

SUBJECT: **SMALL BUSINESS INITIATIVE FOLLOW-UP**
INITIATED BY: **COUNCILMEMBER LAUREN MEISTER**
PREPARED BY: **COMMUNITY & LEGISLATIVE AFFAIRS DIVISION**
(John Leonard, Manager)
(Andi Lovano, Supervisor)

STATEMENT ON THE SUBJECT:

The City Council will consider directing staff to consolidate and expedite the exploration of ideas generated by previous council initiatives and the Chamber of Commerce small business initiative working group to encourage small businesses to open and efficiently operate in the City of West Hollywood.

RECOMMENDATIONS:

- 1) Direct the Long Range Planning Division, the Urban Design and Architecture Studio, and Economic Development staff to work with the Chamber on policies, programs, and partnerships that can be implemented more rapidly to specifically help attract small business to the City of West Hollywood.
- 2) Return to City Council in 60 days with an update.

BACKGROUND / ANALYSIS:

The City of West Hollywood is committed to maintaining its retail diversity, civic viability, and cultural identity. The City is home to a diverse group of high-end and boutique retail stores, neighborhood-serving small businesses, and independently-owned businesses. Many businesses in the City cater to the specific needs of their customer base, including the LGBT community or Russian-speaking community. Local, community-oriented businesses provide products of particular interest or meet a specific need. Together, these types of businesses contribute to the high quality of life in the City.

Sadly, the City is losing some of its unique small businesses due to COVID-19 economic impacts, escalating operational expenses, inability to access to needed resources, and higher commercial rents and proportional costs.

Small Business Initiative

West Hollywood as a community is committed to its small businesses, as is evidenced by the small business initiatives put forward over the last five years (see Attachments). As a

result of the City's small business initiatives, the West Hollywood Chamber of Commerce put together a small business initiatives working group to brainstorm new ideas to support the small business community that represents the unique identity that is West Hollywood. With the Chamber's support of staff efforts, the City has put forward new parking requirements as well as a new path for the permitting process. The City Council has also approved an economic gap/needs assessment study, which was intended to begin this fiscal year but is temporarily on hold until we can more fully assess the economic impacts from the COVID-19 public health emergency.

Over the past several years, there have been small business-centered recommendations from the City Council not yet investigated by staff and new ideas generated by the Chamber's working group that staff should be exploring with a new sense of urgency given our current socio-economic situation. These ideas and recommendations include, in no particular order:

Planning and Land Use

- Enable non-occupied, shallow depth liner retail spaces in under-activated pedestrian areas.
- Allow for smaller lot size, commercial subdivisions that would result in more inclusive small business land ownership opportunities (instead of only lease options).
- Encourage planned, small business lined courtyard clusters/destinations in new commercial development.
- Allow for small business display or showcase windows (in non-pedestrian oriented commercial fronts and public spaces), where appropriate, to heighten pedestrian experiences.
- Incentivize local, small businesses and disincentivize formula retail.
- Locate appropriate areas for live/work small business pods in strategic pockets of the City.
- Consider the value of low intensity, few employee micro-business use exceptions within the zoning code.
- Simplify time and expense for pedestrian-engaging small business signage; (i.e., blade sign districts and upper floor options).
- Encourage greater diversity and opportunities through small space pocket retail (less than 750 square feet) in new developments.

Economic Development

- Consider a locally driven education and resources-based launch program that targets and prioritizes West Hollywood residents who desire to open new small businesses in the city.
- Explore creating a “gap registry” that identifies essential neighborhood-serving types of small businesses that cause people to drive out from the City to obtain needed items or services. Work with landlords to identify and prioritize “gap businesses” when available spaces arise.
- Examine fee structures more closely to better understand the financial impact on small businesses in opening their doors. Look at a scaled fee structure based on projected gross revenue, perhaps allowing for new business to pay partial plan review processing fees and pay the balance as part of their business tax structure once up and running.
- In order to reflect the City’s interest in climate action, study the potential for a City-sponsored climate-responsive grant program that encourages carbon neutrality and environmental responsibility, and supports new small business that commit to achieve Zero Net Energy (ZNE).

While not an exhaustive list, these examples illustrate action or support that the City could be encouraging. A vacant commercial properties registry and tax is also an important component and will be discussed in a separate item on a future agenda.

West Hollywood has always been a leader in forward thinking. Small business is the life blood of most urban economies and the primary form of wealth building for those who do not have access to corporate wealth opportunities. Now more than ever, small business will be needing our encouragement and support. City staff has the planning tools and socio-economic creativity needed to foster the growth of independent, diverse and inclusive, creative and unique local businesses. Supporting and protecting the uniqueness of our neighborhood-serving businesses and independent shops is “good business.” After all, they contribute to our economic health and they help make the City of West Hollywood, “West Hollywood.”

CONFORMANCE WITH VISION 2020 AND THE GOALS OF THE WEST HOLLYWOOD GENERAL PLAN:

This item is consistent with the Primary Strategic Goal(s) (PSG) and/or Ongoing Strategic Program(s) (OSP) of:

- OSP-3: Promote Economic Development while Maintaining Business Vitality & Diversity.
- OSP-1: Adaptability to Future Change.

In addition, this item is compliant with the following goal(s) of the West Hollywood General Plan:

- ED-1: Maintain a diverse and resilient economy.
- ED-6: Provide citywide access to neighborhood-serving retail and services.
- LU-1: Maintain an urban form and land use pattern that enhances quality of life and meets the community's vision for its future.
- LU-11: Expand the Melrose/Beverly District as a national and international destination for high-end arts and design studios, offices and related businesses.
- LU-12: Enhance Santa Monica Boulevard West as a destination for nightlife and entertainment, a focus of the LGBT community, and a center for neighborhood-serving retail and restaurants.

EVALUATION PROCESSES:

N/A

ENVIRONMENTAL SUSTAINABILITY AND HEALTH:

N/A

COMMUNITY ENGAGEMENT:

N/A

OFFICE OF PRIMARY RESPONSIBILITY:

CITY MANAGER'S DEPARTMENT

FISCAL IMPACT:

None at this time.

ATTACHMENTS:

- A. April 4, 2016 Staff Report – Supporting Small Business in West Hollywood's New Urbanism
- B. August 19, 2019 Staff Report – Development of a Legacy Business and Nonprofit Registry and Preservation Fund
- C. March 16, 2020 Staff Report – Pop-Up Businesses in Vacant Storefront Spaces
- D. June 1, 2020 Staff Report – Recovery Assistance Targeted for Legacy Businesses
- E. Chamber of Commerce's Small Business Initiative, "Envisioning the Future of Small Business in West Hollywood"

Attachment A
April 4, 2016 Staff Report

CITY COUNCIL
UNFINISHED BUSINESS

APRIL 4, 2016

SUBJECT: **SUPPORTING SMALL BUSINESS IN WEST HOLLYWOOD'S
NEW URBANISM**

INITIATED BY: **MAYOR PRO TEMPORE LAUREN MEISTER
COUNCILMEMBER JOHN D'AMICO**

PREPARED BY: Andi Lovano, Project Development Administrator

STATEMENT ON THE SUBJECT:

The City Council will consider an initiative directing staff to research policies and planning tools that will help attract independent, small businesses to West Hollywood and keep our existing small business community intact by making operating small business in our City more economically feasible.

RECOMMENDATIONS:

1) Direct the Community Development Department, Arts and Economic Development Division, and the Finance & Technology Services Department to research and analyze policies and planning tools to encourage a vibrant small business community and discourage the proliferation of vacant buildings and storefronts on the commercial corridors, including, but not limited to:

a. Developing a Commercial Vacancy Registry Program that includes:

- i. Establishing a registry for vacant and abandoned storefronts and commercial buildings,
- ii. Utilizing the registry to help promote opportunities for small businesses, such as a Small Business Rental Referral List,
- iii. Requiring landlords to place art or movie posters in the windows of storefronts that are vacant for more than 30 days (work with Communications Division and the West Hollywood Chamber of Commerce to develop standard posters/artwork to celebrate the City's small business community),
- iv. Establishing a property maintenance fee for vacant storefronts and commercial buildings that are not being maintained;

b. Establishing incentives such as grants for façade and storefront (exterior) improvements to reward landlords for accommodating local retail;

- c. Evaluating parking requirements for retail categories to determine the feasibility of reducing parking requirements or providing parking incentives;
 - d. Working with business organizations such as the West Hollywood Chamber of Commerce and/or the Association of Realtors® to provide mediation services for small business tenant-landlord negotiations when a small business tenant lease is up for renewal;
 - e. Establishing special planning review, such as a conditional use permit or MCUP for formula retail uses;
 - f. Requiring the creation of small storefront spaces or “set-asides” in new commercial/mixed use development projects to accommodate small businesses that provide commercial neighborhood uses;
 - g. Investigating liner buildings/liner retail spaces as a way of providing small spaces for businesses that provide commercial neighborhood uses in new and existing developments.
- 2) Direct staff to conduct community outreach with commercial property owners, small business owners, commercial real estate agents and other stakeholders; and if appropriate, form a small business task force to gather feedback from the community on proposed tools and policies.
- 3) Return to Council with recommendations of appropriate policies and planning tools (e.g. zone text amendments) that can be utilized in the City of West Hollywood.

BACKGROUND / ANALYSIS:

According to the local small business community, it is difficult to start a new business or sustain a small business in a city like West Hollywood. Landlords prefer short-term leases for new tenants (i.e., three to five years). In addition, landlords can insist on cash deposits, letters of credit and personal guarantees up front for security, which can be burdensome for small businesses, particularly when they are required to spend large sums of money to renovate or build out the space.

When a lease is up, the landlord can require the tenant to pay market rate rents, typically much higher than what they are currently paying, in order to renew the lease. If the tenant has some success in the first lease term, they must be able to afford the much higher renewal rate, or could face relocation or closing.

This type of uncertainty, after investing time and money in the first few years, is particularly challenging for independent small businesses. Big companies and formula retail chains have more leverage in this area than small business tenants.

Storefront rents in West Hollywood can range from \$2 per square foot per month to upwards of \$15 per square foot per month for high-end retail space. According the City's Eastside Market Report completed in December 2014, the average retail asking rent in West Hollywood is slightly above \$5 per square foot.

The recommendations in this report allow staff from different divisions to collaborate on research and analysis of suggested, multi-faceted approaches to attract and maintain independent small businesses in West Hollywood. This may require implementation of new policies, zoning changes, and economic incentives that work in conjunction with each other for the desired outcome. Some of the recommendations, such as the proposal to create incentives or grants for façade and exterior storefront improvements, complement current staff work plans.

Not Just A West Hollywood Issue

It should be noted that the City of West Hollywood is not alone – communities and their local, small businesses are facing the same challenges in many cities and towns across the country. Below are a few examples:

- In Downtown Los Angeles, there has been an influx of new mixed-use developments built in recent years and many neighborhoods have undergone a rapid change. In some new developments, the storefronts on the street level have remained vacant for several months/years after the building opened. Developers look to attract upscale and luxury businesses and set high asking rents for the commercial space that make it difficult for independent, small businesses to move into the space.
- In areas of San Francisco such as the Mission District, the past several years have brought similar issues with mixed-use developments. Many commercial units in the district are considered afterthoughts, as residential units are the more crucial units to be filled. For existing commercial storefronts, skyrocketing rents have made it difficult for long-term tenants to afford the rent increases. Rents on one street in San Francisco's Mission District ranged from \$2 to \$4 a square foot in 2009, and in recent years, the rents on the same street range from \$5 to \$7 a square foot. Acknowledging the issue, the Board of Supervisors recently passed an ordinance amending their Building Code to establish a procedure for maintaining and registering vacant or abandoned commercial storefronts, including a registration fee.
- The West Village and other neighborhoods in New York experience what has been referred to as "high-rent blight": rising property values cause rent spikes in commercial properties, forcing businesses to shutter, therefore having a negative

impact on a neighborhood. In many cases, retail shops are closing and spaces are staying vacant while landlords and building owners wait for a more financially lucrative business, such as a bank or chain store that is often able to pay a higher rent than a locally-owned business.

- North Milwaukee Avenue, a major road in Chicago, had nine businesses close within a half mile distance in the past year, with several looking at transitioning to less expensive locations in the near future. Many of the stores opened around 2007-2009, when rental rates were severely low due to the recession. Once the economy began to recover, many businesses located in the historic Wicker Park area of Chicago began to feel the financial pressure once landlords began raising the rent. Some of those businesses included small and locally owned stores, where capital isn't as easily accessible. These closures have decreased foot traffic and business on the street, leading remaining businesses to lose patrons.

In *Saving Independent Retail: Policy Measures to Keep Neighborhoods Thriving*, the Pratt Center for Community Development reports on the challenges facing independent retailers in cities like New York, and provides recommendations on what cities can do “to strengthen neighborhood quality of life through nurturing local retail.” Recommended strategies include a combination of land use regulations, financial incentive/benefit programs and market control mechanisms and support programs, including some of those incorporated into this report.

In July 2016, the Los Angeles County Board of Supervisors approved a minimum wage increase to \$10.50 per hour that would become effective on July 1, 2016, with annual increases up to \$15 on July 1, 2020. In order to address the potential challenges this increase imposed on small businesses, Supervisors Hilda Solis and Don Knabe introduced an initiative to support small businesses through the transition. The Small Business Initiative, led by the Department of Consumer and Business Affairs, will include recommendations to expedite licensing and permitting processes, waive certain fees, provide tax relief and rebates, and revise the bidding process for county contracts. These recommendations are due to be released in May 2016.

On March 21, 2016, the West Hollywood City Council approved an increase in the minimum wage to \$12 that will be effective on July 1, 2017 for businesses with more than 25 employees and effective on July 1, 2018 for businesses with 25 or fewer employees and nonprofits. The City Council also voted to reevaluate future increases in the coming months. Similar to the County's motion, the recommendations in this staff report serve to provide small businesses with support in remaining stable and viable in the City's economic environment. The policies and planning tools suggested in this initiative will complement the policies and programs currently being evaluated by the Arts and Economic Development Division.

Vacant Storefronts and Commercial Buildings

Vacant or abandoned storefronts and commercial buildings can be an eyesore and have a negative impact on the economic viability of West Hollywood's commercial corridors and the existing small businesses that populate them. Vacant storefronts also have a cost to the City in lost revenue. The average sales and business tax generated by a business in West Hollywood is \$5.35 per square foot. If a 5,000 square foot building were to sit vacant for a year, the City would, on average, lose \$26,750 in sales and business tax revenue.

In addition, vacant buildings cause blight in our neighborhoods and can be a public nuisance, burdening our public safety agencies and code compliance department. The City's Eastside Market Report noted that the retail vacancy rate was about 3.8% in 2014. However, at any given point, the vacancy rate could be much higher. A windshield survey done in January 2016, found that there were approximately 100 vacant storefronts in the main commercial zones in the City of West Hollywood, out of approximately 1,005 total storefronts surveyed (Attachment 1). This is a vacancy rate of about 10%.

This item would direct staff to research and analyze methods to dissuade landlords from maintaining vacant storefronts for extended periods of time. One such program is a Commercial Vacancy Registry Program. While West Hollywood maintains a log of vacant properties and code compliance officers monitor the properties to ensure they are in compliance with the City standards, there is not a requirement to register vacant commercial storefronts.

The Commercial Vacancy Registry Program would create a system for the City to monitor vacant and abandoned storefronts and commercial buildings. To avoid blight or eyesores on the neighborhood, the registry program could require landlords to place art in the windows of storefronts if they are vacant for a certain amount of time or establish a fee for extended vacancies.

Programs to provide incentives such as grants for façade and storefront (exterior) improvements could be created to reward landlords for accommodating local retail. Funds from a Storefront Vacancy Registration fee, as well as Community Development Block Grants (CDBG), could be used to fund a Storefront/Façade or Streetscape Improvement Program, or a Small Business Rental Referral List that could be posted on the City's website.

According to the Institute for Public Policy and Social Research at Michigan State University, "Pedestrian-friendly façades and building design that attract pedestrians to their stores or buildings contribute toward the cities' economic activities. Policymakers

need to consider establishing some types of loans or grants for helping small business owners upgrade façades, store interiors, or building exteriors.”

Examples of Vacant Storefront Policies in Other Jurisdictions

The City and County of San Francisco recently passed an ordinance amending their Building Code to establish a procedure for maintaining and registering vacant or abandoned commercial storefronts, including a registration fee. If a storefront is vacant for more than 270 days, a \$765 fee will be imposed, encouraging landlords to actively seek new tenants. The fee will then be assessed on an annual basis for each year that a commercial storefront remains vacant or abandoned.

The City of Minneapolis’ Vacant Building Registration program is the City’s primary tool for tracking, monitoring, and managing nuisance vacant properties in the City. The Vacant Building Registration Program was created to ensure that vacant property remains secure and is properly maintained. The Program was also established to help recapture some of the City’s costs related to properties that are not being maintained or that have a history of improper maintenance. Owners of vacant properties must register and pay an annual fee.

Palm Springs adopted a Storefront Improvement Program that “allows artwork or other approved displays to be installed by the City within specific geographic areas of the City, chosen as an alternative to provide window coverings for the storefronts of vacated commercial buildings or portions thereof.”

East Hampton Village (Long Island, NY) “requires owners of vacant stores in the downtown area to spruce up their windows with attractive displays, rather than just having an empty building or a window covered with newspapers.”

The City of Los Angeles has the Central Avenue Façade Improvement Program, designed to “help improve the physical appearance of individual businesses and commercial buildings along Central Avenue,” and to “increase utilization of Central Avenue, address perceptions about security, and market businesses to new customers and passing traffic.” The Program has two components: The Commercial Façade Grant and the Façade Matching Loan.

Small Retail Stores: Parking Requirements and Incentives

The City’s current parking code requires a minimum number of parking spaces per square foot based on the land use. For example, an art gallery requires a minimum of 2 spaces per 1,000 square feet; grocery and retail stores require 3.5 spaces per 1,000 square feet; and a health or fitness facility requires 10 spaces per 1,000 square feet. Some projects qualify for a reduction in the parking requirement if they meet certain

criteria such as if they are within a reasonable distance to a City public parking facility or adjacent to public transit.

Many small, independent retail stores do not have the customer “traffic” to warrant the number of parking spaces required by code. For instance, many of the high-end, independent retail shops such as those on Melrose Avenue, Sunset or Robertson Boulevard, will have only one or two customers in the store at any given time. Furthermore, expanded transportation options, shared ride services such as Uber and Lyft, and public transportation are changing how people get around in the City. In order to attract new, independent small businesses, the City may consider providing parking incentives or reductions for certain types of land uses.

Examples of Parking Incentive Programs in Other Jurisdictions

Some cities have established parking incentives or reductions in parking requirements to encourage economic development. New York City provides grocery store operators or developers a reduction in parking requirements in certain zones. The City of Oakland has eliminated all commercial parking requirements in downtown zones. These types of policies encourage alternate forms of transportation and can lower costs for developers and business owners.

Mediation as a Tool for Negotiating Commercial Lease Renewals

Mediation is an effective way of settling disputes and advancing interests of both parties. In *Mediating the Commercial Lease Dispute*, published for The ACREL Papers, author Jerry Slusky writes, “Using a mediator who is also an experienced real estate professional offers the potential for the parties to reach a creative solution, not contemplated by the contract or lease, benefiting all parties. The solution may simply start with the dispute and look to the relationship more generally. It may consider a variety of options, such as: lengthening or shortening the term of the lease, changing the location or amount of space leased, reconfiguring space, establishing a formula to avoid disputes in future rent reviews, assignment of the lease or subleasing, tenant inducements, or tenant improvements.” Some small businesses don’t have the financial means to hire an attorney to help with lease negotiations; so, the assistance of a knowledgeable mediator could be an option that is both productive and cost effective.

Examples of Mediation Policies in Other Jurisdictions

The New York City Council is considering a law known as the Small Business Jobs Survival Act. The law would “give small businesses rights in the commercial lease renewal process, and therefore, a measure of predictability of future costs through a two-step procedure of mediation and, if necessary, arbitration for negotiating commercial lease renewals and rentals.” This process would create a fair negotiating

environment, which would result in more reasonable and fair lease terms to help small businesses survive and encourage job retention and growth in the City of New York.

Formula Retail and Our Small Business Community

The City of West Hollywood has a mix of businesses along its commercial corridors – some formula retail and some local, independent stores. Many of the City’s local, independent stores are small businesses that cater to a specific customer base, such as the LGBT community, Russian-speaking community or the health and fitness community. These types of businesses provide products of particular interest or meet a specific need and contribute to the high quality of life in the City.

Economic analyses show that locally owned stores spend more within the local economy than formula retailers by using local vendors and keeping profits local. Independent, locally owned stores also tend to be more engaged and connected to the community. However, one of the greatest challenges for local, independent small businesses is the inability to compete with formula retail stores in terms of leveraging commercial lease terms.

This item would direct staff to evaluate the creation of a planning review process for formula retail uses. Requiring planning review of formula retail by the Director of Community Development, similar to current planning review of business expansion efforts or alcohol permits, would give the public an opportunity to “weigh in” on whether they are individually desired in the community and may help lower costs for independent retailers, specifically by helping lower rents. It would also help to preserve the unique qualities of the City and encourage the continued growth of the diverse retail base of neighborhood serving and independently owned businesses that cater to the needs of West Hollywood residents and visitors.

According to an article in the *Journal of Law and Policy*, “Saving Mom And Pop: Zoning And Legislating For Small And Local Business Retention,” municipalities take different approaches to limiting formula businesses. Some limit the number of formula businesses in certain neighborhoods, some limit the size (store square footage) or length of the store frontage, and some require conditional use permits in certain districts, while prohibiting them entirely in others.

Examples of Requiring Planning Review for Formula Retail in Other Jurisdictions

San Francisco’s requirements for approving formula retail uses vary from neighborhood to neighborhood. In most neighborhoods, a conditional use authorization for formula retail uses is required before starting a business. A conditional use authorization is granted or denied by the Planning Commission and requires a public hearing. Granting the conditional use is discretionary, which means the Planning Commission is not

required to grant the request. In a few neighborhoods, San Francisco's ordinance specifically bans all formula retail uses and conditional use authorization is not permitted. The ordinance places the burden on the formula retailer to establish that it is appropriate for the neighborhood and will not have detrimental effects.

Bristol, Rhode Island adopted an ordinance in 2004, to "regulate the location and operation of formula business establishments within Bristol's Historic District Zone, in order to maintain the district's unique character and diverse blend of business offerings." The ordinance restricts formula businesses larger than 2,500 square feet or those occupying more than 65 feet of street frontage from locating in the town's Historic District. Formula businesses are not strictly prohibited from Bristol's Historic District, but must first obtain a certificate of appropriateness from the Historic District Commission and a special use permit from the zoning board.

Creation of Small Storefront Spaces

According to the Pratt Center for Community Development, "small towns and large cities across the nation are using store size caps to protect small and local businesses, decrease traffic congestion, lessen the burdens on infrastructure, regulate building design and maintain pedestrian-friendly districts, among many other planning goals."

Often times, approval of new commercial or mixed-use projects is discretionary (i.e., the project is approved by Planning Commission or Planning Commission and City Council). Through the Zoning Code, the City can control the number, type and size of retail establishments in new development and in specific areas, just as the City of West Hollywood did with banks on Sunset Boulevard. For large commercial developments (e.g. 50,000+ square feet), property owners can be required to include set-asides of ground level storefront space for small businesses of varying sizes, from 250 sq. ft. up to 5,000 sq. ft.

Examples of Requiring Small Storefronts in Other Jurisdictions

In 1987, the City and County of San Francisco established neighborhood commercial districts in response to growing concerns about increased traffic congestion, proliferation of food service uses, the loss of neighborhood-oriented businesses and changes in the local neighborhood character. In the North Beach Neighborhood Commercial District, San Francisco aimed to maintain the existing scale of development and foster small and locally owned businesses. The store size cap ordinance established that a storefront of more than 2,000 square feet would require a conditional use permit and 4,000 square feet would be the maximum size allowed.

Kansas City approved an ordinance in 2000 to limit large-scale chain store development in the Brookside neighborhood, which has a mix of residential, office, and commercial

uses. The business district serves residential neighborhoods and has small-size specialty shops such as antique shops and travel agencies that do not rely on automobile-based customer trips. The ordinance restricts the retail uses in the area to 10,000 square feet, prohibits drive-through restaurants, limits building heights, caps the number of parking spaces allowed, and sets architectural and design standards for the neighborhood.

In 2007, the Town Plan and Zoning Commission of Fairfield, Connecticut amended the local zoning regulations to require that stores, restaurants and banks in designated areas not exceed 4,000 square feet in interior floor area. These designated areas also prohibit drive-through restaurants and require a special permit for construction of a formula business.

There are other jurisdictions throughout the country that have established similar policies, setting the limits based on the needs of the individual community. Limits on square footage range from 4,000 to 100,000 square feet.

Liner Buildings/Liner Retail Spaces

An interesting way of bringing small businesses into a new or existing development is with liner buildings/liner retail spaces. In his article, *Liner Buildings - How to Get Great Streets Years in Advance*, originalgreen.org blogger Steve Mouzon writes, "Liner buildings are very thin buildings that line the edge of a street, plaza, square, or other public space. They can be as little as 8 to 10 feet deep for retail uses and 12 to 14 feet deep if they include residential uses. They may be a single story high, or they may be several stories tall. Liner buildings have several key advantages over other building types..." Liner buildings can be used as a spatial enclosure or a "front, back and side" of a building (think MTA site), for storefront floor area ratio or single-crew workplaces, for fitting into parking lots, etc.

These small retail spaces enliven the streetscape, provide more affordable opportunities for neighborhood serving shops, and can be incorporated on the residential street sides of commercial properties for a more attractive and useful transition from residences to the main commercial corridor.

A more detailed explanation of liner buildings and liner retail spaces can be found at: <http://www.originalgreen.org/blog/liner-buildings---how-to.html>.

Examples of Liner Buildings / Liner Retail Spaces in Other Jurisdictions

The City of Albuquerque specifically includes liner buildings as a building type in its Zoning Code. In the city's North Fourth Street Rank II Corridor Plan, the plan specifies: minimum liner building depth at 16 feet, the façade along the ground floor on a Public

Frontage must change visibly at an average of at least forty feet (40') in height, setback, materials, or colors along the street frontage and with no module exceeding 75 feet in length. An entryway must be provided on the ground floor every 40 feet at a minimum, and courtyards or forecourts shall not exceed 10% of the street frontage.

In Mashpee Commons on Cape Cod, developers Chace and Storrs created a two-sided street where a renovated shopping center previously faced a parking lot. They built 24-foot deep "liner" buildings at the edge of the parking lot and added parallel parking on both sides of the street. The retail spaces range in size from 350 to 425 square feet, "making excellent incubator spaces for beginning merchants."

Summary

In cities across the country, independent small businesses are indeed facing serious challenges. However, as cities embrace the "New Urbanism" – an urban design movement that promotes creating walkable neighborhoods – there is an opportunity for small businesses not only to survive, but to thrive.

Like other cities around the country, West Hollywood can provide the policies and planning tools needed to encourage the growth of independent, creative and unique local businesses.

We need to support and protect the uniqueness of our neighborhood-serving businesses and independent shops. After all, they contribute to our economic health and they help make the City of West Hollywood, "West Hollywood."

CONFORMANCE WITH VISION 2020 AND THE GOALS OF THE WEST HOLLYWOOD GENERAL PLAN:

This item is consistent with the Primary Strategic Goal(s) (PSG) and/or Ongoing Strategic Program(s) (OSP) of:

- OSP-3: Promote Economic Development while Maintaining Business Vitality & Diversity.
- OSP-1: Adaptability to Future Change.

In addition, this item is compliant with the following goal(s) of the West Hollywood General Plan:

- ED-1: Maintain a diverse and resilient economy.
- ED-4: Monitor and evaluate economic conditions affecting the City's economic climate.
- ED-6: Provide citywide access to neighborhood-serving retail and services.
- LU-1: Maintain an urban form and land use pattern that enhances quality of life and

meets the community's vision for its future.

Further, this item complements an item recently brought forward by the Arts and Economic Development Division and approved by Council to evaluate existing citywide policies and programs that support small West Hollywood businesses and provide recommendations to maintain West Hollywood's thriving business climate.

EVALUATION PROCESSES:

New programs created through this initiative should include methods to evaluate indicators such as the change in the estimated vacancy rate, the number of neighborhood serving and/or independent stores lost or gained, or longevity of existing small businesses.

ENVIRONMENTAL SUSTAINABILITY AND HEALTH:

N/A.

COMMUNITY ENGAGEMENT:

Community engagement with some small businesses in the City and the West Hollywood Chamber of Commerce was performed prior to this item being proposed. If approved, staff should continue to work with the community, including small business owners, commercial property owners and developers, real estate agents, residents and other stakeholders, to establish and monitor the success of new programs.

OFFICE OF PRIMARY RESPONSIBILITY:

CITY MANAGER'S DEPARTMENT / ARTS & ECONOMIC DEVELOPMENT DIVISION

FISCAL IMPACT:

There is no fiscal impact at this time. Potential costs and/or revenues of any recommendations resulting from this analysis will be included when reported back to City Council.

ATTACHMENT:

Attachment 1 - West Hollywood Vacant Storefront Count.

West Hollywood Vacant Storefront Count

Commercial Corridor	# Occupied Storefronts	# Vacant Storefronts	Total	Rate
Melrose	74	15	89	16.9%
Beverly Blvd.	57	4	61	6.6%
Santa Monica Blvd.	340	38	378	10.1%
Fountain	7	0	7	0.0%
Sunset	120	18	138	13.0%
Doheny	14	3	17	17.6%
Robertson	56	7	63	11.1%
La Cienega	149	11	160	6.9%
Crescent Heights	6	0	6	0.0%
Fairfax	50	2	52	3.8%
La Brea	32	2	34	5.9%
TOTAL	905	100	1005	10.0%

Attachment B
April 19, 2019 Staff Report

APPROVED
8/19/19
with Honorable District
Voting NO
AUGUST 19, 2019

CITY COUNCIL
CONSENT CALENDAR

SUBJECT: **DEVELOPMENT OF A LEGACY BUSINESS AND NONPROFIT
REGISTRY AND PRESERVATION FUND**

INITIATED BY: **COUNCILMEMBER LAUREN MEISTER
COUNCILMEMBER JOHN J. DURAN**

PREPARED BY: **COMMUNITY & LEGISLATIVE AFFAIRS DIVISION**
(John Leonard, Manager) *JPL*
(Andi Lovano, Senior Management Analyst) *AL*

STATEMENT ON THE SUBJECT:

The City Council will consider directing staff to research strategies to help legacy businesses and nonprofit organizations remain economically viable and successful in the City, including the potential for a legacy business registry, preservation fund, or other incentives.

RECOMMENDATIONS:

- 1) Direct staff to research policies in other jurisdictions aimed at preserving local legacy businesses and nonprofit agencies, including the program adopted by the City and County of San Francisco, and to develop a similar program for the City of West Hollywood.
- 2) Present the findings to appropriate community stakeholders, such as the West Hollywood Chamber of Commerce and the Historic Preservation Commission, for feedback and recommendations.
- 3) Return to Council with draft guidelines for further consideration.

BACKGROUND / ANALYSIS:

West Hollywood is now in its third decade as an independent local government. The City's policies and collaborative work with community stakeholders have made the City a thriving community and one of the most desirable places to live, work and play in the Southern California region.

Within the City of West Hollywood, our commercial areas have unique identities and distinct characteristics. For instance, the west side of West Hollywood has been long known for its hub of creative shops that cater to the design industry. The east side of the city has been known for its small "mom and pop" stores and delis that serve the Russian-speaking community. Small businesses, restaurants and bars on the west side of Santa Monica Boulevard and adjacent Robertson Boulevard have been an important

part of the LGBT community. The Sunset Strip, known for its clubs, restaurants and hotels, has attracted tourists as well as local patrons.

As the City's appeal and cachet continue to increase, so do the rents in both the residential and commercial sectors of the real estate market. Further, the City has seen a number of commercial properties being redeveloped over the last few years, also resulting in higher rents. All of the City's main commercial corridors, Melrose Avenue, Beverly, Sunset and Santa Monica Boulevards, are experiencing significant changes. Due to these changes, some of the City's most established, well-known, "legacy" businesses and nonprofit agencies have been forced to vacate, and move to other, less expensive areas in Los Angeles County. Every time a business closes or leaves West Hollywood, our City loses a uniquely identifying feature.

About ten years ago, Gay & Lesbian Adolescent Social Services (GLASS) was one of several nonprofit agencies forced to leave the City due to an exorbitant increase in rent. Other nonprofits, such as the JFS SOVA food pantry and PAWS/LA, were also forced to leave West Hollywood because of high rents. The Palms, the last remaining lesbian bar in the City, closed its doors after the property owners decided to redevelop the property. Similarly, the Palm Restaurant on Santa Monica Boulevard, after catering to the local West Hollywood community for almost fifty years, closed its doors and moved to Beverly Hills. Other local businesses have experienced similar situations, such as Tail o' the Pup, a landmark hot dog stand that conducted business at its location on San Vicente Boulevard for over 25 years. West Hollywood also lost businesses like the Silver Spoon, Hamburger Hamlet, and more recently, the House of Blues, and the French Market.

This item, if approved, would direct staff to look at programs in other jurisdictions to see what is being done to assist legacy businesses and nonprofit agencies. Legacy business programs have emerged in communities that have witnessed longstanding, locally owned, typically neighborhood serving businesses closed, evicted or relocated due to rapid economic growth occurring within the respective city. The intent behind the establishment of a legacy business program is to recognize these long-time, community-serving businesses and nonprofit agencies as valuable cultural assets and to provide them with some type of assistance in order to encourage their continued viability and success and help them remain in the City. This assistance can take many forms, such as educational, promotional, or financial incentives.

For purposes of the proposed program, "legacy business" means a business or nonprofit organization that meets various criteria, such as:

1. Has operated in the City for a total of 30 years or more, with no break in City operations more than one year. The business may operate in more than one location, but must be headquartered in the City.
2. Has contributed to the City's history and/or the identity of a particular neighborhood or community.
3. Is committed to maintaining the physical features or traditions that define the business, including craft, culinary, or art forms.

Because of the financial circumstances and different set of challenges faced by nonprofit organizations, the proposed program components and incentives may need to be tailored differently for for-profit and nonprofit agencies. The recommendations in this report give staff broad direction to develop a program that best meets the unique needs of businesses and nonprofit agencies in West Hollywood.

Cities such as San Francisco, Boston, New York, Portland and Chicago have begun to react to concerns about business displacement or lack of commercial affordability. Similar to West Hollywood, San Francisco has also seen an intense wave of development and rising rents, which have resulted in the displacement of existing long-term tenants. In response to changes in San Francisco's commercial and residential districts, the Board of Supervisors introduced a ballot initiative to establish a "Legacy Business Historic Preservation Fund." The fund provides financial assistance to legacy businesses for ongoing operating costs and financial incentives to landlords to make up the difference between market rent and what legacy businesses are able to pay.

San Francisco also recently approved the formation of a cultural district in the Castro to preserve the neighborhood's LGBTQ heritage. The Castro LGBTQ Cultural District is an area in the City that holds cultural assets and neighborhood resources such as the Castro Theater and LGBTQ senior services agency offices. Cultural districts create city-funded strategies and allocate grants to preserve the unique history of a neighborhood. Voters in San Francisco voted to repurpose existing hotel tax revenue to various art programs, including an estimated \$3 million annually for the six existing cultural districts in San Francisco. The Castro LGBTQ Cultural District aims to help preserve the City's historically vibrant hub for LGBTQ culture, which in recent years has struggled with rising rents and gentrification.

In 2017, Seattle released a Request for Proposals (RFP) to define and study legacy businesses in Seattle and to identify tools, policies and resources that can be developed to support those legacy businesses. The study defined a legacy business as "a type of small business that supports community identity and stability through its long tenure." Technically, according to the Seattle study, a legacy business is one that has been open for at least ten years and is small (10 or fewer employees), independent, and serves as a community hub (retail, restaurant or other environment where people

gather). The study highlighted that programs in other places fit into four general categories: financial assistance, protections and covenants, promotion activities, and technical assistance.

This item directs staff to identify and evaluate similar “Legacy” programs around the country, and prepare a matrix so that a comparison of program features can be made. Such programs may include business and technical assistance, lease renewal and acquisition assistance, public education and commendation initiatives to recognize and honor the contributions of Legacy Businesses, financial incentives to encourage the stability of Legacy Businesses, and additional business stabilization and neighborhood continuity initiatives. Once this matrix is analyzed, staff shall develop draft guidelines to be considered by the City Council. As appropriate based on the recommendations, staff’s analysis should be presented to the West Hollywood Chamber of Commerce and relevant Commissions, such as the Historic Preservation Commission, as appropriate.

In 2017, at the direction of City Council, the City’s Economic Development Department considered policies and programs to support small businesses in West Hollywood. At the City Council meeting on June 19, 2017, staff provided a brief outline of legacy businesses. The report discussed other actions the City had taken to date to support local small businesses, such as streamlining the application process to open a business, reducing building permit fees, and adopting a zone text amendment to reduce parking requirements. No further action was taken in regards to legacy businesses.

WEST HOLLYWOOD GENERAL PLAN AND A COMMITMENT TO PRESERVING THE CITY’S IDENTITY:

In September 2011, West Hollywood adopted an updated General Plan, along with a Historic Preservation element. According to this document (Chapter 04 – Historic Preservation), “There are many benefits of historic preservation to West Hollywood, in addition to the more traditional goals of preserving buildings for architectural or cultural reasons. With the tourism, interior design, and film industries playing important roles in the economy, West Hollywood’s cultural resources create an inviting and attractive built environment for the business community. Familiar landmarks also establish a sense of permanence and wellbeing for residents. Preservation begins with cultural resources and the effect they have on our lives. History comes alive through the built environment, which is a tangible reminder of the past. The history of buildings and cultural resources in West Hollywood provide its diverse population with a common history. Knowledge of the community’s past helps in understanding emerging patterns and future expectations. In a fully built community such as West Hollywood, preservation planning is a key approach to reviving or maintaining the viability of the City. A greater knowledge of the community’s cultural resources provides a stronger base for better planning and more informed decision-making.”

CONFORMANCE WITH VISION 2020 AND THE GOALS OF THE WEST HOLLYWOOD GENERAL PLAN:

This item is consistent with the Primary Strategic Goal(s) (PSG) and/or Ongoing Strategic Program(s) (OSP) of:

- OSP-1: Adaptability to Future Change.
- OSP-3: Promote Economic Development while Maintaining Business Vitality & Diversity.

In addition, this item is compliant with the following goal(s) of the West Hollywood General Plan:

- ED-1: Maintain a diverse and resilient economy.
- ED-4: Monitor and evaluate economic conditions affecting the City's economic climate.
- ED-6: Provide citywide access to neighborhood-serving retail and services.

EVALUATION PROCESSES:

As part of the development of a local legacy business program, staff will develop an evaluation process in order to ensure the program is meeting the unique needs of our local community.

ENVIRONMENTAL SUSTAINABILITY AND HEALTH:

N/A

COMMUNITY ENGAGEMENT:

The recommendations in this report include outreach efforts specifically geared at engaging the business community in this initiative.

OFFICE OF PRIMARY RESPONSIBILITY:

ECONOMIC DEVELOPMENT DEPARTMENT

FISCAL IMPACT:

None at this time. Staff will include the potential fiscal impact of a preservation fund or other type of incentive at the time it is proposed.

Attachment C
March 16, 2020 Staff Report

APPROVED
JL 3/26/20

CITY COUNCIL
NEW BUSINESS

MARCH 16, 2020

SUBJECT: **POP-UP BUSINESSES IN VACANT STOREFRONT SPACES**
INITIATED BY: **COUNCILMEMBER LAUREN MEISTER**
COUNCILMEMBER JOHN DURAN
PREPARED BY: **COMMUNITY & LEGISLATIVE AFFAIRS DIVISION**
(John Leonard, Manager) *JRL*
(Andi Lovano, Senior Management Analyst) *AL*

STATEMENT ON THE SUBJECT:

The City Council will consider directing staff to evaluate ways to encourage pop-up businesses in vacant storefront spaces.

RECOMMENDATIONS:

1. Direct staff to evaluate ways to encourage pop-up businesses in vacant storefront spaces in order to encourage economic development, improve public safety, and enhance the City's brand as a creative, innovation center.
2. Report back to the City Council with recommendations for consideration.

BACKGROUND / ANALYSIS:

Vacant or abandoned storefronts and commercial buildings have a negative impact on the economic viability of West Hollywood's commercial corridors, have a cost to the City in lost revenue, and can cause blight in neighborhoods. Vacant buildings can be a public nuisance and create a burden for the City's public safety agencies and code compliance staff who are tasked with surveillance and monitoring.

Although there are several reasons storefronts may remain empty, in recent years many jurisdictions have highlighted the fact that property owners are often waiting for a tenant who will pay extremely high rents. Whereas several years ago business owners were dealing with impacts from the recession, today's issues have been referred to as "high-rent blight".

Pop-up storefronts and restaurants have become more popular in recent years as brick and mortar businesses struggle and consumers demand a different, more creative experience. Pop-up retail spaces allow for the short-term use of a retail space for a business and provide opportunities to maintain a vibrant pedestrian experience when buildings and storefronts would otherwise be vacant. Pop-ups are a market driven solution that allow business owners to take risks with innovative concepts without having

to sign a long-term lease. Property owners benefit because their vacant space is activated and they are provided with some rental income, even if it is below the market rate of a long-term lease. The community benefits from the new uses and the improved attractiveness of the pedestrian environment. The small businesses that move into the pop-up space gain visibility and can use it as a steppingstone to expand their business.

Local policies to support temporary retail and businesses are crucial to supporting small and micro-entrepreneurs and activating vacant spaces. One barrier is that property owners are normally responsible for delivering a “white box” to the pop-up. If this requires building improvements, it may be a change of practice for the property owner. Additionally, the willingness of landlords to participate and the City’s regulatory and business licensing process could be deterrents to temporary or short-term tenants like pop up retailers. Temporary improvements aren’t necessarily handled differently than permanent ones in terms of permitting requirements, and there are certain aspects of the permitting process that cannot be changed because of health and safety codes. Although the City has taken steps in recent years to ensure the process for setting up a business is not overly cumbersome, there are steps a business owner needs to go through to get approval that involves several City Departments and this process is not necessarily different for a temporary or permanent business.

One of the goals outlined in the City’s Eastside Community Priorities Plan was to create a streamlined process to encourage more pop-up retail spaces on the Eastside. As part of this recommendation, the first step was to work with businesses and landlords to gauge their interest in participating in a pop-up program. The City also should evaluate the current business licensing practices to determine whether any modifications are needed to remove barriers or streamline requirements for pop-up retailers. Finally, the City should provide assistance to landlords to set standards for insurance requirements and performance schedules and perhaps provide some technical assistance like short-term lease samples.

This item recommends staff evaluate the current process for establishing a pop-up business and develop steps to streamline and facilitate the process wherever possible. Evaluating ways to incentivize pop-up businesses in West Hollywood will include a multi-departmental approach that involves Economic Development, Planning, Urban Design & Architecture Studio, Building & Safety, and Events Services, to determine what are appropriate options for consideration. The City can look at simplifying the current permitting process for pop-ups or, since there is not currently a distinct approval process for pop-up businesses, staff may look at creating a specific process that defines a “pop-up” business and outlines an approval process for this type of business.

This item also recommends that staff reach out to the business community, the West Hollywood Chamber of Commerce, and the Los Angeles Gay & Lesbian Chamber of

Commerce to gather their feedback regarding challenges and barriers to creating pop-ups in West Hollywood and suggested improvements to the process.

CONFORMANCE WITH VISION 2020 AND THE GOALS OF THE WEST HOLLYWOOD GENERAL PLAN:

This item is consistent with the Primary Strategic Goal(s) (PSG) and/or Ongoing Strategic Program(s) (OSP) of:

- OSP-1: Adaptability to Future Change.
- OSP-3: Promote Economic Development while Maintaining Business Vitality & Diversity.

In addition, this item is compliant with the following goal(s) of the West Hollywood General Plan:

- ED-1: Maintain a diverse and resilient economy.
- ED-4: Monitor and evaluate economic conditions affecting the City's economic climate.

EVALUATION PROCESSES:

This item is intended to encourage pop-up businesses in West Hollywood. Once established, the program should include an evaluation process to determine if the new procedures have made it easier for businesses to open smoothly.

ENVIRONMENTAL SUSTAINABILITY AND HEALTH:

N/A

COMMUNITY ENGAGEMENT:

Staff will continue to work with business owners, commercial property owners, real estate agents and brokers, and the Chamber of Commerce to establish streamlined processing and monitor the success of the program.

OFFICE OF PRIMARY RESPONSIBILITY:

ECONOMIC DEVELOPMENT DEPARTMENT / BUSINESS SERVICES DIVISION

FISCAL IMPACT:

None at this time.

Attachment D
June 1, 2020 Staff Report

APPROVED
JL 6/1/20

CITY COUNCIL
NEW BUSINESS

JUNE 1, 2020

SUBJECT: **RECOVERY ASSISTANCE TARGETED FOR LEGACY
BUSINESSES**

INITIATED BY: **COUNCILMEMBER LAUREN MEISTER
COUNCILMEMBER JOHN J. DURAN**

PREPARED BY: **COMMUNITY & LEGISLATIVE AFFAIRS DIVISION**
(John Leonard, Manager)
(Andi Lovano, Supervisor)

STATEMENT ON THE SUBJECT:

The City Council will consider directing staff to develop strategies to help legacy businesses and legacy districts in West Hollywood recover from the economic impacts of the COVID-19 public health emergency.

RECOMMENDATIONS:

- 1) Direct staff to develop strategies to help legacy businesses and legacy districts in West Hollywood recover from the economic impacts of the COVID-19 public health emergency.
- 2) Brainstorm with and gather feedback from appropriate community stakeholders, such as the West Hollywood Chamber of Commerce, LA Gay & Lesbian Chamber of Commerce, the American-Russian Business Council, Lesbian & Gay Advisory Board, and Russian Advisory Board.
- 3) Present strategies to the Planning Commission's Long Range Planning subcommittee for feedback and recommendations.
- 4) Return to Council with draft recommendations for further consideration.

BACKGROUND / ANALYSIS:

The City of West Hollywood's commercial areas have unique identities and distinct characteristics. For instance, the west side of West Hollywood has been long known for its hub of creative shops that cater to the design industry. The east side of the city has been known for its small "mom and pop" stores and delis that serve the Russian-speaking community. Small businesses, restaurants and bars on the west side of Santa Monica Boulevard and adjacent Robertson Boulevard have been an important part of the LGBTQ community. The Sunset Strip, known for its clubs, restaurants, and hotels, has attracted tourists as well as local patrons. Some of the City's most established, well-known, "legacy" businesses are those that have created and sustained the unique identities and

distinct characteristics of these areas. There are about 100 legacy businesses currently in operation in West Hollywood.

"Legacy business" are defined as a business or nonprofit organization that meets various criteria, such as:

1. Has operated in the City for a total of 30 years or more, with no break in City operations more than one year. The business may operate in more than one location, but must be headquartered in the City.
2. Has contributed to the City's history and/or the identity of a particular neighborhood or community.
3. Is committed to maintaining the physical features or traditions that define the business, including craft, culinary, or art forms.

In light of the COVID-19 public health emergency and the resulting economic shutdown, most businesses in West Hollywood, including the legacy businesses, have been forced to close, reduce service, or change their normal operations. It is unclear how long the Safer at Home orders will continue in one way or another and how great the economic ramifications of this public health emergency will be.

The City of West Hollywood has taken extensive and proactive actions to support our businesses and workers during this unprecedented time. The City Council approved a temporary moratorium on evictions for commercial tenants; deferred taxes and assessments owed to the City; allowed restaurants to provide additional services such as alcohol delivery or extended hours; relaxed parking restrictions; and established many other temporary actions.

This item directs staff to develop strategies specifically aimed at helping legacy businesses and legacy districts in West Hollywood recover from the economic impacts of the COVID-19 public health emergency. As part of the City's recovery period, there may be policy or zoning changes that we can implement to protect these longstanding businesses. This could include establishing legacy districts where there are limits on the number of retail chains or a grant program for small businesses. Staff will collaborate with community stakeholders to develop recommendations and present the findings to the City Council for further consideration. The direction also includes gathering input from the Long Range Planning Subcommittee of the Planning Commission, and relevant Advisory Boards – the Russian Advisory Board and the Lesbian & Gay Advisory Board – who may have feedback on how this is important to their respective communities.

In August 2019, the City Council directed staff to research policies in other jurisdictions aimed at preserving local legacy businesses and nonprofit agencies and to develop a similar program for the City of West Hollywood. Legacy business programs have emerged

in communities that have witnessed longstanding, locally owned, typically neighborhood serving businesses closed, evicted or relocated due to rapid economic growth occurring within the respective city. The intent behind the establishment of a legacy business program is to recognize these long-time, community-serving businesses and nonprofit agencies as valuable cultural assets and to provide them with some type of assistance in order to encourage their continued viability and success and help them remain in the City.

CONFORMANCE WITH VISION 2020 AND THE GOALS OF THE WEST HOLLYWOOD GENERAL PLAN:

This item is consistent with the Primary Strategic Goal(s) (PSG) and/or Ongoing Strategic Program(s) (OSP) of:

- OSP-1: Adaptability to Future Change.
- OSP-3: Promote Economic Development while Maintaining Business Vitality & Diversity.

In addition, this item is compliant with the following goal(s) of the West Hollywood General Plan:

- ED-1: Maintain a diverse and resilient economy.
- ED-4: Monitor and evaluate economic conditions affecting the City's economic climate.
- ED-6: Provide citywide access to neighborhood-serving retail and services.

EVALUATION PROCESSES:

As part of the development of a local legacy business program, staff will develop an evaluation process in order to ensure the program is meeting the unique needs of our local community.

ENVIRONMENTAL SUSTAINABILITY AND HEALTH:

N/A

COMMUNITY ENGAGEMENT:

The recommendations in this report include outreach efforts specifically geared at engaging the business community in this initiative.

OFFICE OF PRIMARY RESPONSIBILITY:

CITY MANAGER'S DEPARTMENT / BUSINESS DEVELOPMENT

FISCAL IMPACT:

None at this time. Staff will include the potential fiscal impact of the program at the time it is proposed.

PREVIOUS STAFF REPORT

Attachment E
Chamber of Commerce's Small Business Initiative
"Envisioning the Future of Small Business in West Hollywood"



SMALL BUSINESS INITIATIVE

ENVISIONING THE FUTURE OF SMALL BUSINESS IN WEST HOLLYWOOD

SMALL BUSINESS INITIATIVE

SMALL BUSINESS GOALS AND OBJECTIVES:

Small businesses drive local economies and embody the civic uniqueness and special character of cities. With their range of products and services they also serve the needs of local residents. West Hollywood is the home of a diverse, unique and creative small business community that houses nationally recognized art galleries, production houses, furniture makers, innovative designers, eateries and specialty shops. Our city has also become a testing ground for innovators who open new concepts in West Hollywood with plans to roll them out nationally or internationally. The loss of a significant number of these distinctive small businesses in WEHO is a major concern. New creative small businesses that would normally take their place have had difficulty with the time, cost and knowledge needed to process approvals and permits in addition to elevated commercial lease rates. As a result, neighborhood serving brick-and-mortar shops are rapidly waning and the prospect of opening a small business on a ten-thousand-dollar budget has long passed. Today's small-scale businesses have to abandon their traditional street front preferences and look to online sales, home-based operations or "under-the-radar" shared relationships, thus threatening the distinctive, commercial character and urban village vibe of our neighborhood.

West Hollywood's core values are rooted in a broadened diversity of opportunities, socio-economic equity, and sustainable growth patterns that balance business and resident interests and promote a walkable city. In this context, small businesses play a substantive and vital role. Demographers predict that a majority of small businesses in the future will be "entrepreneurial" perhaps with fewer employees and located in less conventional places and in new forms of business models.

WHY SHOPPERS SAY THEY PREFER SMALL AND LOCAL RETAILERS



SMALL BUSINESS INITIATIVE

ANTICIPATING THE FUTURE OF SMALL BUSINESS:

The **West Hollywood Chamber of Commerce Small Business Initiative** looks to the future to craft a series of recommendations which will position West Hollywood once again as a leader in welcoming innovative small business commerce. A key driver in creating walkable and vibrant pocket neighborhoods, small businesses fuel an even more effective and directly engaging relationship between local commerce and nearby residents. This Initiative addresses four key areas that directly affect small business culture in the City of West Hollywood:

- 1 **Locations and Configurations for Small Businesses**
- 2 **Expansion of Land Use Types and Updating of City's Zoning Code**
- 3 **City Small Business Programs, Approvals, Permitting & Licensing**
- 4 **Chamber Small Business Support and Incentives**

Operating a small business in today's climate is becoming increasingly difficult to manage with new reporting requirements, changing tax codes, minimum wage requirements and human resource expectations. A changing workforce dynamic, health care issues, the impacts of social media, limited marketing resources and heightened regulatory oversight are also adding to the challenges of opening and sustaining a thriving enterprise. The West Hollywood Chamber of Commerce, working in conjunction with the City Council, Economic Development and Planning Departments and Business License Commission would like to be a collaborative partner in helping to implement this Initiative. The following highlights our recommendations:

1

**LOCATIONS AND CONFIGURATIONS
FOR SMALL BUSINESSES**

SMALL BUSINESS INITIATIVE

1

LOCATIONS AND CONFIGURATIONS FOR SMALL BUSINESSES

CHALLENGE:

Brick-and-Mortar storefront shops remain desirable for many community-oriented small businesses. Trends show that downsizing and more efficient use of space has occurred, and the greatest small business need is for smaller footprints. These types of footprints are limited in supply along the City's commercial corridors and generally unaffordable. Market forces are driven by floor area (square footage) and price/square foot lease provisions. While some theorize that merely offering smaller spaces will address affordability, the reality is that small footprints currently lease for higher price/square foot values and thus an inverse effect frequently occurs. In order to truly address small business needs, creative solutions must have a diverse range of opportunities for all and be tailored to the physical and economic realities of the local small business community.

OPPORTUNITY:

To respond to this need, the Chamber encourages the City to refashion mixed-use planning and design practices with creative, forward-thinking policies and to explore innovative approaches to programming urban space in new developments. By strategically re-zoning targeted areas, West Hollywood would expand opportunities to encourage smaller space storefronts that support local neighborhood needs. Smaller, residentially-oriented businesses can play a significant role in reinvigorating key portions of the City's primary commercial arteries through the following recommendations:

SMALL BUSINESS INITIATIVE

1

A: ESTABLISH POCKET OVERLAY DISTRICTS (PODS)

Pocket Overlay Districts (POD) serve as a more focused method of addressing situational needs of the city and support the reintroduction of creative, unique microbusiness districts for which the City used to be known. In contrast to citywide overlay districts, these POD would directly enhance neighborhood livability, provide commercial property owners or developers additional options at specified locations, and fill much needed gaps in under-served portions of the city.

Located in proximity to residential neighborhoods, these POD would encourage the clustering of easily accessible neighborhood-oriented goods and services within one-to three-block spans to encourage walkability, and ideally, local small business ownership.

Where and in which contexts will West Hollywood's future small scale entrepreneurial class be situated? Forward-thinking communities with vision will be exploring new land use trends and opportunities associated with emerging modes of living and working. Pocket live/work districts not only address a clearly emerging need but also strengthen ties between community-oriented businesses and residents. They enhance neighborhood livability while also promoting more walkable cities. West Hollywood has a select few but potentially significant opportunities to integrate living and working in a creative way to serve especially its higher density residential districts more sustainably.

SMALL BUSINESS INITIATIVE

1

A: POTENTIAL TYPES OF POCKET OVERLAY DISTRICTS (PODS)



ALLEY PODS:

Enhance commercial-to-residential transitions:

- Explore laneway housing with home occupation spaces or live/work units that front alleys



RESIDENTIAL STREET PODS:

Create transitional buffers at commercial adjacent properties along residential streets:

- A “turn the corner” concept with neighborhood-oriented live/work spaces located at specific residential properties directly adjacent to commercial zoning districts



LIVE/WORK PODS:

Activate commercial or residential arteries:

- Identify properties along commercial streets that can accommodate workforce housing by combining residential living with small business spaces

SMALL BUSINESS INITIATIVE

1

A: CONSIDERATIONS AND RECOMMENDATIONS:

THINKING DIFFERENTLY ABOUT THE IMPORTANCE OF STRATEGICALLY LOCATING SMALL BUSINESSES IS ESSENTIAL.

- Study potential General Plan Amendments (GPA) and Zone Text Amendments (ZTA) to create strategic, small business-oriented pocket overlay districts (PODS)
- Identify and target specific “pocket” locations that support combined residential and small business spaces
 - Alley PODs: Alongside upgraded walking laneways
 - Residential Transition Lot PODs: First residential property adjacent to commercial zoning districts
(Allow ground floor neighborhood-serving businesses)
 - Live/Work PODs: Strategic walkable pockets along commercial and major residential arteries
(Key arteries to consider for live/work POD districts would be Willoughby Ave., Norton Ave. and Fountain Ave. in the east west direction and Vista/Gardner Ave., Fairfax Ave. and San Vicente Ave. in the north- south direction, Melrose Ave. adjacent.)
- Work with staff to generate types of low-intensity and low-impact neighborhood serving businesses separate from high-intensity and high-impact neighborhood oriented businesses
- Explore how to incentivize the transformation of alleys into vibrant, usable civic laneways that integrate small business spaces (i.e. live/work, work/live, and home occupation spaces)

SMALL BUSINESS INITIATIVE

1

B: INTRODUCE SHALLOW DEPTH LINER RETAIL AND DISPLAY SHOWCASE WINDOWS

Shallow Depth Liner Retail Shops (SDLR) are enclosed non-occupiable, pedestrian-oriented vendor type shops that conduct their commerce from the street. At night, after closing, each SDLR functions as an illuminated showcase along the sidewalk. Because they are not occupiable spaces meant to be entered, they do not require bathrooms, heating and air conditioning or other costly tenant improvements making them much more affordable to operate as a small business.

Not unlike more temporary news stands, florists or similar kiosk-like businesses, permanent SDLR shops provide character and promote walkability. Alongside the public sidewalk portion of our city's parks they could not only provide park-related goods and services but also enhance revenue for the City to help maintain the parks. Through strategic and creative insertions of shallow depth, non-occupiable retail spaces at key points along specific sidewalk stretches, West Hollywood could become a recognized innovator in crafting a unique and distinctive 21st century vibrancy along its commercial corridors and parks.

In key locations such as the MTA site at Santa Monica and San Vicente Boulevards, alongside sidewalk adjacent parking lots and portions of our park frontages, vast expanses of sidewalks adjacent to commercial districts and parks could be programmed to encourage true pedestrian walkability.

SMALL BUSINESS INITIATIVE

1

B: CONSIDERATIONS AND RECOMMENDATIONS:

STREET ACTIVATION OCCURS WHEN PEDESTRIANS FIND INTEREST THROUGH WELL-DESIGNED STOREFRONTS AND PUBLIC SPACES. CONSIDERATION SHOULD BE GIVEN TO LINER SHOPS AT KEY GAPS ALONG COMMERCIAL CORRIDORS.



- Amend the zoning code to allow for liner shops in commercial zones and adjacent to public facilities
- Define Liner Shop types and establish development standards in the Zoning Code



- Identify on the City's Zoning Map where SDLR shops might occur (include public space "liner" zones)



- Streamline permitting and craft true "permit in a day" process for liner shops

SMALL BUSINESS INITIATIVE

1

C: FOSTER SMALL SPACE POCKET RETAIL

Perhaps the City's greatest commercial needs currently are small footprint spaces in the 400 s.f. to 750 s.f. range. As pocket brick-and-mortar display type spaces, Small-Space Pocket Retail shops ("SSPR"s) might serve a very specialized type of consumer-oriented space or support small shops whose primary sales markets are internet based. A voluntary, SSPR option encourages new developments to value having a local shop owner presence remain in the City.

C: CONSIDERATIONS AND RECOMMENDATIONS:

CONSIDERATION SHOULD BE GIVEN TO HOW POCKET RETAIL CAN INTEGRATE EXSISTING STRIP MALLS. ALSO THE POTENTIAL FOR CORPORATE SPONSORSHIPS (THROUGH MINI-CAMPUSES OR CLUSTERED GROUPINGS)

- Explore ways to incentivize pocket retail shops in new development i.e. parking reductions, loading and delivery from street or alley, permit-in-a-day programs, etc... Index and register like the City's Rent Stabilization process
- Study potential of free-standing kiosks or seasonal sales modules in open surface, public parking lots
- Ideal for small corner lots (Vista/SMB) or 'through' businesses that connect a street to the alley in rear

SMALL BUSINESS INITIATIVE

2

EXPANSION OF LAND USE TYPES & UPDATING THE CITY'S ZONING CODES

SMALL BUSINESS INITIATIVE

2

EXPANSION OF LAND USE TYPES AND UPDATING THE CITY'S ZONING CODES

CHALLENGE:

Small business entrepreneurs think differently today. Firmly entrenched norms are often jettisoned for more creative working situations and environments. In some cases, land use allowances and prescriptive zoning provisions have created unnecessary hurdles to opening new businesses, especially in the absence of any identifiable impacts.

OPPORTUNITY:

Two effective ways to address small business needs are (1) to expand allowable land uses that reflect emerging trends and (2) to clarify zoning code provisions that currently hinder new small business development.



SMALL BUSINESS INITIATIVE

2

A: CREATE NEW “LOW-INTENSITY ‘MICRO’ BUSINESS” USES WITHIN THE ZONING CODE

West Hollywood is characterized by an atypically high percentage of residentially-zoned land, with a corresponding atypically low percentage of commercially-zoned land, and no industrially-zoned land at all. The City’s Zoning Code limits manufacturing to “small-scale manufacturing uses related to design furnishings, galleries, motion pictures, television, music or design-related uses” within the CC commercial zones only. This rather unique zoning mix means that the City is not always well-served by the same commercial development standards that have been adopted by other cities.

But no city – least of all one of West Hollywood’s size – can thrive solely with larger or high-impact businesses alone. In the current climate, small businesses in West Hollywood find fewer cost-effective options for conducting business. ‘Micro’ businesses have even fewer still. Such ‘micro’ businesses are typically low intensity uses, yet are subject to the same development standards as their larger-scale counterparts. Creating more favorable standards to support micro-businesses would further the City as a leader in promoting greater socio-economic equity.

SMALL BUSINESS INITIATIVE

2

A: CONSIDERATIONS AND RECOMMENDATIONS:

CONSIDERATION SHOULD BE GIVEN TO THE INTENSITY OF BUSINESS OPERATIONS OVER SQUARE FOOTAGE OF THE SPACE OCCUPIED.



- Define Micro-Businesses (Low-Intensity Businesses) in the zoning code



- Create a Micro-Business certification and registry with the City



- Establish new development standards that reflect low intensity with respect to floor area, number of patrons, hours of operation, business signage, parking and number of employees. (Live/Work- 5 employees or less to be in alignment with CBC; Home Occupation- 2 employees or less in alignment with WeHo Zoning code)

SMALL BUSINESS INITIATIVE

2

B: INTRODUCE OPTIONS FOR SMALL BUSINESS COURTYARD CLUSTERS IN NEW COMMERCIAL DEVELOPMENT.

In larger-scale mixed-use developments along primary commercial corridors, community scale at the street can be maintained with creatively integrated open plazas, arcades and themed courts adjacent to the sidewalk that cluster symbiotic small businesses to create a one-stop experience tailored to local residents. Clusters would be geared towards goods in demand (i.e. pet shops, laundromats, shoe repair, tailors, nurseries, etc.), food and hospitality (cafes, bakeries, grocers, wine shops, etc.), services (travel, salons, personal services, fitness, clinics, health & wellness shops, etc.) or local specialty shops that serve adjacent neighborhoods.

CONSIDERATIONS AND RECOMMENDATIONS:



- Generate new standards that encourage developers to create small business courtyard marketplaces in new commercial developments
- Limit courtyard spaces to certified micro-businesses

SMALL BUSINESS INITIATIVE

2

C: PARKING INTENSITY QUOTIENTS | SITUATIONAL ZERO PARKING

Small business nuances demand a fresh way of thinking. An effective tool to attract and maintain small businesses would be to create a Parking Intensity Quotient (“PIQ”) system as a means to determine and more directly reflect the actual nature of impacts on traffic and parking. In special circumstances and in specific contexts where clear walking districts have been established, zero parking zones could make great sense.

CONSIDERATIONS AND RECOMMENDATIONS:

THE MOVE TO A PARKING INTENSITY QUOTIENT BASES CAN HAVE A PROFOUND ABILITY TO TRANSFORM THE WAY PARKING CAN SERVICE A SMALL BUSINESS.

- Study the efficacy of replacing parking spaces/s.f. ratios with a parking intensity quotient (PIQ)
- Revise the zoning code to reflect business intensity levels that are characterized by hours of operation, number of employees, number of patrons, peak hour needs, types of goods needing transport, drop zone availability, etc.



SMALL BUSINESS INITIATIVE



2

D: SMALL BUSINESS SIGNAGE | BLADE SIGN DISTRICTS AND UPPER FLOOR OPTIONS

Some small businesses are challenged because they must occupy spaces and venues in hard to find places – upper floors of buildings; recessed in pocketed mini cluster areas; on a side street or alley way. Regulations can hamper success. Policies such as “no sandwich boards” and “no sidewalk signage”, restrictions on placing products in front of the store, no signage allowed on upper floors of buildings, etc., limit their ability to make their brand visible to the pedestrian or drive-bys. With simple adjustments to the zoning code, small businesses could have a street presence and enhance the vibrancy of the pedestrian experience.

The current signage ordinance could offer greater flexibility for atypical or unusual circumstances. Moreover, while the city does currently have a Creative Sign ordinance, it defines “Creative Sign” solely in terms of unique design. Our pedestrian experience could be heightened with more flexibility for “creative applications” – situations in which the “creative” question isn’t about the design of the sign itself, but rather about how to creatively apply the ordinance where a standard sign doesn’t work well in its specific context. Currently such an accommodation would require a variance – an expensive and burdensome process which requires legal findings and discretionary approval by the Planning Commission.

SMALL BUSINESS INITIATIVE

2

D: CONSIDERATIONS AND RECOMMENDATIONS:

In addition to a “Creative Sign” ordinance, the city should consider a “Sign Accommodation” ordinance. A “Sign Accommodation” would require discretionary approval by the Director, and does not need to be entirely open-ended. Rather, urban design staff could identify a generally-defined series of ‘approvable’ modifications having to do with non-standard locations and sign types, or specific increases in size or number of signs.

- Modify sign standards to allow for blade signs or monument sign boards for all businesses in a building
- Consider greater flexibility and options for creative signage that supports pedestrian engagement
- Change code to expand possibilities of upper floor signage



SMALL BUSINESS INITIATIVE

2

E: INNOVATIVE URBAN PROGRAMMING / SMALL “GAP” BUSINESSES

Without flexibility and the ability to innovate and provide new type of services locally when things change, cities can become out of balance. West Hollywood prides itself on its history of creativity, yet new, innovative small business models struggle to thrive. Formation of a small business “needs listing” could help highlight significant gaps in neighborhoods. Finally, change can occur by working with Economic Development staff to place businesses where they can help to fulfill our residential neighborhood needs.

CONSIDERATIONS AND RECOMMENDATIONS:

- Identify businesses that are missing in the city and ways to attract those businesses to targeted areas
- Work with the BIDs and Economic Development Department to help small businesses partner in walkable city eat, shop, play programs
- Partner with the Urban City Planning Department and Architecture & Urban Design Studio to support and counsel small business innovators who work in ‘out-of-the-box’ ways



SMALL BUSINESS INITIATIVE

2

F: REVISE THE ZONING CODE TO PERMIT SHORT-TERM POP-UP SHOPS

Small businesses survive on seasonal, situational or temporal market conditions. Current land use policies assume that the same economic considerations exist throughout the City regardless of time, place and context. Citywide commercial policies are applied in circumstances where often times, the same space in the same location may better serve a local neighborhood by changing out seasonally how the location is used or transforming it from day to night.

If conceived as multi-purpose venues, pop-up event spaces can foster short-term art spaces, educational spaces, performance spaces, exhibition spaces, food spaces, non-profit fundraising spaces, etc. This strategy could address vacancy concerns, improve blighted pockets, function as a short-term laboratory to test new ideas, and bring a new vibrancy to challenging demands in the neighborhood.



SMALL BUSINESS INITIATIVE

2

F: CONSIDERATIONS AND RECOMMENDATIONS:

IF RECOGNIZED AS A KEY COMPONENT IN OUR LOCAL ECONOMY, POP-UP SHOPS CAN BECOME AN IMPORTANT PART OF A WALKABLE CITY. CONSIDERATION SHOULD BE GIVEN TO DEFINING AND CLASSIFYING APPROPRIATE POP-UP USES IN LOCAL CODES AND POLICIES

- Allow property owner or master entity to hold permits and consider a waived permit process if use does not change and space is permitted in compliance with Code
- Determine allowable “types” of pop-ups (Special events / Product launches / Startups / Incubators)
- Encourage small “incubator” type businesses that are successful to relocate into permanent, long-term leases
- Foster temporary / seasonal programs – (Umbrella and serial events)
- Consider shared parking options or square footage exemptions for parking in small pop-ups
- Develop time limits (6 month maximum?) and temporary occupancy permit process for short-term pop-ups

SMALL BUSINESS INITIATIVE

2

G: COMMERCIAL SMALL BUSINESS SUBDIVISIONS

One method of addressing workforce housing and “village-scaled” development would be to establish and promote commercial subdivisions for live/work, work/live and vertical mixed-use purposes. By allowing for the subdivision of existing commercial parcels into multiple, new small lots for individual small business ownership, and then further allowing residential housing to be integrated behind or above each work space, the city could promote and stabilize a regular small business presence in key parts of our commercial streets. Each property/business owner would own a small piece of the larger block and would be able to introduce new housing opportunities at the rear of the ground floor or on the second floor.



SMALL BUSINESS INITIATIVE

2

CONSIDERATIONS AND RECOMMENDATIONS:

INNOVATIVE TYPES OF SUBDIVISION COULD GREATLY EXPAND WORKFORCE HOUSING OPTIONS IN THE CITY AND WOULD SUPPORT MANY OF THE LIVABILITY AND SOCIAL EQUITY GOALS OF THE CITY'S GENERAL PLAN.

- Develop a small parcel, small-business-oriented subdivision ordinance to encourage the integration of individually owned, new housing alongside or above pedestrian-driven, street fronting businesses at the ground level
- Integrate this type of horizontal air space subdivision concept into the City's current mixed-use and live-work development standards
- Foster small business owner-operator success by focusing development standards updates on design and operational needs specific to narrow lot subdivision configurations
- Incentivize this type of localized land use approach in focused areas of the City, identify symbiotic geographic relationships and determine appropriate sections of the city where these types of subdivisions will work best.



3

**CITY SMALL BUSINESS
PROGRAMS, APPROVALS,
PERMITTING & LICENSING**

SMALL BUSINESS INITIATIVE

3

PROGRAMS, APPROVALS, PERMITTING & LICENSING

CHALLENGE:

The “one size fits all” approach to commercial neighborhood zoning districts and streamlining efforts have not produced the most favorable results. True neighborhood-serving assets would be more likely to open if location and parking considerations reflected the actual intensity and impacts that the particular-size/type business attracts. The City’s Economic Development Department has made adjustments to parking ratios which will go a long way in supporting and attracting small businesses and filling vacancies. But we need to go even further. For example, the zoning code threshold between new large and small businesses is set at 10,000 sf. Yet, a small infill shop, with two to four employees, is completely different than a larger business with respect to intensity and impacts. Fee structures need to be reasonably calibrated to reflect the real-world budgets and to scale of business to be able to open and operate. Streamlining will be vital to foster and support the success of new businesses.

This can be supported by Economic Development’s Business Development Division acting as “conciierge” for small businesses who do not have affordable access to knowledge, expertise and resources. The goal is to avoid unnecessary arduous processes such as for parking or signage needs that do not fit squarely into the city’s current regulations.

OPPORTUNITY:

The purpose of zoning is to promote contextual compatibility and avoid impacts that can not be mitigated. In this case, small businesses might be better off being processed in terms of their intensity and anticipated degree of impacts.

SMALL BUSINESS INITIATIVE

3

A: TRUE PERMIT STREAMLINING

Small businesses operate with very slim margins. Even small missteps in the permitting process can be devastating. Complete and clearly communicated minimum standards to open small businesses are essential. Departmental silos have become an increasing challenge to navigate, particularly with outsourcing of plan review. Simplified processes are essential for small businesses with limited resources.

CONSIDERATIONS AND RECOMMENDATIONS:

SMALL BUSINESSES COULD GREATLY BENEFIT FROM GUIDANCE WHEN GOING THROUGH THE PERMIT AND APPROVAL PROCESS FROM STAFF'S KNOWLEDGE AND EXPERTISE, PARTICULARLY IN THE CITY'S BUSINESS DEVELOPMENT DIVISION,

- Provide knowledgeable preliminary document review at counter prior to accepting plan check applications
- Improve online application and tracking process with enhanced communication materials
- Leverage contract with LA County Fire Department and push for clarity in small business requirements
- Actively promote Economic Development's small business concierge as a key resource who can counsel new small business owners
- Hire an in-house, dedicated tenant improvement plan check reviewer who can complete processing small scale projects over the counter after first plan check cycle
- Explore how to provide counter approvals after first plan check submittal

SMALL BUSINESS INITIATIVE

3

B: SCALED FEE STRUCTURES

Just as permit fees vary for sizes of a special event, so should fees for a small business. In the past year, the Chamber has worked with the City to recognize and tailor fees for special situations – patio fees for non-alcohol related versus alcohol service; special event permitting, signage fees, etc. Structure for the fees plays a large role in opening a business and low-intensity and small-scaled business would benefit greatly from a one-stop permit and simple fee process.

CONSIDERATIONS AND RECOMMENDATIONS:

CONSIDERATION SHOULD BE GIVEN TO A FEE BASIS THAT REFLECTS THE TRUE CAPACITY OF SMALL BUSINESSES

- Create a tiered permit and fee process for small businesses and tenant improvement (TI) submittals
 - Tier I: 1,200 s.f. and below
 - Tier II: 1201 s.f. to 5000 s.f
 - Tier III: 5001 s.f to 10,000 s.f.



SMALL BUSINESS INITIATIVE

3

C: ZERO NET ENERGY (ZNE) GRANT PROGRAM

Innovation within our commercial contexts will be key moving forward as traditional relationships between live, work and play change. More importantly will be integrating the benefits of environmental responsiveness not only on the health and wellness side but also impacts on the operational side reducing consumption and making more efficient use of our natural resources. Green buildings have been given much attention but green business operations have not been explored.

CONSIDERATIONS AND RECOMMENDATIONS:

ONE TIMELY OPPORTUNITY FOR THE CITY IS TO EXPLORE GRANT PROGRAM TO SUPPORT SMALL BUSINESSES IN ACHIEVING ENERGY CONSUMPTION GOALS AND REALIZING SPECIFIC SUSTAINABILITY POLICIES AND GOALS OUTLINED IN THE CITY'S CLIMATE ACTION PLAN.

- Study the efficacy of an annual Small Business ZNE Matching Grant Program that would assist existing and new businesses to integrate energy reduction systems and transform their space into zero net energy demand places of employment. The Grant would also include technical support (from Chamber ZNE Members or City consultants) as well as funding (up to \$10,000.00 per business x seven (7) grants per year) to implement and document the path to zero net energy demand
- Partner with the City's Economic Development Department to establish a "Green Business" Designation and recognition program to promote West Hollywood as a leader in creating a green economy of the future

SMALL BUSINESS INITIATIVE

3

D: SMALL BUSINESS LICENSING PROCESS UPDATES

West Hollywood continues to attract new businesses. Staff works hard to clarify and simplify the process of registering a new business. This process works well. However, despite new trends emerging, equitable economic access to open diverse limited funded small businesses has been a challenge. Except for efforts that supported marijuana sales, new business types that are not defined or classified in the zoning code can struggle. Wine rooms, dessert bars and painting lounges are examples of small business ideas that have found the process difficult. Because their economic bases, spatial needs, and operational methods differ from larger businesses and franchises, how small businesses are classified, processed, taxed and regulated becomes very important.

CONSIDERATIONS AND RECOMMENDATIONS:

- Work with the City's Business Development Division to revise small start-up procedures for unconventional concepts
- Continue to identify new innovative economies and expand allowable types of small businesses in West Hollywood
- Revise the zoning code to encourage "out of the box" opportunities



SMALL BUSINESS INITIATIVE

3

E: START A BUSINESS REGISTRY FOR WEHO RESIDENTS

Think global, act local. The future of small business will be about localizing goods and services, walkable businesses and local economy stimuli. The city will be looked to for leadership in promoting livability, micro-climate responsiveness, and a healthy green economy.

CONSIDERATIONS AND RECOMMENDATIONS:

HELPING LOCAL RESIDENTS PARTICIPATE IN THE LOCAL ECONOMY WILL BE ESSENTIAL AS WE MOVE TOWARDS MORE ENTREPRENEURIAL BUSINESS SITUATIONS.

- Work with Economic Development's Business Development Division to establish a matchmaking registry that assists WeHo residents in learning what type of small businesses are needed, how to plan for and successfully launch a new business
- Explore crowdfunding opportunities that pair local neighborhoods with residents who want to open a business there
- Study how projects requesting Development Agreements or require discretionary approvals can be conditioned to provide opportunities for local residents who want to open a small business over the course of the project



SMALL BUSINESS INITIATIVE



4

SMALL BUSINESS SUPPORT & INCENTIVES: CHAMBER OF COMMERCE LOBBYING AND PROGRAMMING

SMALL BUSINESS INITIATIVE

4

SMALL BUSINESS SUPPORT AND INCENTIVES

CHALLENGE:

Small business owners are fundamentally different in their capacity, expertise, access to resources, and in many cases business acumen. The City's Economic Development Department has been effective at helping new businesses by working with WHCC to develop programming as well as informing potential new business owners about policies and procedures. There are a myriad of ways to assist small businesses that the Chamber can connect with bringing value to a strong partnership.

OPPORTUNITY:

Gaining knowledge, expertise and resources to those in need will have a profound impact in generating new creative businesses and increasing their chances of thriving within the West Hollywood Community. By developing targeted programming policies and contexts for smaller-scaled ventures, small businesses might be able to share in common efforts to grow.



SMALL BUSINESS INITIATIVE

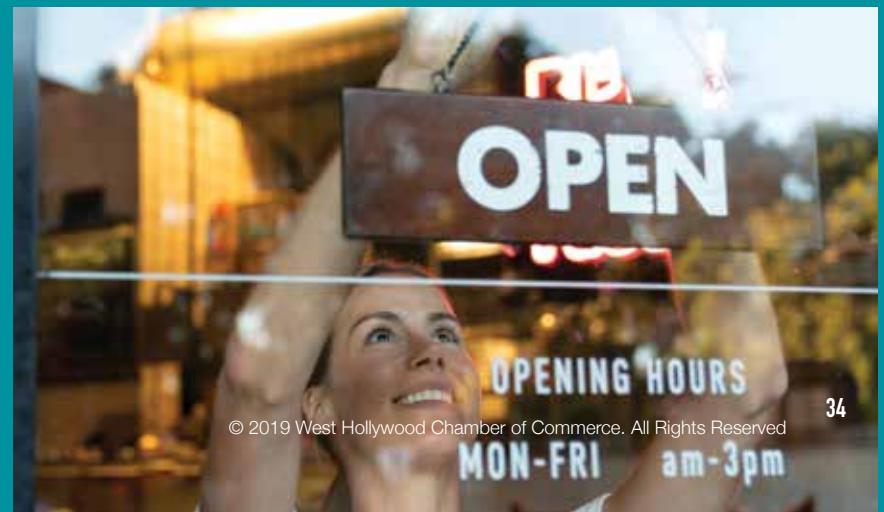
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A: SMALL BUSINESS CONCIERGE PROGRAM

New small businesses tend to be unfamiliar with the City's expectations, policies and processes. Local knowledge and expertise seem to be essential. Economic Development has made significant changes and procedural simplification has been enacted in several Divisions that will make opening and operating a small business more accessible, providing a certain degree of local assistance and access to knowledgeable resources. The WHCC is uniquely positioned in the business community to be a more formal liaison entity working within a structured partnership program with the City and EDD Staff to act as a valuable "conciierge" for small businesses.

CONSIDERATIONS AND RECOMMENDATIONS:

- Work with Economic Development's Business Development Division to directly provide support services to new businesses before they open
- Discuss inclusion in contractual service agreement between the City and Chamber of Commerce



SMALL BUSINESS INITIATIVE

4

B: SMALL BUSINESS COLLECTIVES: NEW BRANDED COMMERCIAL BUILDINGS/CLUSTERS AND EXISTING BUILDING REPOSITIONING

Other than the Pacific Design Center, West Hollywood lacks branded buildings or complexes with identifiable frontage presence on the street. Both in existing buildings and new developments, similarly themed or complementary small businesses grouped into recognizable, branded hubs (i.e. a writer's block, catering row, hospitality support building, entertainment center, etc.) represent another option in heightening the urban experience of the City. Customized lanes or courts directly accessed from the public way and built around similar small businesses can create a localized economic stimulus, enhanced urban identity while also directly serving residents. Small business commonalities can be expressed through creative design, and the grouping of synergistic businesses that reinforce each other's success.



SMALL BUSINESS INITIATIVE

4

B: CONSIDERATIONS AND RECOMMENDATIONS:

- Create a matchmaking service to help prospective small business owners find the best area for their business
- Assist Chamber Members to rebrand existing building clusters or new developments on Sunset Strip and Melrose
- Connect Chamber Members with professionals who can identify, plan and design for commonalities (i.e. health & wellness, food and beverage, entertainment, etc.)
- Work with City Planning and Economic Development Departments to revise or craft new development standards and policies (i.e. parking, loading, security, signage, etc.) related to small business commonality situations
- Work with City Planning and Economic Development Departments to create and establish criteria for a “Small Business Collective” designation as part of small business licensing reform
- Work with Staff and Business License Commission to create a Small Business Collective designation to support branding of synergistic small business in existing buildings and new developments

SMALL BUSINESS INITIATIVE

4

C: PROMOTE LOCAL RESIDENT SHOPKEEPERS

The life blood of any community and arguably its soul are determined by the vibrancy and health of its local, small-scale proprietors. Those who know their community, invest in it and provide necessary goods and services are to be celebrated. These shopkeepers in every sense of the word give character and a sense of place unparalleled by other businesses.

CONSIDERATIONS AND RECOMMENDATIONS:

- The City of West Hollywood's Economic Development Department and the Chamber of Commerce are uniquely situated to identify and celebrate these local shopkeepers, develop programs to maintain the ones we have and promote other residents' shop keeping interests. The City and Chamber have been successful in partnering on Eat Shop Play, our shop local program, raising awareness for local spending, as well as partnering on programs such as Shop Small Saturday and dine L.A.



SMALL BUSINESS INITIATIVE

4

D: FOSTER HOME-BASED BUSINESSES

Recent studies show that a greater percentage of West Hollywood residents work out of their home than other southland cities. The smallest of small businesses, these home-based businesses have specific needs and introduce unique opportunities to serve our local residents. From joint marketing efforts to wayfinding and signage issues, how can our future home-based entrepreneurs be supported?

CONSIDERATIONS AND RECOMMENDATIONS:

- Those who work at home can be a tremendous growth opportunity for the Chamber in the future



SMALL BUSINESS INITIATIVE

4

E: SMALL BUSINESS PROGRAMS

Small Business Saturday was established as an annual day in November to help local brick-and-mortar businesses counter the impacts of Black Friday and Cyber Monday. The City and Chamber partner on this nationwide Saturday event and have garnered significant corporate partners as well as media attention. Following the “Think global, act local” theme, a West Hollywood Small Business Summit, co-sponsored by the West Hollywood Chamber of Commerce and West Hollywood Economic Development Department, West Hollywood Design District and Sunset Strip BIDs, as well as West Hollywood Travel and Tourism Board, culminating in the national Small Business Week would reinforce the City’s reputation for creative programming and leverage the power of joint marketing for the City’s small business community.



The Small Business Initiative (SBI) is a result of strategic visioning efforts undertaken by members of the West Hollywood business community in collaboration with key members of the City of West Hollywood’s Economic Development Department and City Council.

Today’s small businesses face significant challenges including increases to minimum wage, rapidly elevating rents, additional fees and taxes, enhanced payroll requirements, increased insurance exposure and premiums, and greater operational costs. The Chamber has been advocating to mitigate the impacts of these additional expenses through more reasonable fees, streamlined processes and targeted changes in local regulations in order to support the continued growth, vibrancy and even, in some cases, the survival of small business in West Hollywood.

To bring this vision to life, the WHCC Board of Directors asked Chamber staff to establish a Small Business Taskforce to address concerns over the struggles and loss of “neighborhood serving” small businesses that cater to our residents and to add to the rich and unique West Hollywood experience. Council’s efforts to streamline processing, develop scalable fees for the small business community, creatively address vacancy issues and activate pedestrian activity all played a role in helping to define the key issues that have guided this SBI. This Initiative represents the Chamber’s most recent effort to advance decades of work.

WHCC owes a debt of gratitude to its members serving on the Small Business taskforce for the past two plus years. They are:

- Ric. Abramson, FAIA, WorkPlays studio*architecture
- Ed Levin, Levin-Morris Architects, Inc.
- Sam Borelli, Sam Borelli Consulting
- David Heise, David Wayne Heise Designs
- John Adler, Phyllis Morris Originals
- Genevieve Morrill, WHCC

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SMALL BUSINESS INITIATIVE



WEST HOLLYWOOD

WHCC

CHAMBER OF COMMERCE