

# COMMUNITY AND ECONOMIC DEVELOPMENT DEPARTMENT PLANNING STAFF REPORT

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| <b>AGENDA ITEM NO.:</b> C.1.   | <b>SITE LOCATION:</b> East side of Euclid Street, south of Acacia Parkway at 12900 Euclid Street |
| <b>HEARING DATE:</b> November 16, 2017   | <b>GENERAL PLAN:</b> Civic Center Mixed Use  |
| <b>CASE NO.:</b> Site Plan No. SP-044-2017, Variance No. V-017-2017, Conditional Use Permit No. CUP-116-2017 | <b>ZONE:</b> CC-3 (Civic Center Core)  |
| <b>APPLICANT:</b> SteelCraft Long Beach L.P.   | <b>CEQA DETERMINATION:</b> Exempt  |
| <b>PROPERTY OWNER:</b> City of Garden Grove  | <b>APN:</b> 090-164-37   |

## **REQUEST:**

A request for Site Plan approval to develop a food-focused multi-tenant project, known as SteelCraft, which includes a proposal to construct a new 9,532 square foot two-story building, consisting primarily of recycled and re-purposed metal shipping containers, along with other associated site improvements. Additionally, a request for Variance approval to deviate from the maximum setback requirement, along the Euclid Street frontage, and from the minimum ground floor height requirement for commercial ground floor spaces. Also included, is a request for Conditional Use Permit approval to allow entertainment and/or alcohol sales or consumption within the communal dining areas of the SteelCraft development.

## **BACKGROUND:**

The subject property is currently a 1.86-acre vacant City-owned lot, located on the east side of Euclid Street, south of Acacia Parkway. The property has a General Plan Land Use Designation of Civic Center Mixed Use and is zoned CC-3 (Civic Center Core). The property is adjacent to the Community Center Park, the Garden Grove Fire and Police Departments, City Hall, and various office buildings with CC-3 zoned properties to the east, south, and to the west, across Euclid Street, and CC-OS (Civic Center – Open Space) zoned properties to the north, across Acacia Parkway.

In 1977, the Garden Grove Planning Commission approved Site Plan No. SP-188-77, to allow the construction of an approximately 10,940 square foot restaurant pad building on the subject property. In 1978, the newly constructed building was occupied by a restaurant, Black Angus Steakhouse, until it closed its

business in 2002, and remained vacant following its closure. In 2014, a demolition permit was obtained and all existing improvements were removed from the property. The property has remained vacant ever since.

On June 16, 2017, the Garden Grove City Council unanimously approved a long-term ground lease agreement with SteelCraft Long Beach L.P. ("SteelCraft") for the subject vacant property.

On August 21, 2017, SteelCraft voluntarily held a community engagement meeting at the Garden Grove Community Meeting Center. At the meeting, the developer gave a presentation showcasing the concept and elements of the existing SteelCraft location in the City of Long Beach, and touched on various planned activities, amenities, and features to be offered at the proposed SteelCraft location in Garden Grove. The intent of the meeting was to gather feedback from the community relating to suggested food types/tenants, events, amenities, as well as addressing raised questions and concerns. City Staff attended the meeting and noted there was general support by the community.

## **DISCUSSION:**

### SITE PLAN:

#### Site Design, Circulation & Floor Plan:

The applicant's proposal (the "Project") is to develop a food-focused multi-tenant project, known as SteelCraft, which includes a proposal to construct a new 9,532 square foot two-story building consisting primarily of recycled and re-purposed metal shipping containers, along with other associated site improvements. SteelCraft will be an outdoor urban eatery providing space for various local artisan food vendors, and will also include outdoor communal dining areas, entertainment, incubator office space, and micro-retail space.

A typical shipping container is 8 feet by 20 feet (160 square feet) in size. The Project utilizes shipping containers in various orientations such as a single layout (8 feet by 20 feet), a side-by-side layout (16 feet by 20 feet), a front-to-back layout (8 feet by 40 feet), and a stacked layout to create 2<sup>nd</sup> floor areas. The containers will be occupied by various tenants and will also be utilized for office space, storage, restrooms, and other associated facilities.

The containers are connected to each other creating a single cohesive two-story structure, and generally laid out in an "O" shape. At the center of the development is a 4,252 square foot outdoor communal dining area, which is covered by a metal roof structure. The development consists of 8,572 square feet of first floor spaces which include: covered outdoor communal dining area, ancillary/commercial kitchen areas, an arcade, an office area, storage/janitor areas, and men's and women's

restrooms. The second floor is 960 square feet in area and consists of office areas and an additional outdoor communal dining area. The front area of the proposed development includes a 1,588 square foot garden area, and a 1,742 square foot convertible outdoor dining area/event space. Through the use of perimeter barriers (i.e., fences), connected container structures, and monitored entrances and exits, the entire SteelCraft development is a confined and controlled space.

The development standards of the CC-3 zone specify a minimum setback of 15'-0" and a maximum setback of 20'-0", along the Euclid Street frontage (the westerly property line). The intent of the specified setbacks, along with other development standards of the CC-3 zone, are to encourage the development of uses that create walkable and lively environments that are pedestrian-oriented. The proposed building provides a 52'-9" setback to the Euclid Street frontage, which exceeds the minimum setback (15'-0"), but exceeds the maximum setback (20'-0") by 32'-9". The building has been set back 52'-9", beyond the maximum 20'-0" setback, due to several (6) public utility easements, which run north and south along the westerly property line and lie within the first 50'-0" of the property. There are multiple easements that overlap each other, in this front area of the property, that range from 6'-0" and up to 30'-0" in width. The developer of SteelCraft is restricted from placing any structures over and across any of the existing easements, thereby rendering the front 50'-0" of the property as undevelopable. As such, the proposed building maintains its required clearance from the utility easements and is setback 2'-9" from the edge of the innermost easement. The CC-3 zone does not require a setback to the northerly, southerly, and easterly property lines.

The CC-3 zone also requires the development to integrate a pedestrian access connecting the primary entrance to the public right-of-way along Euclid Street. In order to comply with this requirement, and with the existing easements in mind, the Project has been designed to connect the entrance of the establishment through landscaped pathways, which lead through the front garden area and front outdoor communal dining area/event space. The pedestrian linkages will be clearly identifiable from the sidewalk at the public right-of-way, paved in high quality materials, and will incorporate the use of additional features such as, but not be limited to, directional signage, markers, landscape planters, and vegetation. Additionally, long- and short-term bike storage will be provided at the front of the development, adjacent to the public sidewalk along Euclid Street.

The subject site is currently improved with, and will utilize, the two (2) existing driveway approaches off of Euclid Street. The driveway approach, at the southwest corner of the property, will provide vehicular access to the primary parking lot areas, which are located along the southerly property line and toward the rear of the property (to the east). The driveway approach, at the northwest corner of the property, will provide vehicular access to a secondary parking lot area, along the northerly property line. There is also reciprocal access available, for vehicular and

pedestrian ingress and egress, to the properties to the northeast (APN: 090-164-42) and to the south (APN: 090-164-41).

The site plan has been designed to provide sufficient drive aisle widths, parking stall sizes, and required pedestrian pathways throughout the development. Additionally, an adequate number of trash enclosures/bins will be provided and in an optimal location toward the rear of the property.

Parking:

Based on the parking requirements of the Municipal Code, the development is required to provide a minimum of 76 parking spaces on-site. The following table, Table 1-A, provides a breakdown of the parking calculations for each of the individual uses for the development.

| Proposed Use                                    | Area (in square feet) | Parking Ratio | # of Parking Spaces Required |
|---|-----------------------|---------------|------------------------------|
| Covered Outdoor Dining                          | 4,892                 | 1:100         | 48.9                         |
| Uncovered Outdoor Dining (1st 500 SF is exempt) | 1,242                 | 1:100         | 12.4                         |
| Office / Ancillary Kitchen Areas                | 3,152                 | 1:250         | 12.6                         |
| Retail  | 320                   | 1:200         | 1.6                          |
| Total # of Parking Spaces Required (Minimum) =  |                       |               | 76                           |
| # of Parking Spaces Provided On-Site =          |                       |               | 115                          |

Table 1-A

Building Design:

The applicant has proposed a design for the new building that is architecturally unique, and environmentally sensitive and innovative in the use of materials comprised primarily of recycled and re-purposed metal shipping containers. SteelCraft will have a pedestrian-oriented elevation along Euclid Street that creates an inviting and lively environment.

Development standards of the CC-3 zone require commercial ground floor areas to maintain a minimum height of 18'-0" as measured from the floor of the at-grade level to the floor of the second story. The proposed commercial ground floor height for the Project is 9'-0" (the height of a standard shipping container), with building elevations that have varying heights ranging from 9'-0" and up to 30'-0". Therefore, the applicant is requesting a variance from the 18'-0" minimum first floor height requirement.

Finally, Municipal Code requirements for enhanced storefront designs require that glazing at the ground floor, facing Euclid Street, shall comprise of a minimum of 40% glazing. Based on the length of the building façade and the height of the building, a minimum of approximately 444 square feet of glazing is required. The elevations

facing Euclid Street of the proposed Project exceed the minimum required by providing 447 square feet of glazing.

Landscaping:

Based on the landscape requirements of the Municipal Code, the site is required to provide landscaping in all required setbacks and a minimum of 5% of the parking areas. Excluding any landscaping provided in required setbacks, the site is required to provide a minimum of 2,525 square feet of landscaping and a minimum of twelve (12) trees within the parking areas and throughout the remainder of the property. The Project provides a total of 9,228 square feet of landscaping and a minimum of fifteen (15) trees, which exceeds the minimum required by Code.

The applicant is required to submit a landscape and irrigation plan to the City that complies with the landscaping requirements of Title 9 of the Municipal Code. All planting shall be watered by means of an automatic irrigation system meeting the City's requirements for water conservation, and as required in the City's Landscape Water Efficiency Guidelines.

Signage:

All proposed signage shall adhere to Section 9.20, Sign Standards, of Title 9 of the Municipal Code. Conditions of approval will require the applicant to submit a detailed and comprehensive sign program for the entire site to the Planning Division for review and approval. A separate sign application will be submitted and separate building permits will be obtained for on-site signage.

VARIANCE:

FINDINGS REQUIRED TO APPROVE VARIANCE:

In order for the proposed Project to move forward, the applicant is requesting consideration for the approval of two (2) Variances:

- (i) A Variance from sub-section A, Required Setbacks, as set forth in Figure 9.18-8, under Section 9.18.090.030, Civic Center Zone Development Standards, of Title 9 of the Municipal Code, for a deviation to the maximum 20'-0" setback requirement along the Euclid Street frontage, in order to allow a 52'-9" setback to the proposed building; and
- (ii) A Variance from subsection A.2., Minimum Ground Floor Height, under Section 9.18.110.020, Development Standards for Commercial Uses within All Mixed Use Zones, of Title 9 of the Municipal Code, for a deviation to the minimum height of commercial ground floor spaces, which is 18'-0" for the

elevation facing Euclid Street. The Project proposes elevations with varying heights ranging from 9'-0" to 30'-0".

Pursuant to State law and Garden Grove Municipal Code Section 9.32.030.D.6, in order to grant a property owner's request for a Variance, the Planning Commission must make each of the following five (5) findings:

1. That there are exceptional or extraordinary circumstances or conditions applicable to the property or to the intended use or development of the property that do not apply generally to other property in the same vicinity or zone.

The development standards of the CC-3 zone specify a minimum setback of 15'-0" and a maximum setback of 20'-0", along the Euclid Street frontage (the westerly property line). The intent of the specified setbacks, along with other development standards of the CC-3 zone, are to encourage the development of uses that create walkable and lively environments that are pedestrian-oriented. The proposed building provides a 52'-9" setback to the Euclid Street frontage, which exceeds the minimum setback (15'-0"), but exceeds the maximum setback (20'-0") by 32'-9". The building has been set back 52'-9", beyond the maximum 20'-0" setback, due to several (6) public utility easements, which run north and south along the westerly property line and lie within the first 50'-0" of the property. There are multiple easements that overlap each other, in this front area of the property, that range from 6'-0" and up to 30'-0" in width. The presence of the utility easements present an exceptional or extraordinary circumstance or condition applicable to the property involved or to the intended use of the development of the property that does not apply generally to other property in the same zone or neighborhood. The majority of properties in the same Civic Center zones, and/or within the same vicinity of the property, do not typically have a utility easement(s) that occupies the entirety, or even a portion of, the front setback areas of the property. The developer of SteelCraft is restricted from placing any structures over and across any of the existing easements, thereby rendering the front 50'-0" of the property as undevelopable. As such, the proposed building maintains its required clearance from the utility easements and is setback 2'-9" from the edge of the innermost easement.

Traditionally, and prior to the establishment of the Mixed Use zones in 2012, commercial development in the City typically provided for a 15'-0" front landscaped planter, a large parking lot at the front of the property, and the commercial building(s) located toward the rear of the property set back a significant distance away from any public right-of-way. Today, development standards of the Mixed Use Code foster the development of pedestrian-scaled environments with buildings that provide exciting access, well-designed landscaping, and pedestrian amenities that foster interaction. Along the

Euclid Street frontage, the minimum building setback is 15'-0", and the maximum building setback is 20'-0". In other areas of the Civic Center zones, the minimum and maximum setbacks are as low as 0'-0" and 5'-0", respectively. These established thresholds are in place to ensure that any future commercial buildings/structures maintain close proximity to public sidewalks and public rights-of-ways, which would allow for more effective pedestrian-oriented developments. This is further achieved through other typical requirements in the Mixed Use Code, which include, but are not limited to, provisions for plaza areas, pedestrian pathways connections, public amenities, outdoor vending kiosks, enhanced site improvements (e.g., directional signage, landscaping, vegetation), and a minimum height requirement for commercial ground floor spaces. The intent of the minimum height requirement of 18'-0" for commercial ground floor spaces is to take advantage of the typical close proximity of buildings to public rights-of-ways (i.e., public sidewalks) and to connect the commercial ground floor space with the pedestrian environment, and thereby activating both spaces to foster interaction. This consideration is less pertinent when buildings are set back further from the street. The Project proposes a front building setback of 52'-9" along the Euclid Street frontage, and is therefore, not in close proximity to the public right-of-way. As mentioned prior, the building has been set back 52'-9" due to several (6) public utility easements, which run north and south along the westerly property line and lie within the first 50'-0" of the property. The developer of SteelCraft is restricted from placing any structures over and across any of the existing easements, thereby rendering the front 50'-0" of the property as undevelopable. Because the buildings cannot be located within close proximity to the street due to the utility easements, imposing the minimum height requirement would not result in the intended effect of this development standard. It should be noted that the primary source of construction material for the Project is comprised of recycled and re-purposed metal shipping containers, which are typically a fixed size of 8'-0" (wide) by 20'-0" (length) with a 9'-0" height. The construction method for SteelCraft is atypical and not similar to a standard brick and mortar design, which would be more conducive to strictly meeting the 18'-0" commercial ground floor height requirement. The applicant has worked within the constraints of the fixed size of the shipping containers and has proposed a design for the Project that meets the intent of the minimum commercial ground floor height requirement by providing varying heights along the Euclid Street elevation, ranging from 9'-0" to up to 30'-0" to the top of the tower element. Furthermore, the applicant has also incorporated pedestrian friendly elements at the front of the development, along Euclid Street, such as a garden, convertible outdoor communal dining areas/event space, and enhanced pedestrian linkages to the public right-of-way. The presence of the utility easements present an exceptional or extraordinary circumstance or condition applicable to the property involved or to the intended use of the development of the property that does not apply

generally to other property in the same zone or neighborhood. The majority of properties in the same Civic Center zones, and/or within the same vicinity of the property, do not typically have a utility easement(s) that occupies the entirety, or even a portion of, the front setback areas of the property. Besides the requested deviation to the maximum setback and the commercial ground floor height requirement, the proposed Project complies with all other development standards of the Mixed Use Code.

2. That such Variance is necessary for the preservation and enjoyment of a substantial property right possessed by other property in the same vicinity and zone, but which is denied to the subject property.

There are other similar properties in the immediate vicinity, within the same zone, or other similar zoned properties throughout the City, that have existing structures which do not comply with the maximum 20'-0" setback along the Euclid Street frontage or the 18'-0" minimum ground floor height requirement as required by the Municipal Code. Approval of the proposed Variance will not set a precedent and will allow the applicant to enjoy a substantial property right possessed by other property owners located on other similar properties in the immediate vicinity, within the same zone, and other similarly zoned properties throughout the City. With exception to the requested Variances to deviate from the minimum rear setback requirement and associated minimum ground-floor height requirement, the proposed project complies with all other development standards of the zone.

3. That the granting of a Variance will not be materially detrimental to the public welfare or injurious to the property or improvements in such zone or neighborhood in which the property is located.

Site constraints resulting from existing utility easements prevent development of the Site in a manner that fulfills the intent of the maximum setback and minimum height requirements for which the Variances are requested. Approval of the requested Variances will allow the site, which has been vacant since 2002, to be improved and developed and to provide an additional amenity to the community as a pedestrian friendly and oriented outdoor urban eatery. Provided the project complies with the Conditions of Approval, the approval of the Variances will not create an adverse effect on the public welfare or to properties or improvements in such vicinity and zone in which the property is located. With the exception of the two (2) requested Variances, the project has been designed to meet all development standards of the CC-3 (Civic Center Core) zone including design components such as, but not limited to: minimum parking requirements, minimum landscaping requirements, compliance with all ADA (Americans with Disabilities Act) requirements, fire safety, and the provisions for on-site long- and short-term bicycle storage. The proposed Variances will not be materially detrimental to



the public welfare or injurious to the property or improvements in such zone or neighborhood in which the property is located.

4. That the granting of such Variance will not adversely affect the City's General Plan.

The proposed uses are consistent with the intent of the General Plan and the zoning classification as multi-tenant commercial developments with restaurants, office uses, and entertainment and/or alcohol sales or consumption are permitted and conditionally permitted in the CC-3 (Civic Center Core) zone. The proposed Variance request will not cause an adverse effect on the City's General Plan since the Municipal Code is a tool used to implement the goals of the General Plan. The proposed Project, SteelCraft, will improve the vacant lot, will complement neighboring uses, and will further Goal LU-6 of the General Plan to develop underutilized properties with a suitable development.

5. That approval of the Variance is subject to such conditions as will assure that it does not constitute a grant of special privileges inconsistent with the limitations upon other properties in the vicinity and zone in which the subject property is situated.

Provided the Conditions of Approval are adhered to for the life of the project, approval of the subject Variances will not grant a special privilege that is inconsistent with the limitations upon other properties located within the vicinity or zone in which the subject property is situated. In addition, pursuant to Condition of Approval No. 2, the rights granted to the applicant pursuant to Variance No. V-017-2017 shall continue in effect for only so long as the improvements authorized and contemplated by Site Plan No. SP-044-2017 and the Conditions of Approval continue to exist on the Site. In the event these improvements are not constructed or are demolished and not re-established, Variance No. V-017-2017 shall cease to be effective or to grant the applicant any rights to construct other improvements inconsistent with the then-currently applicable development standards. Any future use or development on the Site different from that described in the Site Plan approved concurrently with the Variance will be required to comply with all applicable standards of the Garden Grove Municipal Code, and the applicant may not rely on this Variance as a basis for an approval to deviate from the maximum setback, along the Euclid Street frontage, or to deviate from the minimum height for commercial ground floor spaces, with such future use or development.

Staff believes the record contains sufficient facts to support approval of the applicant's Variance request. Accordingly, Staff has prepared for the Planning

Commission's consideration a draft resolution approving the proposed Variance request, subject to the specified Conditions of Approval.

CONDITIONAL USE PERMIT:

On November 2, 2017, the Planning Commission considered and adopted a resolution recommending the City Council adopt an Ordinance to approve Amendment No. A-021-2017, which would expressly permit communal dining areas serving more than one business in which entertainment and/or other similar activities incidental to the primary activity of dining are provided or conducted and/or where alcohol is served and/or consumed in the CC-1 (Civic Center East) and CC-3 (Civic Center Core) Mixed Use zoning districts, subject to specified development standards and the approval of a conditional use permit. As of the date of this Report, the City Council was scheduled to hold a public hearing and consider introduction of the recommended Ordinance on November 14, 2017. If the City Council introduces the proposed Ordinance on November 14, 2017, it is anticipated that the second reading and adoption of the Ordinance approving A-021-2017 would be considered at the November 28, 2017 City Council meeting. If the City Council adopts an Ordinance approving Amendment No. A-021-2017, it would go into effect thirty (30) days after adoption.

As part of Amendment No. A-021-2017, "Communal Dining with Entertainment and/or Alcohol" would be established as a conditionally permitted use in the CC-3 zone. Therefore, in conjunction with the Site Plan and Variance requests, the applicant is also requesting contingent Conditional Use Permit approval to allow entertainment and/or alcohol sales or consumption within the communal dining areas of the SteelCraft development. The approval of Conditional Use Permit No. CUP-116-2017 would be contingent on the City Council adoption of an Ordinance approving Amendment No. A-021-2017.

Based on the applicant's business proposal, SteelCraft is expected to house approximately fourteen (14) businesses which will include local craft food and dessert eateries, a coffee shop, a craft micro-brewery and taproom, a craft wine vendor, incubator/office space, and communal dining areas. In the main covered communal outdoor dining area, within the center of the development, will be a 16'-0" wide stage to provide space for entertainment (e.g., live music). There may also be other similar incidental events or activities provided or conducted secondary to the primary activity of dining. All such entertainment, alcohol sales or consumption, or other incidental activities, will take place within the confines of the SteelCraft development. Furthermore, as stipulated in the special operating conditions and standards established under A-021-2017, the conditional use permit process will ensure that all entertainment and/or alcohol sales or consumption activity will be provide sufficient buffering and protection to existing surrounding uses in the immediate vicinity.

The Project has been designed to provide sufficient sound attenuation to surrounding properties and uses through elements such as setbacks to property lines and landscape buffering. Conditions of approval will assure that the Project will provide proper sound attenuation and will not create any noise nuisances to nearby properties/uses.

Communal dining areas are located in three (3) main areas of the development: (i) in the center on the first floor; (ii) at the front area facing the Euclid Street frontage; and (iii) in the communal outdoor dining area on the 2<sup>nd</sup> floor. Outdoor communal dining areas where alcohol is served and/or consumed are located in a controlled area or group of areas with monitored entrances and exits and enclosed by a perimeter barrier. The applicant will be responsible for monitoring, managing, and controlling the outdoor communal dining areas for the life of the project.

Any tenant requesting on-sale or off-sale of alcoholic beverages will be required to obtain separate Conditional Use Permit approval from the City along with their respective license from the State Department of Alcoholic Beverage Control. The applicant anticipates the hours of operation for SteelCraft to be seven (7) days a week, from 6:00 a.m. to 11:00 p.m., Sunday through Thursday, and 6:00 a.m. to 12:00 a.m., Friday and Saturday. The hours of operation may vary by tenant and be based on their products.

The Community and Economic Development Department and the Police Department have reviewed the request and are in support of the proposal.

**RECOMMENDATION:**

Staff recommends that the Planning Commission take the following actions:

1. Adopt Resolution No. 5905-17 approving Site Plan No. SP-044-2017, Variance No. V-017-2017, and Conditional Use Permit No. CUP-116-2017, subject to the recommended Conditions of Approval.

LEE MARINO  
Planning Services Manager

By: Chris Chung  
Urban Planner