

Cannabis Equity Code Amendments Cannabis Business Division

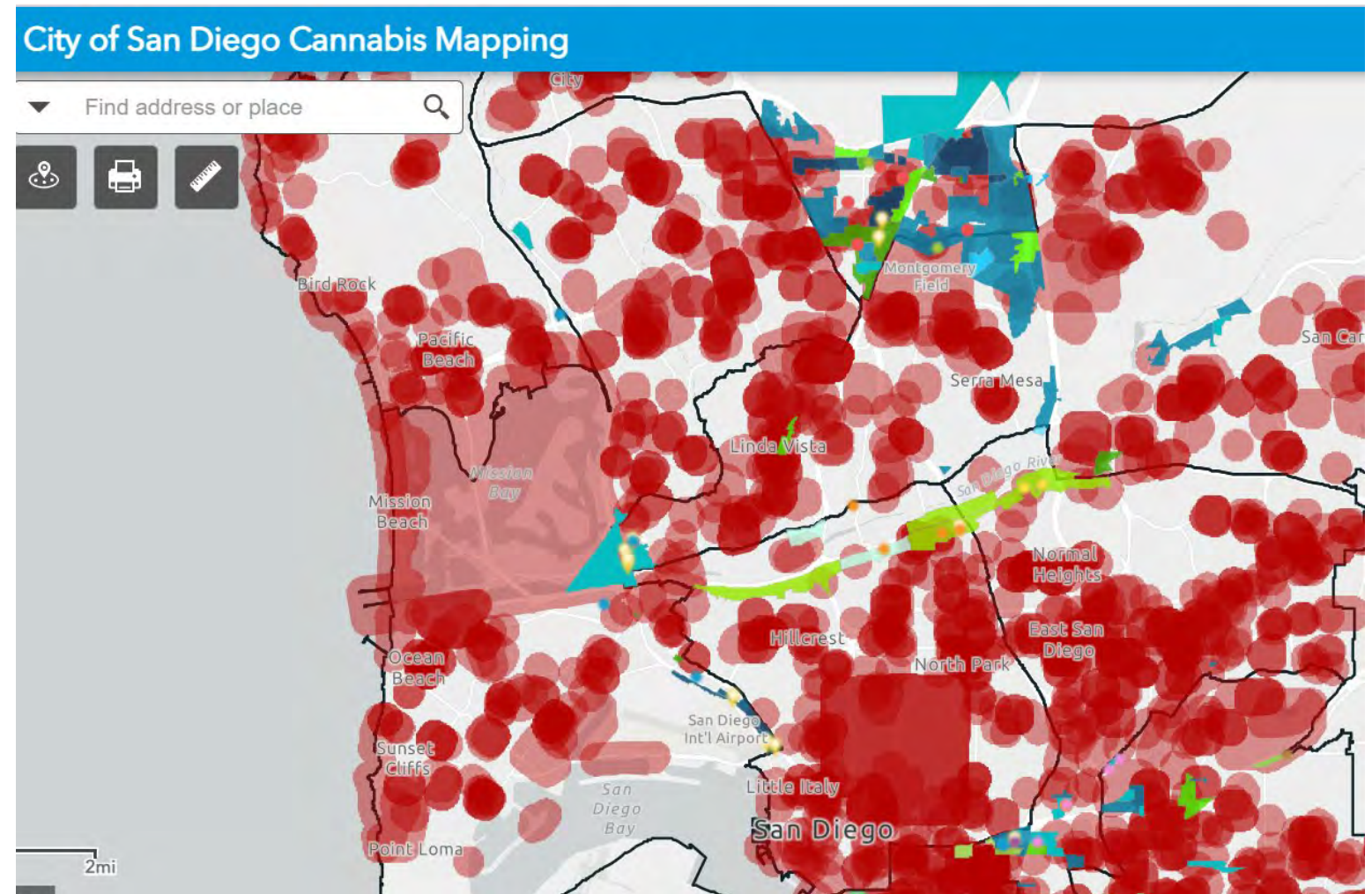
June 8, 2023

San Diego Planning Commission
Workshop

Cannabis Social Equity Regulatory Barriers

Current regulations may not advance social equity in cannabis industry due to:

- Competition with illicit market and intoxicating hemp sales
- Cap on the total number of outlets per district
 - All permits approved or in process of approval
- Zoning restrictions & sensitive use separation requirements
- Lack of available real estate



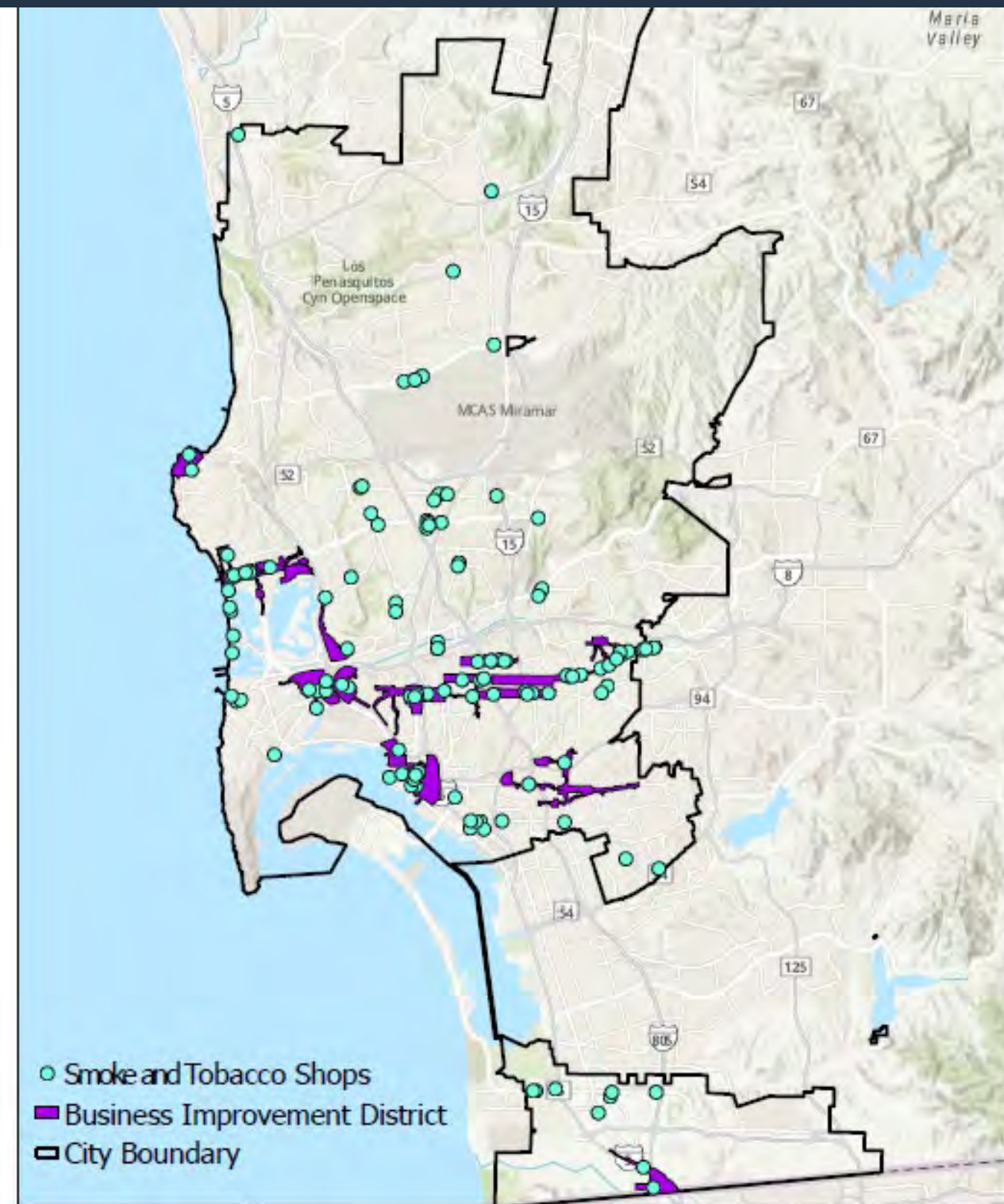
Cannabis Conditional Use Permit Timeline and Costs

- Typical CUP Process = approx. 18 months
- Cost of CUP: \$250,000 to \$500,000 depending on scope
 - City staff review, noticing and hearings (can be up to \$24,000)
 - Land use consultant
 - Attorney's fees
 - Architect and engineer
 - State permit fees
- Excludes real estate leasing or purchase costs which may run upwards of \$30,000 per month
- Estimated CUP Total cost = \$1M to \$2M



Smoke Shop Locations

136 Smoke and Tobacco Stores Citywide





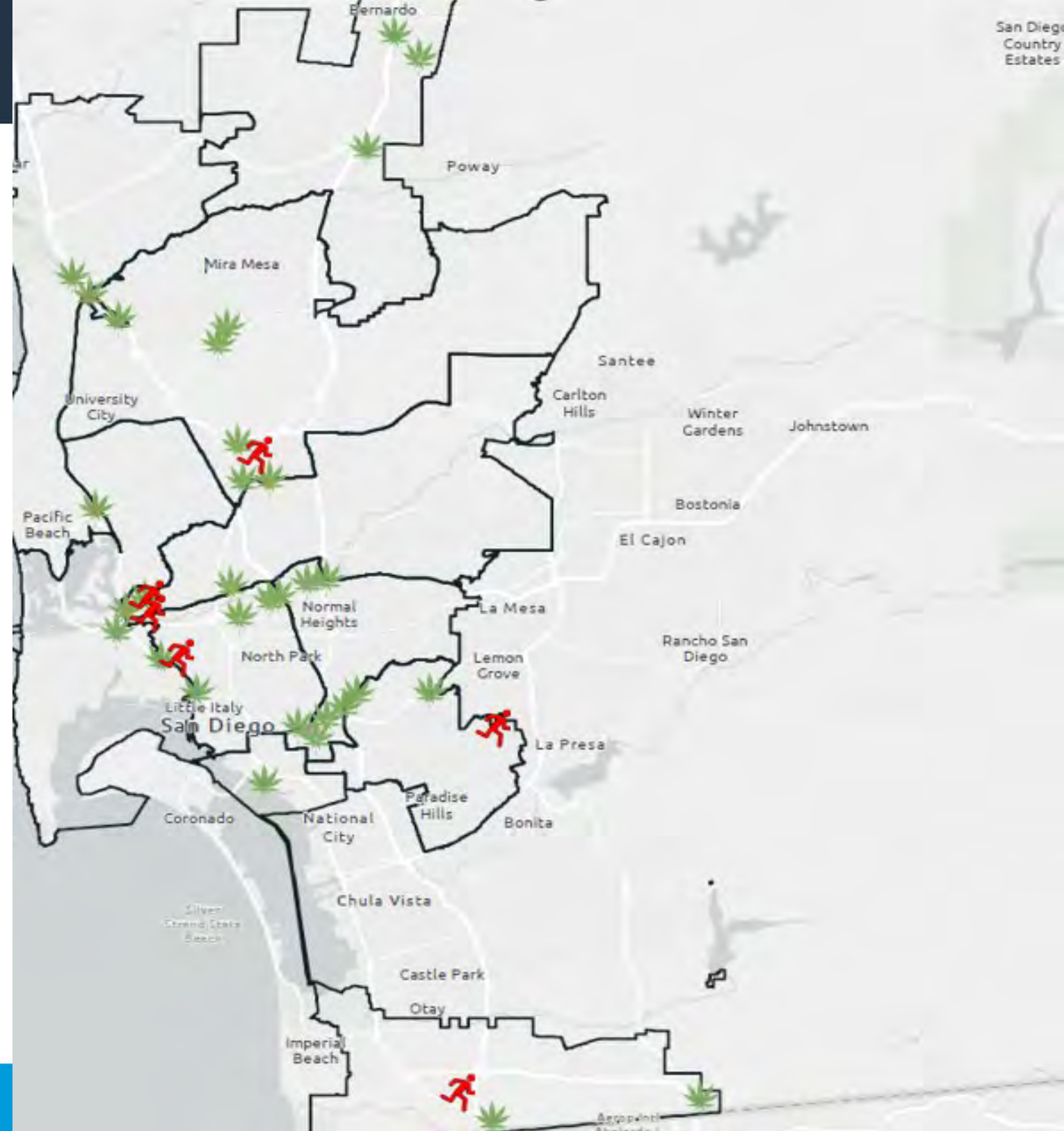
Impact of Intoxicating Hemp

- Made Legal Via 2018 Farm Bill
- Synthetic-derived Intoxicating Hemp Extracts
- No age limit
- No restrictions on online or retail sales and legal to use in most states
- Mostly sold in smoke shops and online



Current Cannabis Outlet Stats

- 38 outlets allowed City-wide
 - 4 per Council District (36)
 - 2 additional allowed to remain after redistricting
- 33 Conditional Use Permits (CUPs) issued 
 - 24 outlets operational
- 6 current applications 
 - Some are competing, all cannot be approved

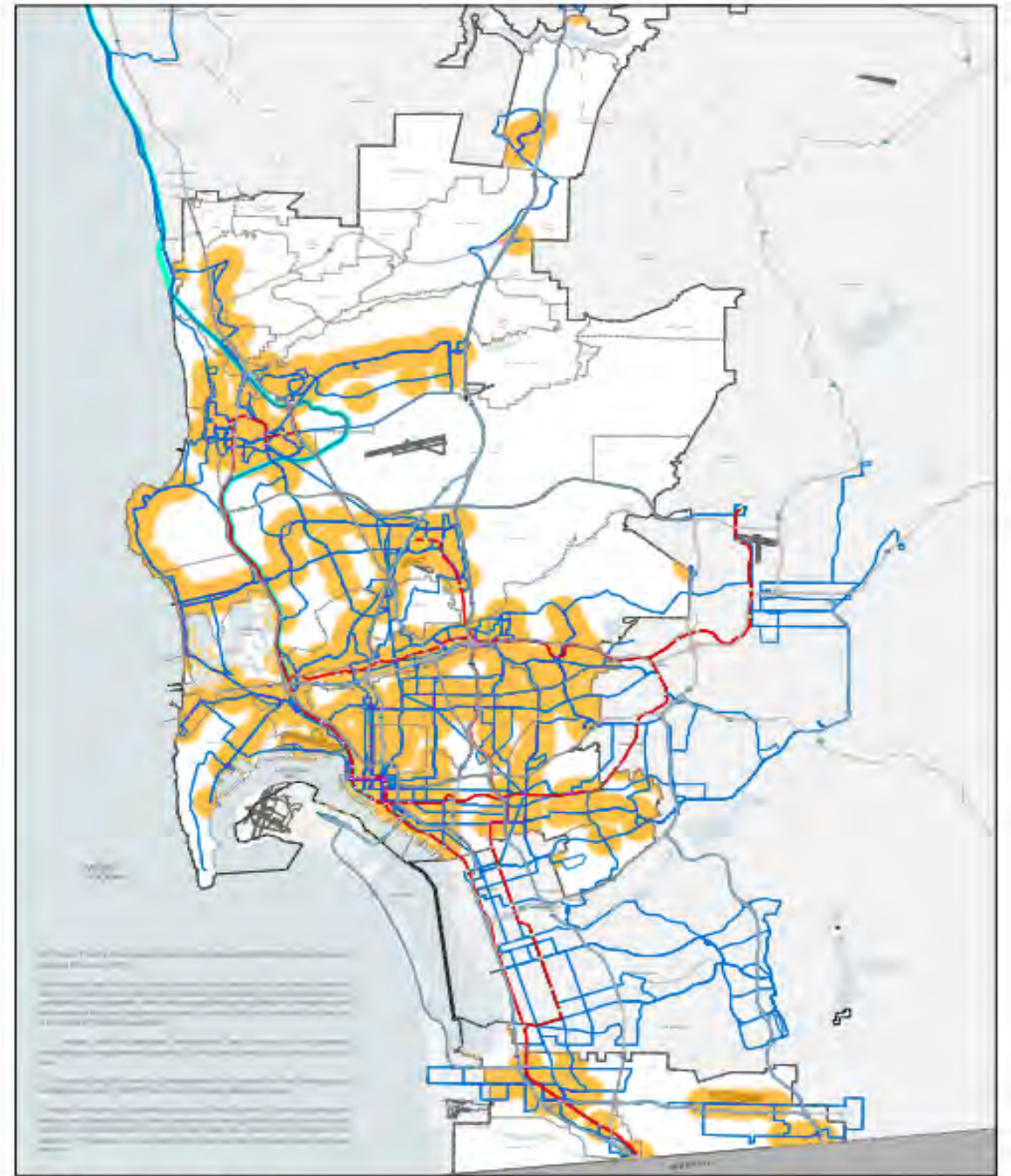


Cannabis Social Equity & Economic Development ("SEED") Recommendations

- SEED applicant and ownership criteria
- 36 phased (9 per year/ 4 years) cannabis outlets
- Cannabis Outlet SEED Overlay Zone ("COSEED OZ")
- Range of commercial zones in Transit Priority Area
- Sensitive use restrictions and distance requirements
- SEED applicants to qualify prior to securing a location
- Waiving licensing, permitting and inspection fees
- Cannabis outlet hours of operation
- Cannabis SEED Incubator Program

Cannabis Outlet Social Equity & Economic Development (COSEED) Overlay Zone

- Focus cannabis equity outlet and delivery activities within commercially-zoned transit priority areas (TPAs).
- Help support Business Districts by allowing new businesses
- TPAs throughout the City zoned for commercial uses, including:
 - Entertainment
 - Hospitality
 - Tourism



Long Term through 2035



Current Cannabis Outlets Within the TPA

Cannabis Outlets: Commercial vs. Industrial Zones and TPA vs. Non-TPA		
No. of Outlets	Percentage	Zone
17	52%	Commercial
16	48%	Industrial
33 Total	100%	
No. of Outlets	Percentage	TPA Status
6	18%	No
27	82%	Yes
33 Total	100%	

Cannabis Outlets, Zoning and Transit Priority Areas

Address No.	Address Street	Zone	TPA
658	E. San Ysidro Boulevard	CC-2-3	Yes
995	Gateway Center Way	IL-3-1	No
1028	Buenos Avenue	CC-3-7	Yes
1215	West Nutmeg Street	IS-1-1	Yes
1233	Camino Del Rio South	CR-2-1	Yes
2281	Fairmount Avenue	IL-3-1	Yes
2335	Roll Drive	IL-2-1	Yes
2405	Harbor Drive	BLPD-SUBD-D	Yes
2555	Kettner Boulevard	IS-1-1	Yes
2605	Camino Del Rio South	CO-1-2	Yes
2835	Camino Del Rio South	CO-1-2	Yes
3385	Sunrise Street	IL-2-1	No
3452	Hancock Street	CC-3-8*	Yes
3455	Camino Del Rio South	CO-2-2	Yes
3500	Estudillo Street	CC-3-8*	Yes
3703	Camino Del Rio South	CO-2-2	Yes
3940	Home Avenue	IL-3-1	No
4337	Home Avenue	CC-1-3/IL-3-1	Yes
4645	De Soto Street	IS-1-1	Yes
4909	Pacific Highway	IL-3-1	Yes
5125	Convoy Street	CC-2-5	Yes
6220	Federal Boulevard	CO-2-1	No
7128	Miramar Road	CC-4-2	No
7625	Carroll Road	IL-3-1	No
7850	Mission Center Court	EMX-1-2*	Yes
8039	Balboa Avenue	CC-2-5	Yes
8863	Balboa Avenue	IL-3-1	Yes
10150	Sorrento Valley Road	IL-3-1	Yes
10671	Roselle Street	IL-3-1	Yes
10715	Sorrento Valley Road	IL-3-1	Yes
11330	Sorrento Valley Road	IL-3-1	Yes
13510	Sabre Springs Parkway	CC-2-3	Yes
16375	Bernardo Center Drive	CC-2-3	Yes

*Zoning may have changed since outlet was approved
Data pulled from ZAPP on 5/22/2023.



Expanded Zones:

- Neighborhood Commercial: CN
- Regional Commercial: CR
- Visitor Commercial: CV
- Community Commercial: CC

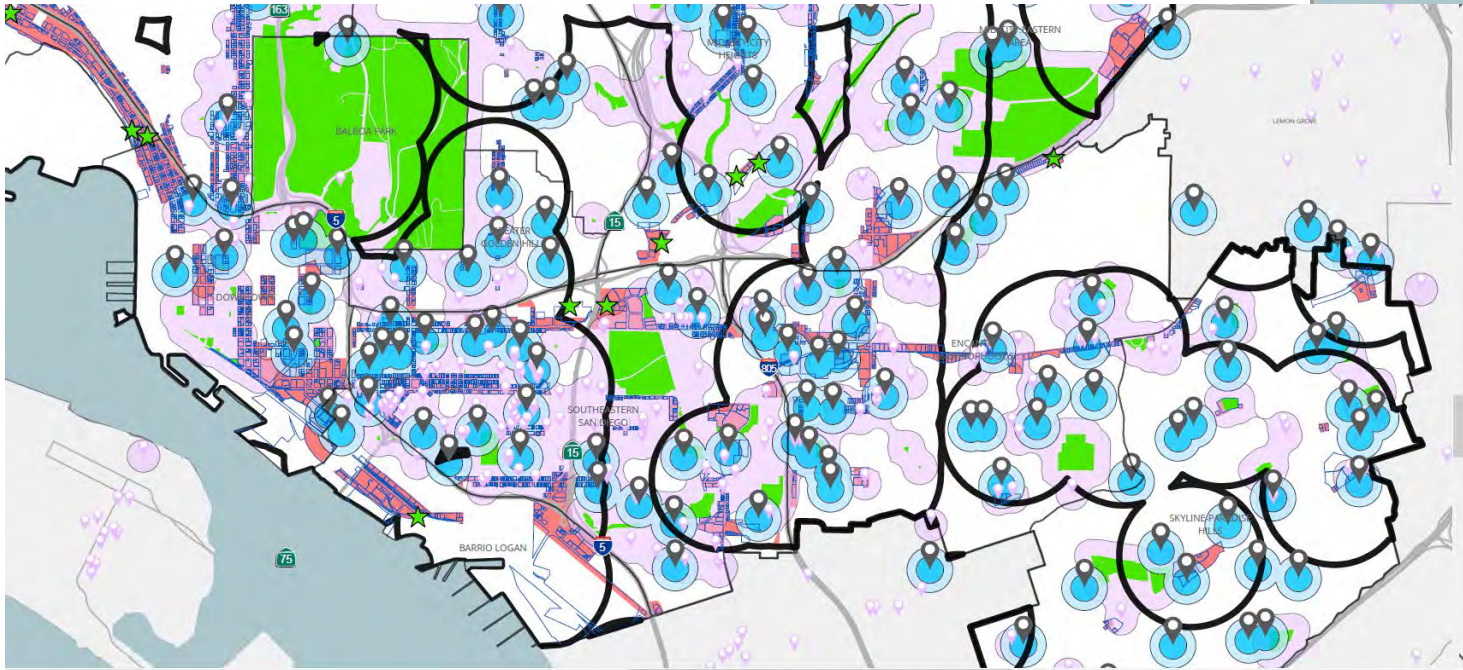
Planned District Ordinances:

- Barrio Logan; Carmel Valley; Cass Street; Central Urbanized; Centre City; Gaslamp Quarter; La Jolla; Mission Beach; Old Town

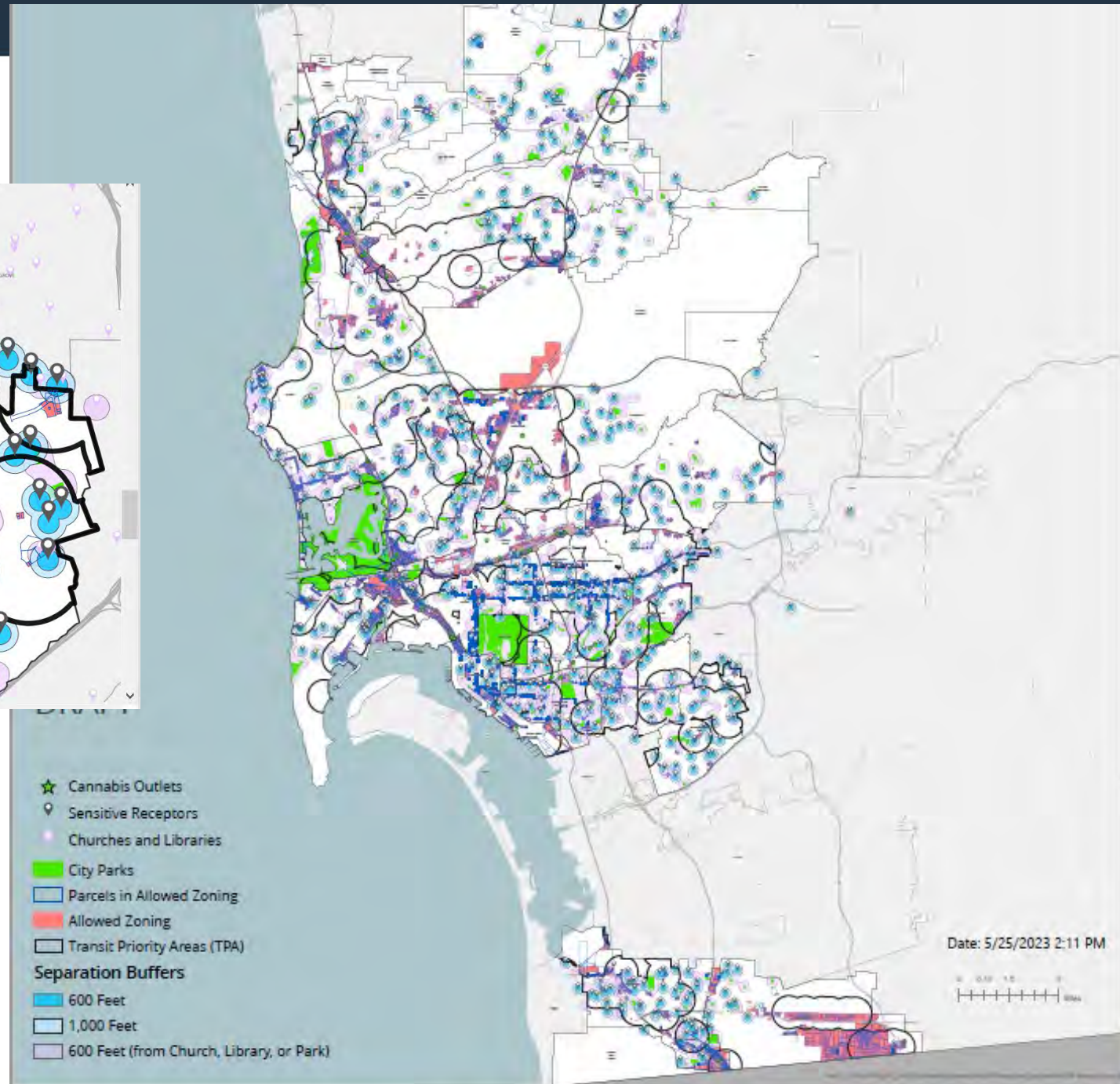
Cannabis Outlet Zoning Comparison Chart
Attachment 4

Current Regulations allow Cannabis Outlets in the following Base Zones:	Proposed SEED Equity Outlet regulations would expand the current regulations to allow COs in the following Base Zones:
IBT-1-1	IBT-1-1
IL-3-1	IL-3-1
IS-1-1	IS-1-1
CC-2-1; CC-2-2; CC-2-3; CC-2-4; CC-2-5	CC-2-1; CC-2-2; CC-2-3; CC-2-4; CC-2-5
CR-2-1	CR-2-1
CO-2-1; CO-2-2	CO-2-1; CO-2-2
Current Regulations also allow Cannabis Outlets in the following Planned Districts	SEED Equity Outlet expanded Base Zones within the TPA:
Barrio Logan (Subdistrict D)	CN-1-1; CN-1-2; CN-1-3; CN-1-4; CN-1-5; CN-1-6
Carmel Valley (EC & SP)	CR-1-1
Centre City (WM, I, T & CC)	CO-1-1; CO-1-2; CO-3-1; CO-3-2; CO-3-3
	CV-1-1; CV-1-2
	CP-1-1
	CC-1-1; CC-1-2; CC-1-3
	CC-3-4; CC-3-5; CC-3-6; CC-3-7; CC-3-8; CC-3-9
	CC-4-1; CC-4-2; CC-4-3; CC-4-4; CC-4-5; CC-4-6
	CC-5-1; CC-5-2; CC-5-3; CC-5-4; CC-5-5; CC-5-6
	And the following Planned Districts ("PDOs"):
	Barrio Logan (Subdistrict D)
	Carmel Valley (EC & SP)
	Centre City (WM, I, T & CC)
	SEED Equity Outlet expanded PDOs within the TPA:
	Carmel Valley (NC, VC, TC, SC & MC)
	Cass Street Commercial Planned District
	Central Urbanized Planned District (CU & CT)
	Centre City (C, NC, BP, MC & PC)
	Gaslamp Quarter
	La Jolla (Zone 1, Zone 2, Zone 3 & Zone 4)
	Mission Beach (NC-N, NC-S, VC-N & VC-S)
	Old Town San Diego (OTCC & OTMCR)

Mapping



Creation of Interactive Map to identify qualifying parcels



Proposed Cannabis Equity Outlet Permits

- 36 new permits for eligible equity applicants
 - No more than nine (9) new valid permits for the operation of dispensaries in the City per calendar year
 - No Council District cap
 - Delivery services allowed
- Hours of Operation to Match State Code
 - City of San Diego: 7:00 am until 9:00 pm
 - State of California: 6:00 am until 10:00 pm
- Community beautification plan to reduce illegal dumping, littering, graffiti and blight and promote beautification of adjacent community, including:
 - Planting of shade producing street trees and other landscaping improvements, within fifty (50) feet of dispensary



Proposed Cannabis Sensitive Uses and Separation Requirements

- Apply to Eligible Social Equity Applicants Only
- Reduce 1,000 Feet to 600 Feet
 - K-12 Schools
 - Youth Centers
 - Day Care Centers

Table 1: Comparison of Separation Requirements for Cannabis Outlets

	State of CA	Los Angeles	National City	Oakland	Sacramento	San Francisco	San Diego
Church	N/A	N/A	N/A	N/A	600ft*	N/A	1,000ft
K-12 School	600ft	700ft	600ft	600ft	600ft	600ft	1,000ft
Youth Center (i.e. Minor-oriented Fac.)	600ft	700ft	600ft	600ft	600ft*	N/A	1,000ft
Public Park	N/A	700ft	N/A	N/A	600ft*	N/A	1,000ft
Public Library	N/A	700ft	N/A	N/A	N/A	N/A	1,000ft
Drug Treatment Facility	N/A	700ft	N/A	N/A	600ft*	N/A	N/A
Day Care Center	600ft	700ft	600ft	600ft	600ft*	N/A	1,000ft
Permanent Supportive Housing (i.e. Res. Care Fac.)	N/A	700ft	N/A	N/A	N/A	N/A	1,000ft
Other Cannabis Retailer	N/A	700ft	N/A	600ft	N/A	600ft	1,000ft
Residential Zone	N/A	N/A	250ft	N/A	300ft*	N/A	100ft

*Cannabis Outlets are allowable but public hearing is required if within the designated distance.

Proposed Production Facility Incubator Model

- Partner with existing general production facility operators to create SEED incubator opportunities
- CBD could assist with obtain S licenses for operators and equity applicants
 - Operate in shared-use facilities and can extract cannabis using butter, or food grade oils, water, glycerin, vegetable oil, animal fat, or using mechanical methods;
 - Make cannabis products through infusion;
 - Package and label cannabis.
 - Multiple Type S manufacturers rotate on a schedule and share space and equipment.



Proposed Changes based on feedback to date

- Create reduced permit process to a Limited Use:
 - Removes real estate requirement
 - Codifies State's sensitive use requirements
 - Requires CEQA review at local level
- Continue to work with stakeholders on permit phasing and to identify appropriate commercial zones based on maps and separation requirements
- Create separate process for:
 - Applicant and Ownership Criteria
 - Equity Applicant Qualification Process

Where Do We Go From Here?

- Formation of SEED Task Force- Summer/Fall 2023
- SDMC Code Amendment Package
 - Public Review – May/June 2023
 - Information Item at PC and LUH – June 2023
 - Action Item at PC, CPC, LUH – September 2023
 - City Council Request for Approval – October 2023



Request Feedback on:

- Permit Approvals Phasing
- Permit Process
- Separation Requirements
- Commercial Zones/TPA
- Hours of Operation