, health and safety (e.g., unpermitted or unsafe structures, inadequate water or sewage capabilities, etc.), where these would be considered priority one and actively pursued. The County has stated that typically less than 10% of the vacation rental complaints received are priority one violations.

Commission to develop multiple iterations of draft STR ordinances between 2016 and 2024. During the outreach process, County staff also met with various industry groups and community organizations, including Monterey County Hospitality Association (MCHA), Monterey County Vacation rental Alliance (MCVRA), Big Sur Local Coastal Program Defense Committee, and the Pebble Beach Company (PBC). County staff have also coordinated with Coastal Commission staff over the years, and Commission staff has provided feedback and guidance acknowledging the tension between visitor/public access needs and residents, and recommending a balanced approach that takes into consideration Coastal Act priorities. Ultimately, in 2023 and 2024, the County prepared a Socioeconomic Analysis Report<sup>4</sup> and Environmental Impact Report for the newly-titled Vacation Rental Ordinance, and held multiple Planning Commission and Board of Supervisors hearings and workshops, leading to Board approval of the proposed LCP amendment in late 2024.

In sum, the now proposed vacation rental regulations are the result of over a decade of robust and active policy outreach, analysis, and discussions with interested stakeholders, decision makers, and members of the public. According to the County, the regulations are meant to provide a comprehensive program to address the need to ensure that vacation rentals provide their important visitor serving function while remaining compatible with residential uses and protecting coastal resources, all the while capturing the varying and disparate opinions on vacation rentals, and ultimately providing clear regulations intended to protect the health, safety, and welfare of visitors and residents alike.

## **B. Proposed LCP Amendment**

The proposed amendment would add new Section 20.64.290 to the LCP's Implementation Plan (IP) and make various other conforming IP changes to definitions and zoning district sections to formally regulate vacation rentals<sup>5</sup> in the four areas of the County's coastal zone (i.e., North County, Del Monte Forest, Carmel, and Big Sur; again, see Exhibit 1). The County's stated purpose of the proposed amendment is fivefold:

*(1) to preserve and enhance the residential character of the coastal zoning districts...and the sense of security and safety in stable neighborhoods...; (2) provide opportunity for visitors to access public areas of the unincorporated areas of Monterey County through vacation rental opportunities, benefitting 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 homeowners and residents to offer vacation rentals for visitors that have the potential to provide financial benefits to offset the high cost of living in Monterey County; (4) establish that Limited Vacation Rental and Homestay uses are similar in character, density, and intensity to residential use,*

---

<sup>4</sup> *Monterey County Vacation Rental Ordinance Socioeconomic Analysis*, prepared December 5, 2023, by Economic & Planning Systems, Inc. (EPS)

<sup>5</sup> Monterey County uses the term "vacation rental" rather than "short-term rental" or STR, which is the Commission's more typical terminology for this use, but the terms are in all respects talking about the same thing.

*and not anticipated to convert long-term housing to nonresidential use; and (5) establish regulations to address Commercial Vacation Rental uses that have the potential to impact...residential uses, convert long-term housing...or pose hazards.*

The proposed amendment would add a series of new vacation rental-related definitions, it would create three distinct vacation rental types (Homestays, Limited Vacation Rentals, and Commercial Vacation Rentals), and it would provide limits on the number of Commercial Vacation Rentals in each of the County's four coastal areas. The bulk of the County's new vacation rental operational standards and regulations would be referenced in the LCP but located in a new vacation rental operation license chapter in the County's non-LCP Municipal Code (in Title 7 - Business Taxes, Licenses, and Regulations) that includes various requirements (related to annual licensing, transient occupancy taxes, rental contracts, noise, occupancy, trash, parking, hosting platforms, etc.). The proposed amendment would establish common terminology, including, among other things, definitions for "vacation rental",<sup>6</sup> "owner", "non-hosted", "commercial vacation rental", "limited vacation rental", "homestay", and "owner's primary residence". The proposed LCP defines "owner" as "the person or persons who hold fee title to the real property upon which a Vacation Rental is operated," which is further clarified by the referenced non-LCP sections.<sup>7</sup> A "commercial vacation rental" would be defined as "a vacation rental that is non-hosted and rented more than three times per 12-month period," where non-hosted means that "an operator does not occupy the vacation rental while it is being rented." A "limited vacation rental" would be one that is "non-hosted and rented for not more than three times in a 12-month period," while a "homestay" is defined as "a vacation rental in which the owner occupies at least one bedroom...while it is being rented...and must be the owner's primary residence."

The amendment proposes to allow unlimited Homestays and Limited Vacation Rentals in all zoning districts that allow residential use throughout the coastal zone,<sup>8</sup> all without

---

<sup>6</sup> Similar to other vacation rental or STR ordinances considered by the Commission, the County proposes to define a vacation rental as the transient use of residential property for a period not to exceed 30 days: *"the use, by any person, 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 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."*

<sup>7</sup> Clarifying definitions were adopted by the County in the non-LCP Municipal Code section related to vacation rental licensing, including as related to ownership and residency requirements. For example, such non-LCP section states that "The Owner of the Vacation rental must be an Individual, except if the Vacation Rental is held in a trust, in which case the trustee may apply for a License and operate the Vacation Rental on behalf of the trust beneficiaries," including where this section defines an "individual" as a "natural person" to avoid over commercialization of vacation rentals where a company owns, manages, and runs multiple vacation rentals.

<sup>8</sup> Specifically, the zoning districts where vacation rentals would be allowed include: High Density Residential, Medium Density Residential, Low Density Residential, Rural Density Residential, Watershed and Scenic Conservation, Coastal General Commercial, Moss Landing Commercial, Visitor-Serving Commercial, Coastal Agriculture Preserve, and Agricultural Conservation. Vacation rentals would not be

a CDP. Commercial Vacation Rentals would also be allowed as conditional uses in all coastal zone zoning districts that allow residential use (with certain exceptions described below) but would be subject to specific caps in three of the County's four coastal zone areas, and would be limited to one per legal lot of record with specific exceptions.<sup>9</sup>

Notably, the amendment proposes to cap the total number of allowable Commercial Vacation Rentals at four percent of the total single-family residential dwelling unit count each in North County, Del Monte Forest, and the Carmel Area (for a max of 159 in North County,<sup>10</sup> 57 in Del Monte Forest, and 118 in the Carmel Area).<sup>11</sup> In Big Sur and in the Carmel Highlands area of Carmel, Commercial Vacation Rentals would be prohibited altogether. In summary, the proposed amendment proposes three types of vacation rentals:

- **Homestays**, which provide for rental of a room or rooms in a residence provided the owner of the residence is present and occupies at least one bedroom when the property is being rented. Homestays would be allowed unlimited in most zoning districts, and would not require a CDP, only a business license (pursuant to the referenced vacation rental section in the County's Municipal Code).
- **Limited Vacation Rentals**, where the owner/operator<sup>12</sup> is not present while the residence or portions of it are being rented, and is limited to three rental stays (again, not more than 30 days each) per 12-month period. Limited Vacation Rentals would be unlimited in most zoning districts, and would not require a CDP, only a business license (pursuant to the referenced vacation rental section in the County's Municipal Code).
- **Commercial Vacation Rentals**, where the owner/operator is not present while the residence or portions of it are being rented, and there is no limit to the number of stays. Commercial Vacation Rentals would be limited by a cap that applies to each LCP planning area, with up to 159 allowed in North County, 57 in the Del Monte Forest, and 118 in the Carmel Area, for a total of up to 334 total of this type of

---

allowed in Agricultural Industrial, Light Industrial, Heavy Industrial, Institutional Commercial, Open Space/Recreation, Resource Conservation, and Public/Quasi-Public zoning districts.

<sup>9</sup> Neither planned unit developments or similar cluster residential subdivisions nor Commercial Vacation Rentals in the Coastal General Commercial, Moss Landing Commercial, or Visitor Serving Commercial zoning districts are not subject to the one per legal lot of record limitation.

<sup>10</sup> Where two such rentals are specifically prescribed to the Moss Landing Community Plan sub-area, except in the Low and Medium Density Residential districts where they would be prohibited.

<sup>11</sup> Given that vacation rentals are only allowed in single-family settings, that means that the percentage in each planning area would actually be somewhat less than 4% of overall housing units (i.e., because the County only applies the percentage to single-family units when there are also other housing types (multifamily units, ADUs, etc.) in each case, meaning that total housing units would be higher, and the percentages lower), although the County has not provided that number in its submittal.

<sup>12</sup> Where an "operator" is defined as "a person who operates the Vacation Rental and, if not the Owner, a person, was has the legal permission of the Owner to operate the Vacation Rental on the subject real property."

vacation rental in the County's coastal zone. Each such vacation rental would be considered a conditional use, and would require a CDP that would be appealable to the Commission.<sup>13</sup> Commercial Vacation Rentals would be prohibited in the Carmel Highlands area of the Carmel planning area, and in all of the Big Sur planning area.

With respect to the CDP requirement for Commercial Vacation Rentals, the proposed amendment does not provide STR-specific findings that would need to be made, rather a CDP could be approved if the LCP's general CDP approval findings can be made (in Chapter 20.70).<sup>14</sup> The amendment proposes to limit any initial vacation rental CDP term to no more than seven years, with the ability to extend or renew in up to additional seven-year terms.

The amendment also requires that owners of Commercial Vacation Rentals only have an ownership interest in one Commercial Vacation Rental within the unincorporated County at a time. It would also require that all Commercial Vacation Rentals demonstrate adequate response times for County emergency services; provide parking as required for the dwelling type in question; and maintain onsite wastewater treatment systems in good working order in compliance with County code. For Commercial Vacation Rentals that are not directly accessible from a public road, the amendment would require compliance with a referenced non-LCP Municipal Code chapter related to private roads (Chapter 16.80), including to provide notice to all properties with rights to the private road.<sup>15</sup>

The amendment also provides a process for phasing out unpermitted vacation rentals and previously permitted vacation rentals (that were permitted as a similar use to B&B or other visitor-serving use like a hotel or inn) over a two-month period, and allowing those that are eligible to apply for CDPs. Finally, the amendment provides an exemption for "unique neighborhoods with existing developments that were established with the intent of managed Vacation Rentals." These neighborhoods would be allowed to operate according to the regulations and conditions approved through their original land use entitlement. Although not specifically identified in the proposed text, the County's findings indicate that one such "unique neighborhood" is the Monterey Dunes Colony, a

---

<sup>13</sup> Specifically, IP Section 20.86.080.A provides that CDP applications involving "any approved project involving development that is permitted in the underlying zone as a conditional use" are appealable to the Coastal Commission (as a use that is not the principally permitted one for the respective zoning district per Coastal Act Section 30603(a)(4)).

<sup>14</sup> These required findings, specifically listed in IP Section 20.70.050.B, are wide-ranging and intended to apply to all types of development, and include determinations that: the operation of the use will not be detrimental to health, safety, peace morals, comfort, and general welfare of persons residing in the neighborhood, or to the general welfare of the County, and the project is in conformance with the LCP and (if between the first public road and the sea) Coastal Act public access policies.

<sup>15</sup> Chapter 16.80 requires project applicants for development that is served by a private road to provide notice to all users/owners of that road, and to abide by the rules of any private road maintenance agreement, or for the County to resolve disputes amongst the parties via conditions of approval. The Commission's understanding is that the proposed amendment would require compliance with this private road ordinance for just Commercial Vacation Rental CDP actions.

beachfront complex just north of the Salinas River in North County, but it is unknown to which others this exemption might be intended to apply.

Importantly, as noted above, other vacation rental regulations are specified in a new vacation rental operation license chapter in the Municipal Code (in the Business Taxes and Licenses section) that addresses all of the various operational and ‘good neighbor’ requirements that are typical for vacation rentals, including related to annual licensing, TOT, rental contracts, noise, occupancy, trash, water, hosting platforms, etc. These referenced non-LCP regulations also specify other notable details, including that all vacation rental types are only allowed in single-family dwellings and not allowed in accessory dwelling units (ADUs) or junior ADUs, other detached structures, or within deed-restricted affordable housing.<sup>16</sup> These vacation rental standards and licensing regulations apply to all areas of the unincorporated County (inland and coastal), and the proposed amendment is clear that the vacation rental license and compliance with these operational standards is required in order to operate a vacation rental in the coastal zone. As such, the LCP amendment as proposed incorporates these Title 7 (and other referenced non-LCP section) requirements as they exist today by referencing them in the IP. Thus any changes to these requirements as they relate to vacation rentals would need to be included/accounted for in a future LCP amendment.

Please see **Exhibit 1** for the full text of the proposed IP amendment.

### **C. Land Use Plan Consistency Determination**

#### ***Standard of Review***

The proposed amendment affects the IP component of the Monterey County LCP only, and the standard of review for IP amendments is that they must be consistent with and adequate to carry out the LCP Land Use Plan (LUP).

#### ***Applicable Land Use Plan Provisions***

The Monterey County LCP’s four LUPs (North County, Del Monte Forest, Carmel Area, and Big Sur Coast) contain provisions designed to protect and provide for maximized public recreational access opportunities, as well as to protect and encourage lower cost visitor and recreational facilities. In addition, LUP policies prioritize developments providing visitor-serving and public recreational opportunities over other types of development. Similarly, policies related to public services, such as water and highway capacity, prioritize visitor-serving and public access uses over private residential development and use.

At the same time, the County’s LUP policies also speak to the need to balance the needs of the public with those of private residences, and also to prioritize affordable and employee housing that supports Coastal Act and LUP-priority uses such as agriculture and visitor-serving amenities. The North County LUP provisions state:

---

<sup>16</sup> Section 7.120.040(U) prohibits Vacation Rentals in duplex dwellings, condominiums, multiple-family dwellings, structures intended for temporary occupancy, and in dwellings subject to recorded covenants for affordable housing units, agricultural employee units, and farmworker housing. Guesthouses can also not be rented separately from a single-family dwelling as a vacation rental.

**Policy 3.1.3.1.** *Due to the limited capacity of Highway 1 until the time it is expanded, development of coastal dependent industrial, agricultural, commercial, and recreational uses shall be given priority over non-coastal-dependent development in areas where Highway 1 provides the major transportation access.*

**Policy 3.2.2.1.** *Capacity for a wastewater management service area shall be reserved according to the following ranking of priorities, especially in areas where the capacity of wastewater collection and treatment facilities are limited: (1) Existing uses within the service area; (2) New or expanded coastal-dependent industries within the service area; (3) New or expanded essential public services, basic industries and recreational uses, or minimum other uses on vacant parcels within the service area; (4) all other uses. ...*

**Policy 4.3.5.1.** *The rural character of the coastal area of North County with its predominant agricultural, low-density residential and open space land uses shall be retained. Prime and productive agricultural soils shall be protected for agricultural use.*

**Policy 4.3.5.4.** *Where there is limited land, water, or public facilities to support development, coastal-dependent agriculture, recreation, commercial and industrial uses shall have priority over residential and other non-coastal-dependent uses.*

**Low and Moderate Income Housing – Policy 1:** *The County shall protect existing affordable housing opportunities in the North County coastal area from loss due to deterioration, conversion, or any other reason. ...*

**Low and Moderate Income Housing – Policy 2:** *The County shall encourage the expansion of housing opportunities for low and moderate income households.*

**Policy 5.2.1.E: 4.** *Recreation and Visitor-Serving Commercial and General Commercial uses shall be developed in the Moss Landing Community Plan area in accordance with the following policies and guidelines and with Section 5.2.1.B: ...*

- *Encourage the expansion and improvement of existing recreation and visitor-serving facilities. ...*
- *Encourage the development of low and moderate-cost commercial recreation and visitor-serving facilities in preference to high cost facilities.*
- *Encourage mixed use commercial development that includes housing units.*
- *Encourage development of commercial uses providing necessary service to coastal-dependent industries such as commercial fishing, aquaculture, and energy production, and commercial facilities providing goods and services related to the use of local recreational opportunities.*

**Moss Landing Community Plan Policy 5.2.1.C:** *Very little residential development exists in Moss Landing. Although a significant market exists for lower priced rental*

*units, available locations without environmental or topographical constraints are limited.*

**Key Public Access Policy 6.2:** *Public access to the shoreline and along the coast shall be protected and provided, and opportunities for recreational hiking access shall be enhanced. The provision of all future access and improvements to existing access areas must be consistent with the overriding objective of protecting coastal agriculture, environmentally sensitive habitats and other sensitive coastal resource areas. ...*

The Del Monte Forest LUP provisions state:

**Policy 70.** *New coastal-dependent land use, public and commercial recreation, and visitor-serving land uses shall have priority over other uses where public service capacities are limited.*

**Policy 76.** *Accessory dwelling units shall be encouraged as an appropriate means of providing affordable housing for caretakers, convalescent help, domestic employees, and others. New accessory dwelling units shall comply with all LUP development standards. Subdivisions shall not be permitted to divide a principal residence from an accessory dwelling unit.*

**Policy 88.** *Where existing or planned water and wastewater facilities can accommodate only a limited amount of development, water and wastewater services shall be assured for coastal-priority visitor-serving and public recreational uses (e.g., The Inn at Spanish Bay and The Lodge at Pebble Beach resort and golf facilities, the Poppy Hills golf course facility, the Spyglass Hill golf course facility, shoreline access areas, etc.) before new residential uses are permitted.*

**Policy 89.** *New visitor-serving and commercial recreation facilities shall be designed to maximize opportunities for public use and offer a range of visitor serving facilities. Low, no, and moderate cost facilities shall be provided as feasible (e.g., trails, picnic facilities, moderately-priced food and beverage service, viewing areas, etc.). Up to 700 total (existing and new) visitor-serving units/guestrooms may be allowed within the Del Monte Forest.*

**Water and Wastewater Key Policy:** *Development shall only be approved if it can be served by adequate, long-term public water supplies and wastewater treatment capacities. Priority for use of scarce water and wastewater treatment capacity shall be for coastal priority land uses. ...*

**Housing Key Policy:** *Housing opportunities for persons and families of low to moderate income should be protected and provided, both within the Forest and in outlying areas, as a function of new development within the Forest.*

**Policy 119.** *The County shall encourage the expansion of housing opportunities for low and moderate-income households, including a requirement that all new residential subdivisions contribute to the provision of low and moderate-income housing. The allowance of accessory dwelling units may also serve to further this*

*objective in the Del Monte Forest.*

**Policy 120.** *Timeshare residential uses and quasi-residential visitor-serving uses (including condominium hotels, private unit ownership, fractional ownership, and similar use and ownership structures) shall be prohibited.*

**Public Access Key Policy:** *Visual and physical public access to and along the shoreline and the enjoyment of public recreational values throughout the Del Monte Forest, consistent with the basic purpose of the California Coastal Act, shall be maximized. This LUP shall also seek to ensure that the beauty of the Del Monte Forest Area coast, its tranquility, and the health of its environment will not be marred by public overuse or neglect.*

The Carmel Area LUP provisions state:

**Policy 3.1.3.1.** *To conform to the Coastal Act, most remaining highway capacity should be reserved for coastal priority uses: recreation and visitor-serving facilities, agriculture, and coastal-dependent industry...*

**Key Water Supply Policy 3.2.2.** *The County should reserve from its allotted water supply a sufficient quantity to accommodate coastal priority land uses proposed in this plan.*

**Policy 3.2.3.1.** *The County shall reserve adequate water supply from its fair share allotment of Cal-Am water as approved by the Monterey Peninsula Water Management District to supply expansion of existing and development of new visitor-serving facilities permitted by the plan. Water must first be assured for coastal-priority visitor-serving facilities before allowing any new residential development other than infilling of existing vacant lots...*

**Objective 4.3.1.** *Objectives for Different Planning Units of Carmel Area. ...Existing Developed Areas: ... Existing recreational and visitor-serving facilities located within the residential communities are considered desirable uses and should be continued where potential or existing conflicts with the surrounding residential community can be adequately mitigated.*

**Policy 4.4.2.4.** *Because there is limited suitable land or water to support new development and because the capacity of public facilities is limited, coastal-dependent recreation and visitor-serving uses shall have priority over residential and other non-coastal dependent uses.*

**Policy 4.4.3.D.2.** *Where feasible, retention of existing moderate-cost recreation and visitor-serving facilities should be encouraged.*

**Policy 4.4.3.H.2.** *The County shall encourage the expansion of housing opportunities in the Carmel area for low and moderate income households.*

**Key Public Access Policy 5.3.1.** *Public access shall be protected and provided where consistent with public safety needs and the need to protect the rights of private property owners and natural resource areas from overuse.*

**Policy 5.3.2.8.** *In encouraging public access the County desires to ensure that the privacy, safety, health and property of residents are protected...*

And the Big Sur Coast LUP provisions state:

**Policy 4.1.2.4.** *To conform to the Coastal Act, most remaining capacity on Highway 1 shall be reserved for coastal priority uses: recreation and visitor-serving facilities, the military, agriculture and other coastal-dependent uses.*

**Policy 4.1.3.C.1.** *Traffic Regulation and Coastal Priority Uses – To comply to Coastal Act policies concerning the allocation of limited highway capacity to coastal priority uses, 85 percent of the capacity of Highway 1 under improved road conditions and managed traffic shall be reserved to serve recreational travel, service trips to public and private recreation and visitor-serving facilities, use by military vehicles, and coastal-dependent agriculture. To implement this policy, the land use regulations of this plan limit future residential development to a level that will utilize not more than 15 percent of highway capacity at buildout.*

**5.1.1. Residential Land Use** ... *The significance of the residential areas for planning purposes is that they have the capacity, to some extent, to accommodate additional residential demand. Unlike the larger properties or commercial centers, they are not well suited for commercial agriculture, commercial, or visitor uses; use of these areas, to the extent consistent with resource protection, should continue to be for residential purposes. ... Residential areas include: Otter Cove, Garrapata Ridge/Rocky Point, Garrapata and Palo Colorado Canyon, Bixby Canyon, Pfeiffer Ridge, Sycamore Canyon, Coastlands, Partington Ridge, and Buck Creek to Lime Creek. The Big Sur Valley, Lucia and Gorda also have significant residential use, although the primary function of these areas are community service and visitor-serving commercial facilities.*

**5.1.2. Housing**... *A serious housing shortage exists for employees in Big Sur, particularly in the visitor industry. Because there is little housing available, employees have at times been forced to camp-out, live in cars, or move in with friends. The shortage of affordable housing has also made recruitment of skilled employees difficult. Several factors affect solutions to the housing problems: the costs of land and housing precludes the use of traditional housing assistance programs; and year-round employment is not at a high enough level to support traditional single and multiple family housing projects. Employee housing provided by an employer must be a primary source of affordable housing in the area. Accessory dwelling unit housing, which has traditionally provided shelter for many long-time residents and employees, will also continue to be an important element of the affordable housing supply.*

**Policy 5.4.3.C.1.** *Development of recreation and visitor-serving facilities at locations suitable for such use is preferred over other types of development in Big Sur because of Big Sur's national significance as a recreation area.*

**Policy 5.4.3.C.5.** *The County encourages expansion and development of public and private recreation and visitor-serving facilities within existing areas of development.*

...

**Policy 5.4.3.C.11.** *Existing and permitted visitor-serving uses will be protected from encroachment by incompatible uses (such as residences) which might hamper their future ability to expand or improve... Conversion of existing low cost overnight accommodations to other uses, unless replaced with comparable facilities, will not be permitted.*

**Policy 5.4.3.G.2.** *Development in designated rural residential areas shall continue to be limited to residential uses in order to protect residents from unwanted intrusion by other incompatible activities and because neither available vacant land, water, nor roads area adequate to support more intensive uses.*

**Policy 5.4.3.I.1.** *The County shall protect existing affordable housing in the Big Sur coastal area from loss due to deterioration, conversion or any other reason...*

**Policy 5.4.3.I.2.** *The County shall encourage the expansion of housing opportunities for low and moderate income households. ... c) Encourage the use of accessory dwelling units as an appropriate means of providing affordable housing for caretakers, ranch hands, convalescent help, and domestic employees.*

**Key Public Access Policy 6.1.3.** *The rights of access to the shoreline, public lands, and along the coast, and opportunities for recreational hiking access, shall be protected, encouraged and enhanced. ...*

### **Consistency Analysis**

The four Monterey County area LUPs require protection and maximization of public recreational access opportunities, where such opportunities in this case are both the overnight accommodations provided to visitors via vacation rentals, as well as the directly related opportunities that such an overnight stay can facilitate and engender (e.g., hikes, beach trips, sightseeing, etc.). In addition, the LUPs give preference and priority to such public recreational access use/development over other types of use/development when the choice is between private use and facilities capable of enhancing public recreational opportunities (such as vacation rentals). Also, LUP policies speak to reserving scarce resources (such as water and wastewater capacity) for Coastal Act priorities, such as visitor-serving uses. At the same time, however, the LUPs speak to the preservation of existing housing as well as encouraging housing opportunities for employees and persons of low and moderate income and requires protection of these areas as popular visitor destinations.

The relationship between vacation rentals, housing stock, the visitor-serving economy, and healthy functioning coastal communities is complex. There is little evidence to

suggest that all housing that might be used for vacation rentals of some type in Monterey County's coastal zone would provide the type of longer term and/or affordable housing opportunities required to be protected by the LUPs if such housing were not used for vacation rental use. Such a question is complicated, not only by the costs associated with such housing (whether rental or purchase), but also by the general lack of evidence to suggest that housing used for vacation rentals would be put to longer-term rental or other housing uses if vacation rentals were not allowed.<sup>17</sup> Nevertheless, one of the reasons that the County's coastal areas are popular visitor destinations is the visitor-serving economies (and the related businesses, facilities, etc.) associated with them. Those visitor-serving economies are dependent on workers, who are dependent on reasonably affordable and available workforce housing. Oftentimes such workers are contributors to the communities in other ways and reflect a part of its fabric and character in that sense, as well. Thus, protecting those areas as visitor destinations implicitly requires that workforce housing also be appropriately accommodated. In addition, the public recreational opportunities that are required to be protected and enhanced by other LUP provisions can themselves necessarily only be achieved with adequate workforce housing.

The County's LUPs require protection of both visitor-serving facilities and residential uses, particularly affordable housing. And the ability of communities to accommodate and attract visitors requires both workers to serve the visitor economy, where such workers require viable workforce housing, and residents that contribute to and can be a part of the character of the place. The question of when, where, and how to accommodate vacation rentals raises intertwined LUP public visitor-serving/recreational access and housing issues that must be harmonized and balanced for LUP consistency.

The Commission recognizes that vacation rentals provide a unique and important source of visitor-serving accommodations in the coastal zone, especially for larger families and groups, and has found that outright bans or undue restrictions on this type of lodging are inconsistent with Coastal Act and LUP policies prioritizing public access and visitor-serving uses. At the same time, the Commission has also recognized a need to restrict vacation rentals in some coastal communities where evidence showed that the vacation rental market was having impacts on coastal resources or even impacting the availability of housing, such as workforce housing of the type described above. Past Coastal Commission guidance to local governments has emphasized the need to allow, but regulate, vacation rentals in a manner that balances the important public access and visitor-serving benefits of such rentals with reasonable regulations to limit adverse impacts on coastal communities.<sup>18</sup> This balanced approach has been reflected in past Commission actions, where although each case has its own unique vacation rental, housing, community character, coastal resource, and proposed policy context (and thus different outcomes due to such unique context), the Commission has consistently

---

<sup>17</sup> Including related to second (or more) homes, which is most certainly a phenomenon in some of the more expensive parts of the County (e.g., the Del Monte Forest), where owners may choose to leave them vacant if vacation rentals are not possible.

<sup>18</sup> See, for example, the Commission's 2016 guidance to local governments available at: [https://documents.coastal.ca.gov/assets/la/Short\\_Term\\_Vacation\\_Rental\\_to\\_Coastal\\_Planning\\_&\\_Devt\\_Directors\\_120616.pdf](https://documents.coastal.ca.gov/assets/la/Short_Term_Vacation_Rental_to_Coastal_Planning_&_Devt_Directors_120616.pdf).

pushed for and arrived at what it has considered an appropriate balance, including a recognition of the heated debates and tough choices that are often part of local deliberations when crafting such vacation rental regulations.<sup>19</sup>

Much of the County's proposed vacation rental amendment (and referenced non-LCP measures) provides straightforward requirements designed to ensure that this use is appropriately operated and regulated (including through a process for licensing and compliance). In addition to the relatively universally agreed upon good neighbor operational provisions (e.g., no vacation rentals in affordable housing, noise/trash/parking requirements, natural person requirements, etc.), the proposed Homestay and Limited Vacation Rental allowances provide for unlimited numbers of these types of rentals in the coastal zone. The County determined that these types of uses were relatively benign to residential character and housing stock, thereby offering the visitor-serving/public recreational benefits without undue housing or neighborhood harm. On the other hand, the County found that Commercial Vacation Rentals, which could operate as vacation rentals more than 3 times per year (and potentially even year-round), represented something more impactful from the housing and neighborhood compatibility perspectives and required more limitations, including a higher regulatory review lens. And after years of deliberation and discussion, the County landed at the proposed prescription, namely prohibiting Commercial Vacation Rentals in Big Sur and Carmel Highlands (both existing and future rentals), while allowing them subject to numeric caps of four percent of all single-family residences in the County's other coastal areas (North County, Del Monte Forest, and the non-Highlands areas of Carmel). In these areas, the proposed changes would have a mixed effect over the current situation, or if no cap were in place.

---

<sup>19</sup> Commission actions on vacation or short-term rental LCP amendments have varied considerably in policy and other outcomes due to unique circumstances in each case but have all included the premise of balancing at their core. See, for example: the 2018 rejection of a Santa Barbara County proposal that would have significantly restricted STRs without meaningful benefits to community character or housing (LCP-4-STB-17-0086); the 2018 approval of a City of Santa Cruz ordinance that significantly restricted STRs to facilitate greater housing opportunities (LCP 3-STC-17-0073-2-Part B); the 2022 approval of City of Dana Point STR provisions with conditions to allow for a "cap" on unhosted STRs in the coastal zone based on the approximate number of STR permits in existence when the City stopped issuing STR permits (A-5-DPT-22-0038); the 2022 approval of City of San Diego provisions that capped whole home (unhosted) rentals at various levels for varying neighborhoods and created a "lottery" for issuing STR permits (LCP-6-SAN-21-0046-2); the 2022 approval of a City of Trinidad ordinance that capped unhosted (called "full time") STRs citywide at around 15% of the city's housing stock in order to protect housing (LCP-1-TRN-22-0034-1); the 2022 rejection of the City of Malibu's STR provisions because the proposed ban on non-hosted STRs would have eliminated lower-cost overnight accommodations in the City when alternative approaches existed that could both protect such visitor-serving opportunities and affordable housing stock (LCP-4-MAL-20-0083-2); the 2023 approval of the City of Half Moon Bay's proposal that included significant restrictions on the types of allowable STRs and the number of nights allowed for hosted versus unhosted STR usage (LCP-2-HMB-21-0078-2); and the 2024 approval of the Marin County proposal that capped the number of STRs specific to each individual township at varying percentages of single-family housing stock (LCP-3-MAR-24-0002-1).

The County compiled data on the existing number of single-family dwelling units and the existing number of vacation rentals, as of June 2023.<sup>20</sup> Figure 1 below lists these numbers, alongside the proposed numbers of Commercial Vacation Rentals, and how the numbers would change under the proposed amendment.

**Figure 1: Vacation Rentals in Monterey County Coastal Zone Areas<sup>21</sup>**

| Coastal Area                     | Single-family residential (SFR) units | Vacation rentals (VRs) | Current Percent of SFRs used as VRs | Proposed Commercial VR cap (4% of SFR units unless not allowed) | VR change (existing number versus proposed max allowed) |
|----------------------------------|---------------------------------------|------------------------|-------------------------------------|---|---|
| <b>North County<sup>22</sup></b> | 3,977                                 | 63                     | 2%                                  | 159   | +96   |
| <b>Del Monte Forest</b>          | 1,432                                 | 83                     | 6%                                  | 57  | -26   |
| <b>Carmel<sup>23</sup></b>       | 2,948                                 | 218                    | 7%                                  | 118   | -100  |
| <b>Big Sur</b>                   | 925                                   | 37                     | 4%                                  | 0   | -37   |
| <b>Total</b>                     | <b>9,282</b>                          | <b>401</b>             | <b>4%</b>                           | <b>334</b>  | <b>-67</b>  |

As can be seen in Figure 1, there are a total of 9,282 single-family residential housing units in the unincorporated County's coastal zone, of which 401 were providing vacation rental services of one type or another for at least some part of the year as of 2023. The County (as well as opponents of the proposed amendment) have stated that most existing advertised vacation rentals would qualify under the proposed definition of a Commercial Vacation Rental; that is, unhosted (or 'whole house') with no limit on the number of times they can be rented per year. Overall, the percentage of vacation rental use as of 2023 was 4% of single-family housing stock in the County's coastal areas.<sup>24</sup>

<sup>20</sup> Advertised vacation rental data identified by AirDNA, which includes data from AirBnB, VRBO, and Homeaway (Monterey County, *Draft Environmental Impact Report, Monterey County Vacation Rental Ordinances Project*, December 2023).

<sup>21</sup> The data did not distinguish whether the operation qualifies as a Homestay, Limited Vacation Rental, or Commercial Vacation Rental, as those are defined in the proposed amendment. However, the County assumed that most if not all are used more than three times per year, which would qualify them as Commercial Vacation Rentals. And this is corroborated by the Monterey County Vacation Rental Alliance who estimates that the vast majority of all current vacation rentals in the County's coastal zone operate in a form that would meet the criteria of a Commercial Vacation Rental.

<sup>22</sup> Where 61 such SFR units are in the Moss Landing area, which has 11 of the overall vacation rentals in all of North County (or nearly 20% of the total in North County), which would be reduced to maximum of two such rentals in that area as proposed.

<sup>23</sup> The data did not distinguish between the Low Density Residential (Carmel Highlands) area and other areas of Carmel.

<sup>24</sup> Greater interest by the County Board of Supervisors in enforcement efforts against unpermitted vacation rentals began around 2021 (combined with the release of a Civil Grand Jury report), and this combined with ongoing discussions in public forums about reducing or prohibiting vacation rentals through the LCP amendment process, and the difficulties in properly permitting such rentals as described earlier, has almost assuredly had a somewhat chilling effect on the vacation rental market overall. So it is difficult to know with certainty how many rentals would have been available in 2023 or today absent these types of barriers to entry. Put another way, these numbers show the current market, but they should likely be considered the low end of what the market might normally bear absent such hurdles. This is noted

The proposed amendment's Commercial Vacation Rental restrictions would thus reduce their overall number compared to existing from 401 to 334 (or a roughly 17% reduction overall), although the change would not be uniformly geographically distributed. As shown in Figure 1, it would both reduce the number of Commercial Vacation Rentals in some areas (Del Monte Forest, Carmel, and Big Sur) and increase them in one area (North County). In the Carmel area, allowed unhosted vacation rentals would drop almost in half, and they would be reduced in the Del Monte Forest by nearly one-third. In Big Sur, all 37 current such rentals would be prohibited, and phased out completely; a 100% reduction. Conversely, the North County area could see a substantial increase, up to 96 more such rentals than now, or an over 150% increase. To be clear, however, these are caps and not affirmative requirements to have this many active rentals in the various areas. In fact, market factors could dictate fewer rentals than are allowed (e.g., in North County, where the market to date has been quite limited, with just 16% of the overall number of vacation rentals despite having 43% of coastal zone housing stock), and some have opined that the requirement to obtain a CDP for a Commercial Vacation Rental could have the effect of reducing the number of such rentals further because the cost of CDP applications could be prohibitive for some would-be applicants.<sup>25</sup> In addition, the discretionary nature of the CDP process, including the general CDP findings that must be made for approval as opposed to vacation rental-specific findings,<sup>26</sup> means that such applications could ultimately be denied. And, in any case, a CDP process brings in the potential costs associated with delays, including due to unsupportive neighbors, as well as from appeals of CDP approvals (from the Zoning Administrator to the Planning Commission to the Board of Supervisors, and, if ultimately approved by the Board, a potential appeal to the Coastal Commission). All of these factors are quite likely to act as deterrents for would-be vacation rentals, which would suggest that while the reductions are likely to be realized (everywhere but North County), the increases in North County are more hypothetical at this juncture. If those increases were not to be realized, then the proposed program would represent an overall decrease in unhosted rentals that is closer to 25% for the County coastal zone-wide.

Much of the feedback received by the County from opponents of the proposed vacation rental regulations, and the prohibitions and caps on Commercial Vacation Rentals

---

only inasmuch as the Commission has in many past cases tried to emulate some version of the existing market at the time that the STR regulation is proposed.

<sup>25</sup> According to the County's fee schedule, the current (as of July 2025) initial cost to apply for a CDP is \$11,000, where that amount can go up for complicated cases.

<sup>26</sup> Where the concern is that the required CDP findings, which are geared at their core towards identifying and avoiding coastal resource impacts, don't speak directly to the types of issues that may be determinative in a vacation rental application context, and where the issues are almost assuredly not going to be core coastal resource issues of the type envisioned (e.g., related to the protection of habitat, landforms, coastal views, etc.). In fact, although it is difficult to see a scenario where a vacation rental CDP doesn't meet such core coastal resource requirements, including as a vacation rental will provide for overnight visitor accommodations that will help to maximize public access to the coast, the required findings also speak more broadly to ensuring 'the health, safety, peace, morals, comfort, and general welfare of persons residing in the neighborhood, and the general welfare of the County', which can be read a number of ways, and would be subject to the discretion of the decision making body in any particular case.

specifically, focused on the way in which the prohibitions and caps would reduce the ability of homeowners who have existing rentals or would like to opt in to the vacation rental market to provide such accommodations going forward. Such opponents also pointed to economic realities where vacation rental operations fund mortgages and property upkeep that allow for such property owners to retain their homes, where they may be forced to sell otherwise, and where there is no guarantee that a unit so purchased would be made available for longer-term housing by the new owner (and instead would be kept vacant when not used as a second home, for example). Many opponents of the proposed amendment have also observed that the majority of homes traditionally used as vacation rentals would never be considered or rented as long-term housing, let alone affordable housing (e.g., in the Del Monte Forest which has some of the most expensive housing stock in the County, and in some sub-areas the world). In addition, many opponents have pointed out that the primary form of vacation rental (whole house, or 'unhosted') is the primary type of rental desired by visitors, and that they cannot be replaced by homestays where visitors must share a home with the owner. Finally, a common theme in opposition to the proposal is that the prohibitions and caps will harm the value coastal Monterey County provides as a vacation destination and as a draw for tourists to the coastal areas Monterey has to offer, including in areas nearest to the shoreline, to the detriment of coastal visitors not fortunate enough to live in coastal Monterey County. With respect to Big Sur specifically, opponents of the ban on Commercial Vacation Rentals observed that such rentals play a vital role in making remote Big Sur accessible to a broad range of visitors, and that the loss of these accommodations will lead to increase in day visitors and more daily traffic.

The Monterey County Vacation Rental Alliance provided a report, prepared by Ceto Consulting,<sup>27</sup> that finds that vacation rentals in Monterey County provide a significant amount of lower-cost overnight accommodations. The Alliance argues that the proposed amendment would eliminate this important supply of such accommodations, and thus would run afoul of Coastal Act and LUP provisions that protect existing lower-cost overnight accommodations from conversion or elimination.<sup>28</sup>

Specifically, the report asserts that vacation rentals average about \$321 per night while hotels average about \$342 per night in the County's coastal zone. The report then breaks that cost down on a per person basis by assuming that a vacation rental can comfortably accommodate four persons (thus about \$81 per person per night), and assuming that a hotel room can accommodate 2.6 people<sup>29</sup> (thus about \$132 per person per night). The report then describes using the Commission's typical methodology to identify a lower-cost hotel room (i.e., 75% of the peak summer statewide average for a standard, one to two AAA-starred, double occupancy hotel

---

<sup>27</sup> *Monterey County Overnight Accommodations Market Analysis*, prepared by Ceto Consulting, LLC, dated June 12, 2025. See the correspondence packet for this report.

<sup>28</sup> For example, Big Sur LUP Policy 5.4.3.E.11 states: "Conversion of existing low cost overnight accommodations to other uses, unless replaced with comparable facilities, will not be permitted."

<sup>29</sup> Which the report states is a national standard and identified by the Monterey County Visitor Profile.

room; which, as of 2024, would be about \$146)<sup>30</sup> and a per person rate for that room (again applying the 2.6 guests per room figure) to arrive at a lower cost threshold of about \$56 per guest per room.<sup>31</sup> The report concludes that “41% of STRs located within the coastal area meet the ‘lower-cost’ threshold on a per person basis.”

However, there are numerous issues and problems with this analysis. As a preliminary matter, while the Commission has in some cases found vacation rentals to be a more economical option for families and large groups, this is not a uniform determination. In fact, the Commission notes that some vacation rentals are quite expensive, including when other fees and charges typical of vacation rental bookings are included (cleaning fees, booking fees, etc.). The fact is that vacation rentals vary significantly from one another, where even a 4 bedroom vacation rental right next to another 4 bedroom vacation rental may be of wildly different quality, and/or may have wildly different amenities and costs, all of which means that they are not easily comparable. Put another way, vacation rentals are not homogenous – at all – which makes trying to categorize them on a cost basis difficult. The Commission has faced the same types of challenges in estimating lower costs in the hotel/motel market as well, but at least for hotels/motels there are more similarities among products, and the Commission can compare standard double-occupancy hotel rooms of a particular type (AAA-rated) at a particular time (July/August). While the Commission believes that that kind of hotel/motel room comparison provides an appropriate comparison against other hotel/motel rooms, it appears to be a much more apples and oranges comparison to rooms in private homes, which may vary substantially (depending on their nature, their amenities, their sizes, etc.). Ultimately, the Commission has not to date developed or applied a protocol for what constitutes a lower-cost vacation rental versus a higher cost vacation rental, particularly given the broad spectrum of home types and vacation rental costs. Thus, while vacation rentals are certainly a form of visitor-serving accommodation, it is speculative to classify them as a lower-cost form.

As for the data presented by the Monterey County Vacation Rental Alliance, there are numerous assumptions made that warrant some discussion. For one thing, the rationale and evidence supporting the claim that 41% of the total vacation rentals meet the lower-cost threshold are not clear. If anything, the data presented would appear to show a different conclusion, in that if the average per person vacation rental stay is \$81 per night, then that is above the \$56 per night lower-cost threshold the report identifies (and elsewhere the report states the average per person cost of all vacation rentals in the coastal zone is \$97, and the average per person cost of small one-bedroom vacation rentals is \$95, so there are competing numbers in their analysis). So, even using the report’s \$56 per person metric as lower cost, the report isn’t clear how 41% of Monterey County vacation rentals are indeed lower-cost.

And, to be clear, this \$56 per night lower-cost threshold is something the report’s authors developed on their own as part of this analysis. It is not a Commission-vetted or understood analytical metric for how to define a low-, moderate-, or high-cost vacation

---

<sup>30</sup> According to Visit California and Smith Travel Research, the 2024 statewide average daily rate for July and August was \$195. Seventy-five percent of that comes out to \$146.25.

<sup>31</sup> \$146.25 divided by 2.6 = \$56.25.

rental, because, as discussed above, such metrics do not exist. And, in fact, the Commission has been reticent in past actions to apply the type of metric the authors propose, namely applying a numeric hotel metric (size, cost, occupancy, amenities, etc.) to other different types of accommodations. For example, in the American Tin Cannery Hotel Resort project in the City of Pacific Grove in Monterey County,<sup>32</sup> the Applicant sought a 2:1 ‘credit’ for the number of proposed hostel beds, arguing that the size of a hostel unit was half that of a hotel unit, and so two hostel beds would be equivalent to one hotel room. The Commission disagreed, finding: “While square footage and occupancy may lead to the 2:1 conclusion, based on other metrics, like privacy, bathrooms, and price per unit/bed, these are analytical apples and oranges that do not lend themselves to a clean 2:1 conversion.” As noted there and as noted here, these are different accommodation types that do not lend themselves to simple numeric comparisons. Thus, the Commission does not find that there is adequate support for the report’s overall premise that \$56 per person is the correct threshold for what constitutes a lower-cost vacation rental, and it finds that there is inadequate evidence and analysis to support the claim that 41% of the existing vacation rental stock is lower-cost.

And finally, it should also be noted that these are all snapshots in time of what a particular vacation rental might charge. They are subject to general market forces and can fluctuate significantly (by day, week, month, year, season, special event nearby, etc.). Absent a deed restriction, permit condition, or some other legal instrument to cap rates to a certain defined price point, which, to the Commission’s understanding, has never been done in Monterey County, there is not sufficient evidence to conclude that vacation rentals – or even 41% of vacation rentals as the Alliance argues – constitute a lower-cost accommodation type in Monterey County. The Commission finds that some vacation rentals can provide a lower cost alternative for families and larger groups, but it is difficult to assign a number to those units with any sort of precision, including in light of the lack of a homogenous vacation rental market.

This does not suggest that vacation rentals do not provide an important accommodations type. They certainly do. And the report’s other statements about why they are important are valid, including providing kitchens and yards and privacy. It is actually because of this unique mix of attributes that the Commission seeks to retain some amount of vacation rentals in the coastal zone, including to augment the other accommodations types available to the general public, including hotels, campsites, hostel beds, room rentals, and whole house vacation rentals. The end result is a healthy mix of accommodations that can meet various travelers’ needs.

Finally, and to be clear, the County’s proposal isn’t eliminating vacation rentals, rather, it is regulating them in a different way than it does now. ‘Whole house’ vacation rentals with an owner present would be allowed on an unlimited basis, essentially everywhere in the coastal zone that residential uses are allowed, including Big Sur and the Carmel Highlands, as would room rentals with an owner present. And even whole house vacation rentals without an owner present would be allowed up to three times a year per vacation rental, with stays each time of up to 30 days, also essentially everywhere in the coastal zone that residential uses are allowed, and again including Big Sur and the

---

<sup>32</sup> CDP Application A-3-PGR-22-0004, approved by the Commission in April 2024.

Carmel Highlands. It is only unhosted vacation rentals more than three times per year that would be capped, and in the Big Sur and the Carmel Highlands areas eliminated. While, it is clear that this form of regulation will limit unhosted whole house rentals in the coastal zone, and thus by extension decrease overnight accommodation opportunities for the visiting public, as is discussed in this report, it is also unclear how the market will respond to the new regulations, and what type of vacation rental opportunities will be pursued and where. All of which is to say that the Alliance paints the regulation with too broad a brush when it says that vacation rentals, and affordable vacation rentals, are all being eliminated, and that that is inconsistent with Coastal Act and LUP mandates to maximize public recreational opportunities and protect lower cost visitor facilities. That is simply not the case. Rather, a balance is being struck, a balance that reflects the LUP support for vacation rentals with the LUP support for protecting housing, including housing that is fundamental for the proper functioning of the visitor-serving opportunities and businesses that visitors are attracted to in the first place.

Further, some of the members of the Board of Supervisors raised additional concerns, including the loss of transient occupancy tax money from having potentially fewer vacation rentals overall; a quite limited allowance for retaining existing vacation rentals of only two months, including a limited grace period to cease in areas where Commercial Vacation Rentals are proposed to be prohibited; percentage caps and prohibitions that seem arbitrary; and that the proposed regulations should also include allowances and regulations specific to farmstays to better promote agritourism.

These are all valid points, and the County found that the proposed approach would reduce whole house/unhosted vacation rentals (Commercial Vacation Rentals) in some of the popular visitor areas of the County coastal zone, but the County also found that this reduction is balanced by the unlimited allowance for Homestays and Limited Vacation Rentals in all four areas. The County also recognized that there may be circumstances when these regulations go into effect that may adversely impact individual property owners personally, and that some visitors would no longer be able to visit the County coast in the way they had in the past.

However, while recognizing such concerns, the County also found that the ban on Commercial Vacation Rentals in Big Sur and the Carmel Highlands (and the caps in all other areas) is an important means to minimize the commercialization of these traditionally residential areas and safeguard longer term housing opportunities, consistent with the LUPs, particularly Big Sur LUP policies 5.1.1 and 5.1.2, which apply in the only LUP areas in which Commercial Vacation Rentals will be prohibited. The County relied on its Socioeconomic Analysis, where one of its primary conclusions was that "limiting the number of vacation rentals in the unincorporated County may curb speculative investment activity, limiting the number of vacation rental conversions and preserving owner- and renter-occupied housing units for long-term use."<sup>33</sup> The amendment does so by, among other things, directly ensuring that deed restricted affordable housing and more naturally occurring affordable housing such as ADUs are not used for vacation rental purposes. And while the Socioeconomic Analysis did not identify a specific amount of new housing opportunities or changes in price/affordability

---

<sup>33</sup> Page 13.

as a result of the proposed amendment, the report did find that, based on a literature review of other communities, “vacation rentals can have moderate to significant impacts on housing supply and pricing, especially in communities already facing affordability issues.” The reasons cited for this conclusion were: “Vacation rentals may increase for-sale housing prices by allowing vacation rental investors to outbid purchasers who seek to occupy a unit full-time and by increasing neighborhood attractiveness (and property values) through higher maintenance standards. Vacation rentals primarily impact rental prices through the conversion of long-term rental units to vacation rentals, decreasing the number of long-term rental units in an area and increasing competition and rents.”<sup>34</sup>

And while one potential solution to address housing shortages is simply to build more housing, the reality is that building housing in certain parts of Monterey County’s coastal zone is quite difficult. North County, for example, has vast areas of protected agricultural lands with an overtapped groundwater basin as its sole water supply, and Big Sur is mountainous, remote, and full of sensitive habitats. In cases where development potential is limited, the Commission has in past cases recognized that more stringent limits on vacation rentals may be appropriate to retain existing housing stock given the difficulties in increasing supply.<sup>35</sup> And this loss is tempered by the fact that the IP amendment, including the allowance for unlimited Homestays and Limited Vacation Rentals in all areas, would still allow for these types of rentals to serve as important visitor serving facilities for groups of visitors or families, and for homeowners to benefit from the tourist economy while protecting against the loss of long-term housing from the market.

As has been the case in other coastal zone communities, there is no clear evidence that can pinpoint the number of new housing opportunities that might be created by these proposed vacation rental LCP rules, especially in terms of affordable housing. While it might be presumed that less Commercial Vacation Rentals would lead to more such housing opportunities, the County cannot mandate that property owners rent or sell their properties if Commercial Vacation Rentals are not allowed there. In addition, the housing stock in question is expensive.<sup>36</sup> Even if the law of supply and demand would suggest that making more housing stock available for longer term housing would correspondingly lead to lower costs for such housing, the actual mechanisms by which that might happen are complicated, especially given that the extreme desirability to live on the California coast substantially increases demand, and are further complicated by individual property owner circumstances that may or may not suggest that a property would be offered for rent or sale if a Commercial Vacation Rental is not possible there. The County’s data does not identify expectations for such property owners when confronted with such circumstances. Thus, while it is reasonable to expect that some number of existing residences that are currently primarily used for vacation rental

---

<sup>34</sup> Page 10.

<sup>35</sup> For example, in Los Osos in San Luis Obispo County. See LCP Amendment No. LCP-3-SLO-21-0027-1 Part F (Los Osos Vacation Rentals).

<sup>36</sup> For example, the median home price in the Del Monte Forest is almost \$3 million, and the average rental price in the community is nearly \$7,000 per month (but with huge fluctuations depending on the type of rental, from as low as \$2,000 for a 1-bedroom apartment, to as high as \$70,000 per month for some of the more luxurious mansions), as of May 2025 (via Redfin.com and Zillow.com).

purposes will now be reserved solely for longer term housing purposes, it is not entirely clear to what extent the proposed caps and bans will lead to additional longer term housing opportunities.<sup>37</sup>

The County's proposed amendment, however, is based on many years of input, discussions, and ultimately, an EIR and Socioeconomic Analysis that explored in depth the issues associated with and impacts of vacation rentals. With respect to Big Sur, the County received extensive feedback from the Big Sur community over many years regarding vacation rentals, ranging from concerns about very limited workforce housing stock, wildfire risks, and overuse of limited resources. The County ultimately found that whole house (unhosted) rentals with no limits on the number or frequency of rentals were having an outsized impact on the wild, rural, and unspoiled nature of Big Sur, and that the Big Sur LUP specifically protects residents from "unwanted intrusion by other incompatible activities, such as visitor serving uses." The County also found a prohibition on such rentals consistent with Big Sur LUP Policy 5.1.1 which states that residential areas are not well-suited for commercial or visitor uses and should be for residential purposes only. The County also found that Homestays and Limited Term Vacation Rentals provide visitor serving amenities without significantly impacting housing or the natural environment and resources, including through the requirement that the owner or principal resident be on site for Homestays. As such, the County found it LUP-consistent to prohibit all Commercial Vacation Rentals on the basis that this intensive visitor use was not appropriate outside of Big Sur's established visitor-serving

---

<sup>37</sup> On this point it is noted that Dr. David Wachsmuth from McGill University in Montreal presented the conclusions of some of his research regarding the impact of short-term rentals on housing availability in the City of Los Angeles (prepared for Better Neighbors LA) and in other large urban/metropolitan areas of the United States to the Commission in December 2023, framing his presentation as "how best to regulate STRs from a pro-housing perspective." At that time, Dr. Wachsmuth suggested that the proliferation of STRs in Los Angeles and other dense urban areas of the U.S. has taken homes there off the long-term rental market and raised rents in housing not used for STRs. It is worth noting, however, that Dr. Wachsmuth's research focused on exploring the relationship between STRs and housing stock in large urbanized metropolitan areas (and thus the references to Los Angeles) and does not appear to consider potentially significant distinctions between observed trends in those dense urban areas and trends that may be present in dissimilar built environments (such as more rural and sparsely developed Big Sur in this case). It would appear that additional research is needed to explore the extent to which the conclusions of such STR research focused on urban areas (e.g., Dr. Wachsmuth indicated that the foundational research that has been done to date was based on the "100 largest metro areas in the United States") are transferable and applicable to areas that do not share that same context. It would also appear that distinctions need to be more fully explored between such STR markets (related to primary residency requirements, hosted versus unhosted STRs, limitations on allowed STRs nights per year, etc.) and the type of housing markets in question (whether predominantly single-family residential or units in multi-family settings, owned versus rented, etc.) to be as useful as possible in the Commission's STR regulation efforts, as well as distinctions emanating from the Coastal Act itself that are relevant (e.g. requirements to maximize public access). In any case, as applicable here, given the very different housing characteristics of Monterey County's coastal zone as compared to Los Angeles and other significant U.S. metropolitan areas, it is not clear that the data is transferable for that reason alone. In light of these issues and questions, and as a means of fleshing out points made and their relevance to individual STR regulation cases like this one, Commission staff reached out to Dr. Wachsmuth multiple times since his December 2023 presentation in order to try to better understand his research and its potential implications in the coastal zone, but to date Dr. Wachsmuth has not yet responded to these inquiries.

developments, and that the Homestays and Limited Vacation Rentals would still allow for this use in a more protective manner.

With respect to the Carmel Highlands (which encompasses the Low Density Residential-zoned portion of the Carmel area), the County found that the unique resource limitations of the area dictated a prohibition on Commercial Vacation Rentals. Specifically, most of the residential properties in the Highlands utilize septic systems for wastewater disposal, which has led to contamination problems over the years with individual residential domestic water wells as a result of the area's fractured bedrock geology. The County found that prohibiting Commercial Vacation Rentals in the Highlands but allowing Homestays and Limited Vacation Rentals would minimize potential impacts from overuse of existing septic systems, along with allowing for all three vacation rental types in the other areas of Carmel, is consistent with the Carmel Area LUP direction to provide and encourage public recreational and visitor use while also limiting the potential impact on coastal resources.

In the Del Monte Forest area, the County found that the proposed 4 percent cap on Commercial Vacation Rentals (or 57 total) along with unlimited Homestays and Limited Vacation Rentals represented a mix that would encourage and facilitate public access and visitor-serving use while ensuring that the residential community is not significantly disrupted. Similarly in North County, the County found that the mix (Commercial Vacation rentals capped at 4 percent (or 157 plus 2 specifically attributed to the Moss Landing sub-area), and unlimited Homestays and Limited Vacation Rentals) would ensure that public access in this area is maximized and maintained and that coastal resource overuse is limited. In addition, for North County, the County noted that the cap on Commercial Vacation Rentals serves to protect residential community character while at the same time provides for adequate visitor accommodations, since this area is less reliant on tourism than other coastal areas of Monterey County and has fewer commercial visitor-serving facilities such as hotels. Finally, the County also noted that the North County area has higher poverty rates, lower household incomes, and a greater percentage of households using food stamps than other coastal areas of the County, and that the opportunity to rent a home as a Commercial Vacation Rental and earn additional income by participating in the tourist economy could benefit households and families in this area.

Thus, the County did not just arbitrarily develop its IP amendment, but spent considerable time and energy to seek public engagement on potential solutions and found its amendment to be in conformity with the applicable LUPs. Indeed, the County spent over a decade exploring myriad options and permutations. But such permutations highlight and exemplify the point that it has been the Commission's experience that there are multiple ways to achieve a balanced regulatory framework and program for vacation rentals in coastal communities. And depending on how one views vacation rentals and their effects on community character, resource protection, and their interplay with protection of residential neighborhoods, and how the mix of LUP policies are interpreted and weighed, multiple LUP consistent outcomes are certainly possible.

On one hand, Commercial Vacation Rentals in the North County area raises consistency issues with LUP policies that require protection of the rural residential

character (LUP Policy 4.3.5.1), affordable and moderate housing opportunities (LUP Policy 1 and 2 – Low and Moderate Income Housing), and the agricultural economy. And the County’s socioeconomic data bears out that this predominantly rural agricultural area of the County’s coastal zone is the least affluent where full-time longer term housing can be argued is most needed and important to preserve. Thus, one alternative that could be justified under the LUP would be to reduce (perhaps capped at its current level of 52 such rentals, down from the proposed 4% total of 157) Commercial Vacation Rentals in North County.<sup>38</sup>

Conversely, the County’s data shows that its most affluent coastal areas (Del Monte Forest, Carmel, and Big Sur) with the least affordable housing are also the most popular visitor destinations. The County’s Socioeconomic Analysis found that “the planning areas with less affordable housing that are considered more tourism based (Big Sur, Carmel, and Del Monte Forest) have higher residential vacancy rates compared to other planning areas largely because of the inventory of seasonal, recreational, or occasional-use housing units” (including housing defined as “current residence elsewhere”). And as of 2023, those areas with the higher costs of living, including Carmel and Del Monte Forest, were home to 48 percent of vacation rental inventory. Arguably then, these areas could accommodate a certain amount of Commercial Vacation Rentals to both meet existing visitor demand and take advantage of available residential inventory that may not be offered as long-term (and not affordable) housing. In that vein, providing some limited amount of Commercial Vacation Rental (e.g., at 4% like what is proposed in other areas, or capped at the 2023 amount of 37 such rentals in Big Sur<sup>39</sup>), along with more targeted standards to address the unique issues associated with these communities, could be found LUP consistent.

That said, the County has chosen the proposed caps and limitations based on its years of outreach and study and based on its findings that these regulations are consistent with and adequate to carry out its LUPs. There is a high level of discretion and a wide range of what can be considered reasonable to meet the objectives of providing overnight accommodations and protecting other coastal resources.<sup>40</sup> And as the Commission has found in other cases, there is no ‘one size fits all’ vacation rental solution in coastal California. The County carved out a middle ground that appears to not be wholly supported by either side, but that represents a balance based on the unique attributes of the built and natural environment of its coastal areas and the various policies of its LUPs. Both County staff and decisionmakers acknowledge that the proposed vacation rental regulations will likely need to be updated as implementation progresses and lessons are learned. But they also need to begin

---

<sup>38</sup> And perhaps replaced/augmented with a more robust farmstay program to more directly support the local agricultural economy.

<sup>39</sup> Capping at the existing amounts could also address concerns about the abrupt compliance requirements for existing rentals by offering a pathway for them to remain, rather than their elimination after two months.

<sup>40</sup> Indeed, a 6% Commercial Vacation Rental cap was initially proposed, but the Board of Supervisors lowered it to 4% during their final deliberations on the proposed LCP amendment in 2024.

implementation of the program in order to determine what refinements may be necessary, based on empirical evidence of its successes and failures.

The Commission agrees. While there clearly may be other permutations that could address identified concerns, the Commission must evaluate whether this proposal is consistent with and adequate to carry out the County's LUPs. It finds that this amendment does so. Given the broad LUP provisions, and the broad ways in which various policy proposals can be found consistent with those provisions, this IP amendment can be found consistent with and adequate to carry out those LUP requirements. As such, and in light of the legal, technical, and policy considerations at hand, the Commission finds that the proposal represents an adequate balance and can be found LUP consistent. It also strongly encourages the County to stay abreast of implementation, and to make changes and refinements as necessary over time as the vacation rental program is established.

The County's IP amendment also clarifies that a CDP is required to establish a Commercial Vacation Rental, which it defines as the threshold of the conversion of a residential use to a commercial use. The County ultimately determined that requiring this procedural pathway for Commercial Vacation Rentals via CDPs was appropriate because these types of rentals are a more intensive use akin to commercial businesses in otherwise lower intensity residential areas, and because of that a discretionary process that allows for individualized consideration and opportunities for public review and community vetting is important. The standard of review for such CDPs is the County's LCP, including LUP policies and objectives that protect public access and visitor-serving uses, as well as residential use and neighborhoods. Although this type of construct where a CDP is required is the exception and not the rule as it relates to STR regulation in the coastal zone up and down the state, in this case providing for a CDP process would appear to help carry out the LUPs, and can be found consistent in that respect.

In sum, the proposed amendment limits visitor-serving overnight accommodations in some of the least developed and most environmentally sensitive parts of coastal Monterey County, while still allowing unlimited Homestays and Limited Vacation Rentals in all four coastal areas. The amendment also allows up to 4% of existing residential housing stock (or 334 Commercial Vacation Rentals overall out of over 9,000 single-family residential units in the coastal zone) to be used for unhosted vacation rentals more than three times per year. This overall mix is not an inconsequential number of vacation rentals and still allows hundreds of visitor serving overnight accommodations that can accommodate thousands of visitors. Vacation rental regulation is not an all or nothing proposition, and the key is finding a balance that makes sense for both communities and visitors. The Commission finds that in this case, a meaningful vacation rental market would be maintained in the County's coastal areas, while also protecting coastal resources and housing and community needs and objectives. In conclusion, the Commission finds that the proposed LCP amendment conforms with and is adequate to carry out the Land Use Plans, and can be certified as submitted.

#### **D. California Environmental Quality Act (CEQA)**

CEQA Section 21080.5(d)(2)(A) prohibits a proposed LCP or LCP amendment from being approved if there are feasible alternatives and/or feasible mitigation measures available that would substantially lessen any significant adverse effect that the LCP or LCP amendment may have on the environment. Although local governments are not required to satisfy CEQA in terms of local preparation and adoption of LCPs and LCP amendments, many local governments use the CEQA process to develop information about proposed LCPs and LCP amendments, including to help facilitate Coastal Act review. In this case, the County prepared and adopted an environmental impact report (EIR) for the proposed amendment (SCH No. 2022080643).

The Coastal Commission is not exempt from satisfying CEQA requirements with respect to LCPs and LCP amendments, but the Commission's LCP/LCP amendment review, approval, and certification process has been certified by the Secretary of the Natural Resources Agency as being the functional equivalent of the environmental review required by CEQA (CCR Section 15251(f)). Accordingly, in fulfilling that review, this report has discussed the relevant coastal resource issues with the proposal, has addressed all comments received, and has concluded that the proposed LCP amendment is not expected to result in significant environmental effects, including as those terms are understood in CEQA.

Accordingly, it is unnecessary for the Commission to suggest modifications (including through alternatives and/or mitigation measures) as there are no significant adverse environmental effects that approval of the proposed amendment would necessitate. Thus, the proposed amendment will not result in any significant adverse environmental effects for which feasible mitigation measures have not been employed, consistent with CEQA Section 21080.5(d)(2)(A).

### **3. APPENDICES**

#### **A. Substantive File Documents**

- LCP Amendment File for LCP-3-MCO-24-0039-1

#### **B. Staff Contact with Agencies and Groups**

- Monterey County Housing and Community Development Department
- Monterey County Vacation Rental Alliance
- Pebble Beach Company