



Honorable Mayor and Members of the Hermosa Beach City Council

PROPOSED MODIFICATIONS TO STREAMLINE BUSINESS LICENSE APPLICATIONS PROCEDURES FOR COMMERCIAL BUSINESS LICENSE AND HOME OCCUPATION.

(Community Development Director Alison Becker)

Recommended Action:

Staff recommends City Council:

1. Review and provide feedback on the proposed amendments to streamline Business License Applications Procedures for Commercial Business License and Home Occupation Application; and
2. Direct staff to forward the proposed amendments for the Hermosa Beach Planning Commission to review and hold a public meeting on said changes.

Executive Summary:

This item proposes amendments to the Hermosa Beach Municipal Code (HBMC) Chapter 17.08.020 (D) to simplify and expedite the business license process for both commercial and home-based businesses. The amendments are intended to enhance customer service, reduce processing time, and improve consistency and transparency in the City's business licensing practices.

The proposed changes align with the City Council's goals of supporting local economic vitality, improving efficiency in City operations, and fostering a business-friendly environment while maintaining compliance with applicable regulations.

Background:

The City currently regulates business licensing under Hermosa Beach Municipal Code Chapter 5.04. Hermosa Beach Municipal Code Section 17.08.020 further defines the uses permitted in the R-1 Single-Family Residential Zone, including commercial uses such as home occupations. While the existing procedures for commercial businesses and home occupations provide necessary regulatory oversight, they were developed prior to the implementation of the City's current digital permitting systems and do not fully reflect best practices for online, streamlined, and customer-centered processes.

Staff conducted a review of the City's business license processes in coordination with Administrative Services, Community Development, and the City Manager's Office. The

review identified several opportunities to modernize and clarify existing requirements for both commercial business and home occupation licenses.

Analysis:

To modernize and streamline the City's business licensing process, the proposed amendments refine and clarify application requirements, ensuring consistency and transparency in documentation standards for both commercial and home-based businesses. The following updates to Section 17.08.020(D) will simplify and modernize home occupation requirements:

Proposed Amendments to HBMC Section 17.08.020 (D) – Home Occupations:

1. **Combine Subsections (1) and (2):** Merge the current subsections (1) and (2) to streamline standards related to permitted floor area and storage of inventory or materials. This amendment would allow one room within a dwelling unit to be used for the home occupation, including the storage of related inventory and supplies.
2. **Update Subsection (7):** Replace the reference to "Planning Department" with "Community Development Department" to reflect the current department title.
3. **Update Subsection (11):** Updating the title from "Planning Director" to current title, "Community Development Director." This change will ensure our code reflects the most accurate and up-to-date organizational structure.
4. **Delete Subsection (17):** Remove subsection (17), which requires a physical inspection of the premises prior to permit approval. Staff inspections for home occupations are no longer necessary given the limited, low-impact nature of most home-based businesses. Removing this requirement will reduce staff workload and expedite permit issuance without compromising code compliance or public safety. Additionally, inspections of home offices are no longer common practice in neighboring jurisdictions.

Business License Application Documentation Requirement:

The City has historically allowed business-license applicants who pay a license tax based on gross receipts to self-report their gross-receipt amounts. However, to better align with best practices used in other cities, such as Manhattan Beach, the City will begin requiring these applicants, when necessary, to provide documentation supporting their reported gross receipts. Acceptable documentation may include: Schedule C, Income Statement, Profit and Loss Statement, Financial Statement, Ledger Sheet, or a Declaration from the Taxpayer.

Fiscal Impact:

There is no fiscal impact associated with the recommended actions.

Attachments:

1. Draft Ordinance Amending HBMC 17.08.020 (D) – Home Occupations
2. Draft Updated Home Occupation Application
3. Current Home Occupation Application
4. Draft Updated Zoning Business License Review Application
5. Current Zoning Business License Review Application
6. Draft Updated Business License Application
7. Current Business License Application

Respectfully Submitted by: Leo Zalyan, Management Analyst

Concur: Alison Becker, AICP, Community Development Director

Concur: Brandon Walker, Administrative Services Director

Noted for Fiscal Impact: Henry Chao, Finance Manager

Legal Review: Jason Baltimore, Interim City Attorney

Approved: Steve Napolitano, Interim City Manager