

BEST CITY TO *Start*

SMALL BUSINESS POLICY PRESENTATION

Board of Alders Health & Human Services Committee Workshops

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OVERVIEW of Best City to Start

Best City to Start is a policy campaign to make it easier and more affordable to **start and grow a small business** in New Haven.



OVERVIEW of Best City to Start

New Haven is **already a leader in breaking down barriers** for early-stage food entrepreneurs.

- **Single shared-use commercial kitchen** at the Dixwell Q House
- CitySeed + Collab **food business training** and wraparound support
- CitySeed Food Business Incubator with **six shared commercial kitchens** coming to 162 James



OVERVIEW of Best City to Start

We hosted two **Entrepreneur Roundtables** and have had numerous 1-on-1s with entrepreneurs.

Over and over, we heard:

Our permitting and licensing process needs to be *easier*, more *clear*, and more *affordable* for entrepreneurs.



This Workshop focuses on **two small business policies** we believe would make a difference for entrepreneurs, hardworking City staff, and community members:



FIRST YEAR
Free

Workshop #1: First Year Free

Our City's Catering License Fee is more than double most cities — creating a barrier for many small businesses.

Recommendation: Make the first year free for startups and entrepreneurs, and then \$200 every year after the first year.



Pickle
JAR LICENSE

Workshop #2: Packaged Good Permit

Consumer Packaged Goods (canned and jarred items such as pickles and hot sauces, cereals, beverages, breads) navigate significant state regulatory processes — and local rules and fees are duplicative.

Recommendation: Develop a Packaged Good Permit that ensures CPGs are registered with the City but reduces duplication and barriers.

Best City to Start Campaign is proud to work alongside **partner organizations and entrepreneurs** supporting these policies.

Best City to Start Champions



And many New Haven entrepreneurs

Havenly, Oh Shito!, Chef Sil's Vegan Kitchen, Judd Creative, La Cocina de Sandra, Venezia Pizza, Wildwood Granola, The Bapple Pie, All Day Bar, and more.

Workshop #1

Make the Catering License Fee Affordable

New Haven's catering license fee is one of the highest in the region.

New Haven's catering license fee is currently:

- **\$650** in the Year 1
- **\$550** in the following years

And this upfront cost can be a major barrier for early-stage food entrepreneurs.

For early-stage food entrepreneurs, **this upfront cost can be a major barrier** — sometimes pushing people to delay starting, operate informally, or abandon an idea altogether.

Comparing fees across multiple cities, New Haven's fee is one the highest.

Municipality	Catering License Fee	Source
City of New Haven	\$550/year (\$650 in YR1)	Link
City of Hartford	\$250/year	Link
City of Providence	\$100/year	Link
City of Cambridge	\$100/year	Link
City of Boston	\$325/year	Link
City of Philadelphia	\$275/year	Link
City of Stamford	\$508/year	Link ; Link
City of Lexington	\$75/year	Link
New York City	\$200/year	Link

Over the last three years, New Haven has issues 40-60 catering licenses annually — and 80% are renewals.

Year	Total # of Licenses	# of New	# of Renewals
2024	54	11	43
2023	41	8	33
2022	42	8	34

In total, the Catering License Fee totaled \$30,800 in city revenue in 2024 — with 11 new and 43 renewals.

- **1% of Permit Revenue:** Of \$27 million in permit, license, and fine revenue, approximately 68% is Building Inspections and Permits — while the Catering License fee accounts for just .1% of total revenue.
- **.00004% of City Revenue:** Of the \$700 million City budget, the Catering License fee accounts for .00004% of total City revenue.

Policy Recommendation: Make the Catering License Fee more affordable — with a First Year Free program and decreased annual cost.

- **Year 1:** Make the first year of a catering license free (called “First Year Free”)
- **Following Years:** Reduce the fee to \$200 in future years — aligning New Haven with peer cities.

Case Study: *San Francisco, CA launched a First Year Free Program for hundreds of fees, now supporting 13,000+ businesses.*

First Year Free and reducing the catering license fee would support the following goals:

1. **Support food businesses to start:** By lowering barriers for entrepreneurs with limited startup capital
2. **Encourage more participation in the city's permitting process:** By reducing the number of “under-the-table” catering business transactions
3. **Reduce costs for food businesses to grow:** Less investment in fees leaves more to invest in equipment, hiring, and business development

Workshop #2

Create a Streamlined Packaged Goods Permit

New Haven requires small makers to apply for the *same* licenses as full-service caterers.

In New Haven, Consumer Packaged Goods (CPG) vendors — makers of pickles, hot sauces, jams, teas, coffee, baked goods — have to apply for the same licenses as full-service caterers or temporary food service providers.

But, these makers already navigate *significant* state inspections and fees.

The system is mismatched because packaged food (sealed products) are already regulated under state law. This means an entrepreneur selling sealed, shelf-stable products at a farmers' market or night market faces \$1,000+ in government license costs before selling a single packaged item.

New Haven Consumer Packaged Goods (CPG) vendors have to navigate significant federal and state processes to ensure safety and compliance — including inspections and fees.

State Processes

- **Business Formation:** \$120 filing + \$80 annual report
- **Sales & Use Tax Permit:** \$100 one-time fee
- **Cottage Food:** \$50 + \$50 renewal every 2 years
- **Commercial Kitchen:** \$285 annually + \$175 food safety training
- **DCP Food Manufacturing Establishment License Fee:** \$20 annually with initial inspection in first year and scheduled inspections thereafter.
- **DCP inspections:** Initial commercial kitchen approval and production process

Local Processes

- **Temporary food service license:** \$80
 - Onsite inspection
- **Catering License fee:** \$650

~\$1,400+ in state and local licensing fees before selling a single item.

Policy Recommendation: Create a simple permit for packaged goods (“The Packaged Good Permit”).

- **Upload State Approvals:** An entrepreneur would simply upload their state-level approvals to register with the City — including their Department of Consumer Protection inspection confirmation.
- **Waived Fee:** No additional fee paid.
- **Requirements:** Still requires compliance with health, labeling, and inspection rules.
- **Note:** Cottage Food businesses would apply to this — and may be subject to an inspection (i.e. of their vendor set-up during events).

Creating a simple Packaged Goods permit would support the following goals:

1. **Reduces barriers for local food entrepreneurs:** By reducing fees for businesses with limited startup capital
2. **Encourages more small businesses at events:** Including farmers' markets, night markets, and holiday fairs
3. **Aligns fees with actual health risk:** By distinguishing CPGs from caterers, and given DCP inspection
4. **Reduces duplicative barriers for CPGs:** Acknowledges significant state compliance needs

And positions New Haven as a best city to start a CPG brand — nurturing the next wave of local makers.

**Discussion
+ Questions**



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