

Preliminary Proposal Cannabis Equity Code Amendments Cannabis Business Division

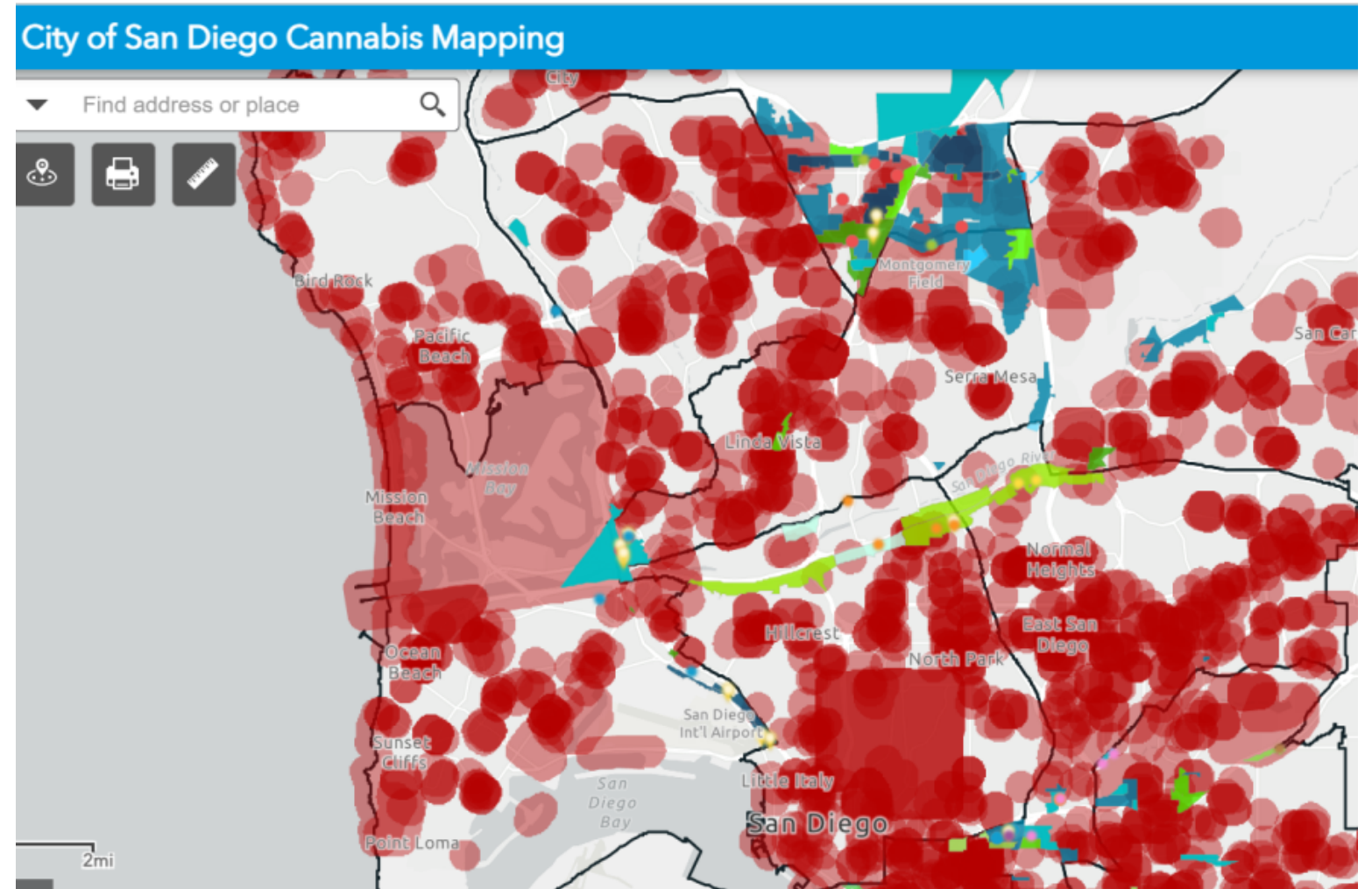
July 13, 2023

San Diego Land Use and Housing Committee
Informational Item

Cannabis Social Equity Regulatory Barriers

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

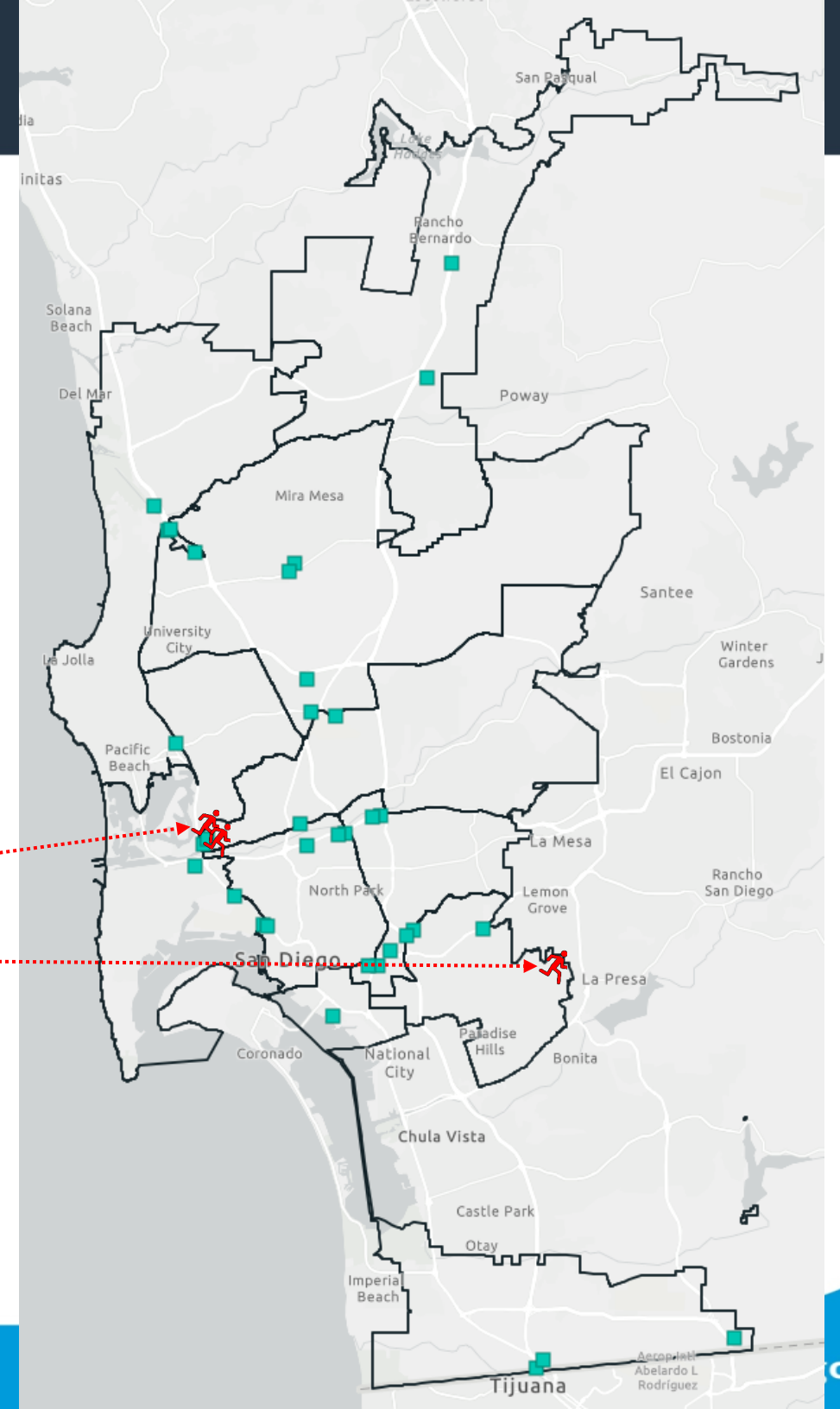
- Competition with illicit market and intoxicating hemp sales
- Cap on the total number of outlets per district
 - 36 of 38 permits approved or in process of approval
- Zoning restrictions & sensitive use separation requirements
- Lack of available real estate





Current Cannabis Outlet Stats

- 38 outlets allowed City-wide
 - 4 per Council District (36)
 - 2 additional allowed to remain after redistricting
- 34 Conditional Use Permits (CUPs) issued
 - 24 outlets operational
- 🏃 3 current applications
 - Two in Linda Vista (only one can be approved)
 - One in Skyline-Paradise Hills
- Two spots will remain after current applications
 - Both are in Council District 5
 - All other districts will be full, with 36 of 38 permits issued





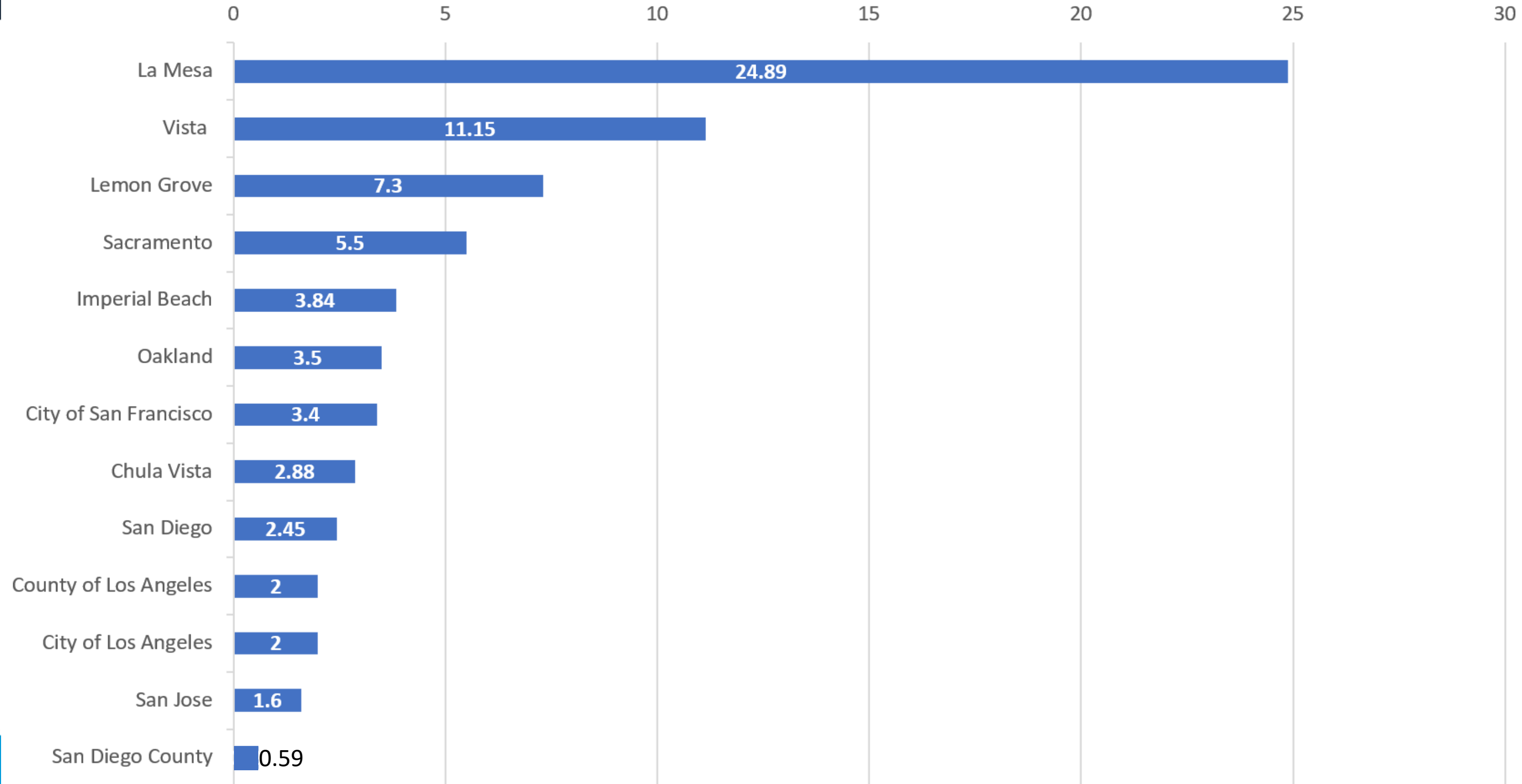
Current Cannabis Outlets Within the TPA

Cannabis Outlets: Commercial vs. Industrial Zones		
No. of Outlets	Percentage	Zone
18	53%	Commercial
16	47%	Industrial
34 total	100%	
No. of Outlets	Percentage	TPA Status
6	18%	No
28	82%	Yes
34 Total	100%	

Address	Zone	TPA
658 E. San Ysidro Boulevard	CC-2-3	Yes
995 Gateway Center Way	IL-3-1	No
1028 Buenos Avenue	IL-3-1	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
4575 Camino De La Plaza	CR-2-1	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

* zone has changed since original approval

Legal Retailers Per 100,000 7/2023





Local Jurisdiction Sensitive Receptor Requirements

San Diego Cities Sensitive Receptor Comparison Matrix

Sensitive Receptor	City of San Diego	Oceanside	Lemon Grove	Encinitas	Chula Vista	Imperial Beach	La Mesa	National City	Vista
Church	1,000 feet	1,000 feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A
K-12 School	1,000 feet	1,000 feet	1,000 feet	1,000 feet	1,000 feet	900 feet	600 feet	600 feet	600 feet
Youth Center (i.e. Minor-oriented Fac.)	1,000 feet	1,000 feet	1,000 feet	600 feet	600 feet	900 feet	1,000 feet	600 feet	600 feet
Public Park	1,000 feet	1,000 feet	1,000 feet	1,000 feet	600 feet	900 feet	1,000 feet	N/A	N/A
Public Library	1,000 feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Drug Treatment Facility	N/A	1,000 feet	1,000 feet	N/A	600 feet	900 feet	N/A	N/A	N/A
Day Care Center	1,000 feet	1,000 feet	1,000 feet	1,000 feet	1,000 feet	900 feet	1,000 feet	600 feet	600 feet
Permanent Supportive Housing	1,000 feet	N/A	1,000 feet	N/A	N/A	N/A	N/A	N/A	N/A
Other Cannabis Retailer	1,000 feet	N/A	1,000 feet	N/A	N/A	900 feet	1,000 feet	250 feet	N/A
Residential Zone	100 feet	1,000 feet	N/A	N/A	150 feet	N/A	N/A	250 feet	N/A

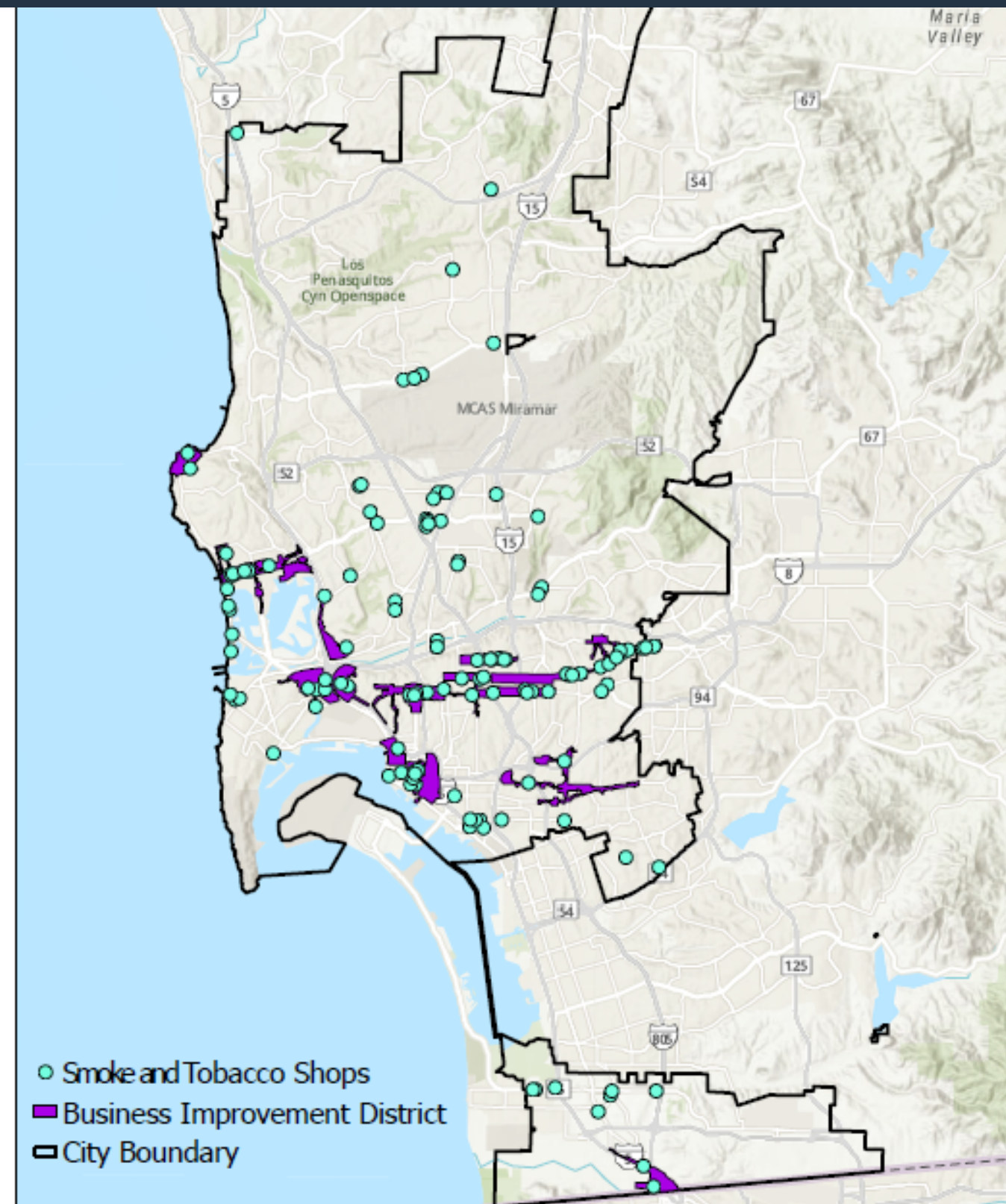
Cannabis Conditional Use Permit (CUP) Timeline and Costs

- 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 Engineering Fees
 - 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 more than 0.3%.
 - If total THC exceeds limit, violates CA industrial hemp law. Deemed adulterated.
 - Must **not** contain THC isolate as an ingredient.
- Sold in smoke shops & online
- Regulated by CA AB 45





Initial Proposed Code Amendment Package Presented to:

- **Economic Development and Intergovernmental Relations Committee – March 2023**
- **San Diego Chamber Cannabis Subcommittee – May 2023**
- **Community Planners Committee – May 2023**
- **Planning Commission – June 2023**

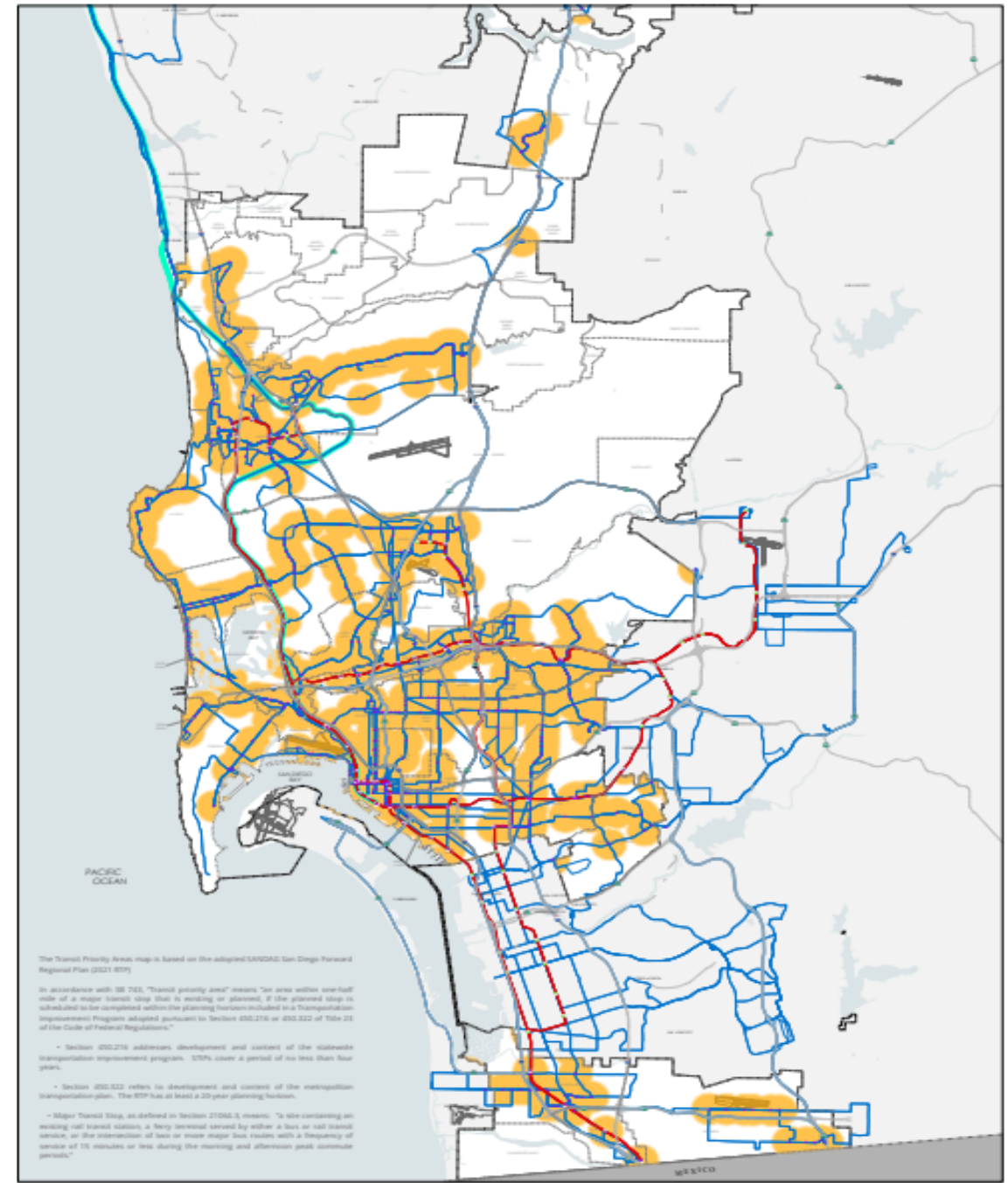


Initial Proposed Cannabis Equity Outlet Permits

- 36 new permits for eligible equity applicants
 - No more than nine (9) new permits per calendar year
 - Allowed In All Commercial Zones within TPA
 - City-wide, no Council District Cap
- 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 cannabis outlet

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

- Major Transit Stops
- Trolley Stations
- High Frequency Routes
- Trolley Lines
- Transit Priority Areas
- Community Planning Areas



Initial Proposal

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)



Proposed Cannabis Sensitive Uses and Separation Requirements

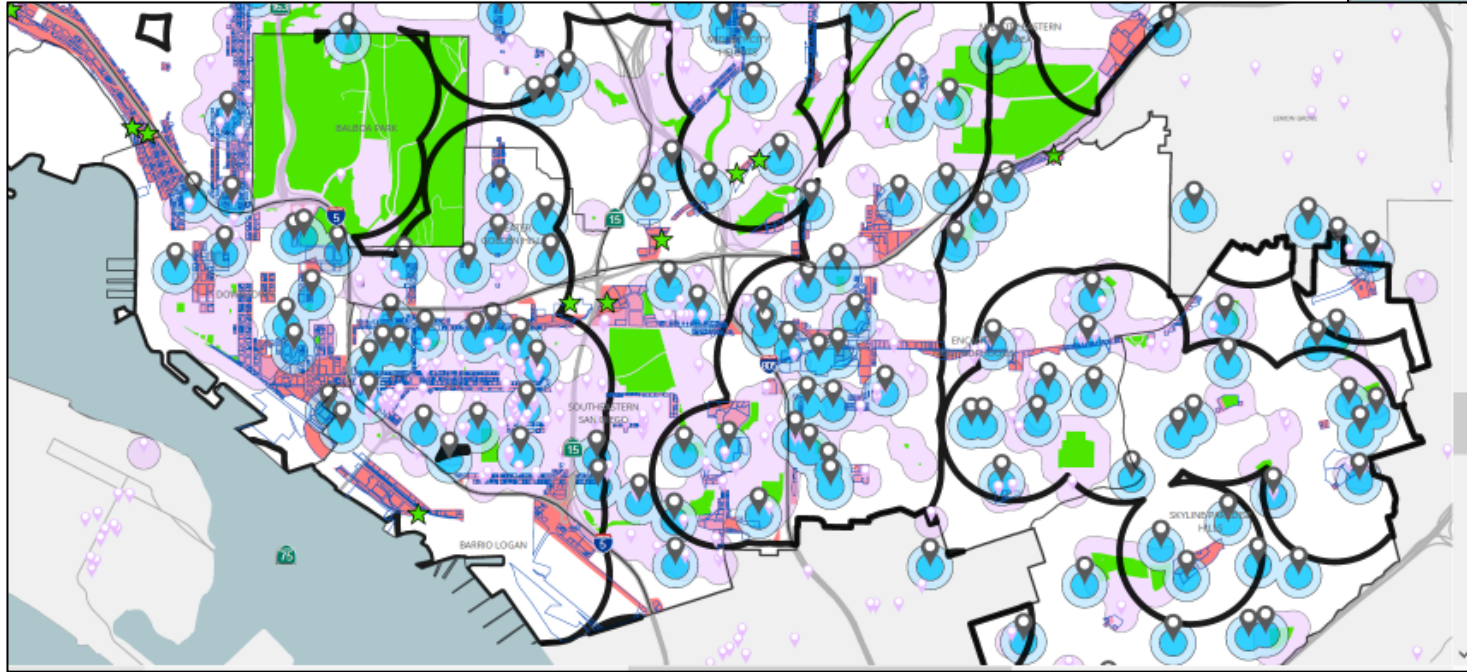
Table 1: Comparison of Separation Requirements for Cannabis Outlets

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

	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

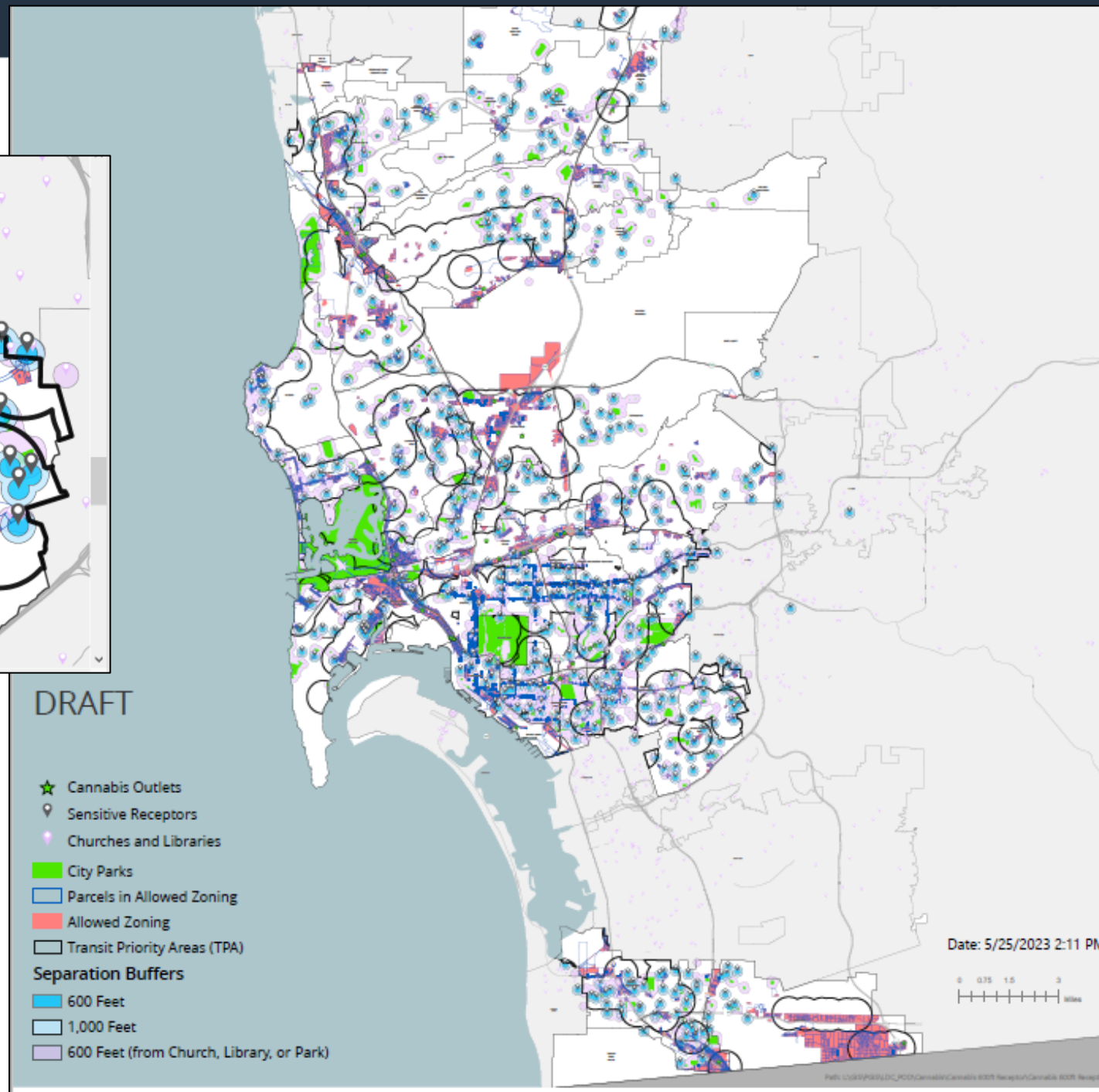
*Cannabis Outlets are allowable but public hearing is required if within the designated distance.

Mapping



DRAFT

- ★ Cannabis Outlets
- 📍 Sensitive Receptors
- 🏛️ Churches and Libraries
- 🌳 City Parks
- 🏠 Parcels in Allowed Zoning
- 🏡 Allowed Zoning
- 🚶 Transit Priority Areas (TPA)
- Separation Buffers**
 - 🟦 600 Feet
 - 🟩 1,000 Feet
 - 🟪 600 Feet (from Church, Library, or Park)



Creation of Interactive Map to identify qualifying parcels



Proposed Revisions Under Consideration

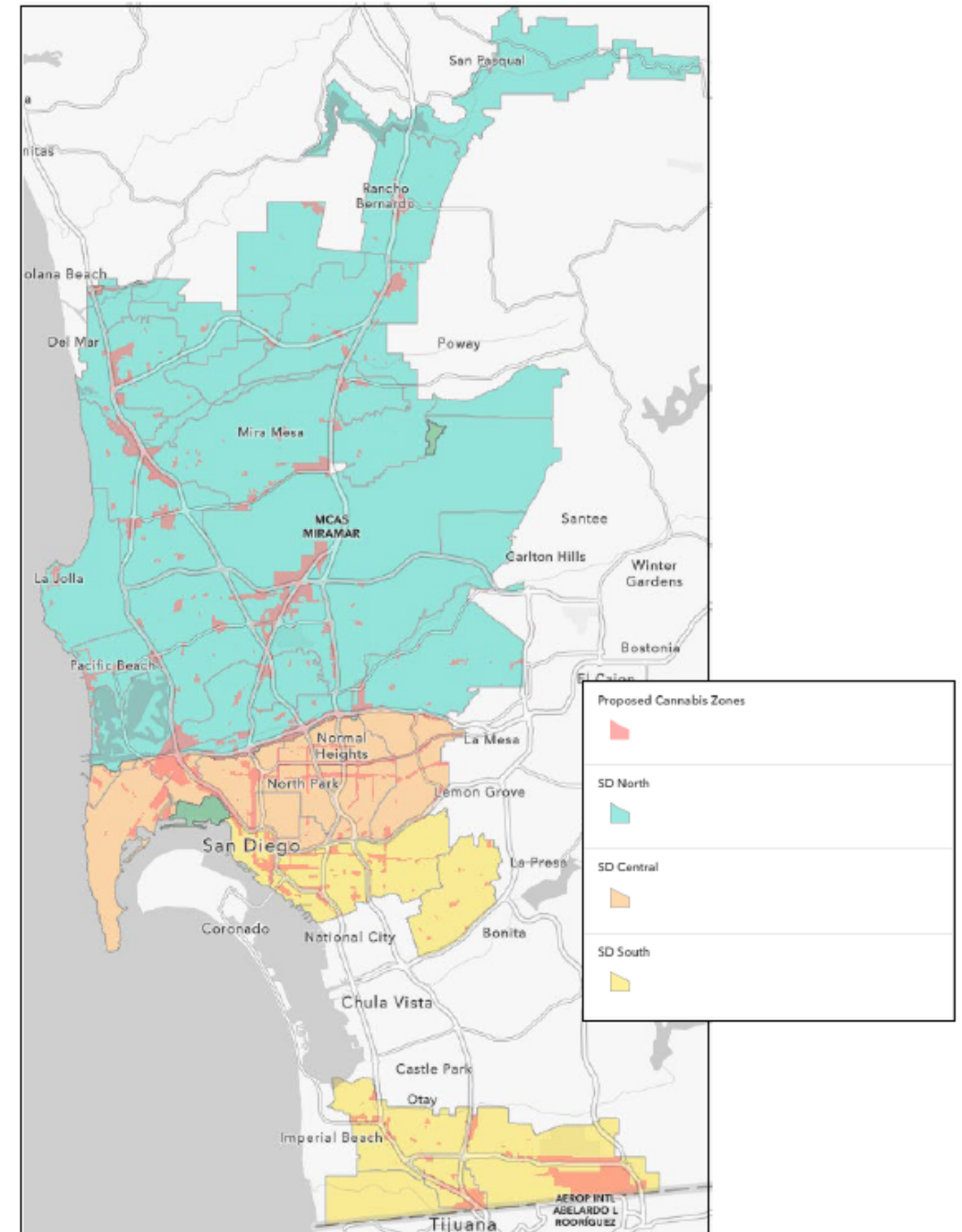


Preliminary New Three Tier Zone Map Exclusive to SEED Applicants

- SEED Permits Phased over 4 years
 - Permits = 1,000-foot separation from other cannabis businesses
 - Subject to the State's 600-foot separation requirements

DRAFT CANNABIS SEED ZONE MAP

ATTACHMENT 4





Commercial Zones

Existing, Original Proposal, Revised Proposal

Cannabis Outlet Zoning Comparison Chart Attachment 9

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:	Revised SEED Outlet Permitted Zones
IBT-1-1	IBT-1-1	IBT-1-1
IL-3-1	IL-3-1	IL-3-1
IS-1-1	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	CC-2-1; CC-2-2; CC-2-3; CC-2-4; CC-2-5
CR-2-1	CR-2-1	CR-2-1
CO-2-1; CO-2-2	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:	SEED Equity Outlet Expanded Base Zones in COSEED Areas:
Barrio Logan (Subdistrict D)	CN-1-1; CN-1-2; CN-1-3; CN-1-4; CN-1-5; CN-1-6	CN-1-2; CN-1-3; CN-1-4
Carmel Valley (EC & SP)	CR-1-1	CR-1-1
Centre City (WM, I, T & CC)	CO-1-1; CO-1-2; CO-3-1; CO-3-2; CO-3-3	CC-3-4; CC-3-5; CC-3-6; CC-3-7; CC-3-8; CC-3-9
	CV-1-1; CV-1-2	CC-4-2
	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	



Planned District Ordinance Zones Original Proposal Vs. Amended Proposal

SEED Equity Outlet expanded PDOs within the TPA:	SEED Equity Outlet expanded PDOs within the COSEED Areas:
Carmel Valley (NC, VC, TC, SC & MC)	
Cass Street Commercial Planned District	Cass Street Commercial Planned District
Central Urbanized Planned District (CU & CT)	Central Urbanized Planned District (CU)
Centre City (C, NC, BP, MC & PC)	Centre City (C, NC, BP, MC & PC)
Gaslamp Quarter	Gaslamp Quarter
La Jolla (Zone 1, Zone 2, Zone 3 & Zone 4)	La Jolla (Zone 1A, Zone 4)
Mission Beach (NC-N, NC-S, VC-N & VC-S)	Mission Beach (NC-N, VC-N)
Old Town San Diego (ALL OTCC & ALL OTMCR)	Old Town San Diego (OTCC-2-1; OTCC-2-2, OTCC-3-1)



Proposed Changes Based on Feedback to Date

- Create reduced permit process – 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
- Labor and Hiring Requirements
- Create separate process for:
 - Applicant and Ownership Criteria
 - Equity Applicant Qualification Process



Proposed Limited Use Regulations Language

- (a) Limited Use Regulations. SEED outlets are permitted as a limited use subject to the following regulations.
 - (1) Cannabis SEED outlets are not permitted in any of the following locations:
 - (A) Within 1,000 feet of another Cannabis Outlet;
 - (B) Within 600 feet of a City jurisdictional boundary, exclusive of areas that are surrounded entirely by the City of San Diego; and
 - (C) Within 600 feet of a public or private accredited *school*, a youth center or a child-care. For purposes of this section, *school* means any public or private institution of learning providing instruction in kindergarten or grades 1 to 12, inclusive, but does not include any private school in which education is primarily conducted in private homes.

Proposed Labor and Hiring Practices Language

- Would Be Applied to All Operators:
 - Local Hire
 - Specific targets:
 - Applicants with cannabis convictions, or
 - Applicants from marginalized backgrounds and neighborhoods
 - Labor peace agreements for 10+ employees
 - State law = June 1, 2024
 - National City Example



Where Do We Go From Here?

- Formation of SEED Task Force- Summer/Fall 2023
- SDMC Code Amendment Package
 - Continue Seeking Public Input through September
 - Action Item at PC, CPC, LUH – September/October 2023
 - City Council Request for Approval – November/Dec. 2023



Request Feedback on:

- Labor and Hiring Provisions
- Permit Approvals Phasing
- Permit Process
- Separation Requirements
- Commercial Zones