



## OFFICE OF THE CITY CONTROLLER CITY OF PHILADELPHIA

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# PRESS RELEASE

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## **City Controller Finds Expanding Outdoor Dining Would Boost Local Business Income & Tax Revenues**

*Review analyzes barriers preventing businesses from fully utilizing outdoor dining opportunities & best practices from other cities*

PHILADELPHIA – City Controller Christy Brady today issued a review of the city’s outdoor dining program, finding that more outdoor dining opportunities and a refined regulatory process could boost local business income and increase city tax revenues.

While most of the city’s outdoor dining licenses are for sidewalk cafes, restaurants can also apply for a streetery license that would convert metered parking spaces to dining areas. Converting at least 250 of the more than 15,000 metered parking spots citywide to streetery dining spaces could produce \$14 million in revenues for local restaurants, generating at minimum \$480,000 in new tax revenues for the city.

The additional tax revenue generated by the on-street dining spaces is essentially neutral to the reduction in metered parking revenue that would occur by converting the spaces. Of the 329 restaurants that currently have active outdoor dining licenses, only 26 have a streetery license. There were more than 950 total outdoor dining licenses issued during the COVID-19 pandemic (2020-2022).

According to Controller Brady, the transition from the more lenient emergency permitting guidelines during the pandemic to the stricter Permanent Outdoor Dining Program has created several challenges for Philadelphia’s restaurant industry.

“There are complications with the new application process and discrepancies between the permit handbook and actual regulations,” said Controller Brady. “The updated rules imposed strict limitations on space and location, enforced rigorous infrastructure and safety requirements. We believe this has led to a notably low application rate for renewing outdoor dining establishments.”

The regulations require restaurants to provide detailed specifications for structural integrity, safety barriers, and restrictions on amenities, such as prohibiting gas heaters and limiting

electrical lines. The regulations also impose a steep \$1,750 annual licensing fee and require restaurant owners to purchase a \$1 million insurance policy.

“There is concern that these regulations disproportionately burden smaller, independent restaurants. This places them at greater risk of closure and undermines their ability to sustain a safe and viable outdoor dining environment,” said Controller Brady.

The City Controller’s review examined how other cities have successfully managed and refined their outdoor dining practices in response to the pandemic. Unlike Philadelphia’s cross-departmental reviews, Pittsburgh has implemented a streamlined licensing process that requires businesses interested in outdoor commerce to submit a consolidated set of documents, including a Certificate of Insurance and proposed site plan in one step, simplifying and accelerating the approval process.

Other best practices identified include:

- Baltimore – the prerequisites of the city’s program include a minor privilege permit, commercial general liability insurance, workers’ compensation, and liquor liability where applicable. The curbside commercial fee varies based on the equity score of the area and the city’s transportation department oversees the review process.
- Chicago – offers three distinct models for outdoor dining, each catering to different needs of the establishment. It is managed by the city’s transportation department and is noted for its simplicity and efficiency, facilitating the revitalization of urban spaces.
- New York City – the program features a straightforward application process through a user-friendly online portal and extensive outreach, facilitating widespread participation and a dynamic street environment that supports local restaurants.
- Seattle – the outdoor dining program simplifies permit requirements and supports various outdoor dining configurations.

“Many other cities collectively showcase a range of successful outdoor dining strategies,” said Controller Brady. “Their diverse approaches provide valuable insights for Philadelphia as it seeks to refine and enhance its outdoor dining policies.”

To improve outdoor dining in Philadelphia, the city established the Joint Task Force on Regulatory Reform, and a recent reorganization of Licenses and Inspections changed the city’s approach to managing outdoor dining. Additionally, City Council has adopted legislation to modify the requirements and standards to streamline the process for restaurant owners and permit streeteries to extend beyond a restaurant’s direct right-of-way similar to pandemic and pre-pandemic regulations.

“By aligning local practices with successful models from other cities, Philadelphia can benefit from similar efficiencies and improvements,” said Controller Brady.

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