

Ghost Kitchens: A Regulatory Perspective



Environmental Health

Prevent. Promote. Protect.

WHAT IS A GHOST KITCHEN?

- ▶ Dark Kitchen
- ▶ Cloud Kitchen
- ▶ Virtual Restaurant
- ▶ Commissary Kitchen
- ▶ Shadow Kitchen
- ▶ Delivery-only Restaurant
- ▶ Shared Kitchen

WHAT IS A GHOST KITCHEN?



Model entails a commercial kitchen that has no storefront or retail dining space for customers.



Delivery only, although some may have drive-thru windows, curbside pickup, or possible counter pickup.



Might be “branded” food or might be an independent concept.



Could be an alternate menu of an already existing restaurant.

WHAT IS A GHOST KITCHEN?

- ▶ The term “ghost kitchen” made an appearance in a 2015 news piece in NYC where investigators were looking into restaurants listed under multiple brands at addresses that didn’t exist in the restaurant grading database.
- ▶ These kitchens are not new concepts, but their growth has been accelerated due to the pandemic and the demand for take-out/delivery meals. Industry research indicates that this growth will continue.

WHY GHOST KITCHENS?

- ▶ No storefront
- ▶ No seating
- ▶ No public spaces or front of house
- ▶ Less staff needed
- ▶ Can be situated in less desirable locations resulting in lower rent
- ▶ Additional distribution avenues of prepared foods
- ▶ Testing of new recipes for larger brands

VIRTUAL BRANDS

- ▶ Virtual brands tend to operate out of brick-and-mortar restaurants that already exist. A company may develop a new brand — which may consist of no more than a logo, a name, and a short menu — then license it out to restaurants, who execute the recipes and prepare them for takeout and delivery.
- ▶ Most foods are sold through the various delivery apps — the address of where the food is produced varies with the location of the pickup/delivery location.

Uber Eats promoting the concept...

[Home](#) > [Grow your business with Uber Eats](#)

Creating a Virtual Restaurant

VIRTUAL RESTAURANT FAQs

What is a Virtual Restaurant?

Creating a Virtual Restaurant through Uber Eats lets restaurant owners host a separate restaurant concept within an existing brick and mortar restaurant on Uber Eats.

What will customers see when they order from a Virtual Restaurant?

Once activated, customers see two restaurants on the Uber Eats app they can order from: your physical restaurant menu and your virtual restaurant menu.

Each Virtual Restaurant has a unique name, listing, and endorsement in the Uber Eats app that links back to the physical, parent restaurant (you!). This way, your customers will always know where their food is coming from.

What's the benefit?

This program allows you to create new brands and deliver new cuisines to customers, without the risk and expense of opening another physical location.

Other logistics companies chime in...

We Help Ghost Kitchens Thrive

Ghost Kitchens (aka Cloud Kitchens or Dark Kitchens) are defined entirely by their food, efficiency, and online availability. **Deliverect takes care** of the last two so you can focus on what matters most!

Deliverect integrates **all your online orders** to your existing POS or our Delivery Manager app. Want to know more? **Book a demo now!**

Hello C🍔🍕KER! We are here to help you increase sales, profitability, and equity through the easiest-to-make, add-on Virtual Restaurant Brands and Menus.

Want to increase profits in your kitchen without investing anything to get them? Our virtual brands bring you a new stream of orders and profits in less than a month. How can we help you?

HEALTH DEPARTMENT'S DREAM HEADLINE



Inside LI's underground pizzeria

The spot has no address, no owner of record and, until recently, was only reachable by text.

(Article appeared in Newsday 4/28/22)

REGULATORY CONCERNS

- ▶ Starting with the basics - what type of facility are we looking at? Some examples:
 - ▶ Regular commercial kitchen space
 - ▶ Shared kitchen space in an existing permitted facility
 - ▶ Rental kitchens (incubator kitchen facilities)
 - ▶ Modular kitchens
 - ▶ Virtual brand/restaurant
- ▶ Need to establish jurisdiction
- ▶ Initiate plan review and/or permit process

REGULATORY CONCERNS

- ▶ Ghost kitchens using their own commercial kitchen space – regular plan review and permitting. Ordering apps and websites must disclose where the food is produced.
- ▶ Individual operators in an incubator kitchen facility (multi-user shared space) – permits, possible plan review, maintenance of primary permit for facility.
- ▶ Virtual brands (where an existing permitted operator is producing some other branded food) – review of existing facility to ensure they can safely accommodate this extra/new food.

Shared Kitchen Model

(can be applied to other ghost kitchen types of operations)

- ▶ Issues to identify:
 - ▶ Who is the operator?
 - ▶ What is the nature of the business (and whose jurisdiction does it fall under)?
 - ▶ Does the currently permitted facility, in its approved state, have the capacity to operate a second business or menu?
 - ▶ Is plan review necessary?
 - ▶ When the business advertises, do they state the location where the food is made?

Written Proposal and Permitting

- ▶ Prior to any permitting the prospective operator must submit a written proposal. It must address a variety of aspects of the operation, including:
 - ▶ Contact information and address/location where the proposed business is operating out of.
 - ▶ Outline the nature of the business, including:
 - ▶ What foods will you be served (sample menu)
 - ▶ Source of food - shopping/delivery of ingredients

Written Proposal and Permitting

(continued)

- ▶ When will they operate (relative to the existing permit holder's operational hours)
- ▶ Storage space (refrigeration, freezers, dry goods)
- ▶ Delivery/service of food to the customer
- ▶ Operational capacity in terms of the number of clients serviced (catering or meals prepared).

Written Proposal and Permitting

- ▶ The proposal is reviewed. If it's found satisfactory, and does not require further review, the operation will be placed under permit:
 - ▶ If it's operated by the existing permittee, a note will be made in their file. Their permit will be altered to reflect this additional business name.
 - ▶ A third-party operator will need to apply for their own permit. Additionally, they and the primary business owner are required to sign a "shared kitchen" agreement (states that they will share responsibility of the kitchen and adhere to the relevant codes).

OTHER ISSUES

- ▶ Some of these secondary operators may fall under another agency jurisdiction. Cooperation between agencies is key.
- ▶ Some ghost kitchens may try to operate out of facilities licensed by a different agency who may have different code requirements.
- ▶ Routine inspections to take place as per usual procedures.
 - ▶ May be difficult to access
 - ▶ Fly-by-night operations

Any questions?

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