



# CITY OF ATASCADERO

## CITY COUNCIL STAFF REPORT

Item G1

**Department:** Community  
Development  
**Date:** 01/13/2026  
**Placement:** Public Hearing

**TO:** PHIL DUNSMORE, COMMUNITY DEVELOPMENT DIRECTOR

**FROM:** KELLY GLEASON, PLANNING MANAGER

**PREPARED BY:** KELLY GLEASON, PLANNING MANAGER

**SUBJECT:** ADU Ordinance Update

---

### RECOMMENDATION:

*Planning Commission recommends Council:*

Introduce an ordinance for first reading, by title only, to amend Title 9, Planning & Zoning revising Chapter 5, Accessory Dwelling Units (ZCH25-0064), for consistency with State law and clarity related to development standards, and determining this ordinance is exempt from review under the California Environmental Quality Act.

### DISCUSSION:

#### **BACKGROUND**

The City adopted an Accessory Dwelling Unit (ADU) ordinance in 2003. State law related to ADU's constantly evolves and the City performed a comprehensive update to the ADU code text in January 2025. That update was sent to the State Department of Housing and Community Development (HCD) shortly following adoption. The State recently contacted the City after their review of the ordinance and has requested a number of minor changes for clarity. In addition, the State recently passed AB1154 which requires updates to regulations governing JADUs. Most other communities in our region have received similar letters from HCD requesting additional clarification and alignment with State law determinations.

The Planning Commission reviewed this item on December 16, 2025, and recommended that the Council consider additional amendments to the allowable height of ADUs for flexibility on sloped lots, as discussed below.

#### **ANALYSIS**

The proposed text amendment would make minor modifications to the City's ADU regulations intended to improve the ordinance's clarity, efficacy, and consistency with State law. Most notably, the State has required an amendment to the municipal code section related to ADU's developed on multi-family properties and setbacks for ADUs on both single-family and multi-family properties.

### ***ADUs IN MULTI-FAMILY DISTRICTS***

The Municipal Code currently allows for ADU's to be constructed on a multi-family zoned property only once the maximum site density has been achieved. The State has determined that the intent of State law is to allow ADU's on any multi-family zoned site regardless of whether the site is built to maximum density. This would allow properties zoned multi-family to develop ADU's prior to building out a site with its intended maximum density. New state law also allows the same number of ADUs to be built on a site as the existing number of primary (or standard multi-family units) units, up to a maximum of 8 per site.

### ***SETBACKS***

The existing ADU ordinance requires a minimum 10-foot side and rear setback if the ADU exceeds 1,000 square feet. The City adopted this to ensure neighborhood compatibility, especially on larger lots in our more rural areas. The State has reviewed this section and found it to be in conflict with the intent of State law, which has allowances for a 4-foot minimum side and rear setback. Draft AMC sections 9-5.050(a)(1) and 9-5.050(f) reflect the state mandates.

### ***JADU REGULATIONS (SB1154)***

SB1154 was passed in July 2025 and goes into effect January 1, 2026. This law eliminates the owner occupancy requirement for JADUs unless sanitation facilities are shared with the primary residence. Draft AMC section 9-5.060(e) and references in 9-5.050(i) illustrate these amendments.

### ***MINOR AMENDMENTS***

The proposed code text amendment includes minor changes intended to improve the clarity of the ordinance and its consistency with State law. Minor changes include:

- Updating State law sections for cross reference.
- Modifications to the section requiring deed notifications to eliminate language inconsistent with State law.
- Added clarification that the addition of an ADU to a property does not trigger sprinkler requirements for the existing primary residence.

### ***PLANNING COMMISSION HEIGHT RECOMMENDATION***

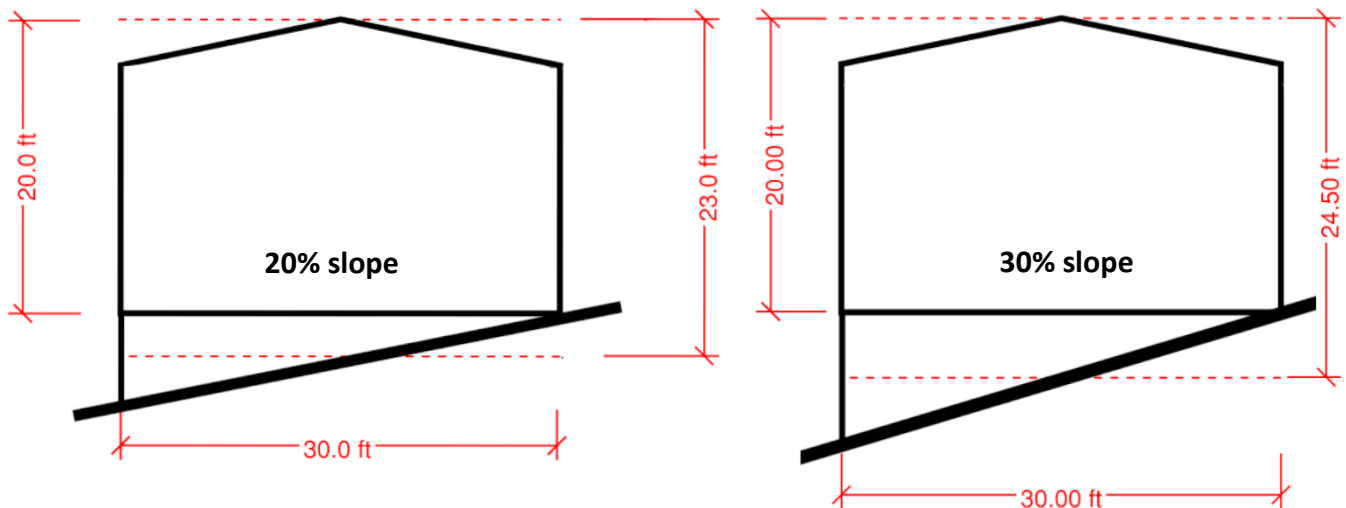
The City's ADU regulations directly adopt State law height standards for ADU's. These heights are different than what is currently allowed on residential properties in Atascadero. Current code allows single-family residences to be built to a maximum height of 30 feet and multi-family buildings to be built to a maximum height of 35 feet. State ADU law sets the minimum height for ADU's at:

- 16 feet for ADU's on Single-family zoned properties and 18 feet for ADU's on multi-family properties that do not meet standard setbacks
- 20 feet for ADU's in single-family zones that meet standard setbacks
- 25 feet for ADU's attached to an existing primary residence

In addition, the City allows for ADU's to be up to 25 feet in height if side and rear setbacks are increased to 15-feet.

The City's current method of measuring height uses the maximum height of the structure measured from the average finished grade. Therefore, if a lot is steeply sloped, additional height may be needed to accommodate a standard 2-story structure. The Planning Commission did not make a formal recommendation but rather wanted Council to explore options for flexibility.

1. Measure height from the highest natural grade: This method would not look at the downhill elevation of the structure and only look at the uphill side to determine height.
2. Increase height by a set value for ADU's on slopes over 20%: This would provide an increase in the measured height for ADU's proposed on areas where the slope is 20% or greater. Height measurements would be calculated using existing code methodology. Per staff analysis, an increase of 5-feet would allow for a detached 2 story ADU on sloped areas.



If the Council wants to consider increased height allowances for ADU's on sloped areas, staff recommends maintaining the height measurement standard outlined in the existing code and increasing the allowed height by 5-feet. Code text could be added to section 9-5.050(e)(4) as follows:

*(4) Twenty-Five feet for any detached ADU that complies with the setbacks of the underlying zoning district and where the footprint of the unit is located on a slope of 20% or greater.*

### **CONCLUSION**

The proposed text amendment to the City's ADU ordinance aims to ensure that local regulations align with State law. These updates address requirements for multifamily ADU development, setbacks, updated JADU requirements, while adding various minor changes for consistency and readability.

**ENVIRONMENTAL DETERMINATION**

This Project 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).

**FINDINGS**

To approve of a zone text amendment, the City Council must 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 TO THE STAFF RECOMMENDATION:**

1. The City Council may make modifications to the proposed code amendments.
2. The City Council may determine that more information is needed on some aspect of the 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 and move to continue the item to a future date.


**FISCAL IMPACT:**

Consistency with State law requires that the City allow ADU's on multi-family zoned properties prior to buildout. ADU's, per State law, pay no or reduced development impact fees. Allowing ADUs prior to, and in many cases instead of, the construction of primary units will result in less funds paid toward the City's Development Impact Fees which may impact our ability to provide services and infrastructure. Under existing State law, the City does not have any alternatives to this requirement.

**REVIEWED BY OTHERS:**

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

**REVIEWED AND APPROVED FOR COUNCIL AGENDA**



---

James R. Lewis, City Manager

**ATTACHMENT(S):**

1. Draft Ordinance