

Cannabis Cafes Ordinance

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Why This Legislation Is Necessary

- Legal cannabis retailers face disproportionate tax and regulatory burdens
- These burdens make it difficult to compete with the unregulated and untaxed illicit market
- Cannabis Cafes offer a real opportunity for businesses to thrive, not just survive

This Ordinance Supports Industry Vitality

- Creates pathways for new hospitality-focused cannabis venues.
- Opens new economic opportunities for current and future operators
- Supports long-term stability and vitality of the industry
- Implements AB 1775 locally and modernizes local regulations

2024 State Legislative Change: AB 1775 (Haney)

Allows local governments to enable cannabis cafes and expand permissible activities within cannabis retailers with consumption lounges:

1. Enabled food and beverage preparation and sale in cannabis retailers with consumption lounges
2. Allowed for the ticketed sales of entertainment events in consumptions lounges
3. Mandated new health and safety requirements in conjunction with these operations

What the Ordinance Does

- 1. Enables Food and Beverage Service**
- 2. Allows for Expansion of Consumption Space**
- 3. Creates a New Cannabis Cafes Permit**
- 4. Includes Phased Rollout & Ownership Limits**
- 5. Articulates Licensing Requirements**
- 6. Clarifies Workplace Rules**

Food & Beverage Service

- Permits food + non-alcoholic beverage service (with health permits)
- Removes ban on requiring employees to enter smoking rooms

Expanded Consumption Space

- Current limit: 1/3 of premises
- Redefines consumption as part of the principal Cannabis Retail use
- Businesses may designate any amount of space for consumption, but must still comply with state and local requirements around preventing visibility of cannabis consumption and mitigating the transmission of smoke

New Cannabis Cafe Permit

- Establishes a new type of permit for businesses to allow on-site consumption of cannabis only
- No off-site cannabis sales (no takeout)
- Subject to 600-foot spacing with limited exceptions
- Requires state license + SF Office of Cannabis permit

Phased Implementation

- Year 1: Only existing retailers or identical ownership groups may apply for one cafe permit
- Max four Cafe permits per operator

Required Licenses & Approvals

- California state cannabis retail license
- SF Office of Cannabis permit
- Planning and zoning compliance
- Public Health permits for cannabis consumption (and food facility if applicable)

Since Introduction (March 17, 2026)

Our office has met with:

- SF Cannabis Alliance
- SF Brownie Mary Democratic Club
- SF Department of Public Health (3x)
- SF Planning Department (2x)
- SF Office of Cannabis (multiple times)

Potential Amendments

- Ongoing conversations with retailers about length of phasing-in period for Cannabis Cafe applications
- Refining 600-foot buffer exemptions given close proximity of multiple existing retailers
- Working with Planning to ensure clarity around consumption as part of the principal use
- Ongoing discussions with DPH, including to ensure clear applicability of state and local food facility requirements