



CITY OF ATASCADERO

PLANNING COMMISSION STAFF REPORT

8/19/25 | Item G1 | Staff Report

TO: Phil Dunsmore, Community Development Director

FROM: Kelly Gleason, Planning Manager

PREPARED BY: Erick Gomez, Associate Planner

SUBJECT: Short-Term Rental Ordinance

RECOMMENDATION:

Planning Commission adopt Draft Resolution recommending the City Council adopt a text amendment to Title 9 (ZCH24-0059) to add definitions and standards for short-term rentals, based on findings.

SUMMARY:

The purpose of this ordinance is to preserve and protect the City's residential neighborhoods as directed by the City Council and outlined in the General Plan. The character of residential neighborhoods, and the neighborhood expectations, typically change with density and proximity to commercial areas. The proposed text amendments address these differences by incorporating different standards based on zoning. The proposed code text amendment will establish Short-term rentals as a separate use and create a permit process and standards for those rentals.

DISCUSSION:

BACKGROUND

As part of their 2024 strategic planning session, City Council recognized that the growth in popularity of vacation rentals in the region combined with a lack of local standards may affect the viability of the City's housing stock, present unfair competition to permitted hotels and motels, and potentially create adverse neighborhood impacts. Short-term rentals accommodate stays of 30 days or less and are subject to the payment of Transient Occupancy Tax.

At their October 22, 2024 meeting, the City Council discussed potential standards for short-term rentals that would provide enhanced accountability to the City and neighboring residents of short-term rental units. At this hearing, Council directed staff to draft a short-term rental ordinance that would:

- Restrict short-term rentals to properties with owner-occupied, primary residences.
- Establish a percentage of units in multifamily buildings that can operate as short-term rentals.

- Ensure full cost recovery associated with permitting, compliance monitoring, and enforcement.
- Identify parameters under which existing licensees may retain their license.

ANALYSIS:

CURRENT REGULATIONS AND PROCEDURES

The City currently allows for the short-term rental of residential units with the approval of a home occupation business license, subject to the following limitations:

- Not allowed within an Accessory Dwelling Unit, Junior Accessory Dwelling Unit, or Urban Dwelling Unit built after January 1, 2020 (reflective of state law).
- Not allowed in a deed-restricted affordable unit.
- Limited to one vacation rental per single-family or multi-family property and can only be rented to one rental party at a time.
- Mixed-Use buildings are limited to a maximum 40% of units (over 40% triggers hotel building code standards).

Currently, the initial fee for a short-term rental business license is \$184, which is the standard fee for all home occupation licenses. The cost to renew a license is \$4.00. Short-term rental operators are also required to register for payment of Transit Occupancy Tax (TOT) prior to business license issuance. The City presently contracts with HdL Companies to assist in the quarterly collection of TOT.

Concerns about limited regulation of short-term rentals generally focus on noise and parking complaints in addition to the rental of unpermitted or unsafe structures. The City does request information on the unit being rented and verifies that a permit has been obtained for the unit. However, the current process does not include an inspection or verification that the information provided is accurate. The City has received noise and parking complaints related to short-term rentals in some neighborhoods and code enforcement has taken action on a number of Recreational Vehicles being used for vacation rental purposes.

PROPOSED REGULATIONS AND PROCEDURES

The proposed ordinance will establish a *Short-term Rental* land use, create a Short-term Rental Permit, and allow the City to regulate and enforce codified standards for the initiation and ongoing operation of short-term rentals.

The new process for approval of a short-term rental would include:

- 1) Approval of a Short-Term Rental Permit (Community Development Director level approval), and
- 2) Issuance of a Business License
- 3) Annual Permit and License renewal with standards for ensuring continued compliance with code standards (owner-occupancy, life-safety affidavit, etc)

While the business license process will remain unchanged, the new permit requirement will allow review of the application for compliance with adopted standards that aim to increase accountability to the community. These standards include:

- Requiring owner-occupancy for short-term rentals in single-family zoned neighborhoods, verified through a Homeowners Primary Residence Tax Exemption from the County Assessors office.
- Providing a contact that is available 24/7 to address any concerns or complaints.
- Requiring a posted public notice at the subject parcel in advance of permit approval.
- Limiting short-term rentals to one rental party, two vehicles, and quiet hours.
- Establishing penalty fees and permit revocation authority for failure to comply with standards.

The information collected with an application will be similar to what is typically collected with planning applications, with the addition of 24-hour contact information and proof of primary residency, when applicable. The Short-term Rental Permit process includes a life-safety inspection to ensure habitable living conditions and installation of carbon monoxide detectors, fire extinguishers, and smoke detectors, and a posted flyer with emergency information and resources. A visible notice will be required to be posted on-site to ensure that neighbors are aware of proposed applications, allowing neighbors to share concerns in advance of approvals. The permit will need to be renewed annually at the end of each year prior to business license renewal. Renewal applicants will be required to provide an affidavit regarding the safety conditions of the property, updated contact information, and re-verification of owner occupancy, when applicable. Staff will review to ensure that the rental is in good standing without persistent or significant code compliance issues. No noticing or inspection will be required for renewals.

The Planning Commission may consider changing noticing requirements to require a mailed notice to neighbors and occupants within 100' of single-family building and/or in the same multifamily building where the short-term rental is proposed. Similarly, the Planning Commission may consider whether 24-hr contact information should be shared with immediate neighbors or only the City.

New permitting and licensing fees will need to be established to recoup the cost of City and consultant time spent on review, inspection, and compliance monitoring of short-term rentals. The additional fees are anticipated to be \$800-\$1,100. The City Council will adopt a service fee based on staff time and cost of consultant compliance services at a future meeting.

All Short-term rental Permits and Licenses will be non-transferrable upon change of ownership. This ensures that owner-occupancy is maintained and all requirements are adhered to by any future owner. Any “grandfathered” existing licenses will also terminate when the property changes ownership.

SHORT-TERM RENTAL PERFORMANCE STANDARDS

The proposed short-term rental ordinance provides standards for rental of single-family units, multi-family units, and units in mixed-use buildings. As these zoning districts and development

types present a different scale and neighborhood character, standards are tailored to meet certain city goals and ensure neighborhood compatibility while providing for the appropriate scale of vacation rental integration.

A. Single-family zone: Owner-occupancy required

Owner occupancy requirements are limited to single-family neighborhoods to ensure a level of responsibility and accountability in areas that are generally quieter, may be more remote, and do not lend themselves to a tourism focus.

B. Multi-family development: Maximum 25% of dwelling units

Multi-family developments are generally in more dense areas and more centrally located with access to commercial corridors and the freeway. Multi-family developments are also generally not owner-occupied and have a property manager available. However, multifamily developments also provide valuable housing options and the City wants to ensure that long-term housing remains a key focus for these neighborhoods. The proposed standards limit the number of units in a multifamily development that can be used for short-term rentals to 25%.

The Planning Commission may consider changing the proposed language to allow more or less units to be utilized in Short-term Rentals in multi-family developments. However, the maximum allowable short-term rental units must not exceed 40% to avoid triggering commercial building code occupancy standards.

For sale condominium developments would be treated the same as multifamily rental developments. As proposed, condominiums would be subject to the same 25% multifamily limit, which would be applied on a first-come, first-served basis. Additional restrictions can be placed on Short-term Rentals privately through individual Homeowner Associations. While the City would not enforce these private parameters, each HOA would have to authority to enforce them.

The Planning Commission may consider applying an owner occupancy restriction to certain condominium developments, such as in the following example:

Condominium Developments. Condominium units shall be subject to Owner Occupancy requirements unless common ownership can be verified for at least 60% of the residential units in the structure.

Owner-occupancy requirements on condominium units may further protect the residents of multifamily developments by limiting conflicts with neighboring Short-term Rentals and ensuring that the City's housing stock is used for housing. However, this could be overly restrictive for condominium developments where multiple or all condominium units are under common ownership and no owner lives on-site.

C. Mixed-use development: Maximum 40% of dwelling units

Because mixed-use developments are within commercial zoning districts where tourist uses such as hotels and motels are permitted, a higher quantity of allowed short-term rentals per

development is proposed for consistency with the ongoing City Council direction to prioritize commercial uses and revenue generation in commercial districts.

The Planning Commission may consider changing the proposed language to allow more or less units to be utilized in Short-term Rentals in mixed-use developments. However, the maximum allowable short-term rental units must not exceed 40% to avoid triggering commercial building code occupancy standards.

Similar to multi-family developments, mixed-use developments with individually for sale condominium units are proposed to be subject to the same maximum percentage standards as rental developments with units eligible on a first-come, first-served basis.

The Planning Commission may consider applying an owner occupancy restriction to these units.

As mixed-use developments are within commercial zoning districts where hotel and motel uses are generally allowed, including owner-occupancy requirements would be more focused on reserving long-term housing stock over neighborhood compatibility. Again, individual HOAs could include their own restrictions and standards above and beyond City requirements to limit conflicts between visitors and long-term tenants.

EXISTING LICENSEES

A total of 132 short-term rentals are currently licensed in the City. All owners and primary contacts of these short-term rentals were sent a mailed notice to encourage their attendance and insights at this Planning Commission hearing. As drafted, the amendments exempt vacation rentals with issued and active licenses from the proposed owner-occupancy requirement. “Active licenses” are defined as those with no outstanding license fees **and** which have submitted TOT to the City for at least one valid short-term stay within the previous four fiscal quarters (October 2024 – September 2025). All other standards are proposed to apply upon adoption and compliance will be confirmed before the following business license renewal period, at which time the licensee will need to obtain a Short-term Rental Permit to remain active.

Planning Commission may also consider the following alternatives related to existing licensees:

- Allow existing operators with “active licenses” to proceed without having to apply for the new short-term rental permits, including waiving inspection requirements and avoiding the new permit fees by adding the following language to the proposed Section 9-2.109 Short-term Rental Permit:

The permit requirements established by this section shall not apply to property owners with an business license for a Short-term Rental was approved on or before November 1, 2025, and the Short-term Rental has been rented for a minimum (1) stay during the four (4) fiscal quarters, as verified through Transit Occupancy Tax filings prior to application for business license renewal.

Licensees would still be subject to any annual license renewal fees, including additional increased fees resulting from this ordinance. Staff would recommend that any changes removing the life-safety inspection include provision for an affidavit to confirm that the life-safety devices are installed and the house is in a safe and habitable condition.

- Provide additional flexibility or restriction on the definition of an “active license” by narrowing or broadening the TOT reporting requirements (e.g. one rental within the previous two fiscal quarters, one rental within the previous two fiscal years, etc).

CONCLUSION

The ordinance is proposed as a proactive effort to prevent conflicts between the growing short-term rental industry, adjacent residents, and local hotels and motels by facilitating enforcement and setting clear standards for existing and future short-term rental operators.

ENVIRONMENTAL DETERMINATION:

The California Environmental Quality Act (CEQA), Section 15061(3)(b), exempts activities which are covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. The proposed text amendment will not have any significant adverse environmental impacts.

FINDINGS:

To recommend approval of the proposed code text amendment, the Planning Commission make the following findings. These findings, and the facts to support these findings, are included in the attached resolution.

1. The Planning and Zoning Text Change is consistent with General Plan policies and all other applicable ordinances and policies of the City;
2. This Amendment of the Zoning Ordinance will provide for the orderly and efficient use of lands where such development standards are applicable;
3. The Text Change will not, in itself, result in significant environmental impacts.

ALTERNATIVES:

1. The Planning Commission may recommend modifications to the City Council regarding the proposed text amendment. Any proposed modifications should be clearly restated in any vote on any of the attached resolutions.
2. The Planning Commission may determine that more information is needed on some aspect of the proposed amendments and may refer the item back to staff to develop the additional information. The Commission should clearly state the type of information that

is required. A motion, and approval of that motion, is required to continue the item to a future date.

3. The Planning Commission may recommend that City Council deny the proposed amendments. The Commission must specify what findings cannot be made, and provide a brief oral statement, based on the Staff Report, oral testimony, correspondence, or any other rational introduced and deliberated by the Planning Commission.

REVIEWED BY OTHERS:

This item has been reviewed by the Community Development Director, Finance Director, and Assistant City Attorney.

REVIEWED AND APPROVED FOR COUNCIL AGENDA

Kelly Gleason, Planning Manager

ATTACHMENTS:

1. Draft PC Resolution

DRAFT PC RESOLUTION

RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF ATASCADERO, CALIFORNIA, RECOMMENDING THE CITY COUNCIL ADOPT AN AMENDMENT TO TITLE 9 PLANNING & ZONING, TO ADD DEFINITIONS AND STANDARDS SHORT-TERM RENTALS

SHORT-TERM RENTALS (ZCH24-0059)

WHEREAS, the City of Atascadero (6500 Palma Ave., Atascadero, CA 93422), is considering Zone Change Text Amendments to Title 9; and

WHEREAS, the term “short-term rental” refers to a commercial lodging use that operates from a permitted dwelling unit in which tenants lease the dwelling or a portion of the dwelling for a period not exceeding more than 30 days; and

WHEREAS, short-term rentals are currently allowed in the City with a valid business license, but the City has not previously adopted zoning standards regulating this use; and

WHEREAS, City Council has determined that the commercial use of a dwelling as a short-term rental is a privilege that requires more oversight to ensure accountability to the community; and

WHEREAS, the California Revenue and Taxation Code section 7280 grants the City the authority to charge Transient Occupancy Tax for short-term occupancy of lodging uses; and

WHEREAS, the Planning Commission has determined that it is in the best interest of the City to enact amendments to Title 9 Planning and Zoning of the Atascadero Municipal Code for consistency with the General Plan and to maintain a clear and legible set of Zoning Regulations that is easily interpreted by the public and staff; and

WHEREAS, a timely and properly noticed Public Hearing upon the subject Planning and Zoning Text Change application was held by the Planning Commission of the City of Atascadero at which hearing evidence, oral and documentary, was admitted on behalf of said Planning and Zoning Text Amendments; and

WHEREAS, the laws and regulations relating to the preparation and public notice of environmental documents, as set forth in the State and local guidelines for implementation of the California Environmental Quality Act (CEQA) have been adhered to; and

NOW, THEREFORE, BE IT RESOLVED that the Planning Commission of the City of Atascadero, California makes the following findings, determinations and recommendations with respect to the proposed Zoning Code Text Amendment:

SECTION 1. Findings for Approval. The Planning Commission finds as follows:

1. FINDING: The Planning and Zoning Text Change is consistent with General Plan policies and all other applicable ordinances and policies of the City.

FACT: The proposed zoning code text updates are consistent with the General Plan. The modifications to the definitions and establishment of standards to allow for short-term rentals while preserving residential neighborhoods and ensuring their participation in the City's economic growth.

2. FINDING: This Amendment of the Zoning Ordinance will provide for the orderly and efficient use of lands where such development standards are applicable.

FACT: The proposed Short-Term Rental Ordinance creates new standards for the responsible and orderly operation of short-term rentals in the City to ensure ongoing compatibility with City policy for residential neighborhoods.

3. FINDING: The Text Change will not, in itself, result in significant environmental impacts.

FACT: The proposed text amendment is minor and will not result in a physical environmental impact. Short-term rentals are currently allowed without formalized code standards and are considered a use consistent and compatible with the establishment of residential dwelling units. The adoption of this ordinance will set clear standards, and allow enforcement of these standards moving forward.

SECTION 2. CEQA. This Ordinance is exempt from the California Environmental Quality Act (CEQA), Public resources Code Section 21000 et seq., because it can be seen with certainty that there is no possibility that the enactment of this Ordinance would have a significant effect on the environment (Pub. Resources Code § 21065; CEQA Guidelines §§ 15378(b)(4), 15061(b)(3).

SECTION 3. Recommendation of Approval. The Planning Commission of the City of Atascadero, in a regular session assembled on August 19, 2025, resolved to recommend that the City Council introduce for first reading by title only, an Ordinance that would amend the Title 9 of the Atascadero Municipal Code as shown in Exhibit A.

BE IT FURTHER RESOLVED that a copy of this Resolution be delivered forthwith by the Planning Commission Secretary to the City Council of the City of Atascadero.

On motion by Commissioner _____, and seconded by Commissioner _____, the foregoing resolution is hereby adopted in its entirety by the following roll call vote:

AYES:

()

NOES: ()

ABSTAIN: ()

ABSENT: ()

ADOPTED:

CITY OF ATASCADERO, CA

Tori Keen
Planning Commission Chairperson

Attest:

Phil Dunsmore
Planning Commission Secretary

ATTACHMENT 1: TEXT AMENDMENTS ZCH24-0059

Amend AMC § 9-2 to incorporate provisions for a Short-term Rental Permit as follows:

...

§ 9-2.109 Short-term Rental Permit

(a) Purpose and Applicability. This Article provides permitting and processing procedures associated with the Short-term Rental provisions of Article 9-6.187 (Short-term Rentals). A Short-term Rental Permit shall be approved and renewed annually in order to allow for the operation of a Short-term Rental within any Dwelling Unit.

(b) Review and Action

- (1) Review Authority. The review authority for Short-term Rental Permit applications is the Community Development Director.
- (2) Posting. A notice of permit application shall be posted at a visible location along the parcel frontage for a minimum of 15 business days prior to Director action. The notice shall be in a form approved by the City.
- (3) Safety Inspection. City staff shall inspect all dwellings associated with an initial Short-term Permit application to ensure all required fire, life, and safety devices are installed and that no substandard living conditions exist in the dwelling before permit action.
- (4) Findings. The following findings are required for approval of a Short-term Rental Permit:
 - (i) The Short-term Rental complies with §9-6.187 (Short-term Rentals), and all other applicable provisions of the Zoning Code and the Municipal Code.
 - (ii) No verified code enforcement cases have existed on the property within the last year, with the exception of a violation resolved through approval of this permit.
- (5) Conditions. In approving a request for a Short-term rental Permit, the review authority may impose conditions of approval deemed reasonable and necessary to ensure that the use will comply with the findings required by subsection (e) of this section (Findings).
- (6) Effective Date of Approval. The approval shall become effective for the purpose of issuance of a business license 14 business days after approval, unless an appeal is filed with the Planning Department as set forth in subsection (5) of this section.
- (7) Appeal. Any person may appeal a decision on a Short-term Rental application as outlined in Section 9-1.111 (Appeal).

(c) Application Preparation and Filing. Short-term Rental Permit applications shall include any materials set forth on the application form or otherwise prescribed by City policy, including but not limited to, the following:

- (1) Fees. All required fees shall be paid concurrently with the submittal of an application for a Short-term rental, in accordance with the fee schedule in effect at the time of application.
- (2) Proof of Principal Residence. If owner-occupancy is required by section 9-6.187, the owner shall submit a copy of their latest Homeowners' Exemption from the San Luis Obispo County Assessor's office.

- (3) Site and Floor Plan. A site plan identifying all structures and all required parking and floor plan with labeled rooms, the location of fire, life, and safety devices.
- (d) Permit Valid. An approved Short-term Rental Permit shall be valid for 12 months or until December 31st of each calendar year, whichever is sooner, except that applications submitted after November 1st be valid to December 31st of the following year.
- (e) Renewal. An approved Short-term Rental Permit may be renewed provided that an application is submitted by December 1st of that calendar year and complies with the procedures and standards of this Article and Section 9-6.187 (Short-term Rentals).
 - (1) Review and Action
 - (i) Review Authority. The review authority for the renewal of a Short-term Rental permit is the Community Development Director.
 - (ii) Findings. The following findings are required for approval of an application to renew a Short-term Rental Permit, in addition to those findings set forth in Subsection (e) of this Section:
 - a. The Short-term Rental has been rented for a minimum (1) stay during the previous four (4) fiscal quarters, as verified through Transit Occupancy Tax filings.
 - b. The Short-term Rental has been operated in an orderly manner over the previous permitting year, with any code enforcement issues being promptly resolved and no repetitive or ongoing compliance issues.
 - (iii) Conditions. In approving a request to renew a Short-term rental Permit, the review authority may impose additional conditions of approval deemed reasonable and necessary to ensure that the use will comply with the findings required by subsection (3) of this section (Findings).
 - (iv) Effective Date of Renewal. The renewal shall become effective immediately after Director action for the purpose of processing a business license renewal.
 - (v) Appeal. Any person may appeal a decision on an application to renew a Short-term Rental application as outlined in Section 9-1.111 (Appeal).
 - (2) Renewal Application Preparation and Filing. Applications for the renewal of a Short-term Rental Permit shall include any materials set forth on the application form or otherwise prescribed by City policy, including but not be limited to the following:
 - (i) Fees. All required fees for permit renewal, in accordance with the fee schedule in effect at the time of application renewal.
 - (ii) Affidavit. An affidavit signed by the property owner confirming that the home remains in a safe, habitable condition and all fire, life, and safety devices remain properly installed and functioning. Affidavits shall be in a form approved by the Community Development Director.
 - (iii) Proof of Principal Residence. If owner-occupancy is required by section 9-6.187, the owner shall submit a copy of their latest Homeowners' Exemption from the San Luis Obispo County Assessor's office.
- (f) Reapplication. The owner of any property for which a Short-term Rental application is denied due to an inability to make the required findings for approval shall become ineligible to operate a Short-term rental until the following calendar year.

(g) Non-transferable. Short-term Rental Permits do not run with the land and shall not be transferable between Owners. Transfer of Ownership of a Parcel shall void any existing Short-term Rental Permit and a new Short-Term Rental Permit shall be required to operate under new ownership.

(h) Enforcement and Revocation.

(1) Violations. Violations of the Short-term Rental Permit, including any requirements of the Municipal Code or any permit conditions, shall be considered a misdemeanor and shall be enforced per Title 12 (Code Enforcement) of the Atascadero Municipal Code. Violations related to health and safety shall be considered an infraction subject to the penalties allowed by Gov Code 63900(d), as follows:

(i) A fine not exceeding \$1,500 shall be imposed for the first infraction;

(ii) A fine not to exceed \$3,000 shall be imposed for the second infraction occurring within a year of the initial infraction;

(iii) A fine not to exceed \$5,000 shall be imposed for any subsequent infraction occurring within a year of the initial infraction.

(2) Revocation. The City shall revoke a Short-term Rental Permit for any Short-term Rental where three code violations are verified within the annual licensing period.

(i) Documented evidence, including but not limited to photography, video, and audio recordings provided to the City by a resident, shall be considered sufficient to verify a code violation in the absence of first-person observation by a City representative.

(3) No subsequent Short-term Rental Permit shall be issued for a property where a Short-term Rental Permit has been revoked until the subject property has transferred ownership to a new, unrelated owner.

(4) Owners of properties operating Short-term Rentals shall be responsible for compliance with all standards of the Atascadero Municipal Code, inclusive of any violations by tenants and subsequent enforcement action by the City.

(i) Retroactive Effect. All existing Vacation Rental Business Licensees may continue to operate without a Short-Term Rental Permit until December 31, 2025. All Short-term Rental operators must obtain a Short-term Rental Permit before or concurrently with their Business License applications to continue operations from January 1, 2026 onwards.

(a) ~~§ 9-2.109~~ § 9-2.110 Precise plan.

...

~~§ 9-2.110~~ § 9-2.111 Conditional use permit.

...

~~§ 9-2.111~~ § 9-2.112 Approved plans.

...

~~§ 9-2.112~~ § 9-2.113 Permit time limits.

(a) An approved plot plan is valid for the time limits established by Title 8 governing building permits. An approved precise plan or conditional use permit, when not part of a planned development with an approved corresponding tentative map, is valid for 24 months after its effective date, unless otherwise provided by adopted conditions. At the end of the 24 months the approval shall expire and become null and void unless:

- (1) Building permits have been applied for and have not expired;
 - (2) The project is completed (Section 9-2.114);
 - (3) An extension has been granted (Section 9-2.117); or
 - (4) A building moratorium is imposed on the project site.
- (b) If a conditional use permit has been approved as part of a planned development with a corresponding tentative map, the life of the conditional use permit shall run with the map and shall only expire if the map expires. Time extensions for the map shall also extend the time of the corresponding conditional use permit. Conditional use permits which correspond with a tentative map shall remain active and shall not expire once the map is recorded. This provision shall apply retroactively and, as a result, any conditional use permit which expired prior to the effective date of the ordinance codified in this section, but which was approved as part of a planned development with a corresponding tentative map that is still active, shall no longer be considered expired but shall instead be deemed active and subject to expiration only if and when the corresponding map expires without having been recorded.
- (c) Endorsement or approval by the Design Review Committee shall be valid for a period of 12 months, unless otherwise provided by adopted conditions. At the end of the 12 months, the endorsement/approval shall expire and become null and void unless:
- (1) A complete construction permit for the majority of the development has been applied for and has not expired;
 - (2) The project is completed (Section 9-2.114);
 - (3) An extension has been granted consistent with the following:
 - (i) The Planning Director may grant two six month extensions. Additional exceptions may be granted by the Design Review Committee.
 - (ii) An extension shall be requested in writing on or before the date of expiration of the approval/endorsement.
 - (iii) The following findings shall be made to grant an extension:
 - a. There have been no changes to the provisions of the General Plan or zoning regulations applicable to the project since the approval/endorsement of the project; and
 - b. There have been no changes in the character of the site or its surroundings which affect how the standards of the General Plan or zoning regulations apply to the project.

(d) An approved Short-term Rental Permit shall be valid for 12 months or until December 31st of each calendar year, whichever is sooner, except that applications approved after November 1st be valid to December 31st of the following year. An approved Short-Term Rental Permit may be renewed for an additional 12-month period in compliance with procedures and standards outlined in Section 9-2.109 (Short-Term Rental Permit) and Section 9-6.187 (Short-term Rentals) of this title.

~~(d)~~(e) Nothing in this title shall be construed as affecting any time limits established by Title 8 of this code regarding work authorized by a building permit or other construction permit issued pursuant to Title 8, or time limits relating to the expiration of such permit.

~~§ 9-2.113~~ § 9-2.114 Substantial site work defined.

...

~~§ 9-2.114~~ § 9-2.115 Project completion.

...

~~§ 9-2.115~~ § 9-2.116 Occupancy or use of partially completed projects.

...

~~§ 9-2.116~~ § 9-2.117 Occupancy with incomplete site improvements.

...

~~§ 9-2.117~~ § 9-2.118 Extension of entitlement.

...

~~§ 9-2.118~~ § 9-2.119 Lapse of entitlement.

...

~~§ 9-2.119~~ § 9-2.120 Applications deemed approved.

...

~~§ 9-2.120~~ § 9-2.121 Applications deemed withdrawn.

...

~~§ 9-2.121~~ § 9-2.122 Guarantees of performance.

...

~~§ 9-2.122~~ § 9-2.123 Housing Accountability Act streamlined review.

...

Add AMC § 9-6.187 establishing Short-term Rental Standards as follows:

§ 9-6.187 Short-term Rentals.

Short-term Rentals are subject to the following standards:

(a) Permitting. The operation of a Short-term Rental shall be subject to approval and annual renewal of a Short-term Rental Permit. Permit renewals shall be in compliance with this Section and Section 9-2.109 (Short-term Rental Permit).

(b) Location and Quantity.

(1) Single-Family Zoned Properties. One dwelling unit shall be allowed to operate as a Short-Term Rental provided that:

- (i) The unit is not an ADU, JADU, UDU built after January 1, 2020; and
- (ii) The unit is not a deed restricted affordable unit, or any other unit restricted to long-term stays per State or Local code; and

(iii) The Parcel is owner-occupied, except that this requirement shall not apply when:

- (a) A business license was approved on or before November 1, 2025, and
- (b) The Short-term Rental has been rented for a minimum (1) stay during the previous four (4) fiscal quarters, as verified through Transit Occupancy Tax filings, and
- (c) The Business License remains in active status.

- (2) Multiple-Family Zoned Properties. At least one (1) but not more than 25% of the residential units on a Multiple-Family zoned property shall be allowed to operate as Short-term Rentals, provided that:
 - (i) The unit is not an ADU, JADU, UDU, or deed restricted affordable unit, or any other unit restricted to long-term stays per State or Local code.
 - (3) Mixed Use Developments. At least one (1) but not more than 40% of residential units in a Mixed-Use Development shall be allowed to operate as Short-Term Rentals, provided that:
 - (i) The unit is not an ADU, JADU, UDU built after January 1, 2020; and
 - (ii) The unit is not a deed restricted affordable unit, or any other unit restricted to long-term stays per State or Local code.
 - (4) Short-term Rentals shall not be permitted accessory structures or recreational vehicles.
 - (5) All Short-term rentals must be operated out of legally constructed dwelling units
 - (6) Dwelling units that are considered "legal non conforming," as outlined in Chapter 7 (Nonconforming Uses) of the Atascadero Municipal Code, shall be able to operate as Short-term rentals. The type and number of units permitted to be Short-term rentals shall be determined by the community Development Director based on property development characteristics.
- (c) Fire, Life, and Safety Devices. All Short-term Rentals shall be outfitted with the following:
 - (1) Smoke alarms and carbon monoxide detectors as required by the most current California Building Code in effect at the time of permit application.
 - (2) A fire extinguisher located at an easily visible and accessible location for renters.
 - (3) An informational sheet identifying emergency resources, local evacuation zone information, and fire safety posted at an easily visible location inside the dwelling.
- (d) Operating Standards. The following standards shall be adhered to at all times and shall be disclosed in any rental listings and/or subsequent rental agreements.
 - (1) Rental Parties. A maximum of one rental party shall be allowed to occupy a Short-term Rental at any given time.
 - (2) Vehicles and Parking. All rental parties shall be limited to a maximum of two vehicles. All vehicles must park on-site.
 - (3) Quiet Hours. Quiet hours shall be observed from 9PM to 7AM Sunday through Thursday and 11PM to 7AM Friday and Saturday.
 - (4) 24-hour Contact. All Short-term Rental permits shall identify a 24-hour contact that shall be available to respond to and resolve complaints regarding the Short-term Rentals within one hour of notification from the City.
- (e) Signs. One identification sign may be erected pursuant to Chapter 9-15.
- (f) Business License. All Short-term Rental operators must obtain a City Business License. Short-term Rental Business licenses shall expire each year on December 31st.
- (g) Transit Occupancy Tax. All Short-term Rentals shall be registered for the collection of the City's Transit Occupancy Tax (TOT).
- (h) Retroactive Affect. Unless otherwise stated, this section shall apply to all properties and licensees with existing issued and active business licenses to operate Short-term Rentals.

Amend AMC § 9-3.230, Table 3-1 to list Short-term Rental as follows:

**Table 3-1 - Agriculture and Residential Land Uses
Allowed Land Uses and Permit Requirements**

Agriculture/Residential Zones Tourism, Lodging, and Dining	A Allowed Use, Zoning Clearance Required AUP Administrative Use Permit CUP Conditional Use Permit Required <input type="checkbox"/> Not Permitted					
	Permitted Uses By Zone					Special Use Regulation(s)
	A	RS	RSF	LSF	RMF	
<u>Short-term Rental</u>	<u>A</u>	<u>A</u>	<u>A</u>	<u>A</u>	<u>A</u>	<u>9-6.187</u>

Zoning Districts Abbreviations

A - Agriculture

LSF - Limited Single-Family Residential

RS - Residential Suburban

RMF - Residential Multifamily

RSF - Residential Single-Family Residential

Amend AMC § 9-3.330, Table 3-2 to list Short-term Rental as follows:

**Table 3-2 - Nonresidential Use Table
Allowed Land Uses and Permit Requirements**

Nonresidential Zones	A Allowed Use, Zoning Clearance Required CUP Conditional Use Permit Required AUP Administrative Use Permit Required <input type="checkbox"/> Not Permitted										
	Permitted Uses By Zones										Special Regulation(s)
	CN	CP	CR	CS	CT	CPK	DC	DO	IP	I	
	<u>Short-term Rental</u>	<u>A¹¹</u>	<u>A¹¹</u>	<u>A¹¹</u>	<u>A¹¹</u>			<u>A¹¹</u>	<u>A¹¹</u>		

Notes: (These notes apply only to Table 3-2).

- 1 Residential uses allowed only on second and third floors. If a project is required to comply with the Americans with Disabilities Act and does not have an elevator, one accessible unit may be located on the ground floor in conjunction with commercial space and shall not exceed the greater of:
 - 500 sf; or
 - 10% of the size of the ground floor commercial space not to exceed 1,000 sf.
- 2 Multifamily dwellings permitted when located on the second floor or above, or within an existing residential structure of historical significance.
- 3 Temporary events requiring more than 3 days for on-site setup and teardown require the approval of a conditional use permit (Section).

- 4 Outdoor commercial and industrial sales and storage developments (as defined by Section 9-9.102) of 10,000 square feet or more require the approval of a conditional use permit (Section 9-2.110), even if such a development is listed as an allowable use in a particular zoning district.
- 5 Handcrafted and artisan food production shall be ancillary to the retail component.
- 6 Mobile food vending permitted on private property with owner's permission and City review of parking and access on site. Mobile food trucks used as part of an event may be permitted in the right-of-way with the issuance of an Event Permit.
- 7 When no overnight stays of animals are included.
- 8 Permitted when in association with conforming and legal nonconforming residences.
- 9 Allowed on ground floor south of Atascadero Creek. Conditional use permit required on ground floor on Palma, East Mall, West Mall Entrada, Traffic Way and on El Camino Real north of Atascadero Creek as designated in Figure 3-1, subject to all of the following findings:
 - a. The location and setting of the existing building is not ideal for pedestrian uses such as restaurants, retail or related uses.
 - b. The existing building and site improvements are designed exclusively for office uses and could not accommodate other uses.
 - c. The proposed new office use will be a significant contribution to economic development by providing new jobs, pedestrian traffic, and active uses in the downtown.
 - d. The proposed new office will meet parking, accessibility, and property development standards and will not result in new parking along Atascadero Creek, East Mall or West Mall.
 - e. The proposed new office building will provide a storefront and other architectural features that complement the pedestrian scale and retail environment desired within the downtown.
- 10 Outdoor storage of towing related vehicles, towed vehicles, or accessory storage (other than an approved parking lot for employees or fleet vehicles) over eight thousand (8,000) square feet shall require approval of a conditional use permit. (Section 9-2.110), even if such a development is listed as an allowable use in a particular zoning district.

11 Allowed as part of a Mixed-Use Development or Multiple-family Development.

Zoning District Abbreviations

CN - Commercial Neighborhood

CP - Commercial Professional

CR - Commercial Retail

CS - Commercial Service

CT - Commercial Tourist

CPK - Commercial Park

DC - Downtown Commercial

DO - Downtown Office

IP - Industrial Park

I - Industrial

Amend AMC § 9-3.500. Add a definition for Short term Rental as follows:

Short-term Rental. The rental of a dwelling, or habitable portion thereof, for 30 consecutive calendar days or less for temporary transient lodging purposes.

Amend AMC § 9-9.102 to delete the definition of vacation rental

~~Vacation rental. Any habitable structure, or portion thereof, utilized as a short term rental for stays of 30 days or less.~~

Amend AMC § 9-15.004 to allow Short-Term Rental Signs as follows:

§ 9-15.004 Exempt signs.

Types of Exempt Signage. The following sign types are exempt from the requirement of a building permit provided that the sign is consistent with the standards of this chapter. The size and placement standards set forth below and in subsequent sections must be adhered to in order for such sign to qualify as exempt.

(a) Signs on Properties Under Construction. With an aggregate area of 40 square feet, attached to a fence or construction related structure, not exceeding eight feet in height, and made of a lightweight material such as vinyl. One sign per street frontage.

(b) Directory Signs. Wall mounted for pedestrian use, with an aggregate area of 20 square feet, placed lower than five feet on the wall surface.

(c) Non-Illuminated Decorations. Special event decorations may be in place up to 60 days, except for signage listed in Section 9-15.006.

(d) Hazard Signs. As long as a hazard exists.

(e) Residential Signs, Short-Term Rental, and Home Occupations. With an aggregate area of two square feet.

(f) Window Signs and Lettering. Limited to lettering, graphics and perforated window film. Maximum area per Table 15.1 and Table 15.2. Posting of signs related to the operation of the business not to exceed four square feet (hours, restaurant ratings, etc.) are excluded from aggregate sign calculations.

(g) Official Government Flags. Signs, flags and notices.

(h) Landscaped Signs. Consistent with Section 9-4.127.

(i) Official Safety and Directional Signs. Safety and directional signage that is consistent with the Manual on Uniform Traffic Control Devices, California edition (MUTCD).

(j) Temporary signage in accordance with Table 15.1 and Table 15.2.

(k) Vehicle Signs. Painted signs, magnetic signs, decals, or logo wrap adhered to a vehicle, unless parked for the primary purpose of displaying the sign, refer to Section 9-15.006(g).