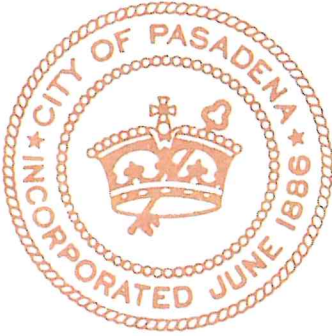




Agenda Report

September 15, 2026

TO: Honorable Mayor and City Council

THROUGH: Economic Development & Technology Committee (March 17, 2026)

FROM: Department of Public Health

**SUBJECT: PROPOSED PASADENA MUNICIPAL CODE AMENDMENTS TO
ESTABLISH A PILOT MICROENTERPRISE HOME KITCHEN
OPERATION (MEHKO) PROGRAM**

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed project is statutorily exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15061(b)(3) (common sense exemption) and categorically exempt pursuant to Section 15301 (Class 1, Existing Facilities), and there are no features that distinguish the project from others in the exempt classes, and therefore, there are no unusual circumstances, and no other exception to the exemption applies; and
2. Direct the City Attorney to prepare an ordinance within 60 days amending Title 8 of the Pasadena Municipal Code to establish a pilot Microenterprise Home Kitchen Operation (MEHKO) Program for two years.

BACKGROUND:

In 2019, the state of California amended Health & Safety Code, Section 114367, to authorize Microenterprise Home Kitchen Operation (MEHKO) facilities, a new type of retail food facility. Cities and counties operating a local health jurisdiction have the option to authorize a MEHKO Program within their jurisdiction by Ordinance or Resolution. On March 17, 2026, the Economic Development & Technology Committee requested staff present City Council proposed Pasadena Municipal Code amendments to establish a pilot program authorizing a MEHKO Program for two years.

MEHKOs are small-scale restaurants operated in a rented or owned residential dwelling such as a single-family home, apartment, or condominium. State law specifies that use of a residence as a MEHKO would not change the occupancy or residential designation of the dwelling for purposes of state housing law, Uniform Building Standards Code, or

local building and fire codes. In addition, MEHKOs are exempt from plan review and 25 public health standards required of other food facilities, primarily to accommodate the differences between a home kitchen and a commercial kitchen.

A MEHKO can sell a range of products from individual food items to full meals (i.e., everything from appetizers to dessert). MEHKOs are prohibited from selling higher-risk items such as oysters and raw bottled juice, and are prohibited from conducting specialized food preparation processes, and from producing, serving, or selling raw milk products. A permitted MEHKO may serve alcohol if the operator obtains a license from the Department of Alcoholic Beverage Control (ABC).

Additional MEHKO restrictions specified in state law:

- Operated only by a resident in their own home;
- Only one MEHKO per residence;
- Limited to one full-time equivalent food employee, not including family or household members;
- Limited to 30 individual meals per day and 90 individual meals per week;
- Limited to a maximum of \$107,121 in annual gross sales, adjusted annually for inflation based on the Consumer Price Index;
- Must prepare, cook, and serve food on the same day;
- Food must be sold or donated directly to a customer for onsite consumption, pickup, or delivery;
- For delivery orders, food may only be delivered by a MEHKO employee (i.e., no third-party delivery is allowed) except when the delivery is for an individual who has a disability;
- Cannot operate as a caterer or temporary food vendor;
- Cannot operate as a cottage food facility unless they register or obtain a separate Health Permit;
- Up to two food carts may be stored onsite with an approved commissary;
- No onsite exterior advertising signage allowed; and
- Must comply with local noise ordinance.

Since California established Microenterprise Home Kitchen Operation (MEHKO) food facilities in 2019, over 1,200 MEHKO permits have been issued by 18 local health jurisdictions across the state. Five of the 18 authorizing jurisdictions began MEHKO programs as a pilot. In Southern California, four counties have authorized MEHKO programs including Los Angeles (2024), Riverside (2019), Santa Barbara (2021), and San Diego (2022). Over 220 MEHKO permits have been issued in Los Angeles County including 66 in the City of Los Angeles, four in Burbank, two in Arcadia, two in La Canada Flintridge/Montrose, and one in South Pasadena.

A report reviewing statewide MEHKO data¹ found that 97% of permitted MEHKO operations have not had a complaint unrelated to food concerns. From 2019 to 2024, only two foodborne illness complaints related to MEHKOs were reported.

¹ Source: The Home Kitchen Pathway, A Data-Driven Review of California's MEHKO Program; Cook Alliance. [Research Report — The COOK Alliance](#) Accessed February 25, 2026.

Potential Local Economic Benefits

Authorizing a MEHKO Program may provide economic benefits to the community and home cooks from various cultural backgrounds. MEHKOs are low barrier pathways for small business development, act as an incubator for larger food businesses, diversify the local food scene, and have the potential to stimulate the local economy and job creation. In addition, a MEHKO may increase household income, support food security, and allow transition of unpermitted operations to regulatory oversight. Statewide MEHKO data found that 79% of operators are from communities of color, 70% of operators are women, and 73% of operators shared that MEHKOs offer financial stability, work-life balance, and stronger community ties.¹

Regulatory Duties

If City Council authorizes a MEHKO program, the Pasadena Public Health Department (PPHD) will serve as the local enforcement agency responsible for food safety. Before operating, each MEHKO would be required to comply with all established business licensing requirements and: (1) obtain a food safety certificate; (2) submit a health permit application; (3) submit Standard Operating Procedures (SOP), including a detailed description of food types, preparation methods, cleaning schedules, and operating hours; and (4) successfully pass an initial inspection. Once permitted, MEHKO facilities must pass one routine inspection per year and would be subject to public health complaint investigations similar to any other food facility.

To support the cost of these regulatory services, PPHD will develop a full-cost recovery fee structure based on actual costs of service delivery. If a pilot program is approved, PPHD will return to the City Council with a proposed fee structure for MEHKO program fees for consideration. Regionally, local health jurisdictions charge between \$347 and \$673 per year for health permitting of MEHKO facilities.

Staff from Code Compliance, Public Works, Transportation, and Finance would respond to other operational concerns or complaints including:

- Noise and other municipal regulations
- Refuse, litter, and fats, oil, and grease disposal
- Sidewalk vending
- Traffic and parking enforcement
- Business license

Additional Pasadena Public Health Department Responsibilities

If approved, PPHD staff would develop new materials specific to MEHKO facilities, including food safety guidance covering proper food handling and storage, sanitation and hygiene practices, and allergen awareness. Staff would also create an application guide, prepare a list of frequently asked questions, update the PPHD website, develop application support materials, provide food safety education, and offer technical assistance for potential operators.

¹ Source: The Home Kitchen Pathway, A Data-Driven Review of California's MEHKO Program; Cook Alliance. [Research Report — The COOK Alliance](#) Accessed February 25, 2026.

Initiating a new program will require startup costs before permitting fees can begin including unrecoverable costs for developing informational materials, staff training, designing data collection tools, configuring permitting and inspection software, conducting community outreach, and supporting unpermitted operations enforcement. Implementation can be achieved through reassignment of existing staff, including 0.50 FTE of a Management Analyst II and 0.20 FTE of a Program Coordinator II in the first year with a reduced role for each position in the second year.

Total personnel and operating costs are estimated to reach \$225,000 over the two-year pilot period. No other source of funding is available to support these startup costs. If a pilot program is desired, PPHD would request General Fund support for the duration of the pilot program. Coordination of staff training and the development of application and technical assistance materials may take up to four months to complete if amendments to the Pasadena Municipal Code are approved.

Pilot Program

If an ordinance is ultimately adopted establishing a MEHKO pilot, the program will be implemented as codified in State law with a sunset date set for two years from the program launch date. While the temporary authorization will limit the duration of the local MEHKO program, state law does not allow the authorization to limit MEHKOs to specific areas so MEHKOs would be allowed to operate throughout the City. If authorized, state law prohibits jurisdictions from imposing zoning restrictions, including restrictions that prohibit MEHKO facilities, require a permit, require rezoning, levy fees, or impose other restrictions. During the pilot period, PPHD will coordinate the collection of complaints, economic benefits, and other data to assess the pilot program. City staff will return to City Council prior to the sunset date with a recommendation to either (1) make the program permanent; (2) extend the pilot program; (3) terminate the pilot program; or (4) pursue some other alternative that reflects the needs of the community.

ENVIRONMENTAL ANALYSIS:

The proposed project is statutorily exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15061(b)(3) (common sense exemption), where CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Such is the case with MEHKO's, they will be a permitted use of residential property and the use of a residence for the purposes of a MEHKO shall not constitute a change of occupancy for purposes of the State Housing Law or for purposes of local building and fire codes. The activity consists of the operation of existing private structures, facilities, and mechanical equipment, involving negligible or no expansion of existing use, and is therefore also categorically exempt from CEQA review pursuant to State CEQA Guidelines section 15301 (Class 1, Existing Facilities) and there are no features that distinguish the project from others in the exempt classes, and therefore, there are no unusual circumstances, and no other exception to the exemption applies.

COUNCIL POLICY CONSIDERATION:

The proposed action is consistent with the City Council's strategic planning goals to support and promote the quality of life and local economy and ensure public safety.

FISCAL IMPACT:

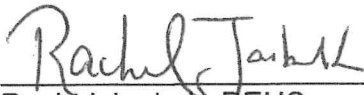
Staff estimates enforcement of unpermitted operations and startup costs for establishing a two-year pilot MEHKO Program to be approximately \$225,000. If the recommended action is approved, PPHD will return to City Council with a request for General Fund support and present a proposed fee structure to fully recover the cost of processing applications and conducting inspections. The costs of enforcement for noise, traffic, litter, business license, and other concerns is unknown at this time. Any potential increases in these service costs will be reflected in the annual budget process for each relevant department.

Respectfully submitted,



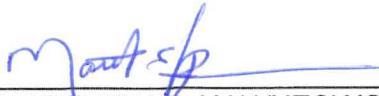
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