



Administrative Report

N.2., File # 25-0066

Meeting Date: 1/21/2025

To: MAYOR AND CITY COUNCIL

From: MARC WIENER, COMMUNITY DEVELOPMENT DIRECTOR

TITLE

DISCUSSION AND POSSIBLE ACTION REGARDING UPDATES TO THE REDONDO BEACH MUNICIPAL CODE TO CONSIDER MODIFYING THE LAND USE REGULATIONS AND BUSINESS PERMITTING STANDARDS PERTAINING TO SMOKE SHOPS CITYWIDE AND NOTARY SERVICES IN THE RIVIERA VILLAGE DISTRICT

EXECUTIVE SUMMARY

Consistent with the City Council's Strategic Plan goal of attracting new businesses and reducing regulatory barriers, the Community Development Department is working to streamline permitting processes to make it easier for new businesses to open in Redondo Beach. Separately there have been questions raised by the community about the regulations and permit standards applicable to smoke shop businesses in the City and notary service providers in Riviera Village. This item provides an opportunity to discuss the City's various business regulations, permit standards, and approval processes and for the City Council to give direction to staff on possible Municipal Code modifications pertaining to citywide smoke shops and the notary services, and other street-fronting ground floor office uses, in the Riviera Village District.

BACKGROUND

The land use regulations tables within the Municipal Code establish the standards for opening a new business in the City and in general describe three permitting processes: 1) Permitted-by-Right (Business License), 2) CUP, and 3) Administrative Use Permit.

Permitted-by-Right: A business may be approved as a permit-by-right process through the issuance of a business license, which is administrative and streamlined. If the proposed business meets the definition for the type of use and is permitted, then the City administratively issues a business license, allowing the business owner to either open or submit a building permit application for tenant improvements. In many cities the majority of businesses are permitted in this manner.

Conditional Use Permit (CUP): Many business types within the City, particularly in the Coastal Zone, require a CUP. The decision to allow, conditionally allow, or deny a proposed business is rendered at a public hearing in front of the Planning Commission. The Commission must make the required findings for approval, or denial, and may apply special conditions to regulate business operations. Section 10-2.2506 of the Redondo Beach Municipal Code (RBMC) states that "the purpose of a Conditional Use Permit shall be to review certain uses possessing unique characteristics...to ensure that the establishment or significant alteration of those uses will not adversely affect surrounding

uses and properties nor disrupt the orderly development of the community. The review shall be for the further purpose of stipulating such conditions regulating those uses to assure that the criteria of this section shall be met.” The decisions made by the Planning Commission can be appealed to the City Council for final determination.

Administrative Use Permit (AUP): An AUP is similar in nature to the CUP in that it requires noticing, is discretionary and allows the City to apply special conditions; however, the decision is made by staff and is more administrative and streamlined than the CUP process. Section 10-2.2507 of the RBMC states that “the purpose of an Administrative Use Permit is to enable the Community Development Department to review projects, that otherwise meet the zoning regulations, with regard to the appropriateness of the specific land use at the proposed location.”

Many cities require a CUP for businesses that have the potential to impact the surrounding neighborhood (e.g., entertainment venues, bars, gas/service stations, liquor stores, etc.), but approve other uses such as retail, restaurants, and service businesses through a simple permit-by-right or AUP process. Redondo Beach has established a CUP process for many types of businesses, particularly in the Coastal Zone, which adds time, cost, and uncertainty to the process of opening a new business in Redondo Beach. The business permitting tables from the C-2 Commercial Zones, and the C-2/C-3 Coastal Commercial Zones, are provided for reference.

While the CUP process gives the City more discretion and ability to condition business operations, it can act as a barrier to prospective new businesses. In staff’s opinion there is opportunity to refine the business permitting requirements and is seeking Council’s input and direction on conducting a more thorough analysis and developing specific recommendations to help streamline the process for low-impact businesses.

Smoke Shops

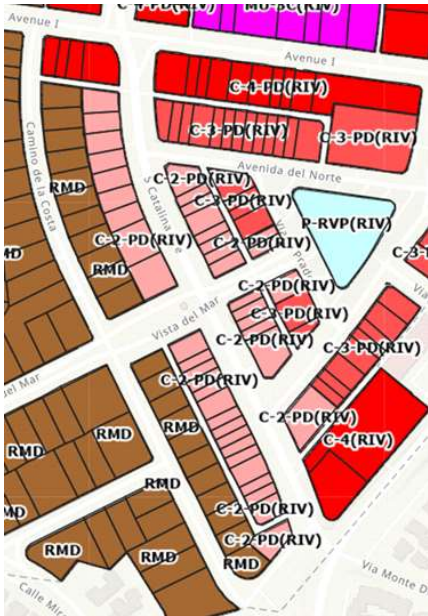
The North American Industrial Classification System (NAICS) defines smoke shops as establishments primarily engaged in retailing cigarettes, cigars, tobacco, pipes, and other smokers’ supplies. It is well documented that many cities throughout the State are encountering compliance issues with their smoke shops. For example, Modesto, California inspected its 47 smoke shops and found that all were selling flavored tobacco products, which were outlawed in 2022. Fresno, California conducted inspections of its 67 smoke shops and found that 79% were selling illegal cannabis products resulting in \$5 million in citations. Fresno went on to adopt an ordinance capping the number of smoke shops at 49 and requiring that a CUP be obtained with conditions allowing code enforcement to perform regular inspections.

There are 15 smoke shops in Redondo Beach, six of which have opened since 2019. It is recommended that the City Council direct staff to return with an ordinance that would create a definition of smoke shops, require a CUP subject to standard conditions, and possibly place a numerical cap on the number allowed within the City. The purpose of the cap would be to limit the proliferation of smoke shops and the associated cost burden placed on the City for continued monitoring and enforcement.

Riviera Village Office Uses

The C-2-PD (Pedestrian Oriented) Zone within the Riviera Village only allows office uses on “the second floor and/or above, or on the ground floor to the rear of other permitted retail or service uses provided that the pedestrian character of the corridor is not disrupted.” As depicted in the zoning

map below, the majority of Catalina Street within the core of the Riviera Village is zoned C-2-PD and prohibits ground floor office uses facing the street. Limiting office uses along the street frontage is intended to promote the purpose of the Riviera Village Overlay Zone (RBCM 10-2.1300) which is the “maintenance of the Riviera Village as a local-serving commercial zone with a distinct village-like environment characterized by a high level of pedestrian activity.” For this reason, the majority of businesses along Catalina Street consist of food/beverage services and retail.



Despite the prohibition on office uses, staff has identified three real estate offices that have opened within the C-2-PD Zone in recent years. The Community Development Department had previously determined that this was permissible because they included a “service” commercial use, i.e. notary service, in the front portion of the office and therefore were permitted. Staff requests that the City Council consider whether the language in the Municipal Code should be updated to prevent any future ground floor office businesses fronting the street within the C-2-PD Zone in the Riviera Village, as it may be inconsistent with the other businesses in the area and the overall purpose of the zoning district. For example, the standards could be amended to expressly prohibit professional office uses in conjunction with a street-fronting service business. Section 10-2.402 of the RBMC defines Professional Office Uses as “firms or organizations providing professional, executive, management, or administrative services, such as architectural, engineering, real estate, insurance, investment, or legal offices. This classification excludes savings and loan associations, banks, and medical offices.”

COORDINATION

This report has been coordinated with the Planning Division and Finance Department. If directed by the City Council, the exploration/preparation of ordinance(s) amending the City’s business use standards and regulations would be done in consultation with the City Attorney’s Office.

FISCAL IMPACT

There is no fiscal impact associated with this item.

APPROVED BY:

Mike Witzansky, City Manager

ATTACHMENTS

- Business Permitting C-2 Commercial Zone - Non-Coastal Tables