



# CITY OF CARSON

## Legislation Text

File #: 2019-931, Version: 1

### Report to Mayor and City Council

Tuesday, October 15, 2019

Special Orders of the Day

#### **SUBJECT:**

**PUBLIC HEARING TO CONSIDER PROVIDING DIRECTION ON THE INTRODUCTION OF ORDINANCE 19-1938 REVISING ZONING STANDARDS REGARDING DISCOUNT STORES (CITY COUNCIL)**

#### **I. SUMMARY**

On November 1, 2016, the City Council adopted Ordinance No. 16-1603, which amended the City's Zoning Ordinance to establish land use regulations applicable to discount stores.

The adoption of Ordinance No. 16-1603 added Section 9138.19 (Discount Stores) to the City's Zoning Ordinance. Section 9138.19 contains, among other provisions, a "minimum separation" requirement which provides that new discount stores shall not be located less than one-half (1/2) of a mile from an existing discount store.

Due to the proliferation of discount stores in the South Bay region and the increasing amount of data regarding the adverse health and economic impacts such stores can have, Staff re-evaluated the City's existing development standards to determine whether the City may be able to establish additional regulations or restrictions on such uses to better protect the public health and welfare of the City's residential neighborhoods and commercial centers, specifically in regards to ensuring the ability of City residents to have access to healthy food options.

#### **II. RECOMMENDATION**

TAKE the following actions:

1. OPEN the public hearing, TAKE public testimony, and CLOSE the public hearing;
2. INTRODUCE for the first reading, by title only and with further reading waived, Ordinance 19-1938 to amend Municipal Code Section 9138.19 (Discount Stores) of Division 8 (Special Requirements for Certain Uses) of Part 3 (Commercial Zones) of Chapter 1 (Zoning) to increase the minimum distance requirement between discount stores.

### **III. ALTERNATIVES**

TAKE such other action as the City Council deems appropriate consistent with the requirements of law.

### **IV. BACKGROUND**

Discount store chains have a tendency to target poorer communities. For instance, Dollar General, a leading discount store chain, has acknowledged that its core customers earn around \$20,000 per year below the national median income.

These store chains often intentionally cluster multiple stores in low-income areas, a business strategy which often discourages new full-service grocery stores from opening. The business model is built on saturation, in that a concentration of discount stores in a given area will decrease or eliminate the incentive for full-service grocery stores to locate in that area; and, unlike full-service grocery stores, discount stores generally do not offer fresh produce, precluding availability of healthy food options in areas saturated by discount stores.

Discount stores, despite not offering fresh produce, can pose serious competition issues to full-service grocery stores, because discount stores typically offer household products and daily essentials, which are higher profit-margin items sold by full-service grocers, at lower prices than such grocers, thereby putting economic pressure on grocers to lower prices to levels that reduce or eliminate their profit margin. As a result, the addition of new discount stores into an area where full-service grocery stores are operating can threaten the ability of existing grocers to continue operating profitably in the area.

Limiting the ability of new discount stores to commence operation within one mile of an existing discount store in the City may improve the City's ability to attract and/or retain full-service grocers in such areas, thereby promoting the ability of the residents of such areas to gain and/or retain convenient access to full-service grocers or other local grocers or businesses that sell fresh produce or provide other healthy food options. This limitation will have the effect of improving the overall quality of the diet of the residents of such areas, thereby protecting and promoting the public health and welfare of such residents, without interfering with the ability of existing discount stores to continue operating.

#### **Planning Commission**

At the September 24<sup>th</sup> public hearing, the Planning Commission did approve the attached text amendment, though members of the City of Carson Planning Commission raised concerns over the effects of the proposed ordinance on smaller discount retailers. They commented that the ordinance does not distinguish by size, gross receipts or other characteristics that might exempt smaller discount retailers from the effects of the ordinance. These Commission members argued smaller discount retailers should not be treated in the same manner as larger discount chains as smaller retailers do not present

the same business model as national discount chains.

### Proposed Text Amendment

The text amendment recommended by the Planning Commission increases the distance between new discount stores to one mile from one-half mile. All other provisions remain unchanged. As Council has requested previously when text amendments are presented for review, the following is the proposed amendment to CMC Section 9138.19 (Exhibit No. 3) (deletions shown in double strikethrough):

“9138.19 Discount Stores.

A. Use Classification. Retail establishments that sell a broad range of outlet, close-out, discontinued, liquidation, or overstock and general merchandise, primarily at a single discount price and/or in the low and very low price ranges.

B. Minimum Lot Area. Discount stores shall not be permitted on lots less than six (6) acres of net area.

C. Minimum Separation Requirement. New discount stores shall not be less than one-half (1/2) mile from an existing discount store.

D. Hours of Operation. Business hours, including truck loading hours, shall be limited to 8:00 a.m. to 9:00 p.m., seven (7) days a week.

E. Parking Requirement. One (1) space per two hundred fifty (250) square feet of gross floor area.”

## **V. FISCAL IMPACT**

None.

## **VI. EXHIBITS**

1. Planning Commission Staff Report from September 24, 2019 (pgs. 4-14)
2. Planning Commission Resolution No. 19-2677 (pgs. 15-20)
3. Planning Commission Excerpt Minutes, September 24, 2019 (pgs. 21-22)
4. Proposed Ordinance No. 19-1938 (pgs. 23-25)

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