CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST
1390 Market Street, Suite 1150, San Francisco, CA 94102
PHONE (415) 552-9292 FAX (415) 252-0461

Policy Analysis Report

To: Supervisor Jackie Fielder
From: Budget and Legislative Analyst's Office
Re: Establishing a Microenterprise Home Kitchen Operations (MEHKO) Program in San Francisco
Date: November 3, 2026

Summary of Requested Action

Your office requested that the Budget and Legislative Analyst conduct an analysis on the cost and other impacts of establishing a Microenterprise Home Kitchen Operation (MEHKO) program in San Francisco and the experiences of peer counties with MEHKO programs for comparison.

For further information about this report, contact Fred Brousseau, Director of Policy Analysis, at the Budget and Legislative Analyst's Office: fred.brousseau@sfgov.org.

Executive Summary

- Microenterprise Home Kitchen Operations, or MEHKOs, are retail food facilities that are operated out of private residences. Since 2018, California state law grants local jurisdictions authority to license MEHKOs subject to local rules and regulations. State law limits the number of individual meals that can be served in MEHKOs to 90 per week and gross annual revenues to no more than $110,442, adjusted annually. State law allows local jurisdictions that permit MEHKOs to operate in conjunction with compact mobile food operations to establish higher meal and income limits for these MEHKOs.

- As of May 2026, MEHKO programs have been established in 17 counties and two cities in California, according to MEHKO.org.[1] These include the Bay Area counties of Alameda, Santa Clara, Contra Costa, and San Mateo in northern California and Los Angeles and San Diego counties in southern California. The City and County of San Francisco has not established a MEHKO program at this time, although legislation has

[1] MEHKO.org is a personal project that tracks and reports information about MEHKO laws in California and elsewhere. It states on its website that is not affiliated with any government organization, nonprofit, or other private enterprise.

been proposed for consideration by the Board of Supervisors (File 26-1052) that would amend the Health Code to establish a permitting process for MEHKOs and allow them to legally operate.

- Each county or city with a MEHKO program has established rules and regulations governing MEHKO operations. MEHKO permitting and inspections are the responsibility of local health or environmental health departments. These agencies conduct inspections of MEHKO applicants' kitchen and food preparation facilities as part of the initial permit application and when MEHKO operators apply to renew their operating permit each year. Inspections may also be conducted if complaints are lodged against a MEHKO.

- Local jurisdictions are authorized to establish fees to recover at least some of their costs for MEHKO permitting and inspections. State law assigns responsibility for this function to local health or environmental health departments.

- We collected information about MEHKOs in the six large urban counties in California referenced above, a summary of which is presented in Exhibit A. We found that the number of MEHKOs in those jurisdictions range from 24 in San Mateo County to 580 in populous Los Angeles County. Initial application fees range from $597 to $1,460; annual renewal fees range from $335 to $1,460.

Exhibit A: MEHKO Programs in Other Counties

	Alameda	Contra Costa	Los Angeles	San Diego	San Mateo	Santa Clara
Program Start Date	May 2021	June 2024 (pilot); May 2026 (perm.)	Nov. 2024 (program launch)	Feb. 2022 (pilot); Jan. 2024 (perm.)	July 2021 (pilot); Sept. 2023 (perm.)	Mar. 2023 (pilot); Feb. 2026 (perm.)
No. of MEHKOs	68	79	580	177	24	180
2026 Population	1,538,482	1,163,891	9,233,744	3,344,322	748,182	1,932,468
MEHKOs per 500,000 population	22.1	33.9	31.4	26.5	16.0	46.6
Initial MEHKO application and/or permit fee	$696	$772	$597	$673	$1,460	$754
Regular or renewal MEHKO license fee	$696	$455	$347	$335	$1,460	$754

Source: BLA research, other than population data. Source for population data: State of California Department of Finance.

- If a MEHKO program is established in San Francisco, the Environmental Health Branch of the Department of Public Health (DPH) would administer the program. A San Francisco MEHKO program would generate both **one-time costs** for initial program development and community outreach and **ongoing staffing and administration costs**.

- **One-time program start-up costs** for community outreach (including community workshops, one-on-one consultations, application assistance, and presentations) and program development activities were incurred by most of the counties with MEHKO programs that we spoke to as part of our review. Counties reported that community outreach was important to raise awareness of the MEHKO program and to make sure MEHKO applicants understood the rules and requirements of the program. We estimate that one-time costs could total $360,000 for San Francisco for MEHKO program development and a robust outreach program. Costs could be lower or higher depending on the level of community outreach activities undertaken.

- **Ongoing MEHKO program costs** result primarily from DPH Environmental Health staff time and associated overhead to conduct inspections and application review. We estimated MEHKO program costs in two scenarios: Scenario One with a stable "baseline" of 50 MEHKOs, and Scenario Two with a stable "baseline" of 100 MEHKOs.

- For Scenario One (50 MEHKOs), we estimate:

    - An increase in DPH Environmental Health workload of 0.31 Full-Time Equivalent positions (FTEs) in the first year and 0.22 FTE in subsequent years for ongoing annual MEHKO application reviews and inspections;

    - Staffing and overhead costs of $102,275 in the first year;

    - Total first-year costs of $462,275, including one-time program start-up costs of $360,000;

    - Ongoing staffing and overhead costs of $74,892 in future years for MEHKO application reviews and inspections; and

    - Annual MEHKO fee revenue of $41,400 assuming 50 MEHKOs and an $828 MEHKO license fee as estimated by DPH Environmental Health and included in the proposed MEHKO legislation. This would result in net costs of $33,492 in year two and beyond.

- For Scenario Two (100 MEHKOs), we estimate:

    - An increase in DPH Environmental Health workload of 0.62 Full-Time Equivalent positions (FTEs) in the first year and 0.43 FTE in later years for MEHKO application review and inspection;

    - Staffing and overhead costs of $204,551 in the first year;

    - Total first-year costs of $564,551, including one-time program start-up costs of $360,000;

  - Ongoing staffing and overhead costs of $149,783 in future years; and
  - Annual MEHKO fee revenue of $82,800 assuming 100 MEHKOs and an $828 MEHKO license fee as estimated by DPH Environmental Health and included in the proposed MEHKO legislation. This would result in net costs of $66,983 in year two and beyond.

- DPH Environmental Health reports that because its current staff has no additional capacity, it would need to hire two new Senior Environmental Health Inspector positions to support a San Francisco MEHKO program for a total cost (including overhead and other program administrative costs) of $809,166 in FY 2026-27 and $867,908 in FY 2027-28. However, based on our calculations of staff hours needed for a program of 50 to 100 MEHKOs, these new positions would not need to work full-time on the MEHKO program alone because the program would not require enough hours of work to fully occupy two new FTE positions. As a result, while DPH would incur these total costs to hire two new full-time positions (assuming its current staff has no additional capacity to take on MEHKO-related duties), the estimates of $809,166 in FY 2026-27 and $867,908 in FY 2027-28 are not fully attributable to a MEHKO program. In the other counties with MEHKO programs reviewed for this report, new positions added, if any, have not been dedicated full-time to MEHKO operations, including in populous Los Angeles County with 580 MEHKOs, or substantially more than the 50-100 we estimate for San Francisco.

- Both renters and homeowners may apply for a MEHKO permit and legally operate a MEHKO out of their homes. However, some rental agreements and/or homeowners associations may prohibit tenants from operating MEHKOs in their housing units. The counties we interviewed with MEHKO programs address this issue in a variety of ways, including requiring applicants to submit a statement of compliance to the county and advising applicants to inform their landlords of their MEHKO applications. We recommend that if a MEHKO program is established in San Francisco, renter applicants be required to document that they have notified their landlords of their MEHKO application.

- All the counties included in our cross-county comparisons reported that they have experienced a relatively low volume of MEHKO complaints since inception of their programs, and multiple counties reported receiving fewer complaints than they had originally anticipated. These reports are consistent with conclusions from the 2025 COOK Alliance's research report,[2] which found that MEHKO complaints were infrequent in counties with MEHKO programs.

- A MEHKO program in San Francisco could benefit a diverse population of women, people of color, and the immigrant community. Statewide survey data of MEHKO operators reported in the COOK Alliance's research report found that approximately

[2] COOK Alliance, 2025. "The Home Kitchen Pathway."

70 percent are women; approximately 79 percent are people of color; and approximately 46 percent are immigrants.

Policy Options

The Board of Supervisors could:

1. Consider approval of File 26-1052, the ordinance to amend the Health Code to establish a permitting process for MEHKOs and establish an annual license fee for MEHKOs in San Francisco.
2. Ensure that the ordinance to authorize MEHKOs in San Francisco includes a process to document landlord and/or homeowners association notification when appropriate.
3. If new DPH Environmental Health positions are funded as part of the City's MEHKO program, request that the Department of Public Health provide details on how the new position(s)'s time will be allocated among the MEHKO program and other consumer protection food safety programs.

Project Staff: Fred Brousseau, Linden Bairey.

Table of Contents

Summary of Requested Action 1
Executive Summary 1
Policy Options 5
Table of Contents 6
Background 7
MEHKO Programs in Peer Counties 7
Alameda County 10
Contra Costa County 10
Los Angeles County 10
San Diego County 11
San Mateo County 12
Santa Clara County 12
A San Francisco MEHKO Program 13
MEHKO Program Structure, Application Review, and Inspections 13
MEHKO Program Costs and Workload 14
Potential MEHKO Concerns and Solutions 19
Landlord Relations 19
Fats, Oils, and Grease Disposal 19
Complaints and Neighborhood Impacts: Traffic, Parking, Noise, and Trash 20
Program Benefits 20
Conclusion 21
Policy Options 21
Appendix: Good Neighbor Policy Materials 22

Background

In 2018, Assembly Bill 626 *California Retail Food Code: Microenterprise Home Kitchen Operations* (AB 626) established a "microenterprise home kitchen operation" (MEHKO) as a new category of retail food facility that allows an individual to operate a restaurant from their private residence. AB 626 gives local jurisdictions full discretion to authorize MEHKO permitting by ordinance or resolution. Since 2018, many California counties and some cities, including the counties of Alameda, Contra Costa, Los Angeles, San Diego, San Mateo, and Santa Clara, have launched MEHKO programs and authorized permitting to allow MEHKOs to legally operate within their jurisdictions, but San Francisco has not. Proposed legislation is currently before the Board of Supervisors (File 26-1052) to amend the Health Code to establish a permitting process for MEHKOs and an annual license fee for MEHKOs of $828.

Under AB 626, a MEHKO is a food facility operated by a resident in a private home where food is stored, handled, prepared for, and may be served to consumers. MEHKOs must meet specified food safety standards, may not have more than one full-time equivalent (FTE) food employee (not including a family or household member), may not sell food to wholesalers or retailers, and are distinct from catering operations or cottage food operations.[3] Food purchased may be consumed onsite at the MEHKO or may be carried out.

As part of the permit application process, a MEHKO applicant must submit to the permitting agency written standard operating procedures that describe: all food types or products that will be handled; the proposed procedures and methods of food preparation and handling; procedures, methods, and schedules for cleaning utensils and equipment and for disposing of refuse; how food will be maintained at required holding temperatures; and the days and times that the home kitchen will be used as a MEHKO.

AB 626 initially capped a MEHKO's gross annual sales at $50,000 annually, adjusted annually for inflation based on the California Consumer Price Index, and the total number of meals prepared at no more than 30 meals per day and 60 meals per week. In 2023, Assembly Bill 1325 increased these limits to $100,000 in gross annual sales, adjusted annually for inflation based on the California Consumer Price Index, and 90 individual meals per week. Effective January 1, 2026, the total sales allowance for MEHKOs is $110,442, according to the California Department of Public Health. California Health and Safety Code section 114368.3(a)(8) allows local jurisdictions that permit MEHKOs to operate in conjunction with compact mobile food operations[4] to establish higher meal and income limits for these MEHKOs.

MEHKO Programs in Peer Counties

We gathered information about the MEHKO programs in Alameda, Contra Costa, Los Angeles, San Diego, San Mateo, and Santa Clara counties. We reviewed the MEHKO program information that

[3] Cottage food operations may prepare and package certain non-potentially hazardous foods for sale, such as baked goods, jams, or candy, in a private home kitchen.
[4] Compact mobile food operations are mobile food facilities that operate from a non-motorized unenclosed conveyance such as a pushcart, stand, showcase, or rack.

was available online for all counties, held informational meetings with representatives from four out of the six counties (Contra Costa, Los Angeles, San Diego, and San Mateo), and collected information from the other two counties (Alameda and Santa Clara) over email. We also reviewed statewide research on MEHKOs conducted by the COOK Alliance, a nonprofit organization focused on legitimizing home-based businesses through training, resources, and policy work, and interviewed representatives of that organization.[5]

Information about all six counties' MEHKO programs is summarized in Exhibit 1 below and discussed following the exhibit.

[5] COOK Alliance, 2025. "The Home Kitchen Pathway."

Exhibit 1: MEHKO Programs in Other Counties

	Alameda [a]	Contra Costa	Los Angeles [a]	San Diego	San Mateo	Santa Clara
Program Start Date	May 2021	June 2024 (pilot); May 2026 (perm.)	Nov. 2024 (program launch)	Feb. 2022 (pilot); Jan. 2024 (perm.)	July 2021 (pilot); Sept. 2023 (perm.)	Mar. 2023 (pilot); Feb. 2026 (perm.)
No. of MEHKOs [b]	68	79	580	177	24	180
2026 Population [c]	1,538,482	1,163,891	9,233,744	3,344,322	748,182	1,932,468
MEHKOs per 500,000 population	22.1	33.9	31.4	26.5	16.0	46.6
Initial MEHKO application and/or permit fee [d]	$696	$772	$597	$673	$1,460	$754
Regular or renewal MEHKO license fee	$696	$455	$347 [e]	$335	$1,460	$754
FTEs Added at Program Onset [f]	none	none	2.0 FTE	2.0 FTE	1.0 FTE	1.0 FTE
New FTE(s) Dedicated 100% to MEHKO?	no new FTE	no new FTE	no	no	not available	yes for first year, no after
Complaint Volume [g]	very low	low	26 since launch	low (<10/year)	low (2-3 last year)	low

Source: BLA research, except population data. Population data: State of California Department of Finance.[6]
a: The cities of Berkeley (Alameda County) and Long Beach, Pasadena, and Vernon (Los Angeles County) have authority to license and manage MEHKOs separately from their counties and are not included above.
b: As reported online or via email between August and October 2026.
c: For comparative purposes, San Francisco's estimated 2026 population is 845,658. Population reported for Alameda County excludes Berkeley; population reported for Los Angeles County excludes Long Beach, Pasadena, and Vernon.
d: Counties may also charge a separate, non-MEHKO specific application fee or plan check fee.
e: Applicants in Los Angeles County will pay both the initial application fee and the permit fee when first applying for their MEHKO permit.
f: FTE(s): Full-Time Equivalent positions.
g: As described by County staff.

[6] State of California, Department of Finance, E-1 Population Estimates for Cities, Counties and the State with Annual Percent Change — January 1, 2025 and 2026. Sacramento, California, May 2026.

Each county's MEHKO program is briefly described below.

Alameda County

The Alameda County Board of Supervisors approved and opted into the MEHKO program by ordinance in May 2021. As of August 2026, Alameda County had 68 permitted MEHKOs, or 22.1 MEHKOs per 500,000 population (excluding the city of Berkeley, which administers its own MEHKO program separate from Alameda County).

Alameda County offers a free MEHKO informational session during the first week of every month to educate community members about the program, application process, and requirements for operating a MEHKO. The County reported to us that MEHKO program workload was absorbed by existing staff and the County did not add staff when it established its MEHKO program. Two inspectors attend each MEHKO inspection, and County staff stated that time required to review a MEHKO application and to conduct a home kitchen inspection varies depending on multiple factors, including the completeness of the submittal, how promptly the applicant responds to emails and phone calls, the home kitchen setup, and whether any issues need to be addressed during the inspection.

Alameda County staff stated that the County has received a very low level of MEHKO-related complaints since the program began.

Contra Costa County

Contra Costa County launched a two-year pilot MEHKO program in June 2024 and made the program permanent in May 2026. As of October 2026, Contra Costa County has 79 permitted MEHKOs in the county, or 33.9 MEHKOs per 500,000 people.

Contra Costa County reported to us that as part of the MEHKO program launch, County staff conducted workshops and consultations to raise awareness and educate the community about the new MEHKO program. County staff held multiple educational workshops in each supervisorial district in local community centers and were also available for individual consultations with interested individuals either in person or over the phone and in both English and Spanish.

According to County staff, MEHKO inspections usually take 60 to 90 minutes, with additional time required to review the initial application materials. Currently, one inspector attends the inspections, although the County reported to us that inspectors have the option to have another inspector join them for the site visit if desired. Contra Costa County did not add additional staff positions associated with the MEHKO program and was able to absorb MEHKO permitting and inspection workload with existing staffing.

Contra Costa County staff reported to us that the County has not received many complaints about MEHKOs since the program began. The primary issues have been related to zoning and signage, including individuals serving meals in their garages and posting outdoor signs advertising their MEHKO, which is not permitted under the state law authorizing MEHKOs.

Los Angeles County

Los Angeles County started its MEHKO program in November 2024. As of October 2026, there are 580 permitted MEHKOs, or 31.4 MEHKOs per 500,000 people, in Los Angeles County (excluding

the cities of Long Beach, Pasadena, and Vernon, which are not under the jurisdiction of the Los Angeles County Department of Public Health), and the County has received 872 MEHKO applications.

Los Angeles County reported substantial MEHKO program outreach to both the community and to the cities within the County, including opportunities for County staff to assist MEHKO applicants with the application process. County staff coordinated with the Department of Economic Opportunity to conduct community outreach and provide basic information about MEHKO rules and permitting. The County also held a "pre-launch" event attended by 150 people with informational presentations and opportunities for individuals to receive application assistance. One of the goals of the program was to reach individuals engaged in unpermitted street vending and encourage them to apply for legal permits. Since launch, the program has responded to about 29,000 customer inquiries.

According to County staff, the initial MEHKO application review takes on average 2.5 hours, although reviews can take more time depending on the circumstances. The annual MEHKO renewal inspection takes 1.5 hours, including inspector travel time. County staff reported to us that senior-level staff conduct MEHKO inspections due to the need to make judgement calls when evaluating a home kitchen environment. The County created a Home-Based Food Operations Program that includes cottage food and MEHKOs, and the program is currently staffed with two inspector positions which are sufficient to handle cottage food and MEHKO workload. In addition to MEHKOs, the Home-Based Food Operations Program currently oversees more than 1,000 Class A and 480 Class B Cottage Food Operations. County staff reported to us that periodically the program will bring in additional individuals to assist with application review if necessary.

Los Angeles County staff reported to us that the County has received 26 complaints about permitted MEHKOs since the program began in 2024. The County receives substantially more complaints about unpermitted MEHKOs. When responding to a complaint about an unpermitted MEHKO, County inspectors issue a cease-and-desist order and provide the offending individual information about the County's MEHKO program in an education-forward enforcement approach.

San Diego County

San Diego County launched a two-year pilot MEHKO program in February 2022 and its permanent program went into effect January 2024. As of October 2026, San Diego County has 177 permitted MEHKOs in the county, or 26.5 MEHKOs per 500,000 people.

San Diego County reported substantial outreach to various stakeholder groups, including to public workshops, city councils, chambers of commerce, advisory boards, and community members, when developing its MEHKO program. The County hired an outside consultant to host outreach efforts, which were available in the County's eight threshold languages.

According to County staff, MEHKOs take on average 2.4 hours for the initial inspection and SOP review and 1.7 hours for the annual renewal inspection, including travel time. Two inspectors attend the inspections for training purposes. The County added two new journey-level inspector positions to manage the MEHKO program, although these positions are not dedicated to MEHKOs: according to County staff, all County food inspectors conduct all types of food facility inspections.

San Diego County staff reported to us that the County receives fewer than 10 MEHKO complaints per year.

San Mateo County

San Mateo County started its MEHKO program in 2021. As of October 2026, there are 24 permitted MEHKOs, or 16.0 MEHKOs per 500,000 people, in San Mateo County.

San Mateo County reported that County staff conducted substantial community outreach in English and Spanish when the program first launched and invested significant staff time in the development of the program. When the program began, the application fee was waived and the County received 80 to 100 applications in the first year, but the volume of applications decreased substantially when the fee waiver program ended.[7] San Mateo County also reported to us that it implemented a rental agreement form to document a landlord's consent when a renter is applying for a MEHKO permit, something that was not reported by the other counties that we interviewed.

According to County staff, MEHKO inspections take approximately two hours and the initial application review time takes another one to two hours. Two inspectors attend the inspections. The County added one technician position to assist with application processing and paperwork, but did not add additional inspector positions for the MEHKO program.

San Mateo County staff reported to us that last year, the County received two to three MEHKO-related complaints.

Santa Clara County

Santa Clara County started its MEHKO program in 2023 as a three-year pilot program that was made permanent in February 2026. As of October 2026, there are 180 permitted MEHKOs, or 46.6 MEHKOs per 500,000 people, in Santa Clara County.

Santa Clara County staff reported that the County conducted MEHKO program outreach at community events, in-house workshops, and established partnerships with other agencies including small business development and community farm organizations. According to County staff, initial MEHKO application reviews take on average two to three hours, and MEHKO inspections take on average one hour, not including travel time. Initially the County had two inspectors attend each inspection, but staff reported that last year the program changed to one inspector per inspection. The County added one inspector position that was 100 percent dedicated to implementation of the MEHKO program for the first year, but this position is currently dedicated to MEHKOs for only 50 percent of their time.

Santa Clara County's pilot program initially waived fees for permit review and the annual MEHKO permit. County staff reported to us that after the fee waiver ended, many MEHKO operators could not afford the cost of the permit fee, and 10 percent have canceled their permits due to the high

[7] In June 2023, the State appropriated funding for a grant program to assist local health departments and city code enforcement agencies implement programs relating to MEHKOs and other in-home retail food preparation and sales. The grant program is administered by the California Conference of Directors of Environmental Health (CCDEH) under the direction of the California Workforce Development Board. Multiple counties in California, including San Mateo County, used these grant funds to waive MEHKO permit fees. In late 2025, the grant program was extended, but CCDEH notes that future extensions are unlikely.

cost of operating and permitting. According to County staff, the agency has received a low volume of MEHKO complaints since launching the program.

A San Francisco MEHKO Program

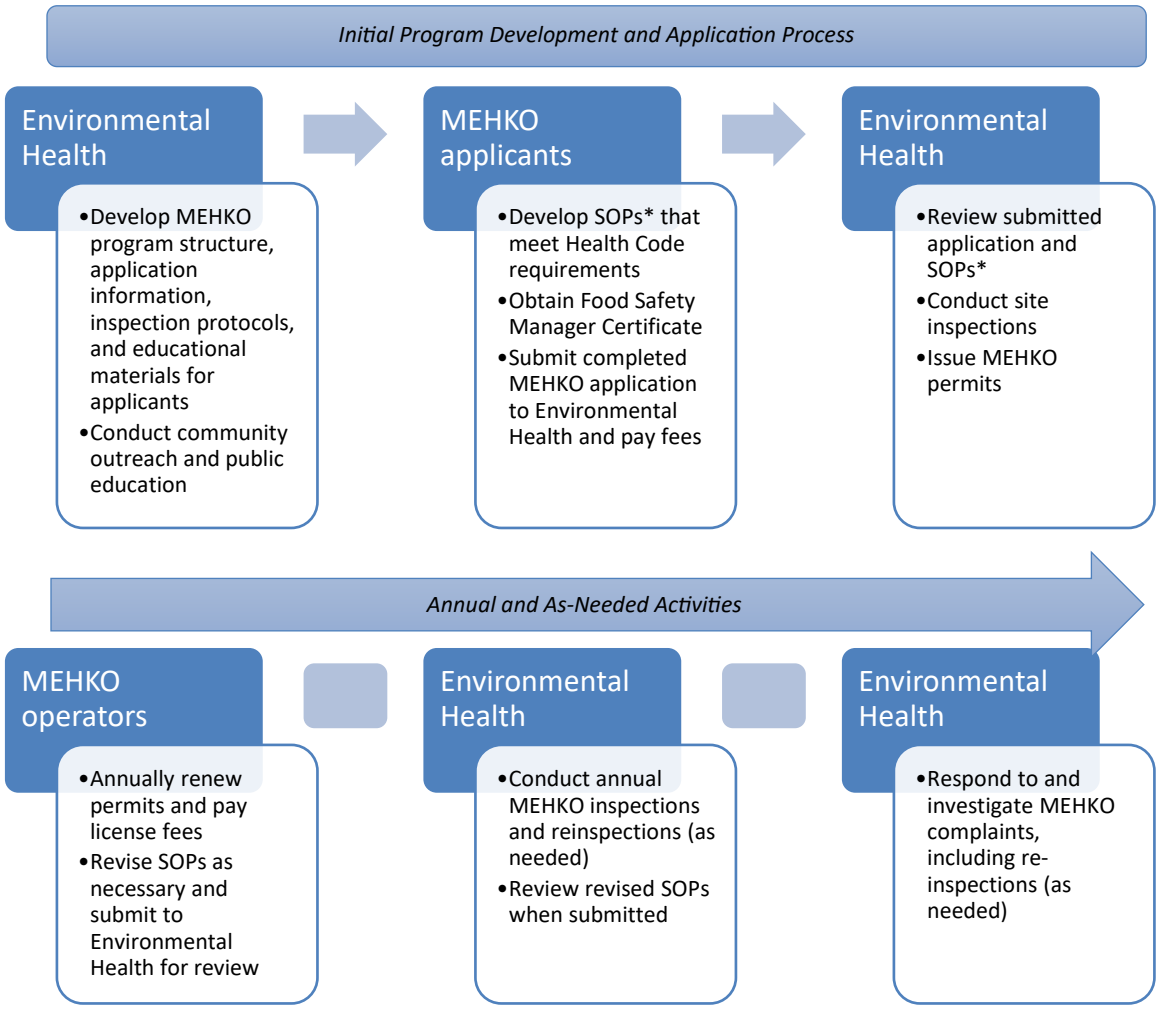
The Department of Public Health's Environmental Health Branch (DPH Environmental Health) would be responsible for the permitting and oversight of MEHKOs in San Francisco. The Department reports that authorizing MEHKOs in San Francisco would create a new program in Environmental Health under the Consumer Protection division.

The Environmental Health Branch, managed by the Director of Environmental Health, currently has 44 consumer protection food inspectors, senior inspectors, and environmental health technicians, plus five principal inspector positions (two of which are currently vacant) and five senior clerks. Of the 44 inspector and technician positions, 29 are district health inspectors responsible for all regulatory oversight of food facilities; two are senior inspectors working in food and tobacco inspections and enforcement; three are responsible for massage facility inspection and enforcement; one is a senior inspector responsible for tattoo and body art facility inspection and enforcement; three are responsible for mobile food and illegal vending inspection and enforcement; and six are senior inspectors working on over-the-counter permitting plan checks.

MEHKO Program Structure, Application Review, and Inspections

Exhibit 2 summarizes the process and responsibilities of a MEHKO program implementation and permitting if a MEHKO program is authorized by the Board of Supervisors.

Exhibit 2: MEHKO Program Implementation



Source: BLA.
*SOPs: Standard Operating Procedures.

MEHKO Program Costs and Workload

A San Francisco MEHKO program would generate both one-time costs, for initial program development and launch, and ongoing staffing and administration costs for the City, as described below.

Start-Up Costs

Based on our conversations with DPH Environmental Health and our review of other counties' information, we anticipate that one-time MEHKO program start-up costs would include:

- Community outreach to educate the public and potential MEHKO applicants about the MEHKO program, what is allowable, and the permit requirements;
- Generation of informational materials, pamphlets, and model policies for MEHKO applicants;

- Translation of these materials;
- An informational website where the public can find information about MEHKOs online, including a list of permitted MEHKOs and instructions regarding how to file complaints;
- Generation of or modification of a permit application form for MEHKO applicants;
- Internal training for Environmental Health consumer protection food inspectors; and
- Coordination with other City departments, such as Planning (for permit application support) and the Treasurer-Tax Collector (for fee collection).

Most of the counties we spoke to as part of our review reported extensive and involved community outreach and program launch activities. Counties reported that this outreach was important to raise awareness of the MEHKO program and to make sure MEHKO applicants understood the rules and requirements of the program. As summarized earlier in this report, community outreach activities typically included community workshops, one-on-one consultations, application assistance, and presentations.

Actual program start-up costs will vary significantly depending on the type and volume of outreach undertaken by DPH Environmental Health and the amount of staff time required for program development and initial administration. For illustrative purposes, if DPH Environmental Health held a total of 22 four-hour community workshops (two workshops per supervisorial district) with six DPH Environmental Health staff and/or other City staff attending each workshop, staffing costs would total 528 hours, or approximately $180,178, [8] plus any additional costs for space rental and/or printing and copying of materials. In addition to community outreach activities, DPH Environmental Health estimates that launching the City's MEHKO program will take approximately six months and require 0.5 FTE for initial program development, materials development, and coordination with other City departments. Based on these assumptions, non-outreach staffing costs for program start-up would total 520 hours, or an additional $177,448 in staff time.[9]

Ongoing MEHKO Inspections and Program Administration Costs

Once a San Francisco MEHKO program has launched, the City will incur ongoing costs resulting from the new program due primarily to increased DPH Environmental Health staff time to conduct inspections and application review. To estimate these costs, we made the following assumptions for two scenarios: **Scenario One** with a stable "baseline" of 50 MEHKOs, and **Scenario Two** with a stable "baseline" of 100 MEHKOs. These assumptions are:

- Each new MEHKO application requires 6.5 hours of 6122 Senior Environmental Health Inspector hours, plus 20 percent (1.3 hours) each for associated 6124 Principal Environmental Health Inspector and 1406 Senior Clerk time associated with the application. These estimates assume each new MEHKO application requires, on average, two hours for the initial application review, three hours for the inspection (two inspectors

[8] Based on the hourly health inspector rate of $278 per hour plus DPH's 23.64% overhead rate.
[9] Based on the hourly health inspector rate of $278 per hour plus DPH's 23.64% overhead rate, although costs will likely be higher due to the involvement of DPH Environmental Health managers and/or supervisors. 520 hours is 0.25 FTE (0.5 FTE for six months).

at a 90-minute inspection), and a reinspection multiplier of 30 percent to account for the necessity of re-inspection visits for some MEHKO applicants and the additional time required for scheduling and re-scheduling canceled inspections.

- Each renewal MEHKO application requires 3.9 hours of 6122 Senior Environmental Health Inspector hours, plus 20 percent (0.8 hours) each for associated 6124 Principal Environmental Health Inspector and 1406 Senior Clerk time associated with the application. These estimates assume each renewal MEHKO application requires, on average, three hours for the inspection (two inspectors at a 90-minute inspection) plus a reinspection multiplier of 30 percent to account for the necessity of re-inspection visits for some MEHKO applicants and the additional time required for scheduling and re-scheduling canceled inspections.

- Each MEHKO complaint investigation requires 3.9 hours of 6122 Senior Environmental Health Inspector hours, plus 20 percent (0.8 hours) each for associated 6124 Principal Environmental Health Inspector and 1406 Senior Clerk time associated with the complaint investigation. These estimates assume each MEHKO complaint investigation requires, on average, three hours for the complaint investigation (two inspectors at a 90-minute visit) plus a reinspection multiplier of 30 percent to account for the necessity of re-inspection visits for some MEHKO complaints and the additional time required for scheduling and re-scheduling canceled inspections. We assume a 10 percent annual complaint rate based on the total number of MEHKOs in each scenario (five annual complaints in Scenario One, 10 complaints annually in Scenario Two). As discussed above, complaints about MEHKO operations have been minimal in all the other counties that we interviewed with MEHKO programs, all of which have been in operation for multiple years.

- We assume that 100 percent of MEHKOs in both scenarios apply for their initial permit in the first year of the program (FY 2026-27). In the second year (FY 2027-28) and future years, we assume that 20 percent of total MEHKOs are new applicants and 80 percent are renewal applicants. This means that costs would be higher in the initial year, when DPH Environmental Health would receive an influx of new applications that are more time-consuming, and would be lower in future years, when the majority of MEHKOs would be renewing their licenses and require less staff time.

- We assume that MEHKO fees charged by the Department of Public Health would be $828, as estimated by DPH Environmental Health and specified in the proposed MEHKO legislation now before the Board of Supervisors.

Exhibit 3 below presents our estimates for Scenario One and Scenario Two based on the assumptions described above.

For **Scenario One** (50 MEHKOs), we estimate:

- An increase in DPH Environmental Health workload of 0.31 Full-Time Equivalent positions (FTEs) in the first year and 0.22 FTE in later years for MEHKO application review and inspections;

- Staffing and overhead costs of $102,275 in the first year and total first-year costs of $462,275, including one-time program start-up costs of $360,000;
- Ongoing staffing and overhead costs of $74,892 in future years for MEHKO application review and inspections; and
- Annual MEHKO fee revenue of $41,400 assuming 50 MEHKOs and the $828 MEHKO license fee estimated by DPH Environmental Health, resulting in net costs of $33,492 in year two and beyond.

For **Scenario Two** (100 MEHKOs), we estimate:

- An increase in DPH Environmental Health workload of 0.62 Full-Time Equivalent positions (FTEs) in the first year and 0.43 FTE in later years for MEHKO application review and inspection;
- Staffing and overhead costs of $204,551 in the first year and total first-year costs of $564,551, including one-time program start-up costs of $360,000;
- Ongoing staffing and overhead costs of $149,783 in future years; and
- Annual MEHKO fee revenue of $82,800 assuming 100 MEHKOs and the $828 MEHKO license fee estimated by DPH Environmental Health, resulting in net costs of $66,983 in year two and beyond.

Costs are higher in the first year of both scenarios due to (a) the inclusion of one-time program start-up costs, and (b) the higher volume of new applications, which require more staff time for application review, in the first year of the program.

Exhibit 3: MEHKO Program Workload and Cost Estimates in Two Scenarios

	Scenario One (50 MEHKOs)	Scenario Two (100 MEHKOs)
Year 1: One-time program start-up costs [a]	$360,000	$360,000
Year 1: Ongoing Program Costs		
Year 1: Staff hours (annual)	482.3	964.6
Year 1: FTE required [b]	0.31	0.62
Year 1: Total staffing costs	$70,359	$140,718
Program administration, allocated operating expenses, and DPH overhead	$31,916	$63,833
Total Year 1 costs (ongoing only)	*$102,275*	*$204,551*
Total Year 1 costs (one-time and ongoing)	***$462,275***	***$564,551***
Year 2: Ongoing Program Costs		
Year 2: Staff hours (annual)	336.7	673.4
Year 2: FTE required [b]	0.22	0.43
Year 2: Total staffing costs	$51,675	$103,351
Program administration, allocated operating expenses, and DPH overhead	$23,216	$46,433
Total Year 2 costs (ongoing)	***$74,892***	***$149,783***
Annual MEHKO fee revenue [c]	***$41,400***	***$82,800***
Net Year 2 costs (ongoing)	***$33,492***	***$66,983***

Source: BLA estimates. Year 1 amounts are based on FY 2026-27 salary and benefit costs and Year 2 amounts are based on FY 2027-28 salary and benefit costs.
a: As noted earlier in this report, one-time program start-up costs will depend significantly on the type and volume of outreach undertaken by DPH Environmental Health and the amount of staff time required for program development and initial administration could be much higher.
b: Based on estimated staff hours by position, assuming 1.0 FTE works 1,560 productive hours (75 percent of full-time hours) annually.
c: First-time MEHKO applicants will also pay a plan check fee, which is not included in the MEHKO fee revenue estimates.

As shown in Exhibit 3 above, we estimate that after the first year, a stable MEHKO program of 50 to 100 MEHKOs would require 0.22 to 0.43 FTE in additional DPH Environmental Health staffing time for application reviews and annual inspections. However, if DPH Environmental Health cannot absorb this additional staff time with its existing staffing and must hire new full-time health inspector positions in response to the increase in workload, the total costs to the City, in addition to the MEHKO-related costs, will be substantially higher.

DPH Environmental Health estimates that it would need to hire two new Senior Environmental Health Inspector positions, for a total cost (including overhead and other program administrative costs) of $809,166 in FY 2026-27 and $867,908 in FY 2027-28, to support a new MEHKO program. However, based on our calculations of staff hours needed for a MEHKO program shown in Exhibit 3 above, these new positions would not work full-time on the MEHKO program alone because the program would not require enough hours of work to fully occupy two new FTE positions. As a

result, while DPH would incur these total costs to hire two new full-time positions, the estimates of $809,166 in FY 2026-27 and $867,908 in FY 2027-28 are not fully attributable to a MEHKO program.

In the other counties with MEHKO programs that we reviewed for this report, new positions added, if any, have not been dedicated full-time to MEHKO operations because the volume of inspections did not require that many staff hours. All of these counties except one have larger populations than San Francisco and more than 50 MEHKOs, which is the number we assumed for San Francisco in our low Scenario One. Even Los Angeles County, with 580 MEHKOs, has only two filled inspector positions to support their MEHKO program, and those positions only spend a portion of their time on MEHKO inspections and related work.

Potential MEHKO Concerns and Solutions

Landlord Relations

Both renters and homeowners may apply for a MEHKO permit and legally operate a MEHKO out of their homes once approved. However, it is possible that some rental agreements could prohibit tenants from operating MEHKOs in their apartments or rental houses for a variety of reasons, depending on the exact language in the rental agreement. San Mateo County reported to us that most landlords will not allow a MEHKO in their buildings. Similar prohibitions may exist for homeowners who are part of a homeowners' association (HOA).

The counties we reviewed address landlord and/or HOA permission in a variety of ways:

- San Mateo County reported to us that MEHKO applicants must fill out a rental agreement form documenting landlord agreement.
- Santa Clara County requires MEHKO applicants to self-certify that the property owner has given permission.
- Alameda County's MEHKO application requires applicants to provide the property owner's name, address, and phone number. County staff contact the property owner to confirm the MEHKO request.
- Contra Costa County and Los Angeles County reported to us that while they do not require applicants to receive landlord permission in order to receive a MEHKO permit, they advise applicants that landlords should be informed of the MEHKO application.
- San Diego County considers landlord notification to be the sole responsibility of the MEHKO applicant.

Fats, Oils, and Grease Disposal

Fats, oils, and grease produced while cooking can clog pipes and damage sewer lines when improperly disposed of (for example, when liquid cooking oil is poured down the kitchen sink of a MEHKO). Commercial food facilities like restaurants have grease traps to catch these materials before they enter the wastewater system, but MEHKOs are not required to have grease traps installed. Therefore, in order to properly dispose of fats, oils, and grease, a MEHKO operator must

scrape solid fats into the trash, pour cooled liquid fats into containers and discard them either in the trash or at a local waste recycling center, and wipe cooking oils and grease from pans with papers towels and discard the dirty towels in the trash.

Most of the other counties we spoke to emphasized the importance of education so that MEHKO operators are aware of proper procedures for fats, oils, and grease disposal, although Contra Costa County did not report this area as a concern. San Diego County reported that one local wastewater authority submitted a letter of opposition to the MEHKO program due to concerns about grease disposal. Most counties have produced easy-to-understand informational pamphlets and/or bulletins and posted these materials on their MEHKO websites to educate potential MEHKO operators about proper disposal procedures for fats, oils, and greases. An example of this type of informational material is shown in Appendix A of this report.

Complaints and Neighborhood Impacts: Traffic, Parking, Noise, and Trash

Because MEHKOs operate in residential areas, MEHKOs may generate concerns about the neighborhood impacts of a MEHKO such as increases in traffic, parking disruptions, excessive noise, and improper trash disposal. Much like the fats, oils, and grease disposal concerns, many of the counties we spoke to emphasized MEHKO operator education and "good neighbor" guidance materials to help MEHKO operators minimize these impacts. An example of this type of guidance is shown in Appendix A of this report.

All of the counties we included in our cross-county comparisons reported that they experienced a relatively low volume of MEHKO complaints, and multiple counties reported receiving fewer complaints than they had originally anticipated. These anecdotal reports are consistent with conclusions from the COOK Alliance's 2025 research report, which found that MEHKO complaints were infrequent in counties that had authorized MEHKO programs. As part of our workload and cost estimate calculations, we estimate a 10 percent complaint rate for a San Francisco MEHKO program to account for the DPH Environmental Health staff time required to respond to MEHKO complaints. However, San Francisco's MEHKO program may experience a similarly low complaint volume as other counties surveyed reported on in this report.

Program Benefits

A MEHKO program in San Francisco could benefit a diverse population of women, people of color, and the immigrant community. AB 626, the state law that first authorized MEHKOs, noted that small-scale home-cooking operations can "create significant economic opportunities for Californians that need them most, often women, immigrants, and people of color." Statewide survey data of MEHKO operators reported in the COOK Alliance's research report found that:

- Approximately 70 percent of MEHKO permit holders are women;
- Approximately 79 percent of MEHKO operators are people of color, including 28 percent Latino or Hispanic; 26 percent Asian; 16 percent Black or African-American; and nine percent as another race (non-white).
- Approximately 46 percent of MEHKO operators are immigrants.

While not all counties collect and report MEHKO operator demographics, information on Contra Costa County's MEHKO program presented in May 2026 reinforced the demographics reported in the COOK Alliance report. Contra Costa County reported that:

- 66 percent of MEHKO operators in Contra Costa County are women;
- Approximately 65 percent of MEHKO operators in Contra Costa County identified as Hispanic/Latinx (29 percent), Asian (27 percent), or Black/African-American (10 percent), with another 27 percent who prefer not to disclose their ethnicity; only eight percent identified as white.[10]

Based on these statistics, we anticipate that a majority of potential MEHKO operators in San Francisco would also be women, people of color, and/or members of immigrant communities.

Conclusion

A Microenterprise Home Kitchen Operation (MEHKO) program in San Francisco would provide legitimate business opportunities for San Francsico residents, including women, people of color, and members of immigrant communities, but would generate additional costs for the City. Legislation currently before the Board of Supervisors (File 26-1052) would amend the Health Code to establish a permitting process for MEHKOs and would establish an annual license fee for MEHKOs of $828. This fee is comparable to the fees established by the other jurisdictions we reviewed as part of our analysis. However, the $828 fee is likely insufficient to fully recover City costs associated with the MEHKO program, particularly the up-front one-time costs associated with program development and community outreach. Any unrecovered costs would represent a new ongoing General Fund cost to the City.

Policy Options

The Board of Supervisors could:

1. Consider approval of File 26-1052, the ordinance to amend the Health Code to establish a permitting process for MEHKOs and establish an annual license fee for MEHKOs in San Francisco.
2. Ensure that the ordinance to authorize MEHKOs in San Francisco includes a process to document landlord and/or homeowners association notification when appropriate.
3. If new DPH Environmental Health positions are funded as part of the City's MEHKO program, request that the Department of Public Health provide details on how the new position(s)'s time will be allocated among the MEHKO program and other consumer protection food safety programs.

[10] Percentages may not add due to rounding.

Appendix: Good Neighbor Policy Materials

An example of a "good neighbor" pamphlet produced by San Diego County is included on the following page.

County of San Diego • Department of Environmental Health and Quality

MICROENTERPRISE HOME KITCHEN OPERATIONS GOOD NEIGHBOR PRACTICES

Promoting Safe and Thriving Communities

A Microenterprise Home Kitchen Operation (MEHKO) is a food facility that is operated by a resident in a private home where food is stored, handled, and prepared for customers. Customers have the option to dine at the home, pick up their orders, or receive delivery by an employee of the MEHKO.

Since these operations are approved to operate in residential neighborhoods, there are potential impacts to the community that may arise from the operation of a MEHKO, such as impacts to an existing sewer/septic system, an increase in traffic or noise, impacts to available parking, impacts from improper trash disposal, and potential fire risks associated with the operation. This guidance document includes best practice tips to help MEHKO operators reduce or prevent these potential community impacts.

If you are interested in operating a MEHKO, please be a good neighbor, and follow the best practices below:

FAT, OIL, AND GREASE DISPOSAL

Fat, cooking oil, or grease (FOG) should be properly disposed of and should not be poured down the sink as these can clog drains and cause sewer pipes to back up and septic systems to fail. To reduce the impact to your sewer/septic system, consider the following options:

- Fat, oil, and grease should go from the pan to the trashcan.
- Cool down your cooking oil, grease, and/or fat, then pour them into a container with a secure lid.
- Wipe out pots and pans with a paper towel before doing dishes; you will use less soap and decrease the chance of clogs in your pipes.
- Dispose of food scraps in the trash or green waste recycling container, not down a garbage disposal, drains, or toilets.
- Mix FOGs in your trash with absorbent waste like paper, coffee grounds, or kitty litter.
- Pour FOGs into an old milk carton, juice container, or another disposable container.
- Put fat trimmings into the trash, not the garbage disposal.



TRAFFIC

The following may help reduce potential increases in traffic and keep your neighborhood safe:

- Remind customers to drive slowly and safely while in your neighborhood.
- Schedule customer food pick-ups with staggered times to reduce traffic congestion.
- Ensure customers coming to pick up meals do not block streets and regular traffic flow.



NOISE

Outdoor dining and customers picking up meals may cause additional noise. Help reduce noise impacts to your neighbors:

- Minimize the volume of amplified music and ask customers to speak quietly while picking up or eating food to avoid disturbing neighbors.
- Maintain routine business hours. Check with your local code enforcement or police/sheriff's department on specific business hour restrictions. For a list of local zoning contacts, click here.
- Be mindful of noise generated by patrons dining in or picking up meals after 10 p.m.



PARKING

Help ensure your neighbors have available parking:

- Utilize onsite parking for customers. Have a dedicated spot in your driveway (where applicable) for customers to park.
- If you do not have a driveway, ensure that customers have easy access to parking, or arrange an appropriate spot to bring food items to customers.
- If parking is limited in your neighborhood, consider delivering the food items to customers.

TRASH

Help keep your neighborhood trash free:

- Do not overfill trash cans and ensure all trash bags are properly secured prior to throwing away.
- Dispose of trash in leakproof and rodentproof containers to prevent odors and pests.
- Sort and dispose of recyclables in proper bins.
- Provide a trash can for your customers to properly dispose of any trash and prevent trash from accumulating on the streets or your neighbor's property.
- If customers leave behind any trash on the lawn, sidewalk, or street, be sure to properly dispose of it.
- Contact your trash provider if needed to schedule additional trash pick-ups to prevent excess trash, or take broken appliances to the appropriate local recycling facilities.



FIRE PREVENTION

The following are good recommendations to further reduce the risk of fire at your home business. Check with your local fire authority for specific regulations for your area:

- Reduce the risk of fire near your home business by maintaining an effective fuel modification zone. Remove, clear, or modify combustible vegetation and other flammable materials within 100 feet of buildings or structures.
- Make sure emergency personal can find your home business. Address numbers should be installed at the driveway entrance and on the front wall of the residence. The address numbers should be plainly visible, a minimum of 4 inches in height with a 1/2"-inch stroke, and a contrasting background.
- Move outdoor cooking appliances away from your home or other structures. Verify whether your area has restrictions in place on the use of outdoor word burning stoves/barbecues. All structures having a stove or barbeque should have a stovepipe equipped with an approved spark arrester (a device which prevents the emission of flammable debris from combustion sources such as fireplaces and wood burning ovens).
- Smoke alarms and Carbon Monoxide alarms should be installed in all homes. These devices can help alert you or your customers in the event of an emergency.
- Residences shall have a compliant fire extinguisher (minimum type K) available within the cooking area.



LAND USE

Only one MEHKO is allowed to operate per residence. Ensure the proper permits are obtained before operating and:

- If renting, verify with property owner that you are allowed to operate a MEHKO at your residence.
- If part of an HOA, verify with the HOA that you are allowed to operate a MEHKO at your residence.