



THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations

March 24, 2021

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: Kassandra Fields
Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Note
CB-017-2021, Food Halls Occupancy and Operations-Food Halls Special Food Service
Facilities - Food Halls.

CB-017-2021 (Sponsored by: Ivey, Taveras, Glaros, and Streeter)

Referred to the Committee of the Whole (COW)

AN ACT concerning Food Halls Occupancy and Operations for the purpose of establishing a business license for Special Food Service Facilities – Food Halls.

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-017-2021, sponsored by Councilmembers Ivey, Taveras, Glaros, and Streeter, was presented to the County Council on March 2, 2021 and referred to the Committee of the Whole (COW). CB-017-2021 serves to define special food services facilities – food halls; addresses permitting and inspections, to include exclusions closure, suspension and/or revocation of license/permit; and establishes use and occupancy classifications. Staff understands that a proposed Draft 2 of the Bill will be discussed in the March 25, 2021 COW session.

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 2019¹ according to commercial real-estate firm Cushman & Wakefield.² 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.

Last year, the Council enacted CB-070-2020, which defined *food hall* and permitted the use in the I-1, I-3, U-L-I, M-X-T, M-X-C, and Commercial Zones in the County under certain circumstances. It also provided parking, loading, and regulatory requirements for the use.

¹ The statistics have yet to be updated for 2020.

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

Discussion/Policy Analysis:

CB-017-2021 would amend Subtitle 12. Health, Division 2, Food Service Facilities, as well as Subtitle 4. Building, Division 1. Building Code of the County Code.

The proposed legislation would define *Food Halls* as “establishments consisting of three or more individually-licensed businesses where food and beverages may be consumed on the premises, with catering, take out, or delivery options offered, as well. It establishes a minimum percentage of gross floor area (60%) for the use of serving and eating of food. It defines *Food Hall Operator* as the individual/entity operating the Food Hall. This person/entity is responsible for obtaining a Master Use and Occupancy Permit from the Department of Permitting, Inspections and Enforcement (DPIE), in addition to a High Priority Food Service License from the County Health Officer. In the Bill, *Food Hall Vendor* is defined as the person/entity a business within a designated (and permitted) *Food Hall* unit. The vendor is responsible for maintaining the applicable low, moderate or high priority license or other permit for the lease. The County Health Officer is responsible for receiving, reviewing, issuing and enforcing these type of applications and/or permits. Under this definition, the vendor is required to apply for the aforementioned license within thirty (30) days of occupancy, however, while the application is under review, the vendor may operate under the authority/purview of the *Food Hall Operator’s* High Priority Food Service License for a period up to ninety (90) days.

CB-017-2021 proposes to amend Subdivision 3- Permits and Inspections, Section 12-107 of the Code, by adding subsection (c) expressly setting forth that *Food Halls, Food Hall Operators* and *Food Hall Vendors* are subject to all applicable State and County laws, to include permitting, licensure, insurance, safety, and sanitation provisions. Any violation could be subject to fines, closures, license suspension or ultimately revocation.

Additional language is being proffered to Section 12-111, Closure; suspension of permit; fines, of the same Subdivision that delineates that DPIE may take any enforcement action against the holder of the Master Use and Occupancy Permit, or any *Vendor* conducting business under the purview of the Master Use and Occupancy Permit. It sets forth that if a *Food Hall’s* Master Use and Occupancy Permit is suspended and/or revoked, all food operations must cease until the matter is resolved in accordance with County process and the Code. It adds a subsection requiring DPIE to immediately notify the Health Department of any/all suspensions or revocations.

Lastly, CB-017-2021 amends Subtitle 4. Building. Division 1. Building Code, Section 4-125 to set forth the requirements for the Master Use and Occupancy Permit as it specifically relates to *Food Halls, Food Hall Vendors, and Food Hall Operators*. It assigns responsibility of the review and approval of the permit to DPIE.

Fiscal Impact:

Direct Impact

Enactment of CB-017-2021 should have a limited negative direct 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-017-2021 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-017-2021 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.

Effective Date of Proposed Legislation:

This Act shall be effective forty-five days (45) after it becomes law.

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