



SAN FRANCISCO PLANNING DEPARTMENT

July 19, 2017

Ms. Angela Calvillo, Clerk
Board of Supervisors
City and County of San Francisco
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

**Re: Six-month Report for the Interim Zoning Controls for Indoor Agriculture
Board File No. 161241**

Dear Ms. Calvillo,

Attached, please find the Planning Department's Six-month Report for the Interim Zoning Controls for Indoor Agriculture (Board File No. 161241). Per Planning Code Section 306.7(i), the Planning Department is required to conduct a study of the zoning proposal(s) contemplated in interim controls enacted by the Board of Supervisors and propose permanent legislation. For any control that is placed in effect for more than six months, a report to the Board of Supervisors is required six months from the date of the imposition of the controls and at least every six months thereafter. This report is intended to satisfy that requirement.

If you have any questions or require further information please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Aaron D. Starr", written over a horizontal line.

Aaron D. Starr
Manager of Legislative Affairs

cc:

Victoria Wong, Deputy City Attorney
Mawuli Tugbenyoh, Mayor's Office, Legislative Director, Liaison to the Board of Supervisors
Aneeka Chaudhry, Mayor's Office, Senior Advisor for Health Policy
Erica Major, Office of the Clerk of the Board
Laurel Arvanitidis, OEWD, Director of Business Development,

Attachments:

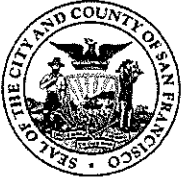
Six-month Report for the Interim Zoning Controls for Indoor Agriculture

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SAN FRANCISCO PLANNING DEPARTMENT

Planning Department Report Interim Zoning Controls

To: Angela Calvillo, Clerk of the Board
From: Aaron Starr, Manager of Legislative Affairs
Date: July 19, 2017
Regarding: Six-month Report for the Interim Zoning Controls for Indoor Agriculture
Reporting Date: August 3, 2017
Expiration Date: August 3, 2017
Case Number: Board File No. 161241/ Enactment Number 015-17

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STATEMENT OF PURPOSE

Per Planning Code Section 306.7(i), the Planning Department is required to conduct a study of the zoning proposal(s) contemplated in interim controls enacted by the Board of Supervisors and propose permanent legislation. For any control that is placed in effect for more than six months, a report to the Board of Supervisors is required six months from the date of the imposition of the controls and at least every six months thereafter. This report is intended to satisfy that requirement.

BACKGROUND

On January 24, 2017, the Board of Supervisors enacted a resolution (Enactment Nos. 015-17) that imposed interim zoning controls to require Conditional Use authorization for indoor Agriculture uses, as defined in Planning Code Section 102, and other indoor Agriculture uses in Production, Distribution and Repair (PDR) zoning districts. The interim controls were established to last for six months from the effective date.

REQUIRED ANALYSIS

Per Planning Code Section 306.7, this report is required to address the interim controls; any required study; and an estimate the timeline needed to create permanent controls.

(1) Status of Interim Controls:

On January 24, 2017, the Board of Supervisor adopted Board File 161241, establishing the interim controls described below. This resolution was signed by the Mayor on February 3, the same day it became effective.

Summary of Interim Controls

Any proposed indoor Agriculture use, as defined in Planning Code Section 102, as well as any other proposed indoor agriculture use, that is located in a PDR zoning district must obtain conditional use authorization from the Planning Commission. As part of the Conditional Use application, the Planning Commission is required to consider the proposed cannabis cultivation business's impacts on neighborhood character in PDR zoning districts.

These interim zoning controls were established for six months from the effective date of the Resolution, or until the adoption of permanent legislation regulating commercial cannabis cultivation in PDR zoning districts, whichever first occurs.

The interim zoning controls do not apply to a building permit application for a new indoor Agriculture use where, on or before November 8, 2016, the permit applicant either (1) applied to the Department of Building Inspection (DBI) for the building permit, or (2) attempted to apply to the Department of Public Health for the building permit and was not referred to DBI until after November 8, 2016. Further, any expansion of an existing indoor Agriculture use is not subject to these controls so long as the space in which the expansion would occur is on the same parcel as, contiguous with, and accessed directly from, the existing establishment.

(2) Findings and Recommendations To Date:

Study

The Interim Controls were passed to help protect the City's existing industrial spaces from being over concentrated with commercial cannabis cultivation facilities. The interim controls state that an over-concentration of commercial cannabis cultivation businesses may have a negative impact on the character of neighborhoods within PDR zoning districts. Further, the rush to secure growing space within the City in anticipation of the legalization of adult use cannabis may also displace existing industrial activities, and lead to the erosion of San Francisco's diverse industrial sector. The interim controls were put in place to provide the City time to study the issue of cannabis cultivation, and decide if additional regulations on cannabis cultivation in San Francisco are needed.

Even before the interim controls passed, the City has been studying how to regulate the cannabis industry once it's legal for cannabis to be grown and sold for adult use on January 1, 2018. On November 9, 2016 Mayor Ed Lee issued executive Directive 16-05 in response to the passage of Proposition 64: The Adult Use of Marijuana Act. Among other things, that directive instructed the Director of Planning and the Director of Public Health, in consultation with other relevant Departments heads, to draft an ordinance for the Board of Supervisor's consideration that address aspects of Proposition 64, which includes but is not limited to:

- **Land Use:** Where will cultivation, manufacturing, and sales of cannabis be allowed and disallowed, and under what conditions?
- **Local Licenses:** How should the City's local licensing process be structured?
- **Safety:** Should the City change any laws regarding where or how cannabis may be consumed in public places?
- **Youth Access:** how can the City prevent diversion and sales to under-age youth?

Since that directive was issued, the various City departments in the directive have been meeting regularly to discuss the issues around cannabis outlined in the memo. Based on those meetings, the City Attorney's office has started to draft a series of ordinance that would create a regulatory structure for the cannabis industry in San Francisco, including an ordinance that would create the Office of Cannabis, which would regulate the cannabis industry in San Francisco. The intention is to have these controls introduced at the Board of Supervisors by early September so that the permanent controls can become effective by January 1, 2018. This study will continue through the legislative process; the City will continue to refine the permanent controls as we receive further

input from the Board of Supervisors, the Cannabis Taskforce, members of the public, and other stakeholders.

Estimated Completion Time of Study

The study of potential permanent controls is still in the process; permanent controls are scheduled to be introduced in early September with the goal of those controls becoming effective on January 1, 2018. The extension of the interim controls will provide the City Family additional time to draft a more comprehensive regulatory structure for the cannabis industry in San Francisco.

REQUIRED BOARD ACTION

This Report is required to be considered in a public hearing duly noticed in accordance with the basic rules of the Board. The Board has the option of accepting or rejecting this report.