



# THE PRINCE GEORGE'S COUNTY GOVERNMENT

## Office of Audits and Investigations

October 14, 2020

### FISCAL AND POLICY NOTE

TO: Robert J. Williams, Jr.  
Council Administrator

William M. Hunt  
Deputy Council Administrator

THRU: Josh Hamlin  
Senior Legislative Budget and Policy Analyst

FROM: Cassandra Fields  
Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Note  
CB-086-2020 Special Food Service Facilities - Food Halls.

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**CB-086-2020** (Sponsored by: Ivey, Glaros, Streeter and Taveras)

Referred to the Committee of the Whole (COW)

AN ACT CONCERNING SPECIAL FOOD SERVICE FACILITIES – FOOD HALLS for the purpose of establishing a business license for Special Food Service Facilities - Food Halls.

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### Fiscal Summary

#### Direct Impact:

*Expenditures:* Potentially negative, based on inspection and enforcement efforts.

*Revenues:* Potentially positive, based on license fee.

#### Indirect Impact:

Potentially positive, as a successful food hall establishment could promote economic development and support fledgling businesses.

**Legislative Summary:**

CB-086-2020, sponsored by Councilmembers Ivey, Glaros, Streeter and Taveras, was presented to the County Council on October 6, 2020 and referred to the Committee of the Whole. CB-086-2020 amends Subtitle 2. Administration, Division 4, Board of Appeals, Section 2-117, Board of Administrative Appeals of the County Code by creating Subtitle 5, Division 29, *Special Food Services Facilities - Food Halls*. The proposed legislation defines special food services facilities – food halls; establishes licensure requirements; creates an application process for all applicants; sets forth insurance requirements for license holders; delineates the safety and sanitation inspection requirements and process; develops guidelines for approval or denial of applications; provides for fines, closures, suspension or revocation of licenses; and establishes the appeal process.

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**Current Law/Background:**

The number of food halls in the United States grew by thirty-seven percent (37%) in 2016, and was predicted to double by 2019<sup>1</sup> according to commercial real-estate firm Cushman & Wakefield.<sup>2</sup> The concept affords small proprietors, who may not necessarily be able to immediately afford brick and mortar restaurants, a chance to showcase their talents and products. In addition, it eliminates some of the complications associated with daily operations, such as trash and grease collection, pest control and facilities maintenance, etc., by shifting the burden to the management company or food hall manager. The modern food hall encourages lingering socialization, sometimes having a bar and/or specialty vendors, live performances, dancing, and/or classes also present. Landlords and developers have come to appreciate the concept because food halls tend to draw foot traffic, even in a time of declining retail sales and changing shopping habits. If they are located on the ground floor of a residential building (mixed use), it is appealing to tenants who might appreciate the convenience of not having to leave their building for a meals, groceries, or socialization.

Already having emerged successfully in cities including New York, LA, Portland, Atlanta, Denver, San Antonio, Lexington and even in the Baltimore-Washington metro area, food halls are spreading further and wider. Prince George’s County already has an establishment that is conceptually serving this use now, i.e., Savor Food Hall. However, at the time of the issuance of this analysis, there is not a definition or permitted use in the existing code for a food hall operation. As it stands, each vendor in Savor Food Hall is required to attain its own Use and Occupancy Permit for the Health Department. Savor’s existing permit/license also limits uses, such as special events, classes, performances, exhibits, etc.

The Council is also considering CB-070-2020, which would define Food Halls in the Zoning Ordinance and allow for permitted uses in specific zoning designations. It seeks to address parking, loading and regulatory requirements for the use within the code as well.

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<sup>1</sup> The statistics have yet to be updated for 2020.

<sup>2</sup> <https://www.wsj.com/articles/take-control-at-the-food-hall-1500998926>

**Discussion/Policy Analysis:**

CB-086-2020 would amend Subtitle 2, Administration, Division 4, Board of Appeals, Section 2-117, Board of Administrative Appeals of the County Code by creating Subtitle 5, Division 29, Special Food Services Facilities - Food Halls.

The proposed legislation defines *Special Food Service Facility – Food Halls* as “establishments consisting of three or more individually-licensed businesses within an enclosed building where food and beverages may be consumed on the premises, taken out, or delivered”. It establishes a minimum percentage of gross floor for the serving and eating of food. The food hall may also include a percentage of small retail venues.

CB-086-2020 creates the application process for a *special food service facility – food hall* license/permitting through the Department of Permitting, Inspections and Enforcement (DPIE) **and** from the County Health Officer. DPIE shall be responsible for the review and approval of a Use and Occupancy permit. The County Health Officer shall be responsible for review, approval and issuance of a *low, moderate, or high priority license/permit*. The bill sets forth the process for the permitting as it relates to the period the permit is valid and a fee schedule by reference. The Food Hall shall apply for, hold, maintain and renew the *Master Food Hall* license. Each vendor operating at the Food Hall may do so under the Master Food Hall license. The Food Hall shall be required to maintain a *high priority food license/permit* as required by the County Health Officer. It further delineates the information and required documentation that is necessary to be provided on and with the application itself. The permit holders have a continuing responsibility to “promptly supplement” any application information if any changes occur, after having received the original permit. Failure to adhere to this requirement shall be grounds for suspension or revocation of the permit/license (used interchangeably).

The bill sets forth insurance requirements for license holders and delineates the safety and sanitation inspection requirements. As presented, the Fire/EMS Department shall be responsible for conducting fire-safety related inspections and enforcing all codes relating to Subtitle 11 of County Code, entitled *Fire Safety*. All *Food Halls* are required to have a *Certified Food Manager Certificate*, as set forth in Section 12-114 of County code. The Certificate holder must be present on-site during all hours of operation. It provides an exemption for vendors at mobile farmer’s markets.

Lastly, CB-086-2020 establishes the approval process for applications and sets forth the causes and process for imposing fines, closures, suspensions and/or revocations of licenses. Any decision of DPIE can be appealed to the Board of Administrative Appeals, pursuant to County Code. An appeal of a finding by the Board of Administrative Appeals may be filed with the Circuit Court for Prince George's County.

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**Fiscal Impact:**

*Direct Impact*

Enactment of CB-086-2020 should have minimal fiscal impact on the County relating to inspection and enforcement. There would be a finite number of areas in which this particular use would be permitted. Therefore, both revenue and expenditures would not be expected to be substantial in nature. Enactment of CB-086-2020 could see an increase in revenue as a result of permit applications, although it is anticipated these would be minimal due to the specific regulations governing zoning, enforcement and violations.

*Indirect Impact*

Enactment of CB-086-2020 could have a positive indirect fiscal impact, as a successful food hall establishment could promote economic development in the surrounding area, and support fledgling businesses, resulting in increased tax revenue to the County.

*Appropriated in the Current Fiscal Year Budget*

No.

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**Effective Date of Proposed Legislation:**

This Act shall be effective forty-five days (45) after adoption.

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If you require additional information, or have questions about this fiscal impact statement, please call me.