

How can my city support home-based entrepreneurs?

The first step to jumpstarting the economy is allowing people to run their businesses from where they are. For many people right now, that means their home.

Why should cities support home-based entrepreneurs?

Home-based businesses offer flexibility to entrepreneurs and provide opportunities for women, minorities, and veterans. The fact that so many people are successfully working from home during this pandemic shows that home occupations are safe—and necessary. City officials should recognize the importance of these small ventures, which contribute to the local economy and offer an accessible pathway for entrepreneurs to start small in their own homes.

How do local regulations hold home-based entrepreneurs back?

Entrepreneurs may be subject to outdated local zoning regulations that can make it difficult to operate.

- In **DC**, home businesses cannot exceed 25% of floor space or 250 square feet, whichever is less. This means an event planner with a work desk in their living room might be breaking the law by taking a conference call in the bedroom.
- Cities like **Boston** and **Boise** limit the number of non-resident employees for home-based businesses, even if those employees work remotely. These restrictions prevent home-based businesses from growing and creating jobs for neighbors who could help in the home or work remotely on administrative duties like tracking sales. Many startups might already be breaking this law without realizing it.
- Many cities have outdated restrictions on storing equipment or goods in the home, which could create issues for someone who wants to make homemade jewelry to sell on Etsy, for example.

What can I do to support home-based entrepreneurs in my city?

- ✓ ***Remove unnecessary restrictions on how businesses can operate inside of the home:*** Square footage restrictions and employee limitations restrict the normal activities of many businesses. **Pittsburgh** does not limit home-based businesses by square footage.
- ✓ ***Don't complicate existing regulations on negative impacts outside of the home:*** Existing municipal regulations likely protect health and safety and prevent neighborhood disruptions *without* targeting home occupations. Cities should refer to these restrictions rather than creating special requirements for home occupations. **Seattle**, for example, takes a less restrictive approach that relies on existing noise ordinances and parking rules to ensure that home-based businesses aren't

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- ✓ ***Simplify home-based business registration:*** Permit requirements should be easy to understand, follow, and enforce. Home occupation permits should be no more complicated than a simple requirement to register. **San Antonio** exempts home-based businesses from certificate-of-occupancy requirements and does not require them to register or get a permit. Simplifying the process might make businesses currently operating without a license register their business.
- ✓ ***Improve communication between government entities:*** Local licensing agencies and zoning departments should coordinate code enforcement priorities and pass along knowledge to home-based business owners. Agency staff should be trained to help applicants comply with county and state requirements that may apply to the business, like occupational licensing, tax registration and corporate registration.

By enacting these reforms in your city, you can foster economic opportunity in communities that need it most.

The Institute for Justice (IJ) is here to help. We work alongside city officials and advocates to:

- **Research requirements:** We research what it takes to start a business in cities, including all of the steps and costs. We can also share best practices for how other cities dealt with similar policy issues.
- **Conduct surveys:** We host roundtables and compile feedback from entrepreneurs with first-hand experience navigating the licensing process.
- **Advocate:** We work with agencies and councilmembers to enact regulatory and legislative changes that truly make a difference for entrepreneurs.



Contact us to discuss tailored recommendations for how your city can streamline requirements for home-based business.

IJ is a nonprofit law firm that works with city officials, entrepreneurs, and advocates to remove regulatory barriers to entrepreneurship. For more information, visit <https://2021initiative.com>.