

REGULATORY JUSTICE

Expanding Access to Small Business Opportunity







MAMA GINA'S

Fort Worth, Texas

City policy is **not working
for the small business owner.**

OUTSIZED REGULATORY REQUIREMENTS

PAY-TO-PLAY SHORTCUTS

HIGH PERMITTING FEES

CONFUSING JARGON

**Local governments have the
power to do something about it.**

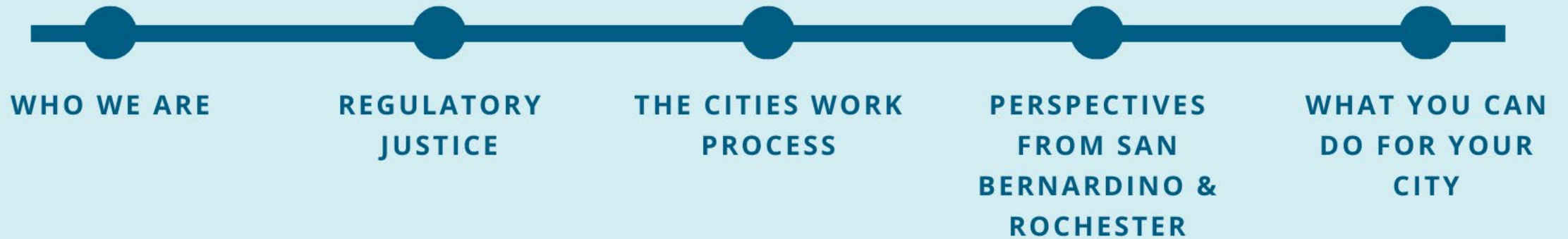
RIGHT-SIZED REQUIREMENTS

SIMPLE, STREAMLINED PROCESSES

DELAYED OR WAIVED PERMITTING FEES

CLEAR AND PROACTIVE COMMUNICATION

AGENDA



ABOUT CITIES WORK

We are Institute for Justice's nonpartisan regulatory consulting initiative committed to ***increasing economic opportunity and fostering entrepreneurship in cities across the country.***

We partner with cities to make it cheaper, faster, and simpler to start a small business—all free of charge.

1

Comprehensive Small Business Regulatory Research & Analysis.

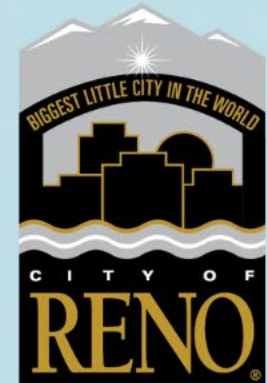
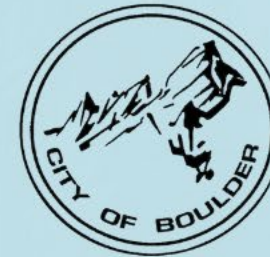
2

Local Insights Gathering via Entrepreneur Roundtables & Department Stakeholder Interviews.

3

Customized Reform Strategy, Implementation & Continual Learning.

OUR RECENT PROJECTS



WHY REGULATORY REFORM?

41%

Of Americans
would start a
business in the
next 6 months if
they could.

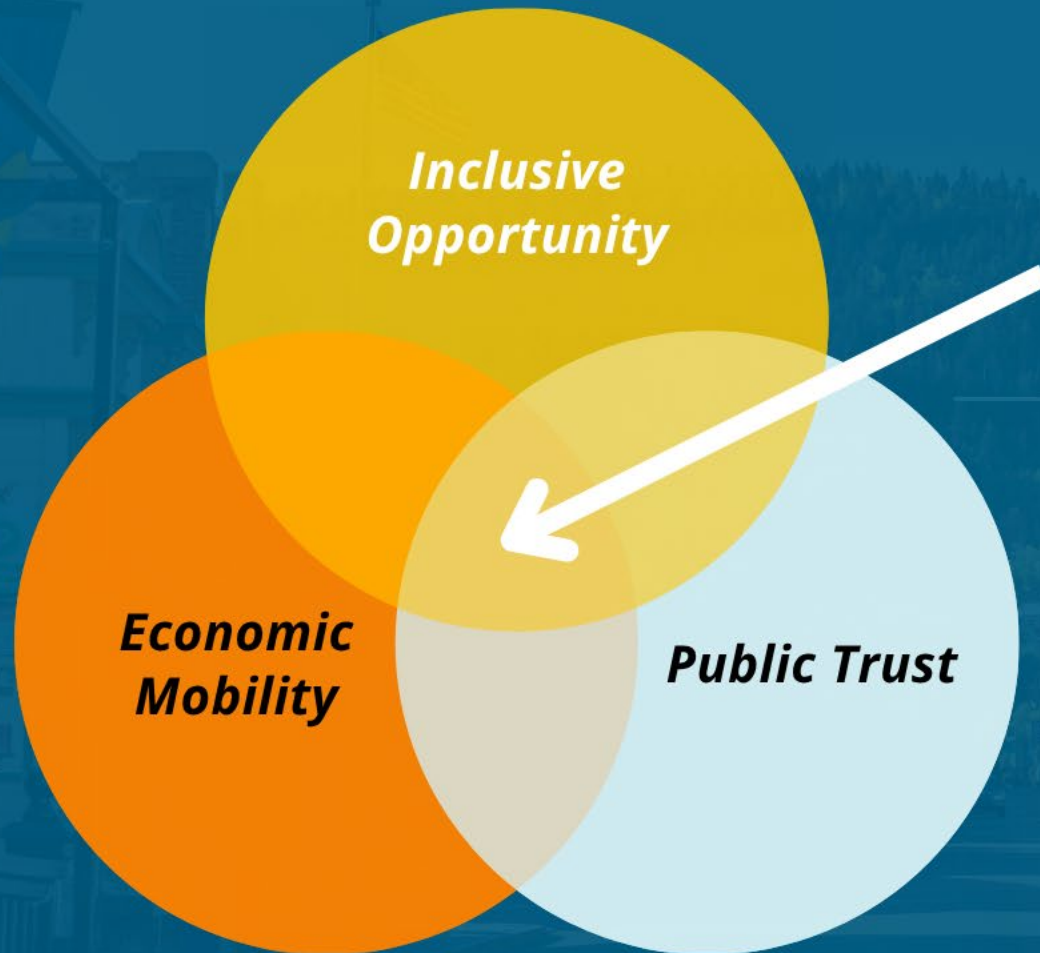
<2%

Actually do.

~50%

Cite government
fees and
regulations as a
reason.

WHAT IS REGULATORY JUSTICE?



*The idea that local rules should protect the public **without** excluding the public.*

REGULATORY JUSTICE MEANS...



Making the system equitable, not just “equal on paper.”

e.g. Reducing permitting times for everyone, not just for people who know someone at city hall or can pay an expedited fee.



Breaking down the invisible walls, so entrepreneurs don’t have to guess or wait months for answers.

e.g. Establishing health inspection checklists and publishing them in multiple languages.



Focusing on real risks, not red tape – ensuring compliance is achievable for all businesses.

e.g. Increasing the amount of areas that allow childcare centers and home-based childcare by right.

THE CITIES WORK PROCESS



**EXAMINE
REGULATORY
LANDSCAPE**

**GATHER LOCAL
INSIGHTS**

**ANALYZE
RESEARCH**

**IDENTIFY
IMPROVEMENT
OPPORTUNITIES**

**IMPLEMENT
REFORMS**

**MEASURE
IMPACT &
MAKING
ADJUSTMENTS**

EXPECTATION

Starting a restaurant in Austin

FILE LLC

\$50

GET FEDERAL EIN

FREE

OBTAIN BUSINESS LICENSE

\$175

REGISTER FOR STATE & LOCAL TAXES

FREE

PASS HEALTH, BUILDING, & FIRE INSPECTIONS

\$275

GET CERTIFICATE OF OCCUPANCY & OPEN BUSINESS

TOTAL COST

\$500

REALITY

Starting a restaurant in Austin

AGENCIES INVOLVED

15

IN-PERSON ACTIVITIES

24

NUMBER OF FEES

31

NUMBER OF FORMS

38

TOTAL AMOUNT OF STEPS

105

TOTAL COST

\$8,932

**WHO CAN REALISTICALLY OPEN A
BUSINESS IN COMPLIANCE?**

REGULATORY JUSTICE INITIATIVE

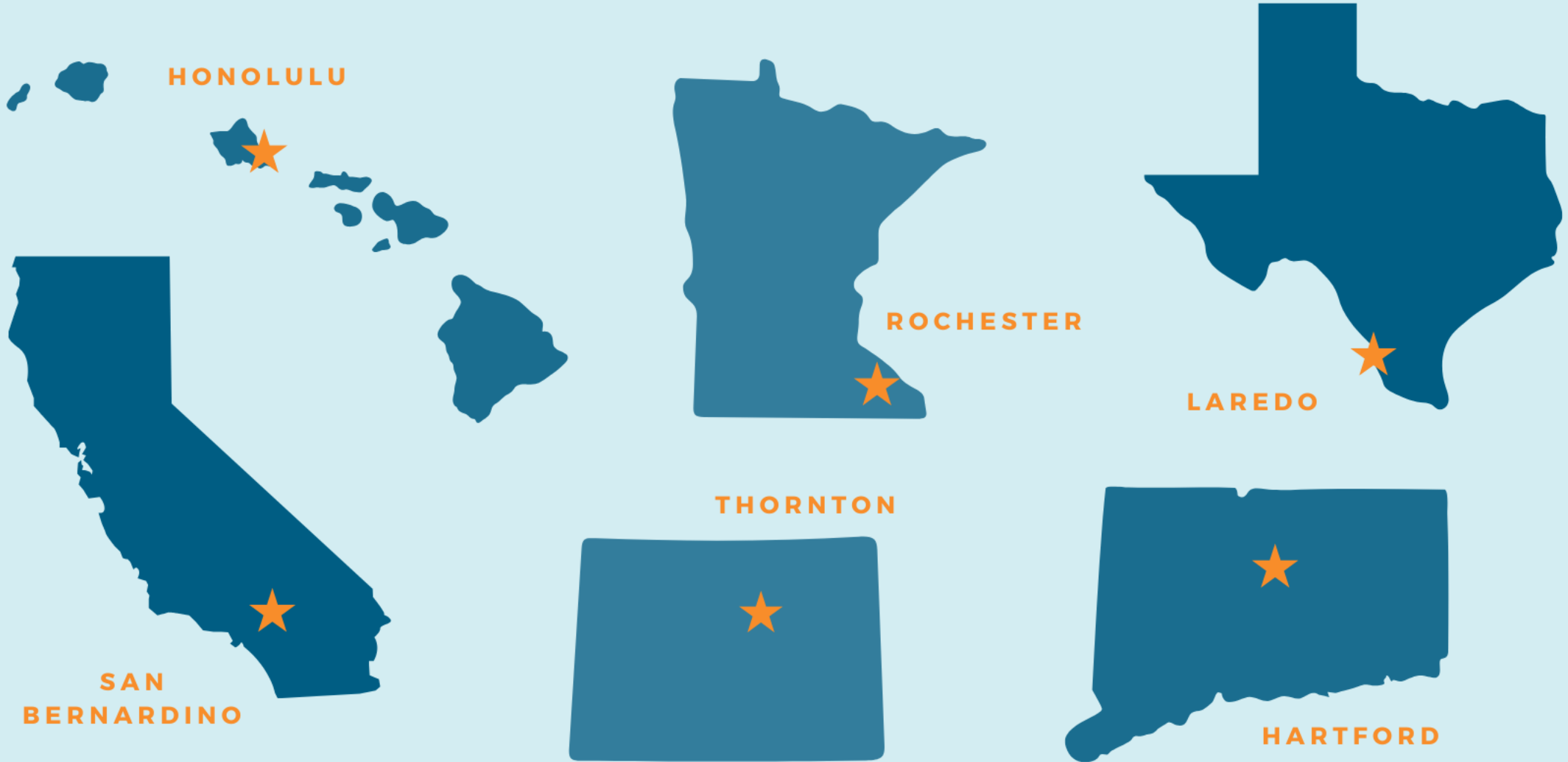


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CITIES WORK

THE COHORT



SAN BERNARDINO, CA



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ROCHESTER, MN



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WHAT CAN YOU DO TODAY?



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COMMON OPPORTUNITIES



Legalize the Missing
Forms of Accessible
Entrepreneurship



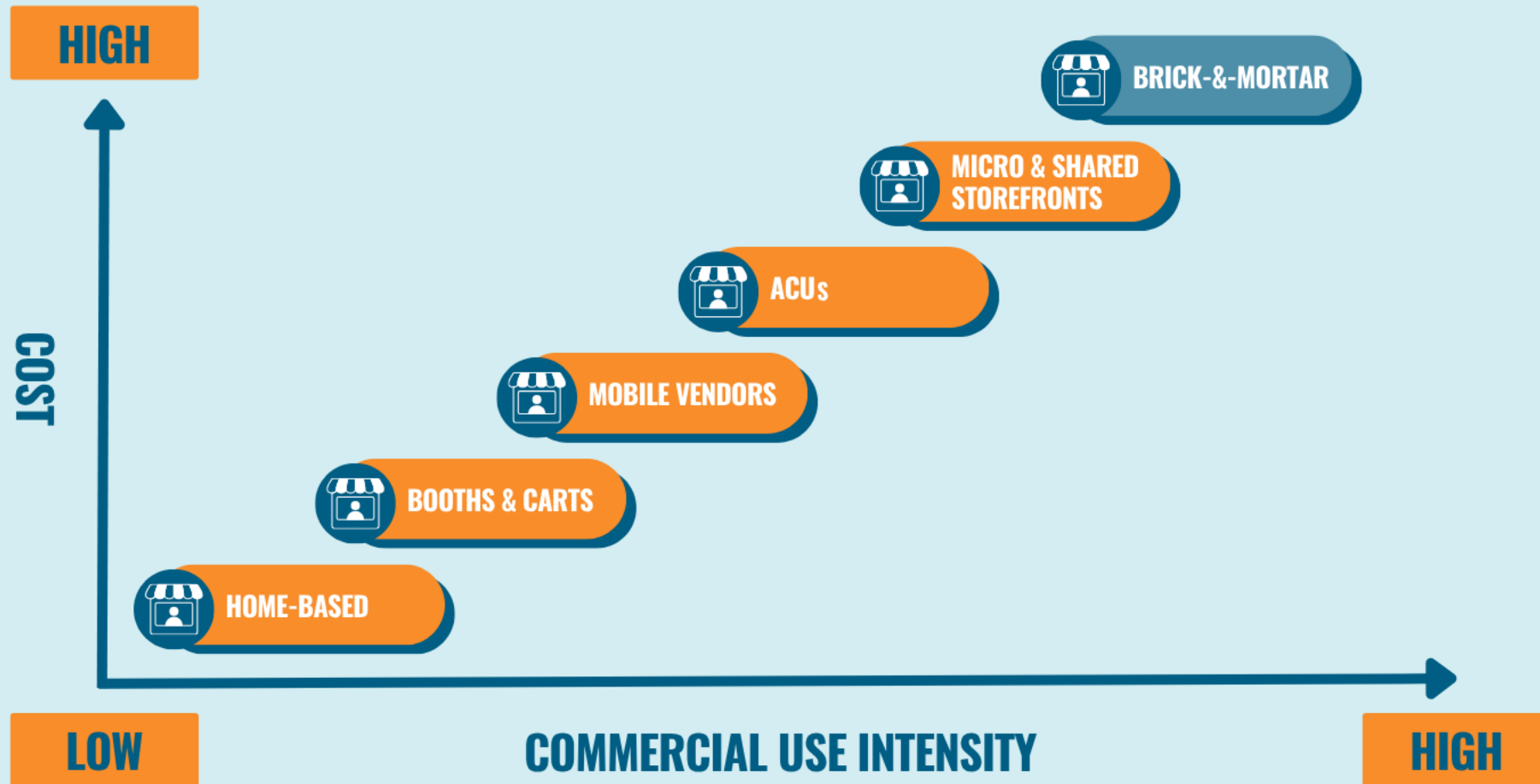
Encourage
Entrepreneurial
Growth by Making
Getting Started More
Affordable



Meet Entrepreneurs
Where They are with
Clear Information &
Transparent
Processes

1

LEGALIZE THE MISSING FORMS OF ACCESSIBLE ENTREPRENEURSHIP



1

LEGALIZE THE MISSING FORMS OF ACCESSIBLE ENTREPRENEURSHIP

Barriers to Home-Based Businesses

- Prescriptive types of businesses
- Limitations on number of employees
- Bans on advertising or signage outside of the home

Where to find: typically in business permitting or a “home occupation” section of zoning.

i. The home occupation is conducted on-premises by one (1) or more residential occupants of the dwelling and no more than one (1) additional employee, business partner, independent contractor or any person affiliated with the home occupation that does not reside on-premises.

ii. Up to fifty percent (50%) of the floor area of the principal structure and up to one hundred percent (100%) of one (1) accessory structure is utilized by the home occupation, including storage of associated goods, provided that customary residential amenities, such as a kitchen and bathroom, are not removed such that the structure would no longer meet building code standards as a dwelling unit.

iii. There exists no outward visual evidence to indicate the presence of the home occupation to an uninformed person, such as alterations of the dwelling from a customary residential appearance, overnight storage of products or materials outside.

iv. No more than one (1) non-illuminated commercial on premise wall sign is placed on the property of no greater than three (3) square feet, attached to a primary or accessory structure on the lot, subject to all requirements of Chapter 14-03-01 of the City Code of Ordinances.

v. There exists no noise, odor, vibration, or electrical interference associated with the home occupation that is noticeable at the property line.

1

LEGALIZE THE MISSING FORMS OF ACCESSIBLE ENTREPRENEURSHIP

Success Story: Seattle, Washington

Beloved **Yonder Cidery** was in violation of home-based business rules because it had a sign. Seattle changed their regulation to lift restrictions on “appointment only” visits and allowed limited signs.





LEGALIZE THE MISSING FORMS OF ACCESSIBLE ENTREPRENEURSHIP

Success Story: Seattle, Washington

Performance Standard	Pre-Pandemic	Reformed Regulations
Customer Visits	By appointment only	No limit and can include walk-up customers
Employees	No more than two non-resident employees	No limit
Vehicles with Home Occupations	No more than two	No more than three
Signage	One sign up to 64 square inches	One sign up to 720 square inches
Commercial Deliveries	One per day on weekdays, none on weekends	No limitation
Visual Evidence of Home Occupation	None allowed from exterior of structure, except for childcare	Home occupation may be located on outdoor areas of a lot

2

ENCOURAGE ENTREPRENEURIAL GROWTH BY MAKING GETTING STARTED MORE AFFORDABLE

Common items that drive costs

- **Special use or conditional use permits**
 - Kansas City, KS required all home-based businesses to obtain special use permits to operate.
- **Arbitrary mandatory minimum requirements**
 - Austin, TX required mandatory minimum amounts of non-accessible parking for childcare businesses.
- **Requiring permits instead of by right approvals**
 - San Francisco, CA required restaurants to obtain sidewalk cafe permits.

2

ENCOURAGE ENTREPRENEURIAL GROWTH BY MAKING GETTING STARTED MORE AFFORDABLE

Success Story: San Francisco, California

In 2025, Mayor Lurie and the city council replaced sidewalk cafe permits with by right approval and registration.

- **Maintained important accessibility standards.**
- **Saved entrepreneurs between \$300 to \$2,500 annually on fees alone.**
- **Saved staff the time that would have been spent reviewing 500+ sidewalk cafe permits annually.**





MEET ENTREPRENEURS WHERE THEY ARE WITH CLEAR INFORMATION & TRANSPARENT PROCESSES

Questions to help identify barriers

Does your city...

- Have an online one-stop shop for small businesses that provides a regulatory roadmap?
- Provide upfront estimates of fees and permit timelines so entrepreneurs can budget for their project?
- Publish inspection checklists so entrepreneurs can adequately prepare and pass on their first try?
- Regularly remove outdated ordinances from the municipal code and update webpages with current information?
- Offer materials, applications, help, and meetings in other multiple languages?

3

MEET ENTREPRENEURS WHERE THEY ARE WITH CLEAR INFORMATION & TRANSPARENT PROCESSES

Success Story: Kansas City, Missouri

Proactive Communication

CHANGE OF USE/ OCCUPANCY GUIDE

Use this guide to determine whether you need a Change of Use or Change of Occupancy for your business's physical location. If you have questions about a specific brick-and-mortar location, please contact City Planning & Development at 816-513-1511 or email pod@kcmo.org.

What is a Certificate of Occupancy? Why is it important to know this?	Each building has a Certificate of Occupancy. The Certificate of Occupancy is a legal document that verifies the building or unit complies with the local building code and zoning code. A Certificate of Occupancy is required to legally use the building for your intended use. Certain departments like the Fire Department, regulated industries, Health Department, animal services, and others require the Certificate of Occupancy to verify legal use.
What prompts Change of Occupancy/ Use?	Change of use occurs when a building or unit is going from one Occupancy Classification group to another OR a change of use in the same occupant group. Keep in mind that changes of Occupancy and Use may not involve physical changes to the space. Different Occupancy Classifications or Use represent varying levels of hazards and risk to the buildings occupants.

Useful Definitions to Know

- Occupancy Classification:** The first step in the International Building code process to determine the design for users.
- Certificate of Occupancy (C/O):** Legal proof of a building or units intended use and purpose.
- Change of Use:** Change of use of a building or unit. This means a change of occupancy or increase level of activity.

START HERE.
Please determine the answers to the following questions and then consult the flowchart to see if you might need a change of occupancy or use.

I plan to rent OR purchase an existing brick-and-mortar.

Does the intended use fall under a different occupancy classification as the prior legal use?

yes → You may need a change of occupancy.
no ↓

EX: Changing a car wash (Business Group B) into a bar (Assembly Group A-2)

Does the intended use fall under a different group within the SAME occupancy classification as the prior legal use?

yes → You may need a change of use.
no ↓

EX: Changing a banquet hall (Assembly Group A-2) into a skating rink (Assembly Group A-4)

Does the intended use trigger different code requirements within the same group?

yes → You may need a change of use.
no ↓

EX: Adding a commercial kitchen into an office space

Is the intended use different than the prior legal use but DOES NOT change occupancy classification, use group, or trigger different code requirements?

yes → You may need a change of use.
no ↓

EX: Converting the back room of your clothing boutique into a tailoring and alterations space.

Is the intended use exactly the same as the current or previous use AND does not change occupancy classification, use group, or trigger different code requirements?

yes → You may not need a change of occupancy or a change of use. However, you still need to verify compliance and may need other permits!

EX: After verifying the prior legal use, continuing to use a print shop as a print shop.

Helpful contacts:
 Building Code Questions, Certificate of Occupancy, Plan review—
 Phone: 816-513-1511
 Email: codequestions@kcmo.org

Permit Questions:
CDpermits@kcmo.org

Zoning Questions:
pod@kcmo.org

Inspection Questions:
BuildingInspectionSupervisors@kcmo.org

Helpful Links:
[Information Bulletin 137-Requirements for Assembly Spaces \(Certificates of Occupants and Occupant Load\)](#)
[Information Bulletin 139-Certificate of Occupancy Information](#)

**A strong city is one where small businesses
succeed with the support of its policies—
not in spite of them.**



THANK YOU!





ANY QUESTIONS?

Cities Work stands ready to help make it cheaper, faster, and simpler to start a business in your city.

Contact

Jenny McDonald: jmcdonald@ij.org

Ava Mouton-Johnston: amjohnston@ij.org

WANT THE PLAYBOOK?



OR VISIT [TINYURL.COM/CITIESWORKPLAYBOOK](https://tinyurl.com/citiesworkplaybook)