

Hospitality Zone Liquor Licenses (File No. 260296)

Rules Committee

Ben Van Houten
Director of Nightlife Initiatives
Office of Economic and Workforce Development

Introduction

- File No. 260296 is an ordinance sponsored by Mayor Lurie to implement SB 395, state legislation to support the creation of new restaurants in the downtown hospitality zone
- We are requesting an amendment to this ordinance today

California Liquor License Rules

- Number of full liquor licenses available in each county dictated by state law (1 license per 2,000 residents)
- San Francisco has exceeded this limit since it was adopted roughly 80 years ago
- Full liquor licenses for SF restaurants and bars are only available on the secondary market at prices well beyond the ABC application fee

Downtown Revitalization

- Nightlife is critical to downtown's continued revitalization
- New restaurants, alongside downtown's great existing nightlife, can attract tourists and locals, diversify offerings, and help transform the area into a 24/7 neighborhood
- A suite of programs and policies have been launched to support business attraction downtown, including loan and grant programs, Vacant to Vibrant, and others

Senate Bill 395

- In 2025, Mayor Lurie sponsored SB 395 (Wiener), to enable San Francisco to establish a “hospitality zone”
- Within the hospitality zone, the Department of Alcoholic Beverage Control would be authorized to issue up to 20 new nontransferable restaurant liquor licenses
- Licenses would be issued in phases over three years (10 available the first year, 5 each subsequent year)

Senate Bill 395

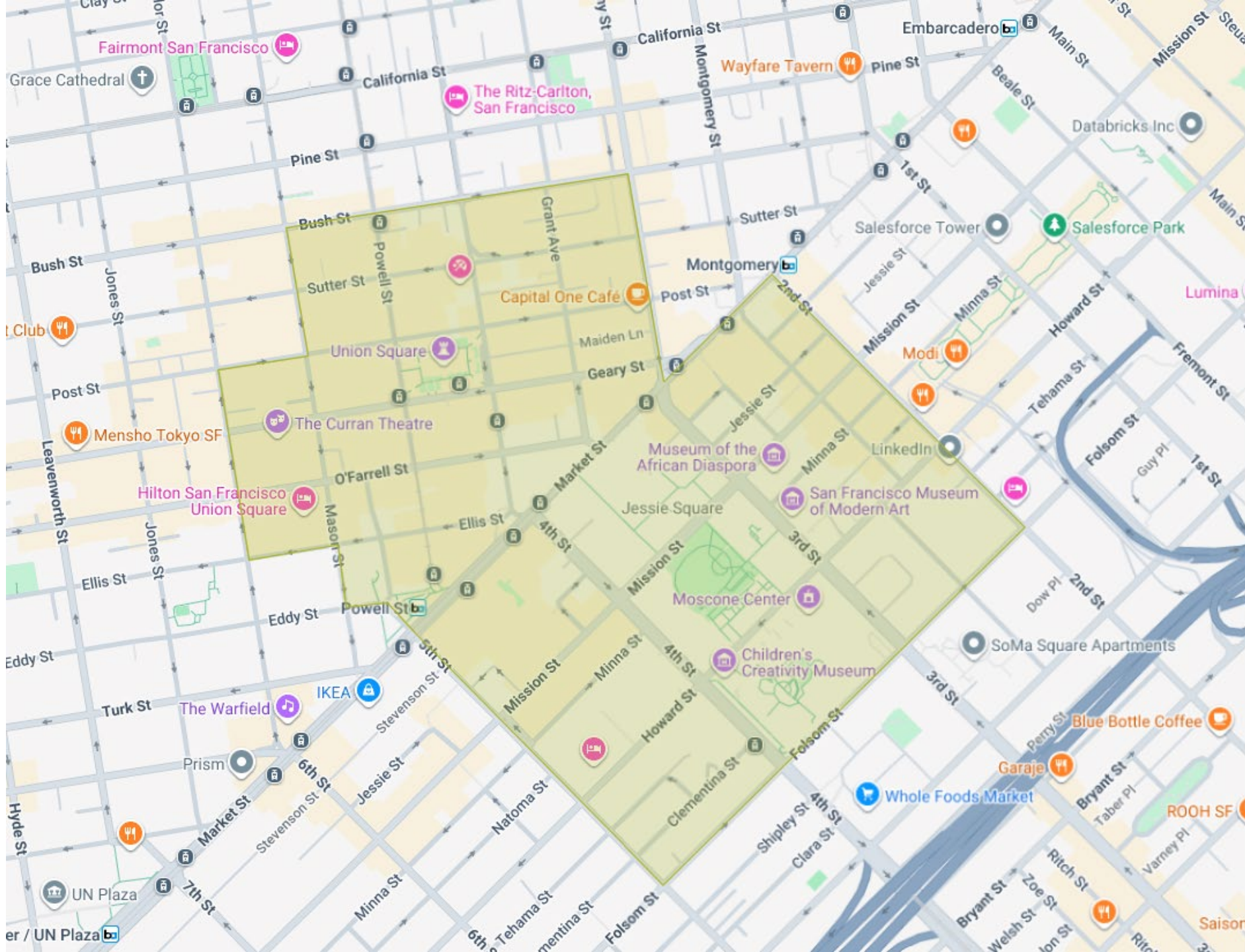
- Licenses would be issued through ABC's annual license drawing process that is used to issue new licenses statewide
- Licenses would be available at ABC's application fee of ~\$20,000, compared to secondary market prices of \$100-150k

Senate Bill 395

- Licenses would not be transferable to any other person or to any location outside the hospitality zone
- Upon the closure of a business with a hospitality zone license, that license would be cancelled and ABC would be authorized to issue a new hospitality zone license
- Program would sunset in 2033

This Ordinance

- This ordinance fulfills the requirements of SB 395 to enable ABC to issue new licenses beginning later this year
- The ordinance designates a “hospitality zone” to reflect the boundaries of the SFPD hospitality zone established last year
- As introduced, the ordinance would authorize the issuance of up to 20 licenses (but we are requesting an amendment)



Requested Amendment

- Following discussion with existing downtown operators concerned about potential impacts, we are proposing to amend this legislation to authorize the issuance of up to 15 licenses (instead of the maximum 20)
- Our intention is to monitor impacts of this program over the next two years before contemplating returning to the Board with legislation to authorize issuance of the remaining 5 licenses
- There is also one minor clerical amendment from the City Attorney

Thank You