



CITY OF ATASCADERO

ADMINISTRATIVE HEARING NOTICE OF ACTION

Item 2

Department: Community
Development
Date: 02/18/2026

TO: Phil Dunsmore, Administrative Hearing Officer

FROM: Kelly Gleason, Planning Manager

PREPARED BY: Sahana Kotha, Planning Intern

SUBJECT: Holiday Inn Express and Suites Extended Occupancy

RECOMMENDATION:

The Administrative Hearing Officer approve Administrative Use Permit USE25-0074, allowing extended-occupancy lodging at the Holiday Inn Express and Suites at 9010 West Front Road based on findings and subject to conditions of approval.

DISCUSSION:

BACKGROUND

On April 22nd, 2025, the City Council approved Ordinance No. 685, amending Title 9 of the Atascadero Municipal Code to add Extended Occupancy Hotel/Motel to the land use definitions and establish standards for the use. This ordinance responds to an interest expressed by local hoteliers in extended stays in order to increase occupancy in slower seasons and better compete with medium-term rental platforms.

ANALYSIS

Holiday Inn Express and Suites is located on a property zoned CR. It has 80 rooms in total. The applicant requests an Administrative Use Permit to allow extended-occupancy lodging, defined as stays longer than 30 days. While these stays are not subject to transient occupancy tax (TOT) per State law, hotel/motel operators are subject to fees for each extended stay, as stipulated in a separate agreement with the City required by conditions of approval. Revenue generated from extended occupancies is limited to 20% of an operator's annual gross revenue.

FINDINGS:

Atascadero Municipal Code § 9-6.186 requires the Administrative Hearing Officer to make the following three findings:

1. **FINDING:** The hotel/motel is located within a commercial zone of the City.
FACT: Holiday Inn Express and Suites is located in a commercial zone.

2. **FINDING:** None of the extended occupancy is intended to be rented as a permanent residential multifamily room or unit.
FACT: Extended occupancy is intended for temporary stays only. The operator Holiday Inn Express and Suites will enter into an agreement with the City confirming the maximum length of occupancy is 120 days.
3. **FINDING:** Extended occupancy of a portion of the rooms/units is necessary to ensure the economic viability of the transient lodging and short-term occupancy lodging uses in the hotel/motel.
FACT: Permitting extended-occupancy rooms provides flexibility to local hoteliers and offers revenue options during slower seasons. Hoteliers have indicated that long-term stays are necessary to balance revenue and staffing.

ENVIRONMENTAL DETERMINATION:

The proposed project qualifies for a Class 1 categorical exemption from the provisions of the California Environmental Quality Act (California Public Resources Code §§ 21000, et seq., "CEQA") and CEQA Guidelines (Title 14 California Code of Regulations §§ 15000, et seq.) pursuant to CEQA Guidelines Section 15301, which exempts projects involving existing facilities where there is negligible or no expansion of use.

CONCLUSION:

- The applicant is requesting approval to offer extended-occupancy lodging at Holiday Inn Express and Suites at 9010 West Front Road.
- They meet the intent of the code and all applicable City standards.

CONDITIONS:

1. This approval shall be for an Extended Stay Administrative Use Permit, which allows for transient stays of greater than 30 days and up to 120 days, subject to these conditions and governing sections of the Atascadero Municipal Code.
2. The approval of these entitlements shall become final and effective the day after the administrative hearing, unless an appeal is made in accordance with the Atascadero Municipal Code. Implementation of extended stays is subject to execution of an agreement as outlined in Condition #6.
3. In accordance with the Atascadero Municipal Code section 9-8.105, any violation of any of the conditions of approval may be cause for revocation of this entitlement and subject the applicant and/or future property owners to the penalties set for in the Atascadero Municipal Code, as well as any other available legal remedies.
4. Approval of these entitlements shall be effective immediately. Should the lodging use not be operational at the time of approval, this entitlement shall be valid for twenty-four (24) months after its effective date. At the end of the period, should the lodging use still not

be operational, the approval shall expire and become null and void unless the project has received a time extension, consistent with the Atascadero Municipal Code.

5. The applicant shall defend, indemnify, and hold harmless the City of Atascadero or its agents, officers, and employees against any claim or action brought to challenge an approval by the City, or any of its entities, concerning the granting of or operation pursuant to the permit.
6. Prior to any lodging units or rooms being offered for stays greater than 30-days, the owner/operator shall enter into an Extended Stay Agreement (Agreement) that sets forth the conditions of extended occupancy. The term of the Agreement shall be retroactive to July 1st of the fiscal year in which the approval occurs and, should any rooms or units have been rented to extended stay guests prior to approval, those stays shall be subject to all fees and conditions set forth in the Agreement.
7. A memorandum of agreement shall be recorded against the property specifying participation in the program, requirements to renew the approvals upon sale, and reference to the Agreement.
8. This entitlement shall be personal to the lodging use owner and shall not be transferable whether by operation of law or otherwise. Sale of the property shall require a new application and/or Agreement.
9. This entitlement shall supplement and not supplant any other approval, entitlement, or permit granted for the lodging use.

ACTION:

- APPROVE APPROVE AS MODIFIED DENY
 CONTINUE TO ALLOW _____

SIGNED:  2-18-20
Phil Dunsmore, Administrative Hearing Officer Date

