



<b>General Data</b>
Local Jurisdiction Name: City and County of San Francisco
Local Jurisdiction Type: City and County
Funding Request Type: Type 2: Assistance for Cannabis Equity Program Applicants and Licensees
Has the jurisdiction conducted an equity assessment to inform the creation or revision of its local equity program for commercial cannabis licensing? Yes
Has the jurisdiction adopted a local equity program for commercial cannabis licensing? Yes
Does the jurisdiction operate a local equity program for commercial cannabis licensing? Yes

  

<b>Applicant Information</b>
Local Jurisdiction Name: City and County of San Francisco
Federal Employer Identification Number: 94-6000417
Does the local jurisdiction have a culture or perspective on equity, including policies, programs, and/or practices that address social equity and justice? Yes
<p>If yes, please describe:</p> <p>The City and County of San Francisco was one of the first jurisdictions in California to adopt a social equity program. This program is designed, among other things, to provide opportunities in the regulated cannabis space to vulnerable populations who were hurt by the War on Drugs. The mission of the San Francisco Office of Cannabis (OOC) is to rectify the negative effects of the War on Drugs by promoting opportunities for verified social equity applicants, permitting the commercial cannabis industry, supporting both medical and adult use cannabis businesses, reducing the illegal market for cannabis, protecting and promoting the health of the public, limiting youth access and exposure to cannabis, and enforcing Article 16 of the San Francisco Police Code.</p> <p>Notably, San Francisco conducted a criminal record expungement effort that targeted criminal records associated with cannabis-related offenses. This effort provided a fresh start for many individuals and removed barriers that these records might have posed in their personal and professional lives.</p> <p>The OOC takes pride in its diverse staff who largely represent the communities it serves. Collectively, OOC staff members are fluent in 9 languages: English, Spanish, Mandarin, Cantonese, Gujarati, Russian, Belarusian, Tagalog, and Kapampangan. Collectively, these languages capture the majority of languages under the City's Language Access Ordinance (e.g. Spanish, Chinese, Tagalog) in addition to a few other languages (e.g. Gujarati, Russian, Kapampangan). OOC language skills help to mitigate barriers to entering the cannabis industry and navigating government processes by being able to effectively communicate with its diverse community and relevant stakeholders.</p>

Website address for the jurisdiction's local equity program (if applicable): <a href="https://www.sf.gov/get-verified-equity-applicant">https://www.sf.gov/get-verified-equity-applicant</a>		
<b>Mailing Address</b>		
Address Line 1: 49 South Van Ness, Suite 660		
Address Line 2:		
City: San Francisco	State: CALIFORNIA	Zip Code: 94102
<b>Payment Address (if different than Mailing Address)</b>		
Address Line 1: 1 Dr Carlton B Goodlett Place, Room 357		
Address Line 2:		
City: San Francisco	State: CALIFORNIA	Zip Code: 94102

<b>Proposal</b>
1. Total Amount Requested: \$2,169,952
2. Executive Summary: Please describe your proposal in 3-5 sentences. Resources provided by the Governor's Office of Business and Economic Development (GoBiz) will help address one of the most significant challenges faced by equity entrepreneurs — limited access to capital and help mitigate barriers to entry that have historically prevented individuals from marginalized communities from fully participating in the regulated cannabis industry.  The funding will foster long-term stability and growth by enabling recipients to maintain compliance, invest in infrastructure, hire and retain staff, and build sustainable business models. Ultimately, these resources will strengthen the local cannabis economy while advancing San Francisco's commitment to equity, inclusion, and economic empowerment within the industry.

# Proposal

**3. How many local equity applicants does the jurisdiction intend to serve with the requested funds?**

459

**4. How many local equity licensees does the jurisdiction intend to serve with the requested funds?**

49

**5. For each budget line item and activity identified in the budget spreadsheet, describe how the jurisdiction will use the requested funding to assist its local equity program's applicants and licensees.**

(A) Grants: Direct assistance for San Francisco's Equity Applicants and Licensees (VEAs) may include support for:

- (1) Rent - lease payments or mortgage costs for business premises.
- (2) Local and state application, licensing, and regulatory fees - fees required for business registration, licensing, and compliance.
- (3) Legal assistance - professional legal services excluding litigation.
- (4) Regulatory compliance - costs associated with meeting local and state cannabis regulations.
- (5) Testing cannabis - laboratory testing to meet product safety and quality standards
- (6) Furniture - essential furnishings for business operations.
- (7) Fixtures and equipment - necessary equipment and installed fixtures for business functionality and compliance with local and state regulations
- (8) Capital improvements - upgrades and enhancements to business infrastructure
- (9) Banking and escrow fees - costs related to financial transactions
- (10) Inventory - supplies for compliant and secure cannabis packaging.
- (11) Marketing - Promotional activities to increase business visibility and outreach.
- (12) Accounting services - professional financial and bookkeeping assistance.
- (13) Acquisition of commercial property - purchasing commercial property for business operations.
- (14) Cannabis related taxes - taxes incurred by permittee

The areas described above will support VEAs with start up and ongoing costs in an effort to mitigate barriers to entry and support a thriving regulated cannabis market.

(B) Technical Assistance (TA): The OOC plans to support additional TA opportunities in the areas of:

- (i) Permit and Grant Support;
- (ii) Professional Development;
- (iii) Security Consulting and Training;
- and (iv) Legal Service.

Permit and Grant Support programming will provide the OOC's equity community with one-on-one support to navigate local and state commercial cannabis permitting process in addition to local grant requirements. Professional development programming will support the professional growth (e.g. workshops, one-on-one training) of equity applicants. Security Consulting/Training will strengthen the business's security in addition to training equity operators in the best security practices. Legal services will help equity applicants navigate through legal documents such as lease agreements and

contract review.

In August 2025, the OOC facilitated a site visit for GoBiz to observe a variety of equity-owned businesses. During the visit, equity business owners showcased their operations, shared their experiences, and highlighted the importance of the grant program. The visit concluded with a gathering at one of the jurisdiction's technical assistance providers, where dozens more equity applicants and licensees participated both in person and online, alongside partner organizations. Participants shared the challenges they had faced entering and sustaining their presence in the industry, emphasizing that while the grant program was helpful, additional support at the State level remained necessary. Equity applicants also expressed their appreciation that State representatives had taken the time to listen and learn from their experiences.

(C) Administrative Costs: Administrative costs will support a comprehensive range of grant management activities. This includes the distribution of awards to Equity Applicants and Licensees, ensuring timely and accurate delivery of funds, iterating program processes, managing and administering local grant agreements.

# Scoring Criteria A

## **1. Describe the communities and populations within the local jurisdiction that have been negatively or disproportionately impacted by cannabis criminalization.**

The City and County of San Francisco is comprised of diverse communities, structured across more than 40 distinct neighborhoods, each with its unique racial and socioeconomic composition. Historically, neighborhoods such as the Bayview–Hunters Point and the Western Addition have had higher concentrations of Black residents and been subject to heavier policing, while areas like the Mission District has a large Latino population and the central and northern neighborhoods tend to have higher shares of White residents. Because cannabis related enforcement often occurred in heavily policed neighborhoods of color during the war on drugs and post criminalization eras, Black and Brown communities bore the greatest burden of cannabis criminalization.

Following the 1971 enactment of the Controlled Substances Act (CSA)—which extended federal control over cannabis and other drugs—incarceration rates rose sharply, and the enforcement disproportionately targeted Black and Latino communities despite comparable usage rates across racial groups. Black residents in San Francisco have endured disproportionately higher felony drug arrests and enforcement actions. From 1980 to the mid-1990s, San Francisco’s racial patterns in enforcement of drug laws roughly resembled those statewide. Still, Black population in San Francisco were 4 to 5 times more likely to be arrested for drug felonies prior to the mid-1990s than their proportion of the total population would predict.

In addition, the treatment of Hispanic/Latinx as purely an ethnic label overlooks internal diversity and creates a data blind spot: between 1990 and 2016 arrests labeled “Hispanic” were under 1% of the total, yet that diverges from conviction records, signaling a likely misclassification of Latino arrests under “White” or other categories and skewing racial enforcement metrics.

Data from the California Department of Housing and Community Development revealed that more than half of the census tracts in San Francisco with the highest cannabis arrest rates are located in the neighborhoods of Bayview–Hunters Point, Mission District and Tenderloin—areas also characterized by high shares of racial and ethnic minorities.

## **2. How did the local jurisdiction identify the impacted communities and populations (Source/Process)?**

The City and County of San Francisco implemented a data driven and criteria based approach to identify communities and populations disproportionately impacted by cannabis criminalization. The jurisdiction analyzed historical arrest data related to cannabis offenses by race, ethnicity, and geography, revealing over representation of Black residents in cannabis related arrests relative to their population share. Additionally, various quantitative and qualitative data sets were examined, including census tract data, the Center on Juvenile and Criminal Justice Drug Arrests Report published in 2017, and the Economic Perspectives on Incarceration and the Criminal Justice System report published by the White House.

It is important to note that there is a methodological concern with data taken from the San Francisco Police Department and Sheriff's Department statistics due to improper offense classifications -- Latinx arrests might be inaccurately classified under "White" or other racial categories. As a result, arrest data may inaccurately reflect a lower rate of Latinx arrests. In reality, the actual number is likely much higher than the reported <1%, suggesting underrepresentation in the data.

Additionally, data from the California Department of Housing and Community Development was used to identify disparity. Besides census tract information, the dataset included the percentage of low-income households, the unemployment rate, and the percentage of racial and ethnic minorities. More than half of the census tracts with high rates of cannabis arrests fall in Bayview Hunters Point, the Mission, and the Tenderloin. These neighborhoods all feature census tracts with significant rates of unemployment and some of the highest rates of cannabis arrests.

Additional publications and reports were also examined for relevant data, including Marijuana Business Daily, the American Community Survey, and San Francisco Health Commission reports.

Through this combined use of quantitative enforcement data and demographic and socioeconomic mapping, the City and County of San Francisco identified and prioritized the communities and populations most harmed by past cannabis criminalization.

### **3. Describe the outputs and outcomes of the jurisdiction's local equity program elements to date.**

The San Francisco Office of Cannabis (OOC), housed within the City and County's Office of the City Administrator, administers the Equity Program as part of the City's broader cannabis regulatory framework. The program's parameters were shaped by the November 2017 Cannabis Equity Report, a collaborative effort among the Office of Cannabis, the Human Rights Commission, and the Controller's Office, which examined the history of cannabis regulation and the War on Drugs, reviewed the structure of the City's cannabis industry at that time, and identified barriers to equitable participation.

Since the establishment of the San Francisco Equity Program and to date 459 unique individuals have been verified as Equity Applicants per the criteria set forth in the city's Equity Program. Verified Equity Applicants (VEA) receive free technical assistance, priority processing when they apply for a Cannabis Business Permit, and first year permit fee waiver, among other benefits. Rulemaking was also developed to create flexibility for qualifying Equity Applicants to change their business locations while maintaining their place in line.

In addition to the benefits directly available to VEAs, all cannabis businesses must provide annual social equity benefits to advance the City's equity goals. Examples include, but are not limited to, access to capital, assistance in finding a physical location, workforce opportunities and training, or donating cash or in kind goods.

Cannabis businesses have made a meaningful contribution to the growth of San Francisco's local economy. Recent survey results indicate that over 100 workplaces have been created as a result of

equity businesses participating in the market, providing employment opportunities for local residents and supporting economic inclusion. In addition to job creation, equity businesses have consistently gained visibility and market presence. For four consecutive years, equity-owned businesses and a range of equity products have been prominently featured at Grass Lands, a dedicated cannabis space within Outside Lands, one of San Francisco's largest music festivals.

#### **4. Explain how the jurisdiction's local equity program and regulatory framework facilitate an equitable and economically just industry for the communities and populations identified in its equity assessment.**

- Cannabis Business Equity Permit Prioritization: Equity Applicants, who fully own their business, are processed first, and general applicants cannot enter the industry until permitting parity is reached. To qualify, individuals must fall below a household asset limit and meet three of six criteria (such as criminal justice involvement or residency in certain census tracts). First year permit fee waivers: reduce the upfront financial burden on equity applicants, allowing them to redirect limited resources toward launching and stabilizing their businesses.
- Acceptance of Letters of Intent (LOI) as proof to occupy at the initial application phase: OOC allows applicants to submit a Letter of Intent (LOI) instead of a signed lease which significantly reduces financial burden during the permitting process because an LOI does not require applicants to begin paying rent or commit to a long-term lease upfront.
- Incubation programs: Equity Incubators partner with Equity Applicants for at least three years by providing rent-free space and/or technical assistance to support business operations. Additionally, incubators are required to hire local staff for at least 30% of business hours, with half of their staff meeting the criteria to qualify as an Equity Applicant.
- Access to free technical assistance: includes one-on-one advising, workshops, and educational sessions with topics covering areas such as entity formation, state cannabis policy, license types, supply chains, marketing strategies. These efforts help equity businesses build operational capacity, maintain regulatory compliance, and make informed decisions.
- Flexible grant funding for eligible equity businesses: eligible equity applicants and businesses can apply to receive grants for start up and ongoing costs for 14 eligible expense categories (e.g. rent, capital improvements, regulatory compliance, acquisition of commercial property, etc.)
- Continuous modernization of processes: the OOC digitized its application forms to improve accessibility and migrated to a new platform that facilitates better data processing and collection.
- Weekly industry updates: to keep equity applicants informed about regulatory changes and program developments.
- Regulatory Protections and Equity Commitments: the OOC issues bulletins and regulations to protect social equity licensees, including rules on forced sale provisions, de minimis ownership, and maintaining equity

The Office of Cannabis (OOC) conducted four surveys following Social Equity Grant programs to evaluate effectiveness and reach. Results show the grants reach a diverse population, with most participants satisfied with the program, though women remain underrepresented in the cannabis industry. In October 2024, the OOC partnered with civil rights organizations and attorneys to host an open-to-all workshop addressing barriers for women and non-binary entrepreneurs, receiving positive community feedback.

To date, nearly 90 equity applicants have received support for startup and ongoing costs. Increased reimbursement requests for marketing and advertisement indicate businesses are growing visibility and promoting products.

During a GoBiz visit, equity business owners shared operational challenges and the importance of grant funding, reinforced by a gathering with a technical assistance provider where applicants emphasized the need for continued State support to grow and thrive in the regulated market.

##### **5. Describe the eligibility criteria used to determine who qualifies for participation in the jurisdiction's local equity program.**

The equity verification criteria, developed in consultation with the San Francisco Human Rights Commission, includes individuals who are most harmed by the War on Drugs -- the consequential impacts of which manifest in poverty, education gaps, and criminal justice involvement records. In order to be verified as an equity applicant, individuals must fall below a threshold of household assets and are required to meet three of six criteria, as specified by the Board of Supervisors, and provide proof of those conditions. Allowing individuals to meet various eligibility requirements created additional flexibility in the City's Equity Program. Some of the criteria are bound by time, often including the declaration of the "War on Drugs" by President Richard Nixon in 1971 and the passage of Proposition 64 in 2016. Currently, there is no San Francisco residency requirement. The established equity criteria includes:

- 1) Having a household income below 80% of the Area Median Income in San Francisco in the previous year. This criterion provides opportunity to low-income individuals with limited resources.
- 2) Having been arrested, convicted, or adjudged to be a ward of the state for a cannabis-related crime between 1971-2016. This criterion highlights the real cost of being punished for sale and/or possession of cannabis. We know that racial minorities have endured disproportionately higher drug arrests. Verification is not limited to arrests and convictions in the City and County of San Francisco as stakeholders recognized that disproportionate arrests and convictions happen all over the country because the War on Drugs transcends state and local boundaries.
- 3) Having a close relative, either a parent, sibling, or child, arrested convicted, or adjudged to be a ward of the state for a cannabis related crime between 1971-2016. This criterion acknowledges the negative consequences of criminal justice involvement often radiate beyond the individual directly impacted. These collateral issues impact not only families, but entire communities.

4) Attended a San Francisco Unified School District School for five years between 1971 and 2016. This criterion acknowledges the prevalence of the school-to-prison pipeline, a phenomenon by which individuals transition from one institution to another. As the American Civil Liberties Union notes, “many of these children have learning disabilities or histories of poverty, abuse, or neglect” and discipline can have the impact of pushing vulnerable children out of the school system and into the criminal justice system.

5) Lived in San Francisco census tracts for 5 years, where at least 17% of households were at or below the federal poverty level. Prospective Equity Applicants can enter their address on a map to determine if they are eligible. These locations are places in which a majority of drug arrests occurred in the city.

6) Experienced housing insecurity evidenced by eviction, foreclosure, or revocation of housing Subsidy since 1995. Implemented for local circumstances, this criterion acknowledges the twin challenges of rising house prices and lack of affordable housing.

**6. Does the jurisdiction’s local equity program have any shareholder or ownership requirements?**

Yes

**If yes, please describe.**

Yes, equity applicants must maintain ownership in the applicant entity of at least 51%, or 40% and CEO role or the equivalent, up to permit issuance. Moreover, equity applicants generally have a right, proportionate to their ownership interest held, to share in distributions, voting, and liquidation. There are additional ownership transfer restrictions outlined in San Francisco Police Code section 1608 designed to protect Equity Applicants and licensees from predatory business practices -- an ownership dilution, or role change of an equity applicant requires regulatory approval via a permit amendment and possibly additional social equity commitments.

**7. Does the jurisdiction's local equity program provide preferential licensing for local equity applicants?**

Yes

**If yes, please describe.**

Yes, section 1606 of the San Francisco Police Code enumerates the processing priority, including:

- First priority: applications from Equity Applicants that, independently or in combination with one or more other Equity Applicants, hold a 100% ownership interest in the Cannabis Business for which they have applied for a Cannabis Business Permit.
- Second priority: Shared use facilities.

- Third priority: all Equity Applicants that do not meet the criteria for first or second priority processing. Fourth through eighth priority: Applicants such as legacy businesses and general applicants.

- Fourth through eighth priorities: Non-social equity tiers.

## **8. How does the jurisdiction ensure eligible communities and populations are made aware of the benefits offered by its local equity program?**

The City and County of San Francisco ensures that eligible communities and populations are made aware of the benefits offered by its local Equity Program through extensive outreach and community partnerships. The Office of Cannabis (OOC) maintains ongoing engagement with community-based organizations, equity applicants, and local advocacy groups to share information on available benefits, eligibility criteria, and program updates.

Outreach methods include participation in neighborhood and cultural events, direct email campaigns, and regular updates on the OOC website and social media platforms. The OOC's staff speak 9 different languages including all of the languages under the City Language Access ordinance to better serve and accommodate San Francisco's diverse community. The OOC also collaborates with equity service providers, workforce development programs, and technical assistance partners to reach individuals historically impacted by the War on Drugs.

Additionally, the OOC has modernized its communication tools by digitizing application materials and ensuring their ADA compliance, issuing bulletins, and migrating to a new online platform that facilitates easier access to information and improves data tracking and outreach. These combined efforts ensure that program information is transparent, accessible, and targeted toward communities disproportionately affected by past cannabis criminalization.

## **9. How does the jurisdiction collect and address feedback from communities and populations eligible for its local equity program?**

The OOC maintains ongoing engagement with communities eligible for its local equity program through multiple feedback channels, including communications through its distribution list. Surveys are conducted to gather community input, and individuals may submit feedback directly via email. For certain regulations, the jurisdiction holds open public comment periods to ensure transparency and participation. In addition, the Cannabis Oversight Committee serves as a key platform for community feedback and discussion, helping to inform program decisions and improvements. Recommendations from these discussions inform program adjustments, policy updates, and resource allocation decisions.

## **10. If the requested funds are awarded, what are the expected outputs and outcomes of the jurisdiction's local equity program?**

Since its inception, the equity program has recognized that applicants face significant financial challenges in a difficult economic climate. Many incur debt or sell ownership shares to cover costs

while waiting for application approval, and those without external funding are least able to sustain their business during a relatively lengthy permit process.

Financial assistance is therefore critical to help equity applicants secure premises, build out physical space, cover ongoing operational costs, and remain compliant with state and local regulations without relying on high-interest loans or giving up ownership interest.

With the assistance of the GoBiz grant funds, the local equity program expects to continue yielding several measurable outputs and outcomes:

- A greater number of operational businesses run by equity applicants, bolstering entrepreneurship in historically underserved communities.
- Increased economic benefits not only for the business owners themselves, but for their families through better stability, income and opportunity.
- Creation of new local jobs and workplaces, enabling more community members to participate in the workforce and building local wealth.
- Reinvestment into the neighborhood -- businesses will purchase products locally, improve storefronts, support local vendors, and help restore community infrastructure.
- Targeted technical assistance (TA) to help equity applicants navigate licensing, permitting, compliance, and business operations, including one-on-one consultations, educational resources, and expert guidance, increasing their likelihood of long-term success.

For example, during a visit to the City and County of San Francisco, GoBiz toured a storefront in the Western Addition operated by a local 100% equity business owner who grew up in the neighborhood. By choosing to open his business in his home community, this Equity Applicant is not only building his own enterprise but also creating jobs and economic opportunities for local residents. The Western Addition is a historically diverse, minority-populated neighborhood that has experienced decades of displacement, disinvestment, and structural inequities, particularly affecting Black and other communities of color. Through this investment, the business owner contributes to revitalizing the neighborhood, strengthening local infrastructure, and fostering community wealth. This business owner's efforts exemplify the broader goals of the local equity program of promoting economic inclusion, supporting generational wealth, and reinforcing the social and cultural fabric of historically underserved communities.

# Scoring Criteria B

**1. What was the local jurisdiction's population size as of January 1, 2025, as published on the Department of Finance's (DOF) website?**

842,027

**2. When was the jurisdiction's local equity program adopted?**

12/16/2017

**3. Which of the following program elements does the jurisdiction's local equity program include? (Check all that apply as of the application due date)**

- Small business support services including technical assistance or professional and mentorship services.
- Tiered fees or fee waivers for cannabis-related permits and licenses.
- Assistance in paying state regulatory and licensing fees.
- Assistance securing business locations prior to or during the application process.
- Assistance securing capital investments or direct access to capital.
- Assistance with regulatory compliance.
- Assistance in recruitment, training, and retention of a qualified and diverse workforce, including transitional workers.
- Low-interest or no-interest loans or grants to local equity applicants or local equity licensees to assist with startup and ongoing costs.

**4. How many verified local equity applicants does the local jurisdiction currently have? (Note: Only include individuals that the jurisdiction has confirmed their eligibility for the local equity program AND that have submitted, or will submit, an application for a local license, permit, or other authorization by the local jurisdiction to engage in commercial cannabis activity, but have NOT been issued a local license, permit, or other authorization by the local jurisdiction to engage in commercial cannabis activity. Exclude any verified local equity applicants for license types that will not likely be obtainable in the next 12 months due to the jurisdiction's licensing cap.)**

64

**5. How many verified local equity license holders does the local jurisdiction currently have? (Note: Only include individuals that the jurisdiction has confirmed their eligibility for the local equity program AND that have been issued a local license, permit, or other authorization by the local jurisdiction to engage in commercial cannabis activity.)**

52

**6. What was the jurisdiction's investment in its local equity program in calendar year 2024? (Exclude any grant funds provided by the State of California, the Department of Cannabis Control, GO-Biz, and any other California State Agency or Department) (\$)**

\$1,135,452.00

**7. What is the jurisdiction's investment in its local equity program in calendar year 2025 to date? (Exclude any grant funds provided by the State of California, the Department of Cannabis Control, GO-Biz and any other California State Agency or Department) (\$)**

\$1,043,747.00

**8. What will the jurisdiction contribute to its local equity program as matching funds from April 1, 2026, through October 31, 2027? (Exclude any grant funds provided by the State of California, the Department of Cannabis Control, GO-Biz and any other California State Agency or Department)**

\$1,419,925.00

# Contact Information

Relationship: Employee of Applicant

First Name: Jeremy

Last Name: Schwartz

Email: jeremy.schwartz@sfgov.org

Organization: Office of Cannabis, City and County of San Francisco

Title: Deputy Director

Phone: (628) 652-0420

Mailing Address: 49 South Van Ness Suite 660, San Francisco, CA 94103

Relationship: Employee of Applicant

First Name: Princess

Last Name: Bustos

Email: princess.bustos@sfgov.org

Organization: Office of Cannabis, City and County of San Francisco

Title: Senior Management Assistant

Phone: (628) 652-0420

Mailing Address: 49 South Van Ness Suite 660, San Francisco, CA 94103

Relationship: Employee of Applicant

First Name: Yuliya

Last Name: Shchegolev

Email: yuliya.shchegolev@sfgov.org

Organization: Office of Cannabis, City and County of San Francisco

Title: Associate Director

Phone: (628) 652-0420

Mailing Address: 49 South Van Ness Suite 660, San Francisco, CA 94103