

## O-6-17

### Food Stores in CSA Districts

#### Staff Report

O-6-17 introduces Food stores as a permitted use in the C2A zoning district and removes the erroneous reference to Standards for the use in the MP2 zoning district.

Grocery stores can be important anchors for a downtown, bringing a significant amount of customer traffic. Downtown grocers often serve a sizable in-town market that includes elderly and residents without cars, many of whom depend on the convenience of a downtown food store. In many small towns, the availability of a grocery store is a signal of a community's viability. Some municipalities subsidize the rent to attract and retain small grocers to serve the community.

However, the average profit margin for grocery stores is 1 percent. In addition, it is a very competitive industry, making it a difficult business in which to survive. The result of these low margins has been consolidation. New store formats in the industry have squeezed margins even lower as competition becomes fiercer.

However, based on citizen surveys and suggestions over the past two decades, one of the most-requested types of stores in downtown Annapolis has been a small grocery. At one time, downtown Annapolis had several grocery stores, including a Safeway, an American and an A&P. Now all are gone or have moved to the suburbs.

For many years, Market Space housed two small survivors. Both Rookies Market and the Market House enabled City residents to obtain fresh produce, meats and cheeses, as well as basic condiments and staples. Rookie's Market closed in 1994 after more than 45 years in business. The Market House used to be a place to buy products from independent and local producers, yet today it is more of a Food Court and still struggling to find its niche.

High rents downtown have made the success of a market near City Dock almost impossible. Therefore, it would benefit the City to allow Food Stores in some of the lower-rent streets downtown. The use is presently permitted in the C2 district. Expanding the use into the C2A district provides greater opportunity for the stores in a more economical retail environment.

"Food store" means a retail establishment selling dry groceries, produce and household items, but having no food prepared on the premises for immediate consumption (*Annapolis Municipal Code 21.72.D*)

Because there is no food preparation, a Food Store is not considered a "Food and beverage use" (see attached definitions) and therefore is not subject to the restrictions against such uses in proximity to certain downtown streets (*21.64.300.H.1*).

A Food Store use meets the C2A district's design "to serve as a transitional zone by accommodating limited commercial uses of a nature that will be compatible with the character of adjoining residential properties." (*21.42.090.A*)

Section 24.64 STANDARDS FOR USES SUBJECT TO STANDARDS has no entry for, or applicable to, Food Stores. O-6-17 additionally removes the erroneous reference to a standard for Food Stores in the PM2 zoning district from the Use Table.

### **Definitions**

*Extracted from Annapolis Municipal Code 21.72.D*

"Food and beverage-related use" means a commercial or nonprofit enterprise engaged in the preparation and sale of food, beverages or frozen desserts. Food service may or may not be the principal business of the establishment. Food and beverage-related uses include the following uses:

- a. Bake shops,
- b. Candy stores,
- c. Catering establishments,
- d. Clubs, lodges and meeting halls, with on-premises food or beverage preparation facilities,
- e. Coffee shops,
- f. Convenience stores,
- g. Delicatessens,
- h. Fast food restaurants,
- i. Food service marts,
- j. Ice cream stores,
- k. Standard restaurants,
- l. Supermarkets,
- m. Wine bars.

"Food service mart" means an establishment whose principal purpose is the sale of food items for home consumption, either prepared on premises or prepackaged. A food service mart must exhibit all of the following characteristics:

- a. The principal operation of the establishment is the sale of food items for home consumption, either prepared on the premises or prepackaged,
- b. No seating is provided on the premises, and
- c. The gross square footage of the establishment does not exceed four thousand square feet. (*Ibid.*)

"Supermarket" means a retail establishment selling dry groceries, produce, household items, and limited food prepared on the premises which is immediately consumable, such as bakery or delicatessen items. (*Ibid.*)

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