



CITY OF ATASCADERO

CITY COUNCIL STAFF REPORT

Item H1

Department: Community
Development
Date: 02/24/2026
Placement: Public Hearing

TO: JIM LEWIS, CITY MANAGER
FROM: PHIL DUNSMORE, COMMUNITY DEVELOPMENT DIRECTOR
PREPARED BY: ERICK GOMEZ, ASSOCIATE PLANNER
SUBJECT: Short-Term Rental Discussion

RECOMMENDATION:

Staff recommends the City Council review options and provide direction on whether or not the City should continue with the adoption of a Municipal Code Amendment that incorporates regulations on Short-Term Rentals and what such regulations might include.

REPORT IN BRIEF:

Short-term rentals are the rental of a residence or a room for less than 30 days. These types of rentals are subject to the payment of transient occupancy taxes (TOT), just like hotels. During the 2024 strategic planning workshop, the Council directed staff to bring forward a discussion on the potential development of a Short-Term Rental Ordinance. Currently, the City does not have Municipal Code language that addresses short-term or “vacation” rentals other than a requirement for a business license and payment of TOT. Short-term rental regulations could include features to ensure neighborhood compatibility, preservation of long-term rental units, and adequate review and monitoring.

DISCUSSION:

BACKGROUND

The City Council action plan adopted in 2024 included a program to evaluate short-term rentals (STRs) and the potential for new regulations. There are currently no Municipal Code standards pertaining to STRs. The City requires a business license and registration to pay Transient Occupancy Tax (TOT) in order to operate a short-term rental from a residential property.

At the October 22, 2024 meeting, Council directed staff to proceed with a draft ordinance focused on promoting neighborhood accountability and safety through “good neighbor” standards. Staff presented an initial ordinance to Planning Commission on August 19, 2025. Several STR operators attended this meeting expressing concerns regarding public outreach and the standards recommended, in particular an owner-occupancy requirement. Because of this response, the process was paused to allow for additional community input and refined Council direction.

Additional outreach since that time was designed to ensure that short-term rental owners and property managers, neighbors, and interested community members had a chance to share their experiences and provide input on short-term rental operations and concerns.

ANALYSIS

Community Outreach Summary

City Staff held two community outreach events: a "Coffee with a Planner" session held on January 22, 2026, and Short-term Rental Workshop held on February 5th, 2026. Both events were well attended and publicized on City social media sites and press releases, and postcards were sent to all current STR operators and immediate neighbors. Several key themes emerged from resident feedback, summarized as follows:

- **Noise.** Noise is a major concern, particularly for rentals offering outdoor amenities like pools and patios. Many indicated that there needs to be more specific and enforceable standards with a better compliance system. Some also requested a limitation on special events or large gatherings, while others said they may be acceptable on larger properties, possibly with a permit.
- **Parking.** There are concerns about adequate parking. These concerns are especially true when STRs are located on smaller properties and/or when rental parties bring multiple vehicles or invite their own guests.
- **Overconcentration.** Concerns exist about the impact of STRs on neighborhood character with many participants indicating they like knowing their neighbor and don't want to live next to an empty house. Some residents suggested a potential cap on the number of units or distance requirements between STRs to prevent overconcentration in individual neighborhoods.
- **Local Contact.** Residents requested that there be a local 24hr contact or City ombudsman that can respond to any concerns or issues, and that their contact information be shared with neighbors. Some suggested this could be a reasonable alternative to owner-occupancy. Others said requiring local or regional ownership could be helpful.
- **Interdepartmental Communication.** Stakeholders also noted that communication between the Planning Department, Police Department, and compliance officers must be improved to ensure rules are enforced with meaningful consequences for violations.
- **Limiting Regulation and Managing Costs.** Many operators are already self-imposing "common sense" standards for noise and providing a contact to neighbors. They emphasized a desire to limit cost associated with new rules. They specifically expressed concerns regarding a possible inspection process and any new fees that would trigger. They requested that new or novel standards be based on real data.

SHORT-TERM RENTAL OPTIONS

Short-term rental uses are currently guided by department policy as no formal standards are adopted in the Code. These policies are intended to work within the existing framework of our Code and provide minimal standards to maintain the residential nature of properties. If the Council directs staff to move forward with a formal ordinance, Council can consider a menu of options to address health and safety standards, operational standards, and neighborhood compatibility.

Code standards could include but are not limited to:

- Developing a STR Permit process that includes objective standards
- Setting a city-wide cap on the number of STRs
- Establishing distance buffers between STRs
- Adopting formal enforcement standards and Permit Revocation standards based on verified complaints received
- Requiring Inspections for new and/or existing STRs
- Prohibiting or limiting the number of STRs on multifamily properties
- Requiring owner occupancy or an owner that lives in SLO County
- Requiring a 24-hour local contact
- Limiting the number of guests per reservation based on bedrooms or a flat maximum
- Limiting the number of vehicles per reservation or requiring onsite parking
- Establishing minimum TOT or annual stays to ensure the license is being used
- Requiring a “Good Neighbor” brochure
- Setting more stringent noise limitations specific to STRs
- Limiting events and/or large gatherings (requiring a special event permit for events)
- Establishing different standards for hosted (renting a portion of an occupied residence) and non-hosted STRs (renting an unoccupied residence)
- Creating an avenue for existing licensees to keep their use privileges under any new rules
- Utilizing a third-party consultant to help with TOT collection and enforcement

SENATE BILL 346

Senate Bill 346, known as the "Short-Term Rental Facilitator Act of 2025", allows jurisdictions, through adoption of an ordinance, to require online platforms like Airbnb and Vrbo to share listing data. This data includes physical addresses, assessor parcel numbers, and listing URLs to help identify non-permitted rentals and ensure accurate collection of Transient Occupancy Taxes (TOT). If staff is directed to prepare an ordinance, language will be included to allow use of the provisions of this new State law. Council would need to adopt an ordinance to enact the benefits of SB346. That ordinance may be separate and not necessarily tied to a short-term rental ordinance that covers the standards listed above.

CURRENT RATES AND REVENUE

Vacation rentals are required to pay the City’s transient occupancy tax (TOT) which is currently 14%, 10% of which is allocated to the City’s General Fund, 2.5% is allocated to the Atascadero Tourism Business Improvement District (ATBID), and 1.5% is allocated to the San Luis Obispo County Tourism Marketing District (Visit SLO Cal). In fiscal year 2025, Vacation Rentals contributed \$394,959 to the City’s General Funds and hotels contributed \$1,599,332.

CONCLUSION

The adoption of an STR Ordinance may help set clear expectations for owners of STRs while reducing potential neighborhood conflicts. A variety of standards can be adopted to tailor an ordinance to Atascadero and provide clear expectations to short-term rental operators and the community. Developing a permit process will provide accountability and allow for enforcement of standards.

NEXT STEPS

If Council directs staff to prepare an ordinance, a framework and draft code language will be brought back to Council for preliminary review and additional direction. Once the framework is refined, Staff will proceed to Planning Commission for recommendation and City Council for final consideration. The refinement process will include an analysis for cost recovery based on staff time and third-party vendor services.

FISCAL IMPACT:

No significant fiscal impacts are expected.

REVIEWED BY OTHERS:

This item has been reviewed by the Community Development Director, Administrative Services Director, and City Attorney.

REVIEWED AND APPROVED FOR COUNCIL AGENDA



James R. Lewis, City Manager

ATTACHMENT(S):

1. Summary of standards by community
2. Community Feedback Summary
3. Map of Short-Term Rentals