

## MONTEREY COUNTY PLANNING COMMISSION

<b>Meeting:</b> October 31, 2007 Time: 1:30 P.M	<b>Agenda Item No.:</b> 10
<b>Project Description:</b> Workshop and review of preliminary draft amendments to the Zoning Ordinance (Title 21) addressing the conversion of hotel rooms into individual ownership.	
<b>Project Location:</b> Non coastal areas of the County.	<b>APN:</b> N/A
<b>Planning File Number:</b> PD061172	<b>Name:</b> Monterey County
<b>Plan Area:</b> All area plans of the non coastal areas	<b>Flagged and staked:</b> N/A
<b>Zoning Designation:</b> N/A	
<b>CEQA Action:</b> Categorically Exempt per Section 15306 (Information Collection) of the CEQA Guidelines	
<b>Department:</b> RMA - Planning Department	

### RECOMMENDATION:

Staff recommends that the Planning Commission:

- 1) Review the preliminary draft ordinance;
- 2) Provide direction to staff regarding potential changes to applicable policies, definitions and procedures, or other issues which the Commission may want to have addressed.

### DISCUSSION:

The County relies on revenue from transient occupancy tax to help provide services to visitors including infrastructure, public safety and medical facilities. Changes in the hotel industry have affected the manner in which hotels have traditionally been conceived and used. Several new ownership and usage structures have come about during the last few years affecting existing and proposed hotel developments. These include condominium hotels and hotels whereby hotel rooms are individually owned as separate parcels. The latter allows individual owners the use of their room for a set period of time during the calendar year.

The new concepts and usage have the potential to significantly change the way in which hotels in Monterey County are used from a land use perspective and could result in reductions in the collection of Transient Occupancy Tax (TOT) in the unincorporated areas of the County. One such conversion project has been approved by the Planning Commission under current Zoning Ordinance regulations and two applications are currently under review, all located in the Carmel Valley area. The Board of Supervisors has directed staff to prepare ordinance and code amendments that would regulate the conversions and assure the continued receipt of TOT revenues so revenue needed for essential services can be preserved.

### ISSUES/CONCERNS

Staff has initially identified the following concerns in drafting the Ordinance:

1. Preservation of existing hotel room inventory and continued provision of hotel services in the unincorporated areas;
2. Continued collection of Transient Occupancy Tax;
3. Continuing the use as a commercial, visitor-serving use; nor residential;
4. Ensuring the operator's ability to operate and maintain common facilities such as common open space, parking, and septic disposal systems.
5. Design and content of Conditions, Covenants and Restrictions for Property Owner Associations related to occupancy limits, operationS and maintenance.

The preservation of the existing hotel room inventory is primordial for the County economically and to preserve visitor facilities. The Transient Occupancy Tax (TOT) is an important component of the County's General Fund; any reduction in the number of hotel rooms or their availability to the public will affect the amount of TOT and the ability to provide needed public services. As stated above, under the new ownership scheme property owners would be allowed to use their rooms for a set period of time during the calendar year where they would not pay the TOT. To this effect, the ordinance includes a specific length of occupancy of converted units by the owners during the calendar year (60 days). Regarding compliance with underlying zoning and land use designations, the concern lies in the conversion of hotels into quasi residential uses incompatible with the definition of a hotel or the regulations of the zoning district; most hotels are located in areas designated as visitor serving which allow residential uses only in a limited manner. Common facilities are a concern because their continued operation and maintenance must be assured. With so many owners, operation and maintenance could become a significant issue.

The proposed ordinance includes purposes, regulations, development standards, findings for the approval of conversions of hotels into new ownership structures and standard conditions of approval for any future conversion or development of new hotels under such ownership structures. The ordinance also includes amendments to the Subdivision Ordinance to address requirements under the Subdivision Map Act. A copy of the preliminary Draft Ordinance is attached as Exhibit A for reference.

#### **FOLLOW UP**

The Commission may want to consider directing staff to address other issues not included in the preliminary work. For instance, the Commission may:

1. Direct staff to collect information regarding existing number of hotel rooms and quantify the potential loss of Transient Occupancy Tax;
2. Consider different limits on the occupancy of the units by property owners.

#### **OTHER AGENCY INVOLVEMENT:**

This report was prepared by the RMA-Planning Department in consultation with the Treasurer-Tax Collector and County Counsel. The report has not been referred to the Land Use Advisory Committees for review. The Planning Commission may consider referring this item to the Committees for their review and recommendations.

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October 22, 2007

cc: Planning Commission Members (10); County Counsel; Mike Novo; Luis A. Osorio; Carol Allen; Chair Persons of All Land Use Advisory Committees; Lou Solton; Steve Vagnini; Paula Lotz; Rob Carver.

Attachments: Exhibit A Preliminary Draft Ordinance

This report was reviewed by Mike Novo, Director of Planning.