



CITY OF ATASCADERO

CITY COUNCIL STAFF REPORT

Item G1

Department: Community Development
Date: 04/28/2026
Placement: Management Report

TO: JAMES R. LEWIS, CITY MANAGER
FROM: PHIL DUNSMORE, COMMUNITY DEVELOPMENT DIRECTOR
PREPARED BY: KELLY GLEASON, PLANNING MANAGER
SUBJECT: Zoning Code Update – Commercial Zones and Uses

RECOMMENDATION:

Council provide direction to staff on specific land uses and development standards for commercial zoning districts.

BACKGROUND:

The new General Plan includes five commercial placetypes (land use districts) which would be implemented by multiple zoning districts. These include the following Placetypes: Mixed Use, Downtown Mixed Use, Commercial, Industrial and Innovation Flex. The March 10 and March 24, 2026, discussions with the City Council focused on the two Mixed Use placetypes. This discussion focuses on the remaining three commercial Placetypes, primarily focusing on what is allowed in each district and suggested refinements to the land use definitions. This discussion will also cover non-conforming land uses in the Downtown Commercial District, such as medical offices, ground floor residential uses, fuel stations, and storage uses.

DISCUSSION:

In addition to the Mixed Use districts that will allow for a mix of residential and commercial, the commercial placetypes in the new General Plan include Commercial, Innovation/Flex, and Industrial. The placetypes were established to reimagine and support economic growth and development into key areas with a focus on retail synergy, placemaking, and quality job growth.

Each placetype corresponds to zoning districts that allow for land uses to support and grow the uses envisioned for each area.

Placetype: Zoning District

- Commercial:
 - Commercial (C)

- Commercial Service (CS)
- Innovation/Flex: Commercial Innovation (CI)
- Industrial: Industrial (I)

Each zone will accommodate a slightly different mix of uses informed by the General Plan Placetypes. The land use definitions in the new Zoning Code respond to current trends and nomenclature. Definitions are consolidated where there is overlap and dissected where size and scale called for differentiation. A map of the commercial zoning districts is included as Attachment 1.

LAND USE DEFINITIONS:

The land use definitions listed in the current Zoning Code have been updated periodically to respond to State laws and emerging trends. However, the comprehensive Zoning Code Update project aligns the definitions for the new General Plan Placetypes, aligning future land uses with the vision for each zoning district while recognizing the pattern of existing land uses.

The main objectives of updates to this section are to:

- Combine duplicative definitions
- Modify definitions to respond to size, scale, or use
- Add new definitions that match General Plan Placetypes

The draft land use definitions are shown in Attachment 2. Specific changes of note include:

- Clearly defining agricultural uses including hobby or agricultural accessory uses in as allowed in residential zones.
- Separating Car Washes from Vehicle Repair and Services
- Separating out Kennels, Veterinary Services, and Grooming with specific attention to on-site overnight boarding and animal enclosures that are inside of a building or exterior
- Adding a definition for a commercial or “Commissary” kitchen
- Separation of Amusement Services which currently include yoga studios, bowling alleys, and gyms.
- Aligning Care Facility and Low-Barrier Navigation Center definitions with current State law
- Separating definitions for medical clinics and standard doctor’s offices
- Adding definitions for horizontal and vertical mixed-use
- Clarifying differences between small and larger recycling facilities.
- Creating a separate definition for Tattoo Artists and Body Piercing Services.
- Adding a definition for showrooms

Clearly defined land uses will assist business owners and the public in determining where certain types of businesses can locate. In addition, acknowledging the nuance between certain businesses and identifying scale in determining use compatibility will allow the City to better align the zoning districts and land use tables. These updates are designed to spur economic development while responding to existing land uses and trends. The City Council is being asked to review the draft land use definitions and provide feedback to staff for inclusion in the final Zoning Code language.

COMMERCIAL ZONING DISTRICTS:

The zoning districts build on the foundation of the Placetypes identified in the General Plan and further refine uses and development standards. The following list identifies each zoning district and provides an excerpt from the General Plan related to the vision for each area.

- **Commercial (C):** *Key Nodes focused along El Camino Real.*
Commercial uses include regional- and local-serving retail, restaurants, office, tourist, and service businesses with easy access to and from residential neighborhoods. Development is characterized by single-use commercial buildings, multi-tenant shopping centers, and office buildings. Commercial tenants may include businesses targeted toward visitors to Atascadero, such as breweries, distilleries, and recreation hubs.
- **Commercial Service (CS):** *El Camino Real south of Curbaril and South of San Anselmo.*
The Commercial Service zoning district is similar to the Commercial zoning district but would allow for more vehicle related service businesses and uses that may require some level of outdoor use areas.
- **Commercial Innovation (CI):** *El Camino Real north of San Anselmo and Del Rio; South of Morro Road to Santa Rosa.*
The Innovation/Flex Placetype relates to one zoning district, the Commercial Innovation (CI) zoning district, which is intended to promote opportunities for startup businesses and head-of household jobs and provide spaces that can be adaptable to a variety of compatible uses as workforce trends evolve. This zoning district should attract concentrations of production, design, and maker-space businesses as well as uses that support those businesses and the people that work there. Uses with outdoor storage are not permitted except in appropriate locations and limited quantities, and all subject to discretionary review.
- **Industrial (I):** *Traffic Way and Sycamore Road.*
Industrial uses typically include heavy and moderately intense manufacturing, distribution, and vehicle-related uses. Development consists of varying-sized industrial buildings, either as standalone businesses or as part of an integrated development. These areas are intended to support industry that contributes to the fiscal health of the City.

LAND USE TABLES

The Land Use Table identifies which uses are Allowed or Conditionally Allowed (AUP or CUP). If a column is blank, the applicable use is not allowed. A full list of the proposed Land Use Table is included in Attachment 3. The City Council is being asked to provide direction to staff on the appropriateness of uses for each zoning district and make any recommendations for changes.

COMMERCIAL INNOVATION DEVELOPMENT STANDARDS

The new Commercial Innovation Zoning District is envisioned to become the City's job and production center. Very similar to the existing Commercial Park Zone, this District is also envisioned to accommodate some types of resident and visitor serving uses such as winemaking,

breweries, coffee roasting, and similar businesses. To achieve this vision, future development needs to provide tenant spaces that can accommodate a variety of uses and respond to business trends over time. Generally, this means taller ceilings and opportunities for roll-up door spaces. Development standards beyond the typical setback requirements are proposed for this zone. Standards are proposed as follows:

Development Standard	CI Zoning District
Minimum Lot Size	2 acres
Maximum Height	35 ft
Minimum Front Setback	As needed to accommodate street tree setbacks
Minimum Side/Rear Setbacks	None required except transitions to adjacent single-family zoning district (existing standard) and 10 ft setback if adjacent to multi-family zoning district (proposed).
Fences and Storage	<p>No fences allowed within 10 ft of the primary public street frontage property line.</p> <p>Outdoor storage limited to 10% of the floor area of the principal building and must be located greater than 50 ft from the primary public street frontage property line and 20 ft from any secondary street frontage property line.</p>
Floor to Ceiling Ground Floor Height	16 ft
Building Façade – Parking lot/loading aisle facing	<p>Storefronts/Access Bays wide enough to accommodate 12 ft x 12 ft roll-up doors required</p> <p><i>Design requirements may be met with:</i></p> <ul style="list-style-type: none"> • <i>Roll-up doors</i> • <i>Sliding industrial doors or large operable storefront systems</i> • <i>Adequate framing and clear space to accommodate a 12x12 roll-up door in the future</i>
	Must provide direct access to interior floor area
	Minimum 1 storefront/access bay every 40 ft
Public Street Frontage	Primary public street frontage must include transparent openings (e.g., transparent doors, windows, glazed roll-up doors) that constitute a minimum of 20% of the building façade area

These design standards are intended to generate flexible use spaces that maintain visual screening and pedestrian orientation along the street frontages with flexibility to accommodate light-industrial spaces and equipment with some storage farther into the site. Implementation of design standards will result in buildings that can be flexible to uses over time and respond to market trends and tenant needs with a focus on the ability to accommodate light industrial, artisan production, research and development, and light manufacturing. The City Council is being asked to provide direction to staff on development standards for the Commercial Innovation Zoning District and provide feedback on any changes or additional standards staff should incorporate into the final code.

NON-CONFORMING USES IN THE DOWNTOWN COMMERCIAL ZONE

The Downtown Commercial (DC) Zoning District is intended to support pedestrian-oriented, active ground-floor uses that enhance economic vitality in downtown, such as retail, artisan uses, restaurants, and entertainment facilities. Upper story uses include offices, lodging, and residential as a complement to these uses. In recent years, new investment in Downtown has resulted in the transfer of multiple non-conforming uses. The new General Plan and Zoning Ordinance Update is an opportunity to accelerate this transition.

Existing Nonconforming uses in the Downtown Commercial Zone include: ground floor office (including Medical offices around Sunken Gardens), ground floor residential (Entrada and Lewis Ave), gas station, storage use (El Camino) and warehousing (Traffic Way).

Current Regulations state that non-conforming uses discontinued for 6 months or more must revert to a conforming land use (9-7.106). There may be options to alter the non-conforming use section:

1. Reduce discontinuance time to 60 days- or less

Under this scenario, a non-conforming use would be deemed discontinued if the use was not active for 60 days or more. Discontinuance includes, but is not limited to: vacancy of the tenant space, cessation of business activity, loss of required licenses, or removal of operational fixtures. This would reduce the six-month grace period to 60 days.

2. Explore options requiring conformity at tenant/occupant turnover

Conformity could be linked to the operator rather than the discontinuation of use. The nonconforming could terminate upon vacancy, change in tenancy, change in ownership of the business, or cessation of operations, whichever occurs first. However, this option could subject the City to legal challenge.

In summary, one or more of these options would result in a minor text amendment to the non-conforming section of the Zoning Regulations. The intent is to only modify it as it applies to the Downtown Commercial Zoning district, not the Downtown Office district or any other commercial zoning districts. The City Council is being asked provide direction to staff on any desired changes to the non-conforming land use standards.

NEXT STEPS

Staff will incorporate Council direction for commercial zoning districts and integrate standards and uses into the updated zoning code. The next zoning code update check-in will be a comprehensive look at all code changes and review of any outstanding changes of note from the previous discussions. These topics are scheduled for Planning commission and City Council review in June. This will present another opportunity for review and feedback prior to the formal adoption process.

CONCLUSION

Reimagining the commercial zoning districts in alignment with new Placetypes identified in the General Plan provides an opportunity to refine land uses and ensure that the vision outlined in the General Plan is implemented. Land Use definitions that respond to emerging trends, local historical land uses, and State laws are key to supporting economic goals. Establishing a clear framework for staff and decision makers will provide clarity to applicants and the community and identify the components needed to achieve the City’s land use and economic goals.

FISCAL IMPACT:

None.

REVIEWED BY OTHERS:

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

REVIEWED AND APPROVED FOR COUNCIL AGENDA



Lara K. Henderson, Assistant City Manager

ATTACHMENTS:

1. Commercial Land Use Map
2. Proposed Land Use Definitions
3. Proposed Land Use Tables