

File No. 171187

Committee Item No. 4

Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Land Use and Transportation

Date November 13, 2017

Board of Supervisors Meeting

Date \_\_\_\_\_

#### Cmte Board

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|-------------------------------------|--------------------------|--|
| <input type="checkbox"/>            | <input type="checkbox"/> | Motion                                       |
| <input type="checkbox"/>            | <input type="checkbox"/> | Resolution                                   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Ordinance                                    |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Legislative Digest                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/> | Youth Commission Report                      |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Introduction Form                            |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/>            | <input type="checkbox"/> | Memorandum of Understanding (MOU)            |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Information Form                       |
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| <input type="checkbox"/>            | <input type="checkbox"/> | Vacancy Notice                               |
| <input type="checkbox"/>            | <input type="checkbox"/> | Information Sheet                            |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Public Correspondence                        |

OTHER (Use back side if additional space is needed)

- |                                     |                          |   |
|-------------------------------------|--------------------------|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Cannabis Equity Report</u>                   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Cannabis Medical Access Report</u>           |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>CEQA Determination</u>                       |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Planning Commission Resolution No. 20029</u> |
| <input type="checkbox"/>            | <input type="checkbox"/> | _____   |
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Completed by: Alisa Somera Date November 9, 2017

Completed by: \_\_\_\_\_ Date \_\_\_\_\_

AMENDED IN COMMITTEE  
11/6/17

FILE NO. 171187

ORDINANCE NO.

1 [Planning Code - Cannabis Regulation]

2  
3 Ordinance amending the Planning Code to 1) regulate cannabis land uses, including,  
4 among other things, adult use cannabis retail, Medical Cannabis Dispensaries,  
5 delivery-only services, manufacture of cannabis products, cannabis cultivation, and  
6 cannabis testing; 2) allow Medical Cannabis Dispensaries in additional zoning  
7 districts; 3) establish a land use process for the conversion of existing Medical  
8 Cannabis Dispensaries to Cannabis Retail establishments; 4) establish location and  
9 operating conditions for cannabis uses; 5) repeal Ordinance No. 186-17, which limited  
10 the number of medical cannabis dispensaries in Supervisorial District 11; and 6)  
11 create a limit the number of three Medical Cannabis Dispensaries and Cannabis Retail  
12 Uses in various Neighborhood Commercial Districts and other commercial corridors,  
13 in any combination, in the Excelsior Outer Mission Street Neighborhood Commercial  
14 District; 7) allow Medical Cannabis Dispensaries and Cannabis Retail Uses with  
15 conditional use authorization in NC-1 Districts south of Lincoln Way and West of  
16 Sunset Boulevard; 8) prohibit and Medical Cannabis Dispensaries and Cannabis  
17 Retail Uses in the Chinatown Mixed-Use Districts; 9) delete superseded Planning  
18 Code provisions; affirming the Planning Department's determination under the  
19 California Environmental Quality Act; and making findings of consistency with the  
20 General Plan, and the eight priority policies of Planning Code, Section 101.1, and  
21 public necessity, convenience, and welfare findings pursuant to Planning Code,  
22 Section 302.

23 NOTE: Unchanged Code text and uncodified text are in plain Arial font.  
24 Additions to Codes are in *single-underline italics Times New Roman font*.  
25 Deletions to Codes are in *strikethrough italics Times New Roman font*.  
Board amendment additions are in double-underlined Arial font.  
Board amendment deletions are in ~~strikethrough Arial font~~.

1                   **Asterisks (\* \* \* \*)** indicate the omission of unchanged Code  
2 subsections or parts of tables.

3                   Be it ordained by the People of the City and County of San Francisco:

4  
5                   Section 1. Environmental and Land Use Findings.

6                   (a) The Planning Department has determined that the actions contemplated in this  
7 ordinance comply with the California Environmental Quality Act (California Public Resources  
8 Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of  
9 Supervisors in File No. 171041 and is incorporated herein by reference. The Board affirms  
10 this determination.

11                   (b) On October 19, 2017, the Planning Commission, in Resolution No. 20029,  
12 adopted findings that the actions contemplated in this ordinance are consistent, on balance,  
13 with the City's General Plan and eight priority policies of Planning Code Section 101.1. The  
14 Board adopts these findings as its own. A copy of said Resolution is on file with the Clerk of  
15 the Board of Supervisors in File No. 171041, and is incorporated herein by reference.

16                   (c) Pursuant to Planning Code Section 302, this Board finds that this ordinance will  
17 serve the public necessity, convenience, and welfare for the reasons set forth in Planning  
18 Commission Resolution No. 20029, and the Board incorporates such reasons herein by  
19 reference.

20  
21                   Section 2. Findings Regarding Cannabis Uses.

22                   (a) Each neighborhood of San Francisco has unique land use characteristics,  
23 including location, density of uses, neighborhood character and population served.  
24  
25

1           (b) Cannabis Retail Uses are a new land use, the impacts of which are not yet fully  
2 known. The permitting and operating regulations for Cannabis Retail Uses are still being  
3 developed.

4           (c) The controls in this ordinance are intended to preserve the diversity of uses that  
5 serve the various neighborhoods and communities of San Francisco and to ensure that  
6 neighborhood-serving commercial space is preserved, while allowing for the orderly  
7 development of cannabis-related uses.

8  
9           Section 23. The Planning Code is hereby amended by revising Sections 102, 202.2,  
10 204.3, 209.1, 209.2, 210.3, 303, 303.1, 312, 703, 710-726, 728-734, 750-764, 803.2, 803.3,  
11 810-818, 840-845, 890.52, 890.54, and 890.111; adding Sections 190 and 890.125; and  
12 deleting Sections 739-742, 745, and 748, to read as follows:

13  
14       **SEC. 102. DEFINITIONS.**

15       \* \* \* \*

16       *Agricultural Food, Fiber and Beverage Processing 1.* An Industrial use that involves the  
17 processing of ~~food-stuffs~~, agricultural ~~products~~~~fibers~~, and beverages with a low potential for  
18 noxious fumes, noise, and nuisance to the surrounding area, including but not limited to  
19 bottling plants, breweries, dairy products plant, malt manufacturing or processing plant, fish  
20 curing, smoking, or drying, cereal manufacturing, liquor distillery, manufacturing of felt or  
21 shoddy, processing of hair or products derived from hair, pickles, sauerkraut, vinegar, yeast,  
22 soda or soda compounds, meat products, and fish oil. This use does not include the  
23 processing of wood pulp, and is subject to the operating conditions outlined in Section  
24 202.2(d).

1 **Agricultural Food, Fiber and Beverage Processing 2.** An Industrial Use that involves the  
2 processing of ~~food-stuffs,~~ agricultural products fibers, and beverages with a high potential for  
3 noxious fumes, noise, and nuisance to the surrounding area, including but not limited to a  
4 flour mill, sugar refinery, manufacturer of cannabis products or extracts that are derived by using  
5 volatile organic compounds (any use requiring License Type 7—Manufacturer 2, as defined in  
6 California Business and Professions Code, Division 10); and facility for wool pulling or scouring.  
7 This use does not include the processing of wood pulp, and is subject to the operating  
8 conditions outlined in Section 202.2(d).

9  
10 **Agriculture.** A Use Category that includes Industrial Agriculture, Neighborhood Agriculture,  
11 and Large-Scale Urban Agriculture, ~~and Greenhouse.~~

12  
13 **Agriculture, Industrial Greenhouse.** An Agricultural use that involves the cultivation of plants  
14 for wholesale sales or industrial uses inside a glass building. This use includes, but is not limited to,  
15 plant nurseries and cannabis cultivation operations, and is subject to the location and operating  
16 conditions listed in Section 202.2(c). For the cultivation of cannabis, this definition includes all  
17 cultivation pursuant to state license types that allow for indoor and/or mixed-light cultivation with up  
18 to 22,000 sq. ft. of canopy. This definition does not include accessory structures located in a  
19 required rear yard that comply with Section 136(e)(22) of this Code.

20  
21 **Agriculture, Large-Scale Urban.** An Agricultural Use that is characterized by the use of  
22 land for the production of food or horticultural crops to be harvested, sold, ~~or~~ donated, or  
23 otherwise not used or consumed by the operator of the premises that occur: (a) on a plot of land  
24 one acre or larger or (b) on smaller parcels that cannot meet the physical and operational  
25 standards for Neighborhood Agriculture. This use is subject to location and operational

1 conditions outlined in Section 202.2(c) ~~of this Code~~ and does not include any cannabis-related use  
2 or any other agricultural activities, including the cultivation of cannabis for personal use.

3  
4 **Agriculture, Neighborhood.** An Agricultural Use that occupies less than one acre for the  
5 production of food or horticultural crops to be harvested, sold, or donated and complies with  
6 the controls and standards herein. The use includes, but is not limited to, home, kitchen, and  
7 roof gardens. Farms that qualify as Neighborhood Agricultural ~~Use~~ may include, but are not  
8 limited to, community gardens, community-supported agriculture, market gardens, and  
9 private farms. Neighborhood Agricultural ~~Use~~ may be principal or accessory use. This use  
10 is subject to location and operational conditions outlined in Section 202.2(c) ~~of this Code~~ and  
11 does not include any cannabis-related use or any other agricultural activities, including the  
12 cultivation of cannabis for personal use.

13 \* \* \* \*

14 **Cannabis Retail.** A Retail Sales and Service Use that sells or otherwise provides cannabis and  
15 cannabis-related products for adult use, and that may also include the sale or provision of cannabis  
16 for medicinal use. ~~Cannabis may be consumed on-site pursuant to authorization by the City's~~  
17 ~~Office of Cannabis and Department of Public Health, as applicable.~~ A Cannabis Retail  
18 establishment may only be operated by the holder of (a) a valid license from the State of California  
19 (License Type 10—Retailer, as defined in California Business and Professions Code, Division 10)  
20 and (b) a valid permit from the City's Office of Cannabis. This use is subject to operating and  
21 location restrictions set forth in Section 202.2(a).

22 \* \* \* \*

23 **Industrial Use.** A Use Category continuing the following uses: Agricultural and Beverage  
24 Processing 1 and 2, Automobile Wrecking, Automobile Assembly, ~~Food Fiber and Beverage~~  
25 ~~Processing 1 and 2~~, Grain Elevator, Hazardous Waste Facility, Junkyard, Livestock

1 Processing 1 and 2, Heavy Manufacturing 1,2, and 3, Light Manufacturing, Metal Working,  
2 Power Plant, Ship Yard, Storage Yard, Volatile Materials Storage, and Truck Terminal.

3 \* \* \* \*

4 **Laboratory.** A Non-Retail Sales and Services Use intended or primarily suitable for  
5 scientific research. The space requirements of uses within this category include specialized  
6 facilities and/or built accommodations that distinguish the space from Office uses, Light  
7 Manufacturing, or Heavy Manufacturing. Examples of laboratories include the following:

8 (a) Chemistry, biochemistry, or analytical laboratory;

9 (b) Engineering laboratory;

10 (c) Development laboratory;

11 (d) Biological laboratories including those classified by the Centers for Disease  
12 Control (CDC) and National Institutes of Health (NIH) as Biosafety level 1, Biosafety level 2,  
13 or Biosafety level 3;

14 (e) Animal facility or vivarium, including laboratories classified by the CDC/NIH as  
15 Animal Biosafety level 1, Animal Biosafety level 2, or Animal Biosafety level 3;

16 (f) Support laboratory;

17 (g) Quality assurance/Quality control laboratory; *and*

18 (h) Core laboratory; *and*

19 (i) Cannabis testing facility (any use requiring License Type 8—Testing Laboratory, as  
20 defined in California Business and Professions Code, Division 10).

21 \* \* \* \*

22 **Manufacturing, Light.** An Industrial Use that provides for the fabrication or production of  
23 goods, by hand or machinery, for distribution to retailers or wholesalers for resale off the  
24 premises, primarily involving the assembly, packaging, repairing, or processing of previously  
25 prepared materials. Light manufacturing uses include production and custom activities

1 usually involving individual or special design, or handiwork, such as the following fabrication  
2 or production activities, as may be defined by the Standard Industrial Classification Code  
3 Manual as light manufacturing uses:

4 (a) Food processing;

5 (b) Apparel and other garment products;

6 (c) Furniture and fixtures;

7 (d) Printing and publishing of books or newspapers;

8 (e) Leather products;

9 (f) Pottery;

10 (g) Glass-blowing;

11 (h) Commercial laundry, rug cleaning, and dry cleaning facility; ~~or~~

12 (i) Measuring, analyzing, and controlling instruments; photographic, medical, and  
13 optical goods; watches and clocks; or

14 (j) Manufacture of cannabis products or cannabis extracts that are derived without the use of  
15 volatile organic compounds (any use requiring License Type 6—Manufacturer 1, as defined in  
16 California Business and Professions Code, Division 10).

17  
18 It shall not include Trade Shop, Agricultural and Beverage Processing 1 or 2, or Heavy  
19 Manufacturing 1, 2, or 3. This use is subject to the location and operation controls in  
20 Section 202.2(d).

21 \* \* \* \*

22 **Medical Cannabis Dispensary.** An Institutional Healthcare Use that is either (a) a  
23 cooperative or collective operating under the authority of a permit issued by the Director of Health  
24 under Article 33 of the Health Code, or (b) a Medicinal Cannabis Retailer as defined in Police Code

1 Section 1602. A Medical Cannabis Dispensary Use defined in Section 3301(f) of the San Francisco  
2 Health Code, which is permitted only if it meets the conditions listed in Section 202.2(e).

3 \* \* \* \*

4 **Service, Parcel Delivery.** A Non-Retail Automotive Use limited to facilities for the  
5 unloading, sorting, and reloading of local retail merchandise for *home* deliveries, including but  
6 not limited to cannabis and cannabis products, where the operation is conducted entirely within  
7 a completely enclosed building, including garage facilities for local delivery trucks, but  
8 excluding repair shop facilities. Where permitted in PDR Districts, this use is not required to  
9 be operated within a completely enclosed building.

10 \* \* \* \*

11 **Wholesale Sales.** A Non-Retail Sales and Service Use that exclusively provides goods or  
12 commodities for resale or business use, including accessory storage. This use includes  
13 cannabis distribution (any use requiring License Type 11—Distributor, as defined in California  
14 Business and Professions Code, Division 10). It shall not include a nonaccessory storage  
15 warehouse.

16 \* \* \* \*

17 **SEC. 145.4. REQUIRED GROUND FLOOR COMMERCIAL USES.**

18 \* \* \* \*

19 **Table 145.4**

Reference for Commercial, Neighborhood Commercial, and Residential- Commercial Districts	Reference for Mixed Use Districts	Use
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* * * *	* * * *	* * * *
<u>102</u>	<u>890.125</u>	<u>Cannabis Retail</u>
* * * *	* * * *	* * * *

**SECTION 190. CONVERSION OF MEDICAL CANNABIS DISPENSARIES TO CANNABIS RETAIL ESTABLISHMENTS.**

*(a) Except as specified below, Aan establishment that either holds a valid permit from the Department of Public Health to operate as a Medical Cannabis Dispensary as of the effective date of the ordinance in Board File No. \_\_\_\_\_ ("DPH Permitted MCD") or that submitted a complete application for such a permit by July 20, 2017 and receives such a permit from the Department of Public Health ("Grandfathered MCD") shall be deemed a Cannabis Retail Use on January 1, 2018 or on the date it receives its permit from the Department of Public Health, whichever is later, may convert to a Cannabis Retail Use without obtaining Conditional Use authorization or seeking Mandatory Discretionary Review, by obtaining a building permit authorizing the change of use. Such permits are subject to neighborhood notification pursuant to Sections 311 and 312, if applicable.*

*(b) A DPH Permitted Grandfathered MCD converting to a Cannabis Retail Use pursuant to this Section 190 is not subject to the locational restrictions for Cannabis Retail set forth in Section 202.2(a).*

*(c) In the Irving, Judah, Noriega, Ocean Avenue, Taraval and West Portal Avenue Neighborhood Commercial Districts and on Taraval Street between Forest Side Avenue and 19<sup>th</sup> Avenue, a Grandfathered MCD must seek Mandatory Discretionary Review in order to obtain a building permit authorizing a change of use to a Cannabis Retail Use. Such permits are subject to neighborhood notification pursuant to Sections 311 and 312, if applicable.*

1 (d) ~~In order for a DPH Permitted MCD to convert to a Cannabis Retail Use pursuant~~  
2 ~~to this Section 190, a completed application for the change of use must be submitted to the~~  
3 ~~Department of Building Inspection no later than June 30, 2018, and a first approval by the~~  
4 ~~Planning Department or Planning Commission must be received on or before December 31,~~  
5 ~~2019. An application will be deemed to have received its first approval from the Planning~~  
6 ~~Department or Planning Commission when that body issues its decision, regardless of~~  
7 ~~whether any appeal or lawsuit is subsequently filed challenging any City approval related to~~  
8 ~~the application.~~

9 (ded) All other applications for a change of use from a DPH Permitted MCD Medical  
10 Cannabis Dispensary Use to a Cannabis Retail Use shall be subject to the zoning controls for the  
11 district in which the DPH Permitted MCD Medical Cannabis Dispensary is located.

12 (efe) This Section 190 shall expire by operation of law on January 1, 2020. Upon its  
13 expiration, the City Attorney shall cause this Section 190 to be removed from the Planning Code.

14 **SEC. 202.2. LOCATION AND OPERATING CONDITIONS.**

15 (a) **Retail Sales and Service Uses.** The Retail Sales and Service Uses listed below  
16 shall be subject to the corresponding conditions:

17 \* \* \* \*

18 (5) Cannabis Retail. A Cannabis Retail establishment must meet all of the following  
19 conditions:

20 (A) A Cannabis Retail establishment must apply for a permit from the Office of  
21 Cannabis pursuant to Article 16 of the Police Code prior to submitting an application to the Planning  
22 Department.

23 (B) The parcel containing the Cannabis Retail Use shall not be located within  
24 a ~~600~~1000-foot radius of a parcel containing an existing School, public or private, or a day care  
25 center, as defined in California Health and Safety Code 1596.76, as that Section may be

1 amended from time to time, unless a State licensing authority specifies a different radius, in which  
2 case that different radius shall apply. There shall be no minimum radius from a Cannabis  
3 Retail Use to an existing youth center, unless a State licensing authority specifies a  
4 minimum radius, in which case that minimum radius shall apply.

5 (C) ~~In addition, the parcel containing the Cannabis Retail Use shall not~~  
6 ~~be located within a 300-foot radius of a parcel for which a valid permit from the City's Office~~  
7 ~~of Cannabis for a Cannabis Retailer or a Medicinal Cannabis Retailer has been issued a~~  
8 ~~Cannabis Retail Use shall require Conditional Use authorization if there are more than two~~  
9 ~~other existing Cannabis Retail establishments or Medical Cannabis Dispensaries, in any~~  
10 ~~combination, within a 1,000-foot radius of the proposed site. The parcel containing the~~  
11 Cannabis Retail Use shall not be located within a 600-foot radius of a parcel for which a  
12 valid permit from the City's Office of Cannabis for a Cannabis Retailer or a Medicinal  
13 Cannabis Retailer has been issued. There shall be no minimum radius from a Cannabis  
14 Retail Use to an existing day care center or youth center, unless a State licensing authority  
15 specifies a minimum radius, in which case that minimum radius shall apply.

16 (D) In addition to the requirements for the location of Cannabis Retail  
17 Uses in Article 7, the following requirements shall apply:

18 (i) In the West Portal Avenue and Ocean Avenue Neighborhood  
19 Commercial Districts and on Taraval Street between Forest Side Avenue and 19<sup>th</sup> Avenue,  
20 the parcel containing the Cannabis Retail Use shall not be located within a 1000-foot radius  
21 of a parcel containing an existing School, public or private, or an existing day care center, as  
22 defined in California Health and Safety Code 1596.76, as that Section may be amended  
23 from time to time, unless a State licensing authority specifies a different radius, in which  
24 case that different radius shall apply.

1                                   (ii) On Taraval Street between Forest Side Avenue and 19<sup>th</sup>  
2 Avenue, a maximum of either one Medical Cannabis Dispensary or Cannabis Retail Use is  
3 permitted at any given time.

4                                   (iii) On Chestnut Street between Broderick and Webster Streets,  
5 and on Lombard Street between Broderick Street and Van Ness Avenue, a maximum of one  
6 Cannabis Retail Use is permitted at any given time.

7                                   (D) Cannabis may be consumed or smoked on site pursuant to  
8 authorization by the City's Office of Cannabis as applicable.

9                                   \* \* \* \*

10                               (c) **Agriculture Use.** The Agricultural Uses listed below shall be subject to the  
11 corresponding conditions:

12                               (1) **Agricultural Uses, *General*.**

13                               Any plot of land that exceeds 1,000 square feet and is newly established shall comply  
14 with the applicable water use requirements of Administrative Code Chapter 63. Pursuant to  
15 Section 63.6.2(b) of the Administrative Code, no permit for any site where the modified land  
16 area exceeds 1,000 square feet shall be issued until the General Manager of the Public  
17 Utilities Commission has approved the applicable landscape project documentation.

18                               \* \* \* \*

19                               (3) ***Industrial Agriculture.***

20                               Cannabis must only be grown within an enclosed structure.

21                               (d) **Industrial Uses.** The Industrial and PDR uses listed below shall be subject to  
22 the corresponding conditions:

23                               (1) **Heavy Manufacturing 1, Metal Working, and *Agricultural Food, Fiber,***  
24 **and Beverage Processing 1 and 2.** These uses are required to operate within a  
25 completely enclosed building, with no opening, other than fixed windows or exits required by

1 law, within 50 feet of any R District; No noise, vibration, or unhealthful emissions shall  
2 extend beyond the premises of the use.

3 \* \* \* \*

4 (e) **Institutional Uses.** The Institutional Uses listed below shall be subject to the  
5 corresponding conditions:

6 (1) **Medical Cannabis Dispensaries.** Medical Cannabis Dispensaries ~~Uses~~  
7 are required to meet all of the following conditions:

8 (A) A Medical Cannabis Dispensary Use shall apply for a permit from  
9 the Department of Public Health Office of Cannabis pursuant to Section 3304 Article 16 of the San  
10 Francisco Health Police Code prior to submitting an application to the Planning Department.

11 (B) The parcel containing the Medical Cannabis Dispensary Use shall  
12 not be located within a 600~~1000~~-foot radius of less than 1,000 feet from a parcel containing the  
13 grounds of a use primarily serving persons under 18 years of age and which consists of the  
14 following: an existing School, public or private, or a day care center, as defined in California  
15 Health and Safety Code 1596.76, as that Section may be amended from time to time, or a  
16 Public Facility, Community Facility, or Private Community Facility; unless a State licensing  
17 authority specifies a different radius, in which case that different radius shall apply. There shall be  
18 no minimum radius from a Medical Cannabis Dispensary Use to an existing youth center  
19 unless a State licensing authority specifies a minimum radius, in which case that minimum  
20 radius shall apply.

21 (C) In addition to the requirements for the location of Medical  
22 Cannabis Dispensaries in Article 7, the following requirements shall apply:

23 (i) In the Ocean Avenue and West Portal Avenue Neighborhood  
24 Commercial Districts and on Taraval Street between Forest Side Avenue and 19<sup>th</sup> Avenue,  
25 the parcel containing the Medical Cannabis Dispensary Use shall not be located within a

1 1000-foot radius of a parcel containing an existing School, public or private, or an existing  
2 day care center, as defined in California Health and Safety Code 1596.76, as that Section  
3 may be amended from time to time, unless a State licensing authority specifies a different  
4 radius, in which case that different radius shall apply.

5 (ii) On Taraval Street between Forest Side Avenue and 19<sup>th</sup>  
6 Avenue, a maximum of either one Medical Cannabis Dispensary or Cannabis Retail Use is  
7 permitted at any given time.

8 ~~(ED) In addition, the parcel containing the Medical Cannabis~~  
9 ~~Dispensary Use shall not be located within a 300-foot radius of a parcel for which a valid~~  
10 ~~permit from the City's Office of Cannabis for a Cannabis Retailer or Medicinal Cannabis~~  
11 ~~Retailer has been issued. Aa Medical Cannabis Dispensary shall require Conditional Use~~  
12 ~~authorization if there are more than two other existing Cannabis Retail establishments or~~  
13 ~~Medical Cannabis Dispensaries, in any combination, within a 1,000-foot radius of the~~  
14 ~~proposed site. There shall be no minimum radius from a Medical Cannabis Dispensary Use~~  
15 ~~to an existing day care center or youth center unless a State licensing authority specifies a~~  
16 ~~minimum radius, in which case that minimum radius shall apply. Smoking on the premises~~  
17 ~~of a Medical Cannabis Dispensary Use located within 1000/600 feet of a School, public or~~  
18 ~~private, or a Public Facility, Community Facility, or Private Community Facility that primarily~~  
19 ~~serves persons under 18 years of age is not permitted. The parcel containing the Medical~~  
20 Cannabis Dispensary shall not be located within a 600-foot radius of a parcel for which a  
21 valid permit from the City's Office of Cannabis for a Cannabis Retailer or Medicinal  
22 Cannabis Retailer has been issued.

23 ~~If medical cannabis is smoked on the premises, the dispensary shall provide~~  
24 ~~adequate ventilation within the structure such that doors and/or windows are not left open~~  
25 ~~for such purposes resulting in odor emission from the premises;~~



1 (b) PDR and M Districts Specific Controls. ~~No use shall be permitted as an accessory use~~  
2 ~~to a lawful principal or conditional use in any PDR or M District that involves or requires the use of~~  
3 ~~more than one-third (1/3) of the total floor area occupied by such use and the principal or~~  
4 ~~conditional use to which it is accessory, except in the case of accessory retail, off-street parking, and~~  
5 ~~loading.~~ Multiple PDR uses within a single building or development may combine their  
6 accessory retail allotment into one or more shared retail spaces, provided that the total  
7 allotment of accessory retail space per use does not exceed what otherwise would be  
8 permitted by this Section 204.3.

9 (c) C, M, and PDR Districts Specific Controls. An antenna or a microwave or satellite  
10 dish shall be permitted in, C, M, and PDR Districts, except PDR-1-B Districts, without regard  
11 to the height of such antenna or microwave or satellite dish and without regard to the  
12 proximity of such antenna or microwave or satellite dish to any R District, if the following  
13 requirements are met:

14 (1) the antenna or dish will be used for the reception of indoor wireless,  
15 microwave, radio, satellite, or television broadcasts for the exclusive benefit of the residents  
16 or occupants in the building on which the facility is placed; *and*

17 (2) the antenna or dish is an accessory use to a lawful principal or conditional  
18 use; *and*

19 (3) the antenna or dish shall comply with any applicable design review criteria,  
20 including but not limited to any applicable design review criteria contained in the Wireless  
21 Telecommunications Services Facility Siting Guidelines.

22 \* \* \* \*

1 SEC. 209.1. RH (RESIDENTIAL, HOUSE) DISTRICTS.

2 \* \* \* \*

3 Table 209.1

4 ZONING CONTROL TABLE FOR RH DISTRICTS

5

<b>Zoning Category</b>	<b>§ References</b>	<b>RH-1(D)</b>	<b>RH-1</b>	<b>RH-1(S)</b>	<b>RH-2</b>	<b>RH-3</b>
* * * *						
Agricultural Uses*	§§ 102, 202.2(c)	C	C	C	C	C
<u>Agriculture, Industrial</u>	<u>§§ 102, 202.2(c)</u>	<u>NP</u>	<u>NP</u>	<u>NP</u>	<u>NP</u>	<u>NP</u>
Agriculture, Neighborhood	§§ 102, 202.2(c)	P	P	P	P	P
* * * *						

16 SEC. 209.2. RM (RESIDENTIAL, MIXED) DISTRICTS.

17 \* \* \* \*

18 Table 209.2

19 ZONING CONTROL TABLE FOR RM DISTRICTS

20

<b>Zoning Category</b>	<b>§ References</b>	<b>RM-1</b>	<b>RM-2</b>	<b>RM-3</b>	<b>RM-4</b>
* * * *					
<b>Agricultural Use Category</b>					

1	Agricultural Uses*	§§ 102, 202.2(c)	C	C	C	C
2	<u>Agriculture, Industrial</u>	<u>§§ 102, 202.2(c)</u>	<u>NP</u>	<u>NP</u>	<u>NP</u>	<u>NP</u>
3	Agriculture,					
4	Neighborhood	§§ 102, 202.2(c)	P	P	P	P
5						
6	* * * *					

8 **SEC. 210.3. PDR DISTRICTS.**

9 \* \* \* \*

10 **Table 210.3**

11 **ZONING CONTROL TABLE FOR PDR DISTRICTS**

12 <b>Zoning</b>	13 <b>§ References</b>	14 <b>PDR-1-D</b>	15 <b>PDR-1-B</b>	16 <b>PDR-1-G</b>	17 <b>PDR-2</b>
18 * * * *					
19 <b>NON-RESIDENTIAL STANDARDS AND USES</b>					
20 * * * *					
21 <b>Agricultural Use Category</b>					
22 Agricultural	23 §§ 102,				
24 Uses*	25 202.2(c)	P	P	P	P
<u>Agriculture,</u>					
<u>Industrial</u>	<u>§ 102</u>	<u>C</u>	<u>C</u>	<u>C</u>	<u>C</u>
* * * *					
<b>Industrial Use Category</b>					
* * * *					

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<i>Agricultural Food Fiber and Beverage Processing 1</i>	§§ -102, 202.2(d)	NP	P	P	P
<i>Agricultural Food Fiber and Beverage Processing 2</i>	§§ -102, 202.2(d)	NP	C	C	C
<b><i>Institutional Use Category</i></b>					
* * * *	* * * *	* * * *	* * * *	* * * *	* * * *
Medical Cannabis Dispensary	§§ 102, 202.2(e)	<i>NPP (1)</i>	<i>NPP (10)</i>	<i>NPP (9)</i>	<i>NPP (1)</i>
* * * *	* * * *	* * * *	* * * *	* * * *	* * * *
<b>Sales and Service Category</b>					
<b>Retail Sales and Service Uses*</b>	§§ 102, 202.2(a)	P (1)	P (10)	P (9)	P (1)
* * * *	* * * *	* * * *	* * * *	* * * *	* * * *
<i>Cannabis Retail</i>	<i>§§ 102, 202.2(a)</i>	<i>P (1)(21)</i>	<i>P (10)(21)</i>	<i>P (9)(21)</i>	<i>P (1)(21)</i>

* * * *	* * * *	* * * *	* * * *	* * * *	* * * *
---------	---------	---------	---------	---------	---------

\* \* \* \*

(21) Cannabis Retail is only permitted where (a) the Cannabis Retail establishment holds a valid Cannabis Microbusiness permit from the City's Office of Cannabis, and (b) the Cannabis Retail Use occupies no more than 1/3 of the total floor area occupied by the PDR and Cannabis Retail Uses on the premises.

**SEC. 303. CONDITIONAL USES.**

\* \* \* \*

**(f) Affordable Housing Bonus Projects.** The purpose of this Section is to ensure that all HOME-SF Projects under Section 206.3 and all Analyzed State Density Bonus Program Projects under Section 206.5 are reviewed in coordination with priority processing available for certain projects with greater levels of affordable housing. While most projects in the Program will likely be somewhat larger than their surroundings in order to facilitate higher levels of affordable housing, the Planning Commission and Department shall ensure that each project is consistent with the Affordable Housing Bonus Design Guidelines and any other applicable design guidelines, as adopted and periodically amended by the Planning Commission, so that projects respond to their surrounding context, while still meeting the City's affordable housing goals.

\* \* \* \*

**(2) Exceptions.** This subsection (~~v~~)(2) shall not apply to State Analyzed projects. As a component of the review process under this Section 303(~~v~~), the Planning Commission may grant minor exceptions to the provisions of this Code as provided for below, in addition to the development bonuses granted to the project in Section 206.3(d). Such exceptions, however, should only be granted to allow building mass to appropriately shift to respond to surrounding context, and only when the Planning Commission finds that

1 such modifications: (1) do not substantially reduce or increase the overall building envelope  
2 permitted by the Program under Section 206.3; and (2) are consistent with the Affordable  
3 Housing Bonus Design Guidelines. These exceptions may include:

4 \* \* \* \*

5 (F) Where not specified elsewhere in this subsection (v)(2),  
6 modification of other Code requirements that could otherwise be modified as a Planned Unit  
7 Development (as set forth in Section 304), irrespective of the zoning district in which the  
8 property is located.

9 \* \* \* \*

10 (3) **Additional Criteria.** In addition to the criteria set forth in subsection (c)(2),  
11 the Planning Commission shall consider the extent to which the following criteria are met:

12 \* \* \* \*

13 (F) whether any existing commercial or retail uses has been  
14 designated, or is eligible to be designated, as a Legacy Business under Administrative Code  
15 Section 2A.242; or is a formula retail business.

16 \* \* \* \*

17 **(w) Cannabis Retail.**

18 With respect to any application for the establishment of a new Cannabis Retail Use, in  
19 addition to the criteria set forth in subsections (c) and (d) above, the Commission shall consider the  
20 geographic distribution of Cannabis Retail Uses throughout the City, the concentration of  
21 Cannabis Retail and Medical Cannabis Dispensary Uses within the general proximity of the  
22 proposed Cannabis Retail Use, the balance of other goods and services available within the  
23 general proximity of the proposed Cannabis Retail Use, any increase in youth access and exposure to  
24 cannabis at nearby facilities that primarily serve youth, and any proposed measures to  
25 counterbalance any such increase.

1           **(x) Medical Cannabis Dispensaries.**

2           With respect to any application for the establishment of a new Medical Cannabis  
3 Dispensary Use, in addition to the criteria set forth in subsections (c) and (d) above, the  
4 Commission shall consider the concentration of Cannabis Retail and Medical Cannabis  
5 Dispensary Uses within the general proximity the proposed Medical Cannabis Dispensary  
6 Use.

7           **SEC. 303.1. FORMULA RETAIL USES.**

8           \* \* \* \*

9           **(c) "Retail Sales or Service Activity or Retail Sales or Service Establishment."**

10          For the purposes of this Section 303.1, a retail sales or service activity or retail sales or  
11          service establishment shall include the following uses, whether functioning as a principal or  
12          accessory use, as defined in Articles 1, 2, 7, and 8 of this Code:

13          \* \* \* \*

14                 Tourist Oriented Gift Store §§ 102, 890.39; ~~and~~

15                 Non-Auto Vehicle Sales or Rental §§ 102, 890.69; and

16                 Cannabis Retail §§ 102, 890.125.

17          \* \* \* \*

18           **SECTION 312. PERMIT REVIEW PROCEDURES FOR ALL NC AND EASTERN**  
19 **NEIGHBORHOODS MIXED USE DISTRICTS.**

20          \* \* \* \*

21           **(c) Changes of Use.**

22                 **(1) NC Districts.** In NC Districts, all building permit applications for a change of  
23          use to, or the establishment of, the following uses shall be subject to the provisions of subsection  
24          312(d) except as stated below:

25                 ~~an~~ Adult Business;

- 1 Bar;
- 2 Cannabis Retail
- 3 Child Care Facility;
- 4 General Entertainment;
- 5 Group Housing;
- 6 Limited Restaurant;
- 7 Liquor Store;
- 8 Restaurant;
- 9 Massage Establishment;
- 10 Medical Cannabis Dispensary
- 11 Nighttime Entertainment;
- 12 Outdoor Activity Area;
- 13 Post-Secondary Educational Institution;
- 14 Private Community Facility;
- 15 Public Community Facility;
- 16 Religious Institution;
- 17 Residential Care Facility;
- 18 Restaurant
- 19 School;
- 20 Tobacco Paraphernalia Establishment; ~~or~~
- 21 Trade Schools ~~shall be subject to the provisions of Subsection 312(d);~~

22 ~~provided, h~~ However, ~~that~~ a change of use from a Restaurant to a Limited-Restaurant shall  
 23 not be subject to the provisions of subsection 312(d). In addition, any accessory massage  
 24 use in the Ocean Avenue Neighborhood Commercial Transit District shall be subject to the  
 25 provisions of subsection 312(d).

1                    (2) Eastern Neighborhoods Districts. In all ~~RED and~~ Eastern Neighborhoods  
2 Mixed Use Districts all building permit applications for a change of use from any one land  
3 use category to another land use category or for the establishment of a new Cannabis Retail or  
4 Medical Cannabis Dispensary Use shall be subject to the provisions of ~~S~~ subsection 312(d). For  
5 the purposes of this subsection (c), "land use category" shall mean those categories used to  
6 organize the individual land uses which appear in the use tables in Article 8, immediately  
7 preceding a group of individual land uses, ~~and include the~~ including but not limited to the  
8 following: Residential Use, Institutional Use, Retail Sales and Service Use, ~~a~~ Assembly,  
9 Recreation, Arts and Entertainment Use, Office Use, Live/Work Units Use, ~~m~~ Motor ~~v~~ Vehicle  
10 ~~s~~ Services ~~u~~ Use, Vehicle Parking Use, Industrial Use, ~~h~~ Home and ~~b~~ Business ~~s~~ Service Use,  
11 or ~~e~~ Other ~~u~~ Use.

12                    \* \* \* \*

13 **SEC. 703. NEIGHBORHOOD COMMERCIAL DISTRICT REQUIREMENTS.**

14                    \* \* \* \*

15                    (d) **Accessory Uses.** Subject to the limitations set forth below and in Sections 204.1  
16 (Accessory Uses for Dwelling Units in R and NC Districts), 204.4 (Dwelling Units Accessory  
17 to Other Uses), and 204.5 (Parking and Loading as Accessory Uses) of this Code,  
18 Accessory Uses as defined in Section 102 shall be permitted when located on the same lot.  
19 Any use that does not qualify as an Accessory Use shall be classified as a Principal or  
20 Conditional ~~u~~ Use unless it qualifies as a temporary use under Sections 205 through 205.4 of  
21 this Code.

22                    No Use will be considered accessory to a permitted Principal or Conditional Use that  
23 involves or requires any of the following:

24                    \* \* \* \*

25                    (9) Cannabis Retail that does not meet the limitations set forth in Section 204.3(a)(3).

1 \* \* \* \*

2 **SEC. 710. NC-1 – NEIGHBORHOOD COMMERCIAL CLUSTER DISTRICT.**

3 \* \* \* \*

4 **Table 710. NEIGHBORHOOD COMMERCIAL CLUSTER DISTRICT NC-1**

5 **ZONING CONTROL TABLE**

6 \* \* \* \*

Zoning Category	§ References	Controls		
* * * *	* * * *	* * * *		
NON-RESIDENTIAL USES		Controls by Story		
		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup> +
<b>Agricultural Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
<i>Greenhouse Agriculture</i>	§§ 102,	NP	NP	NP
<i>Industrial</i>	202.2(c)			
* * * *				
<b>Institutional Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
Medical Cannabis Dispensary	§§ 102,	NP <del>(4)</del> (6)	NP(6)	NP
	202.2(e)			
* * * *	* * * *	* * * *	* * * *	* * * *
Residential Care Facility	§ 102	P	P <del>(5)</del> (4)	P <del>(5)</del> (4)
* * * *				
<b>Sales and Service Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *

1	<u>Cannabis Retail</u>	<u>§§ 102, 202.2(a)</u>	<u>NP(6)</u>	<u>NP(6)</u>	<u>NP</u>
2	* * * *	* * * *	* * * *	* * * *	* * * *
3	<b>Utility and Infrastructure Use Category</b>				
4	<b>Utility and Infrastructure*</b>	<b>§ 102</b>	<b>C(65)</b>	<b>C(65)</b>	<b>C(65)</b>
5					
6	* * * *	* * * *	* * * *	* * * *	* * * *

7 \* \* \* \*

8 ~~(4) Permitted with DR if the Medical Cannabis Dispensaries can demonstrate to the Planning~~  
9 ~~Department they were in operation as of April 1, 2005 and have remained in continuous operation~~  
10 ~~and have obtained a final permit to operate by March 1, 2008.~~

11 (54) C required for 7 or more persons.

12 (65) C if a Macro WTS Facility; P if a Micro WTS Facility.

13 (6) In the area south of Lincoln Way and west of Sunset Boulevard, Cannabis Retail Uses  
14 and Medical Cannabis Dispensaries shall be permitted with a Conditional Use Authorization  
15 on the first and second floors.

16 **SEC. 711. NC-2 – SMALL-SCALE NEIGHBORHOOD COMMERCIAL DISTRICT.**

17 \* \* \* \*

18 **Table 711. SMALL-SCALE NEIGHBORHOOD COMMERCIAL DISTRICT NC-2**

19 **ZONING CONTROL TABLE**

Zoning Category	§ References	Controls		
* * * *	* * * *	* * * *		
<b>NON-RESIDENTIAL USES</b>		<b>Controls by Story</b>		
		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup> +

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* * * *				
<b>Agricultural Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
<i>Greenhouse Agriculture</i>				
<i>Industrial</i>	§§ 102, 202.2(c)	NP	NP	NP
* * * *				

<b>Institutional Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
Medical Cannabis Dispensary	§§ 102, 202.2(e)	DR	DR	NP
* * * *	* * * *	* * * *	* * * *	* * * *
<b>Sales and Service Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
<i>Cannabis Retail</i>	§§ 102, 202(a)	<u>C(7)</u>	<u>C(7)</u>	<u>NP</u>
* * * *	* * * *	* * * *	* * * *	* * * *

\* \* \* \*

(7) A maximum of one Cannabis Retail Use shall be permitted at any given time in each of the following areas: on Taraval Street between Forest Side Avenue and 19<sup>th</sup> Avenue, and on Chestnut Street between Broderick and Webster Streets.

1 SEC. 712. NC-3 – MODERATE-SCALE NEIGHBORHOOD COMMERCIAL DISTRICT.

2 \* \* \* \*

3 Table 712. MODERATE-SCALE NEIGHBORHOOD COMMERCIAL DISTRICT NC-3  
 4 ZONING CONTROL TABLE

5 \* \* \* \*

Zoning Category	§ References	Controls		
* * * *	* * * *	* * * *		
NON-RESIDENTIAL USES		Controls by Story		
		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup> +
* * * *				
<b>Agricultural Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
<i>Greenhouse Agriculture.</i>				
<i>Industrial</i>	§§ 102, 202.2(c)	NP	NP	NP
* * * *				
<b>Institutional Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
Medical Cannabis Dispensary	§§ 102, 202.2(e)	DR	DR	<i>DRNP</i>
* * * *				
<b>Sales and Service Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
<i>Cannabis Retail</i>	§§ 102, 202.2(a)	<i>C(9)</i>	<i>C(9)</i>	<i>NP</i>
* * * *				

\* \* \* \*

(9) A maximum of one Cannabis Retail Use shall be permitted at any given time on Lombard Street between Broderick Street and Van Ness Avenue.

**SEC. 713. NC-S – NEIGHBORHOOD COMMERCIAL SHOPPING CENTER DISTRICT.**

\* \* \* \*

**Table 713. NEIGHBORHOOD COMMERCIAL SHOPPING CENTER DISTRICT NC-S  
ZONING CONTROL TABLE**

\* \* \* \*

Zoning Category	§ References	Controls		
* * * *	* * * *	* * * *		
NON-RESIDENTIAL USES		Controls by Story		
		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup> +
<b>Agricultural Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
<i>Greenhouse Agriculture,</i>				
<i>Industrial</i>	§§ 102, 202.2(c)	NP	NP	NP
* * * *				
<b>Institutional Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
Medical Cannabis	§§ 102, 202.2(e)	<del>DRNP</del>	<del>NPDRNP</del>	NP
Dispensary				
* * * *	* * * *	* * * *	* * * *	* * * *
<b>Sales and Service Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *

<u>Cannabis Retail</u>	<u>§§ 102, 202.2(a)</u>	<u>GNP(6)</u>	<u>GNP(6)</u>	<u>NP</u>
* * * *	* * * *	* * * *	* * * *	* * * *

\* \* \* \*

(6) A maximum of one Cannabis Retail Use shall be permitted in the NC-S Zoning District in Supervisorial District 2.

**SEC. 714. BROADWAY NEIGHBORHOOD COMMERCIAL DISTRICT.**

\* \* \* \*

**Table 714. BROADWAY NEIGHBORHOOD COMMERCIAL DISTRICT  
ZONING CONTROL TABLE**

\* \* \* \*

Zoning Category	§ References	Controls		
<b>NON-RESIDENTIAL STANDARDS AND USES</b>				
* * * *				
		Controls by Story		
		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>
<b>Agricultural Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
<u>Greenhouse Agriculture</u>	§§ 102,			
<u>Industrial</u>	202.2(c)	NP	NP	NP
* * * *				
<b>Institutional Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
Medical Cannabis Dispensary	§§ 102,	DR	<u>NPDR</u>	NP
	202.2(e)			
* * * *	* * * *	* * * *	* * * *	* * * *

Sales and Service Use Category				
* * * *	* * * *	* * * *	* * * *	* * * *
<u>Cannabis Retail</u>	§§ 102, 202.2(a)	<u>C</u>	<u>C</u>	<u>NP</u>
* * * *	* * * *	* * * *	* * * *	* * * *

\* \* \* \*

**SEC. 715. CASTRO STREET NEIGHBORHOOD COMMERCIAL DISTRICT.**

\* \* \* \*

**Table 715. CASTRO STREET NEIGHBORHOOD COMMERCIAL DISTRICT**

**ZONING CONTROL TABLE**

\* \* \* \*

Zoning Category	§ References	Controls		
<b>NON-RESIDENTIAL STANDARDS AND USES</b>				
* * * *				
		Controls by Story		
		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup> +
<b>Agricultural Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
<u>Greenhouse Agriculture</u>	§§ 102,			
<u>Industrial</u>	202.2(c)	NP	NP	NP
* * * *				
<b>Institutional Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
Medical Cannabis Dispensary	§§ 102,	DR	<u>NPDR</u>	NP
	202.2(e)			

* * * *	* * * *	* * * *	* * * *	* * * *
<b>Sales and Service Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
<u>Cannabis Retail</u>	<u>§§ 102,</u> <u>202.2(a)</u>	<u>C</u>	<u>C</u>	<u>NP</u>
* * * *	* * * *	* * * *	* * * *	* * * *

\* \* \* \*

**SEC. 716. INNER CLEMENT STREET NEIGHBORHOOD COMMERCIAL DISTRICT.**

\* \* \* \*

**Table 716. INNER CLEMENT STREET NEIGHBORHOOD COMMERCIAL DISTRICT**

**ZONING CONTROL TABLE**

\* \* \* \*

Zoning Category	§ References	Controls		
<b>NON-RESIDENTIAL STANDARDS &amp; USES</b>				
* * * *				
		<b>Controls by Story</b>		
		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup> +
<b>Agricultural Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
<u>Greenhouse Agriculture,</u> <u>Industrial</u>	§§102, 202.2(c)	NP	NP	NP
* * * *				
<b>Institutional Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *

1	Medical Cannabis Dispensary	§§102, 202.2(e)	DR	<u>NPDR</u>	NP
2	* * * *	* * * *	* * * *	* * * *	* * * *
3	<b>Sales and Service Use Category</b>				
4	* * * *	* * * *	* * * *	* * * *	* * * *
5	<u>Cannabis Retail</u>	<u>§§102,</u> <u>202.2(a)</u>	<u>C</u>	<u>C</u>	<u>NP</u>
6	* * * *	* * * *	* * * *	* * * *	* * * *
7	* * * *	* * * *	* * * *	* * * *	* * * *
8	* * * *	* * * *	* * * *	* * * *	* * * *

\* \* \* \*

**SEC. 717. OUTER CLEMENT STREET NEIGHBORHOOD COMMERCIAL DISTRICT.**

\* \* \* \*

**Table 717. OUTER CLEMENT STREET NEIGHBORHOOD COMMERCIAL DISTRICT  
ZONING CONTROL TABLE**

\* \* \* \*

Zoning Category	§ References	Controls		
<b>NON-RESIDENTIAL STANDARDS &amp; USES</b>				
* * * *				
		<b>Controls by Story</b>		
		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup> +
<b>Agricultural Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
<u>Greenhouse Agriculture,</u> <u>Industrial</u>	§§ 102, 202.2(c)	NP	NP	NP
* * * *				

Institutional Use Category				
* * * *	* * * *	* * * *	* * * *	* * * *
Medical Cannabis Dispensary	§§ 102, 202.2(e)	DR	<u>NPDR</u>	NP
* * * *	* * * *	* * * *	* * * *	* * * *
Sales and Service Use Category				
* * * *	* * * *	* * * *	* * * *	* * * *
<u>Cannabis Retail</u>	<u>§§102, 202.2(a)</u>	<u>C</u>	<u>C</u>	<u>NP</u>
* * * *	* * * *	* * * *	* * * *	* * * *

\* \* \* \*

**SEC. 718. UPPER FILLMORE STREET NEIGHBORHOOD COMMERCIAL DISTRICT.**

\* \* \* \*

**Table 718. UPPER FILLMORE STREET NEIGHBORHOOD COMMERCIAL DISTRICT ZONING CONTROL TABLE**

\* \* \* \*

Zoning Category	§ References	Controls		
<b>NON-RESIDENTIAL STANDARDS &amp; USES</b>				
* * * *				
		Controls by Story		
		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup> +
Agricultural Use Category				
* * * *	* * * *	* * * *	* * * *	* * * *

<i>Greenhouse Agriculture</i>	§§ 102,			
<i>Industrial</i>	202.2(c)	NP	NP	NP
* * * *				
<b>Institutional Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
Medical Cannabis Dispensary	§§ 102, 202.2(e)	DR	<i>NPDR</i>	NP
* * * *	* * * *	* * * *	* * * *	* * * *
<b>Sales and Service Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
<i>Cannabis Retail</i>	§§ 102, 202.2(a)	<i>C(7)</i>	<i>C(7)</i>	<i>NP</i>
* * * *	* * * *	* * * *	* * * *	* * * *

\* \* \* \*

(7) A maximum of one Cannabis Retail Use shall be permitted at any given time.

**SEC. 719. HAIGHT STREET NEIGHBORHOOD COMMERCIAL DISTRICT.**

\* \* \* \*

**Table 719. HAIGHT STREET NEIGHBORHOOD COMMERCIAL DISTRICT  
ZONING CONTROL TABLE**

\* \* \* \*

Zoning Category	§ References	Controls
<b>NON-RESIDENTIAL STANDARDS &amp; USES</b>		
* * * *		
		Controls by Story

		1st	2nd	3rd+
<b>Agricultural Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
<u>Greenhouse Agriculture</u>	§§ 102,			
<u>Industrial</u>	202.2(c)	NP	NP	NP
* * * *				
<b>Institutional Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
Medical Cannabis Dispensary	§§ 102,	DR	<u>NPDR</u>	NP
	202.2(e)			
* * * *	* * * *	* * * *	* * * *	* * * *
<b>Sales and Service Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
<u>Cannabis Retail</u>	§§ 102,	<u>C</u>	<u>C</u>	<u>NP</u>
	202.2(a)			
* * * *	* * * *	* * * *	* * * *	* * * *

SEC. 720. EXCELSIOR OUTER MISSION STREET NEIGHBORHOOD COMMERCIAL DISTRICT.

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Table 720. EXCELSIOR OUTER MISSION STREET NEIGHBORHOOD COMMERCIAL DISTRICT ZONING CONTROL TABLE

\* \* \* \*

Zoning Category	§ References	Controls
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1 **NON-RESIDENTIAL STANDARDS & USES**

2 \* \* \* \*

	Controls by Story			
	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	

3 **Agricultural Use Category**

* * * *	* * * *	* * * *	* * * *	* * * *
<u>Greenhouse Agriculture</u> , <u>Industrial</u>	§§ 102, 202.2(c)	NP	NP	NP

9 \* \* \* \*

10 **Institutional Use Category**

* * * *	* * * *	* * * *	* * * *	* * * *
Medical Cannabis Dispensary	§§ 102, 202.2(e)	<u>DR(+) (1)</u>	<u>DR(+) (1)</u>	<u>DR(+) (1)</u>

14 \* \* \* \*

15 **Sales and Service Use Category**

* * * *	* * * *	* * * *	* * * *	* * * *
<u>Cannabis Retail</u>	§§ 102, 202.2(a)	<u>C (1)</u>	<u>C (1)</u>	<u>NP</u>

19 \* \* \* \*

20 \* \* \* \*

21 ~~(1) MEDICAL CANNABIS DISPENSARIES~~

22 *Controls:*

23 ~~—(a) A Medical Cannabis Dispensary (MCD) seeking to locate within 500 feet of another~~  
 24 ~~MCD use may be allowed as a Conditional Use; provided, however, that any amendments to~~

1 ~~regulations governing the proximity of an MCD to another MCD that are applicable to MCDs~~  
2 ~~Citywide shall apply in the Excelsior Outer Mission NCD and will supersede the condition use~~  
3 ~~requirement contained in this Section 745.1~~

4 ~~(b) In addition to the requirements of Planning Code Section 303, the Planning~~  
5 ~~Commission shall approve the application and authorize the Conditional Use if the facts presented~~  
6 ~~are such to establish that:~~

7 ~~(i) the MCD will bring measurable community benefits and enhancements to the~~  
8 ~~Excelsior Outer Mission Street Neighborhood Commercial District,~~

9 ~~(ii) the MCD has prepared a parking and transportation management plan sufficient~~  
10 ~~to address the anticipated impact of its patients,~~

11 ~~(iii) the MCD has demonstrated a commitment to maintaining public safety by~~  
12 ~~actively engaging with the community prior to applying for the Conditional Use, including adequate~~  
13 ~~security measures in the operation of their business and designating a community liaison to deal~~  
14 ~~effectively with current and future neighborhood concerns.~~

15 ~~(c) In addition to the above criteria, in regard to a Conditional Use authorization~~  
16 ~~application, the Planning Commission shall consider the existing concentrations of MCDs within the~~  
17 ~~District.~~

18 ~~(d) A Medical Cannabis Dispensary may only operate between the hours of 8 am and 10~~  
19 ~~pm.~~

20 ~~(e) A Medical Cannabis Dispensary may locate above the first floor only if it shall be~~  
21 ~~accessible to persons with disabilities as required under the California Building Code.~~

22  
23 (1) No more than three Medical Cannabis Dispensaries or Cannabis Retail Uses, in any  
24 combination, shall be permitted at any given time.

25 (212) OFF-SALE LIQUOR ESTABLISHMENTS

1 **Controls:**

2 (a) New Liquor Store uses with Type 20 or Type 21 ABC licenses are not permitted  
3 in the district; provided, however, that any use within the District with an existing Type 20 or  
4 Type 21 ABC license may obtain a new license, if required by the ABC, after it has been  
5 closed temporarily for repair, renovation, remodeling, or reconstruction.

6 (b) Liquor Store uses may relocate within the district with Conditional Use  
7 authorization.

8 (c) General Grocery, Specialty Grocery, and Liquor Store uses with off-sale alcohol  
9 licenses shall observe the following good neighbor policies:

10 (i) Liquor establishments shall provide outside lighting in a manner sufficient  
11 to illuminate street and sidewalk areas and adjacent parking, as appropriate to maintain  
12 security, without disturbing area residences;

13 (ii) Advertisements in windows and clear doors are not permitted, and no  
14 more than 25% of the square footage of the windows and clear doors of liquor  
15 establishments shall bear signage of any sort, and all signage shall be placed and  
16 maintained in a manner that ensures that law enforcement personnel have a clear and  
17 unobstructed view of the interior of the premises, including the area in which the cash  
18 registers are maintained, from the exterior public sidewalk or entrance to the premises.

19 ~~(323)~~ FRINGE FINANCIAL SERVICE RESTRICTED USE DISTRICT (FFSRUD)

20 **Boundaries:** The FFSRUD and its 1/4 mile buffer includes, but is not limited to, properties  
21 within the Excelsior Outer Mission Street Neighborhood Commercial District.

22 **Controls:** Within the FFSRUD and its 1/4 mile buffer, fringe financial services are NP  
23 pursuant to Section 249.35. Outside the FFSRUD and its 1/4 mile buffer, fringe financial  
24 services are P subject to the restrictions set forth in Section 249.35(c)(3).

25 ~~(434)~~ C if a Macro WTS Facility; P if a Micro WTS Facility.

1 SEC. 721. JAPANTOWN NEIGHBORHOOD COMMERCIAL DISTRICT.

2 \* \* \* \*

3 Table 721. JAPANTOWN NEIGHBORHOOD COMMERCIAL DISTRICT  
 4 ZONING CONTROL TABLE

5 \* \* \* \*

Zoning Category	§ References	Controls		
<b>NON-RESIDENTIAL STANDARDS &amp; USES</b>				
* * * *				
		Controls by Story		
Agricultural Use Category		1 <sup>st</sup> (1)	2 <sup>nd</sup>	3 <sup>rd</sup> +
* * * *	* * * *	* * * *	* * * *	* * * *
<i>Greenhouse Agriculture</i>	§§ 102,			
<i>Industrial</i>	202.2(c)	NP	NP	NP
* * * *				
Institutional Use Category				
* * * *	* * * *	* * * *	* * * *	* * * *
Medical Cannabis	§§ 102,	<i>NPDR</i>	<i>NPDR</i>	NP
Dispensary	202.2(e)			
* * * *	* * * *	* * * *	* * * *	* * * *
Sales and Service Use Category				
* * * *	* * * *	* * * *	* * * *	* * * *
<i>Cannabis Retail</i>	§§ 102,	<i>C</i>	<i>C</i>	<i>NP</i>
	202.2(a)			
* * * *	* * * *	* * * *	* * * *	* * * *

1 \* \* \* \* \*

2 **SEC. 722. NORTH BEACH NEIGHBORHOOD COMMERCIAL DISTRICT.**

3 \* \* \* \* \*

4 **Table 722. NORTH BEACH NEIGHBORHOOD COMMERCIAL DISTRICT**

5 **ZONING CONTROL TABLE**

6 \* \* \* \* \*

Zoning Category	§ References	Controls		
<b>NON-RESIDENTIAL STANDARDS &amp; USES</b>				
* * * * *				
<b>Institutional Use Category</b>				
* * * * *	* * * * *	* * * * *	* * * * *	* * * * *
Medical Cannabis Dispensary	§§ 102, 202.2(e)	DR	<u>NPDR</u>	NP
* * * * *	* * * * *	* * * * *	* * * * *	* * * * *
<b>Sales and Service Use Category</b>				
* * * * *	* * * * *	* * * * *	* * * * *	* * * * *
<u>Cannabis Retail</u>	<u>§§ 102, 202.2(a)</u>	<u>C</u>	<u>C</u>	<u>NP</u>
* * * * *	* * * * *	* * * * *	* * * * *	* * * * *

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20 **SEC. 723. POLK STREET NEIGHBORHOOD COMMERCIAL DISTRICT.**

21 \* \* \* \* \*

22 **Table 723. POLK STREET NEIGHBORHOOD COMMERCIAL DISTRICT**

23 **ZONING CONTROL TABLE**

24 \* \* \* \* \*

Zoning Category	§ References	Controls		
<b>NON-RESIDENTIAL STANDARDS &amp; USES</b>				
* * * *				
		Controls by Story		
		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup> +
<b>Agricultural Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
<i>Greenhouse Agriculture</i>	§§ 102, 202.2(c)	NP	NP	NP
<i>Industrial</i>				
* * * *				
<b>Institutional Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
Medical Cannabis Dispensary	§§ 102, 202.2(e)	DR	<i>NPDR</i>	NP
* * * *	* * * *	* * * *	* * * *	* * * *
<b>Sales and Service Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
<i>Cannabis Retail</i>	§§ 102, 202.2(a)	<i>C</i>	<i>C</i>	<i>NP</i>
* * * *	* * * *	* * * *	* * * *	* * * *

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1 SEC. 724. SACRAMENTO STREET NEIGHBORHOOD COMMERCIAL DISTRICT.

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3 Table 724. SACRAMENTO STREET NEIGHBORHOOD COMMERCIAL DISTRICT  
 4 ZONING CONTROL TABLE

5 \* \* \* \*

Zoning Category	§ References	Controls		
<b>NON-RESIDENTIAL STANDARDS &amp; USES</b>				
* * * *				
		Controls by Story		
		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup> +
Agricultural Use Category				
* * * *	* * * *	* * * *	* * * *	* * * *
<i>Greenhouse Agriculture,</i> <i>Industrial</i>	§§ 102, 202.2(c)	NP	NP	NP
* * * *				
Institutional Use Category				
* * * *	* * * *	* * * *	* * * *	* * * *
Medical Cannabis Dispensary	§§ 102, 202.2(e)	DR	<i>NPDR</i>	NP
* * * *				
Sales and Service Use Category				
* * * *	* * * *	* * * *	* * * *	* * * *
<i>Cannabis Retail</i>	§§ 102, 202.2(a)	<u>C(6)</u>	<u>C(6)</u>	<u>NP</u>
* * * *				

\* \* \* \*

(6) A maximum of one Cannabis Retail Use shall be permitted at any given time.

**SEC. 725. UNION STREET NEIGHBORHOOD COMMERCIAL DISTRICT.**

\* \* \* \*

**Table 725. UNION STREET NEIGHBORHOOD COMMERCIAL DISTRICT  
ZONING CONTROL TABLE**

\* \* \* \*

Zoning Category	§ References	Controls		
<b>NON-RESIDENTIAL STANDARDS &amp; USES</b>				
* * * *				
		Controls by Story		
		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>
<b>Agricultural Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
<i>Greenhouse Agriculture,</i>	§§ 102,			
<i>Industrial</i>	202.2(c)	NP	NP	NP
* * * *				
<b>Institutional Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
Medical Cannabis	§§ 102,	DR	<i>NPDR</i>	NP
Dispensary	202.2(e)			
* * * *	* * * *	* * * *	* * * *	* * * *
<b>Sales and Service Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *

<u>Cannabis Retail</u>	<u>§§ 102, 202.2(a)</u>	<u>C</u>	<u>C</u>	<u>NP</u>
* * * *	* * * *	* * * *	* * * *	* * * *

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**SEC. 726. PACIFIC AVENUE NEIGHBORHOOD COMMERCIAL DISTRICT.**

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**Table 726. PACIFIC AVENUE NEIGHBORHOOD COMMERCIAL DISTRICT  
ZONING CONTROL TABLE**

\* \* \* \*

Zoning Category	§ References	Controls		
<b>NON-RESIDENTIAL STANDARDS &amp; USES</b>				
* * * *				
		Controls by Story		
		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup> +
<b>Agricultural Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
<u>Greenhouse Agriculture</u>	§§ 102,			
<u>Industrial</u>	202.2(c)	NP	NP	NP
* * * *				
<b>Institutional Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
<u>Medical Cannabis Dispensary</u>	<u>§§ 102, 202.2(e)</u>	<u>DR</u>	<u>DR</u>	<u>NP</u>
* * * *	* * * *	* * * *	* * * *	* * * *
<b>Sales and Service Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *

<u>Cannabis Retail</u>	<u>§§ 102, 202.2(a)</u>	<u>C</u>	<u>C</u>	<u>NP</u>
* * * *	* * * *	* * * *	* * * *	* * * *

\* \* \* \*

**SEC. 728. 24TH STREET – NOE VALLEY NEIGHBORHOOD COMMERCIAL DISTRICT.**

\* \* \* \*

**Table 728. 24TH STREET – NOE VALLEY NEIGHBORHOOD COMMERCIAL DISTRICT ZONING CONTROL TABLE**

\* \* \* \*

Zoning Category	§ References	Controls		
<b>NON-RESIDENTIAL STANDARDS &amp; USES</b>				
* * * *				
		Controls by Story		
		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup> +
<b>Agricultural Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
<u>Greenhouse Agriculture,</u>				
<u>Industrial</u>	§§ 102, 202.2(c)	NP	NP	NP
* * * *				
<b>Institutional Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
Medical Cannabis Dispensary	§§ 102, 202.2(e)	DR	<u>NPDR</u>	NP
* * * *	* * * *	* * * *	* * * *	* * * *
<b>Sales and Service Use Category</b>				

* * * *	* * * *	* * * *	* * * *	* * * *
<u>Cannabis Retail</u>	<u>§§ 102, 202.2(a)</u>	<u>C</u>	<u>C</u>	<u>NP</u>
* * * *	* * * *	* * * *	* * * *	* * * *

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**SEC. 729. WEST PORTAL AVENUE NEIGHBORHOOD COMMERCIAL DISTRICT.**

\* \* \* \*

**Table 729. WEST PORTAL AVENUE NEIGHBORHOOD COMMERCIAL DISTRICT  
ZONING CONTROL TABLE**

\* \* \* \*

Zoning Category	§ References	Controls		
<b>NON-RESIDENTIAL STANDARDS &amp; USES</b>				
* * * *				
		Controls by Story		
		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup> +
Agricultural Use Category				
* * * *	* * * *	* * * *	* * * *	* * * *
<u>Greenhouse Agriculture,</u> <u>Industrial</u>	§§ 102, 202.2(c)	NP	NP	NP
* * * *				
Institutional Use Category				
* * * *	* * * *	* * * *	* * * *	* * * *
Medical Cannabis Dispensary	§§ 102, 202.2(e)	<u>C(5)</u>	<u>NP(5)</u>	NP

* * * *	* * * *	* * * *	* * * *	* * * *
<b>Sales and Service Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
<u>Cannabis Retail</u>	<u>§§ 102,</u> <u>202.2(a)</u>	<u>GNP</u>	<u>C(5)</u>	<u>NPC(5)</u>
* * * *	* * * *	* * * *	* * * *	* * * *

(5) A maximum of one Cannabis Retail Use or Medical Cannabis Dispensary shall be permitted at any given time.

**SEC. 730. INNER SUNSET NEIGHBORHOOD COMMERCIAL DISTRICT.**

\* \* \* \*

**Table 730. INNER SUNSET NEIGHBORHOOD COMMERCIAL DISTRICT  
ZONING CONTROL TABLE**

\* \* \* \*

Zoning Category	§ References	Controls		
<b>NON-RESIDENTIAL STANDARDS &amp; USES</b>				
* * * *				
		<b>Controls by Story</b>		
		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup> +
<b>Agricultural Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
<u>Greenhouse Agriculture,</u>	§§ 102,			
<u>Industrial</u>	202.2(c)	NP	NP	NP
* * * *				

Institutional Use Category				
* * * *	* * * *	* * * *	* * * *	* * * *
Medical Cannabis Dispensary	§§ 102, 202.2(e)	DR	<u>NPDR</u>	NP
* * * *	* * * *	* * * *	* * * *	* * * *
Sales and Service Use Category				
* * * *	* * * *	* * * *	* * * *	* * * *
<u>Cannabis Retail</u>	<u>§§102, 202.2(a)</u>	<u>C</u>	<u>C</u>	<u>NP</u>
* * * *	* * * *	* * * *	* * * *	* * * *

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**SEC. 731. NORIEGA STREET NEIGHBORHOOD COMMERCIAL DISTRICT.**

\* \* \* \*

**Table 731. NORIEGA STREET NEIGHBORHOOD COMMERCIAL DISTRICT  
ZONING CONTROL TABLE**

\* \* \* \*

Zoning Category	§ References	Controls		
<b>NON-RESIDENTIAL STANDARDS &amp; USES</b>				
* * * *				
		Controls by Story		
		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup> +
Agricultural Use Category				
* * * *	* * * *	* * * *	* * * *	* * * *
<u>Greenhouse Agriculture.</u>				
<u>Industrial</u>	§§102, 202.2(c)	NP	NP	NP

* * * *				
<b>Institutional Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
Medical Cannabis Dispensary	§§102, 202.2(e)	C	<u>APC</u>	NP
* * * *	* * * *	* * * *	* * * *	* * * *
<b>Sales and Service Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
<u>Cannabis Retail</u>	<u>§§102, 202.2(a)</u>	<u>C</u>	<u>C</u>	<u>NP</u>
* * * *	* * * *	* * * *	* * * *	* * * *

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**SEC. 732. IRVING STREET NEIGHBORHOOD COMMERCIAL DISTRICT.**

\* \* \* \*

**Table 732. IRVING STREET NEIGHBORHOOD COMMERCIAL DISTRICT  
ZONING CONTROL TABLE**

\* \* \* \*

Zoning Category	§ References	Controls		
<b>NON-RESIDENTIAL STANDARDS &amp; USES</b>				
* * * *				
		<b>Controls by Story</b>		
		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup> +
<b>Agricultural Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *

1	<u>Greenhouse Agriculture</u>	§§ 102,			
2	<u>Industrial</u>	202.2(c)	NP	NP	NP
3	* * * *				
4	<b>Institutional Use Category</b>				
5	* * * *	* * * *	* * * *	* * * *	* * * *
6	Medical Cannabis	§§ 102,	C	<u>NP</u>	NP
7	Dispensary	202.2(e)			
8	* * * *	* * * *	* * * *	* * * *	* * * *
9	<b>Sales and Service Use Category</b>				
10	* * * *	* * * *	* * * *	* * * *	* * * *
11	<u>Cannabis Retail</u>	§§ 102, 202.2(a)	<u>C</u>	<u>C</u>	<u>NP</u>
12	* * * *	* * * *	* * * *	* * * *	* * * *

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**SEC. 733. TARAVAL STREET NEIGHBORHOOD COMMERCIAL DISTRICT.**

\* \* \* \*

**Table 733. TARAVAL STREET NEIGHBORHOOD COMMERCIAL DISTRICT  
ZONING CONTROL TABLE**

\* \* \* \*

Zoning Category	§ References	Controls		
<b>NON-RESIDENTIAL STANDARDS &amp; USES</b>				
* * * *				
		<b>Controls by Story</b>		
		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>
<b>Agricultural Use Category</b>				

* * * *	* * * *	* * * *	* * * *	* * * *
<i>Greenhouse Agriculture</i>				
<i>Industrial</i>	§§ 102, 202.2(c)	NP	NP	NP
* * * *				
Institutional Use Category				
* * * *	* * * *	* * * *	* * * *	* * * *
Medical Cannabis Dispensary	§§ 102, 202.2(e)	C	<i>NPC</i>	NP
* * * *	* * * *	* * * *	* * * *	* * * *
Sales and Service Use Category				
* * * *	* * * *	* * * *	* * * *	* * * *
<i>Cannabis Retail</i>	§§ 102, 202.2(a)	<i>C</i>	<i>C</i>	<i>NP</i>
* * * *	* * * *	* * * *	* * * *	* * * *

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**SEC. 734. JUDAH STREET NEIGHBORHOOD COMMERCIAL ~~NEIGHBORHOOD~~  
COMMERCIAL-DISTRICT.**

\* \* \* \*

**Table 734. JUDAH STREET NEIGHBORHOOD COMMERCIAL DISTRICT  
ZONING CONTROL TABLE**

\* \* \* \*

Zoning Category	§ References	Controls
<b>NON-RESIDENTIAL STANDARDS &amp; USES</b>		
* * * *		
		Controls by Story

		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>
<b>Agricultural Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
<u>Greenhouse Agriculture,</u> <u>Industrial</u>	§§ 102, 202.2(c)	NP	NP	NP
* * * *				
<b>Institutional Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
Medical Cannabis Dispensary	§§ 102, 202.2(e)	C	<u>NP</u>	NP
* * * *	* * * *	* * * *	* * * *	* * * *
<b>Sales and Service Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
<u>Cannabis Retail</u>	<u>§§ 102, 202.2(a)</u>	<u>C</u>	<u>C</u>	<u>NP</u>
* * * *	* * * *	* * * *	* * * *	* * * *

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**SEC. 739. NORIEGA STREET NEIGHBORHOOD COMMERCIAL DISTRICT.**

—The Noriega Street Neighborhood Commercial District is located in the Outer Sunset neighborhood and includes the non-residential currently zoned NC-2 properties fronting both sides of Noriega Street between 19th and 27th and 30th through 33rd Avenues.

—The District provides a selection of convenience goods and services for the residents of the Outer Sunset District. There are a high concentration of restaurants, drawing customers from throughout

1 *the City and the region. There are also a significant number of professional, realty, and business*  
2 *offices as well as financial institutions.*

3 ~~*—The Noriega Street Neighborhood Commercial District controls are designed to promote*~~  
4 ~~*development that is consistent with its existing land use patterns and to maintain a harmony of uses*~~  
5 ~~*that support the District's vitality. The building standards allow small-scale buildings and uses,*~~  
6 ~~*protecting rear yards above the ground story and at residential levels. In new development, most*~~  
7 ~~*commercial uses are permitted at the first two stories, although certain limitations apply to uses at*~~  
8 ~~*the second story. Special controls are necessary to preserve the equilibrium of neighborhood-serving*~~  
9 ~~*convenience and comparison shopping businesses and to protect adjacent residential livability. To*~~  
10 ~~*protect continuous frontage, drive-up uses are prohibited and active, pedestrian-oriented ground*~~  
11 ~~*floor uses generally must be provided, unless such uses are authorized by Conditional Use. These*~~  
12 ~~*controls are designed to encourage the street's active retail frontage, and local fabrication and*~~  
13 ~~*production of goods.*~~

14 ~~*—Accessory Dwelling Units are permitted within the district pursuant to subsection 207(e)(4) of this*~~  
15 ~~*Code.*~~

16 **~~SEC. 740. IRVING STREET NEIGHBORHOOD COMMERCIAL DISTRICT.~~**

17 ~~*—The Irving Street Neighborhood Commercial District is located in the Outer Sunset neighborhood*~~  
18 ~~*and includes the non-residential currently zoned NC-2 properties fronting both sides of Irving Street*~~  
19 ~~*between 19th and 27th Avenues. The District provides a selection of convenience goods and services*~~  
20 ~~*for the residents of the Outer Sunset District. There are a high concentration of restaurants, drawing*~~  
21 ~~*customers from throughout the City and the region. There are also a significant number of*~~  
22 ~~*professional, realty, and business offices as well as financial institutions.*~~

23 ~~*—The Irving Street Neighborhood Commercial District controls are designed to promote*~~  
24 ~~*development that is consistent with its existing land use patterns and to maintain a harmony of uses*~~  
25 ~~*that support the District's vitality. The building standards allow small-scale buildings and uses,*~~

1 ~~protecting rear yards above the ground story and at residential levels. In new development, most~~  
2 ~~commercial uses are permitted at the first two stories, although certain limitations apply to uses at~~  
3 ~~the second story. Special controls are necessary to preserve the equilibrium of neighborhood-serving~~  
4 ~~convenience and comparison shopping businesses and to protect adjacent residential livability. These~~  
5 ~~controls are designed to encourage the street's active retail frontage, and local fabrication and~~  
6 ~~production of goods.~~

7 ~~Accessory Dwelling Units are permitted within the district pursuant to subsection 207(c)(4) of this~~  
8 ~~Code.~~

9 **~~SEC. 741. TARAVAL STREET NEIGHBORHOOD COMMERCIAL DISTRICT.~~**

10 ~~The Taraval Street Neighborhood Commercial District is located in the Outer Sunset neighborhood~~  
11 ~~and includes the non-residential currently-zoned NC-2 properties fronting both sides of Taraval~~  
12 ~~Street from 19th through 36th Avenues. The District provides a selection of convenience goods and~~  
13 ~~services for the residents of the Outer Sunset District. There are a high concentration of restaurants,~~  
14 ~~drawing customers from throughout the City and the region. There are also a significant number of~~  
15 ~~professional, realty, and business offices as well as financial institutions.~~

16 ~~The Taraval Street Neighborhood Commercial District controls are designed to promote~~  
17 ~~development that is consistent with its existing land use patterns and to maintain a harmony of uses~~  
18 ~~that support the District's vitality. The building standards allow small-scale buildings and uses,~~  
19 ~~protecting rear yards above the ground story and at residential levels. In new development, most~~  
20 ~~commercial uses are permitted at the first two stories, although certain limitations apply to uses at~~  
21 ~~the second story. Special controls are necessary to preserve the equilibrium of neighborhood-serving~~  
22 ~~convenience and comparison shopping businesses and to protect adjacent residential livability. These~~  
23 ~~controls are designed to encourage the street's active retail frontage, and local fabrication and~~  
24 ~~production of goods.~~

1 ~~Accessory Dwelling Units are permitted within the district pursuant to subsection 207(c)(4) of this~~  
2 ~~Code.~~

3 **~~SEC. 742. JUDAH STREET NEIGHBORHOOD COMMERCIAL DISTRICT.~~**

4 ~~The Judah Street Neighborhood Commercial District is located in the Outer Sunset neighborhood~~  
5 ~~and includes the non-residential currently-zoned NC-2 properties fronting both sides of Judah Street~~  
6 ~~from 29th through 33rd Avenues. The District provides a selection of convenience goods and services~~  
7 ~~for the residents of the Outer Sunset District. There are a high concentration of restaurants, drawing~~  
8 ~~customers from throughout the City and the region. There are also a significant number of~~  
9 ~~professional, realty, and business offices as well as financial institutions.~~

10 ~~The Judah Street Neighborhood Commercial District controls are designed to promote~~  
11 ~~development that is consistent with its existing land use patterns and to maintain a harmony of uses~~  
12 ~~that support the District's vitality. The building standards allow small-scale buildings and uses,~~  
13 ~~protecting rear yards above the ground story and at residential levels. In new development, most~~  
14 ~~commercial uses are permitted at the first two stories, although certain limitations apply to uses at~~  
15 ~~the second story. Special controls are necessary to preserve the equilibrium of neighborhood-serving~~  
16 ~~convenience and comparison shopping businesses and to protect adjacent residential livability. These~~  
17 ~~controls are designed to encourage the street's active retail frontage, and local fabrication and~~  
18 ~~production of goods.~~

19 ~~Accessory Dwelling Units are permitted within the district pursuant to subsection 207(c)(4) of this~~  
20 ~~Code.~~

21 **~~SEC. 745. EXCELSIOR OUTER MISSION STREET NEIGHBORHOOD COMMERCIAL~~**  
22 **~~DISTRICT.~~**

23 ~~The Excelsior Outer Mission Street Neighborhood Commercial District is located along Mission~~  
24 ~~Street between Alemany Boulevard and the San Francisco-San Mateo county line. Outer Mission~~  
25 ~~Street is mixed use, combining street-fronting retail businesses on the ground floor and housing on~~

1 ~~upper floors. The range of comparison goods and services offered is varied and often includes~~  
2 ~~specialty retail stores, restaurants, and neighborhood-serving offices. The area is transit-oriented~~  
3 ~~and the commercial uses serve residents of the area as well as residents and visitors from adjacent~~  
4 ~~and other neighborhoods.~~

5 ~~The Excelsior Outer Mission Street Neighborhood Commercial District is intended to provide~~  
6 ~~convenience goods and services to the surrounding neighborhoods as well as limited comparison~~  
7 ~~shopping goods for a wider market. Housing development in new buildings is encouraged above the~~  
8 ~~second story. Existing residential units are protected by limitations on demolitions and upper-story~~  
9 ~~conversions. Parking for residential and commercial uses is not required. Buildings range in height,~~  
10 ~~with height limits generally allowing up to four stories. Lots vary in size, generally small- or medium-~~  
11 ~~sized with some very large parcels. Accessory Dwelling Units are permitted within the district~~  
12 ~~pursuant to subsection 207(c)(4) of this Code.~~

13 **~~SEC. 748. JAPANTOWN NEIGHBORHOOD COMMERCIAL DISTRICT.~~**

14 ~~The Japantown Neighborhood Commercial District extends between Geary Boulevard and Post~~  
15 ~~Street from Fillmore Street to Laguna Street, the north side of Post Street from Webster Street to~~  
16 ~~Laguna Street, and Buchanan Street from Post Street to midway between Sutter Street and Bush~~  
17 ~~Street. The character of these streets is largely commercial, including large malls, although there are~~  
18 ~~some residential units above the ground story. Buildings are typically two- to four-stories, although~~  
19 ~~there are two taller hotels. Geary Boulevard, Fillmore Street, and Sutter Street are important public~~  
20 ~~transit corridors. The commercial district provides convenience goods and services to the~~  
21 ~~surrounding neighborhoods as well as shopping, cultural, and entertainment uses that attract visitors~~  
22 ~~from near and far.~~

23 ~~The Japantown Neighborhood Commercial District controls are designed to encourage and~~  
24 ~~promote development that enhances the walkable, commercial character of this area and to support~~  
25 ~~its local and regional role. New commercial development is required on the ground floor and~~

permitted above. Most neighborhood and visitor-serving businesses are strongly encouraged, including eating, drinking, and retail uses, as long as they do not create a nuisance. Less active commercial uses are encouraged above the ground floor, along with housing and institutional uses. Accessory Dwelling Units are permitted within the district pursuant to subsection 207(e)(4) of this Code.

**SEC. 750. NCT-1 – NEIGHBORHOOD COMMERCIAL TRANSIT CLUSTER DISTRICT.**

\* \* \* \*

**Table 750. NEIGHBORHOOD COMMERCIAL TRANSIT CLUSTER DISTRICT NCT-1  
ZONING CONTROL TABLE**

\* \* \* \*

Zoning Category	§ References	Controls		
<b>NON-RESIDENTIAL STANDARDS &amp; USES</b>				
* * * *				
		Controls by Story		
		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup> +
<b>Agricultural Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
<i>Greenhouse Agriculture,</i>	§§ 102,			
<i>Industrial</i>	202.2(c)	NP	NP	NP
* * * *				
<b>Institutional Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
Medical Cannabis	§§ 102,	<i>DRNP</i>	NP	NP
Dispensary	202.2(e)			
* * * *	* * * *	* * * *	* * * *	* * * *

Sales and Service Use Category				
* * * *	* * * *	* * * *	* * * *	* * * *
<u>Cannabis Retail</u>	<u>§§ 102, 202.2(a)</u>	<u>NP</u>	<u>NP</u>	<u>NP</u>
* * * *	* * * *	* * * *	* * * *	* * * *

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**SEC. 751. NCT-2 – SMALL-SCALE NEIGHBORHOOD COMMERCIAL TRANSIT DISTRICT.**

\* \* \* \*

**Table 751. SMALL-SCALE NEIGHBORHOOD COMMERCIAL TRANSIT DISTRICT NCT-2 ZONING CONTROL TABLE**

\* \* \* \*

Zoning Category	§ References	Controls		
<b>NON-RESIDENTIAL STANDARDS &amp; USES</b>				
* * * *				
		Controls by Story		
		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup> +
Agricultural Use Category				
* * * *	* * * *	* * * *	* * * *	* * * *
<u>Greenhouse Agriculture</u>	§§ 102,			
<u>Industrial</u>	202.2(c)	NP	NP	NP
* * * *				
Institutional Use Category				
* * * *	* * * *	* * * *	* * * *	* * * *

1	Medical Cannabis	§§ 102,	DR	<u>NPDR</u>	NP
2	Dispensary	202.2(e)			
3	* * * *	* * * *	* * * *	* * * *	* * * *
4	<b>Sales and Service Use Category</b>				
5	* * * *	* * * *	* * * *	* * * *	* * * *
6	<u>Cannabis Retail</u>	<u>§§ 102, 202.2(a)</u>	<u>C</u>	<u>C</u>	<u>NP</u>
7	* * * *	* * * *	* * * *	* * * *	* * * *

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**SEC. 752. NCT-3 – MODERATE-SCALE NEIGHBORHOOD COMMERCIAL TRANSIT DISTRICT.**

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**Table 752. MODERATE-SCALE NEIGHBORHOOD COMMERCIAL TRANSIT DISTRICT NCT-3 ZONING CONTROL TABLE**

\* \* \* \*

Zoning Category	§ References	Controls		
<b>NON-RESIDENTIAL STANDARDS &amp; USES</b>				
		<b>Controls by Story</b>		
		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup> +
<b>Agricultural Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
<u>Greenhouse-Agriculture.</u>	§§ 102,			
<u>Industrial</u>	202.2(c)	NP	NP	NP
* * * *				

Institutional Use Category				
* * * *	* * * *	* * * *	* * * *	* * * *
Medical Cannabis Dispensary	§§ 102, 202.2(e)	DR	<u>NPDR</u>	NP
* * * *	* * * *	* * * *	* * * *	* * * *
Sales and Service Use Category				
* * * *	* * * *	* * * *	* * * *	* * * *
<u>Cannabis Retail</u>	<u>§§ 102, 202.2(a)</u>	<u>C</u>	<u>C</u>	<u>NP</u>
* * * *	* * * *	* * * *	* * * *	* * * *

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**SEC. 753. SOMA NEIGHBORHOOD COMMERCIAL TRANSIT DISTRICT.**

\* \* \* \*

**Table 753. SOMA NEIGHBORHOOD COMMERCIAL TRANSIT DISTRICT  
ZONING CONTROL TABLE**

\* \* \* \*

Zoning Category	§ References	Controls		
<b>NON-RESIDENTIAL STANDARDS &amp; USES</b>				
* * * *				
		Controls by Story		
		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup> +
Agricultural Use Category				

* * * *	* * * *	* * * *	* * * *	* * * *
<i>Greenhouse Agriculture,</i>	§§ 102,			
<i>Industrial</i>	202.2(c)	NP	NP	NP
* * * *				
<b>Institutional Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
Medical Cannabis Dispensary	§§ 102,	DR	<i>NPDR</i>	NP
	202.2(e)			
* * * *	* * * *	* * * *	* * * *	* * * *
<b>Sales and Service Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
<i>Cannabis Retail</i>	§§ 102, 202.2(a)	<i>C</i>	<i>C</i>	<i>NP</i>
* * * *	* * * *	* * * *	* * * *	* * * *

\* \* \* \*

**SEC. 754. MISSION STREET NEIGHBORHOOD COMMERCIAL TRANSIT DISTRICT.**

\* \* \* \*

**Table 754. MISSION STREET NEIGHBORHOOD COMMERCIAL TRANSIT DISTRICT  
ZONING CONTROL TABLE**

\* \* \* \*

Zoning Category	§ References	Controls		
<b>NON-RESIDENTIAL STANDARDS &amp; USES</b>				
* * * *				
		<b>Controls by Story</b>		
		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup> +

Agricultural Use Category				
* * * *	* * * *	* * * *	* * * *	* * * *
<i>Greenhouse-Agriculture,</i>	§§ 102,			
<i>Industrial</i>	202.2(c)	NP	NP	NP
* * * *				
Institutional Use Category				
* * * *	* * * *	* * * *	* * * *	* * * *
Medical Cannabis	§§ 102,	DR	<i>NPDR</i>	NP
Dispensary	202.2(e)			
* * * *	* * * *	* * * *	* * * *	* * * *
Sales and Service Use Category				
* * * *	* * * *	* * * *	* * * *	* * * *
<i>Cannabis Retail</i>	<i>§§102, 202.2(a)</i>	<i>C</i>	<i>C</i>	<i>NP</i>
* * * *	* * * *	* * * *	* * * *	* * * *

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**SEC. 755. OCEAN AVENUE NEIGHBORHOOD COMMERCIAL TRANSIT DISTRICT.**

\* \* \* \*

**Table 755. OCEAN AVENUE NEIGHBORHOOD COMMERCIAL TRANSIT DISTRICT ZONING CONTROL TABLE**

\* \* \* \*

Zoning Category	§ References	Controls
<b>NON-RESIDENTIAL STANDARDS &amp; USES</b>		
* * * *		

		Controls by Story		
		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup> +
<b>Agricultural Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
<i>Greenhouse Agriculture</i>	§§ 102,			
<i>Industrial</i>	202.2(c)	NP	NP	NP
* * * *				
<b>Institutional Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
Medical Cannabis Dispensary	§§102,	DR(5)	NPDR(5)	NP
	202.2(e)			
* * * *	* * * *	* * * *	* * * *	* * * *
<b>Sales and Service Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
<i>Cannabis Retail</i>	§§ 102, 202.2(a)	C(5)	C(5)	NP
* * * *	* * * *	* * * *	* * * *	* * * *

(5) A maximum of two Cannabis Retail Uses and Medical Cannabis Dispensaries, in any combination, shall be permitted at any given time.

**SEC. 756. GLEN PARK NEIGHBORHOOD COMMERCIAL TRANSIT DISTRICT.**

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**Table 756. GLEN PARK NEIGHBORHOOD COMMERCIAL TRANSIT DISTRICT  
ZONING CONTROL TABLE**

\* \* \* \*

Zoning Category	§ References	Controls		
<b>NON-RESIDENTIAL STANDARDS &amp; USES</b>				
* * * * *				
		Controls by Story		
		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup> +
Agricultural Use Category				
* * * * *	* * * * *	* * * * *	* * * * *	* * * * *
<i>Greenhouse Agriculture,</i>				
<i>Industrial</i>	§§ 102, 202.2(c)	NP	NP	NP
* * * * *				
Institutional Use Category				
* * * * *	* * * * *	* * * * *	* * * * *	* * * * *
Medical Cannabis	§§ 102, 202.2(e)	DR	<i>NPDR</i>	NP
Dispensary				
* * * * *	* * * * *	* * * * *	* * * * *	* * * * *
Sales and Service Use Category				
* * * * *	* * * * *	* * * * *	* * * * *	* * * * *
<i>Cannabis Retail</i>	§§ 102, 202.2(a)	<u>C</u>	<u>C</u>	<u>NP</u>
* * * * *	* * * * *	* * * * *	* * * * *	* * * * *

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1 SEC. 757. FOLSOM STREET NEIGHBORHOOD COMMERCIAL TRANSIT DISTRICT.

2 \* \* \* \*

3  
4 Table 757. FOLSOM STREET NEIGHBORHOOD COMMERCIAL TRANSIT DISTRICT  
5 ZONING CONTROL TABLE

6 \* \* \* \*

Zoning Category	§ References	Controls		
<b>NON-RESIDENTIAL STANDARDS &amp; USES</b>				
* * * *				
		Controls by Story		
		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup> +
Agricultural Use Category				
* * * *	* * * *	* * * *	* * * *	* * * *
<i>Greenhouse Agriculture,</i>	§§ 102,			
<i>Industrial</i>	202.2(c)	NP	NP	NP
* * * *				
Institutional Use Category				
* * * *	* * * *	* * * *	* * * *	* * * *
<i>Medical Cannabis Dispensary</i>	§§ 102, 202.2(e)	<u>DR</u>	<u>DR</u>	<u>NP</u>
* * * *				
Sales and Service Use Category				
* * * *	* * * *	* * * *	* * * *	* * * *
<i>Cannabis Retail</i>	§§ 102, 202.2(a)	<u>C</u>	<u>C</u>	<u>NP</u>
* * * *				

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1  
2 **SEC. 758. REGIONAL COMMERCIAL DISTRICT.**

3 \* \* \* \*

4 **Table 758. REGIONAL COMMERCIAL DISTRICT**  
5 **ZONING CONTROL TABLE**

6 \* \* \* \*

Zoning Category	§ References	Controls		
<b>NON-RESIDENTIAL STANDARDS &amp; USES</b>				
* * * *				
		Controls by Story		
		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup> + 4
<b>Agricultural Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
<i>Greenhouse Agriculture,</i>				
<i>Industrial</i>	§§ 102, 202.2(c)	NP	NP	NP
* * * *				
<b>Institutional Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
<i>Medical Cannabis</i>	§§ 102, 202.2(e)	<i>DR</i>	<i>DR</i>	<i>NP</i>
<i>Dispensary</i>				
* * * *	* * * *	* * * *	* * * *	* * * *
<b>Sales and Service Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
<i>Cannabis Retail</i>	§§ 102, 202.2(a)	<i>C</i>	<i>C</i>	<i>NP</i>

\* \* \* \* \* | \* \* \* \* \* | \* \* \* \* \* | \* \* \* \* \* | \* \* \* \* \*

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**SEC. 759. DIVISADERO STREET NEIGHBORHOOD COMMERCIAL TRANSIT DISTRICT.**

\* \* \* \* \*

**Table 759. DIVISADERO STREET NEIGHBORHOOD COMMERCIAL TRANSIT DISTRICT ZONING CONTROL TABLE**

\* \* \* \* \*

Zoning Category	§ References	Controls		
<b>NON-RESIDENTIAL STANDARDS &amp; USES</b>				
* * * * *				
		<b>Controls by Story</b>		
		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup> +
<b>Agricultural Use Category</b>				
* * * * *	* * * * *	* * * * *	* * * * *	* * * * *
<i>Greenhouse Agriculture</i>	§§ 102,			
<i>Industrial</i>	202.2(c)	NP	NP	NP
* * * * *				
<b>Institutional Use Category</b>				
* * * * *	* * * * *	* * * * *	* * * * *	* * * * *
Medical Cannabis	§§ 102,	DR	<i>NPDR</i>	NP
Dispensary	202.2(e)			
* * * * *	* * * * *	* * * * *	* * * * *	* * * * *
<b>Sales and Service Use Category</b>				

* * * *	* * * *	* * * *	* * * *	* * * *
<u>Cannabis Retail</u>	<u>§§ 102, 202.2(a)</u>	<u>C</u>	<u>C</u>	<u>NP</u>
* * * *	* * * *	* * * *	* * * *	* * * *

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**SEC. 760. FILLMORE STREET NEIGHBORHOOD COMMERCIAL TRANSIT DISTRICT.**

\* \* \* \*

**Table 760. FILLMORE STREET NEIGHBORHOOD COMMERCIAL TRANSIT DISTRICT  
ZONING CONTROL TABLE**

\* \* \* \*

Zoning Category	§ References	Controls		
<b>NON-RESIDENTIAL STANDARDS &amp; USES</b>				
* * * *				
		Controls by Story		
		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup> + <sup>4</sup>
<b>Agricultural Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
<u>Greenhouse-Agriculture,</u> <u>Industrial</u>	§§ 102, 202.2(c)	NP	NP	NP
* * * *				
<b>Institutional Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
Medical Cannabis Dispensary	§§ 102, 202.2(e)	DR	<u>NPDR</u>	NP
* * * *	* * * *	* * * *	* * * *	* * * *

Sales and Service Use Category				
* * * *	* * * *	* * * *	* * * *	* * * *
<i>Cannabis Retail</i>	§§ 102, 202.2(a)	<u>C</u>	<u>C</u>	<u>NP</u>
* * * *	* * * *	* * * *	* * * *	* * * *

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**SEC. 761. HAYES-GOUGH NEIGHBORHOOD COMMERCIAL TRANSIT DISTRICT.**

\* \* \* \*

**Table 761. HAYES-GOUGH NEIGHBORHOOD COMMERCIAL TRANSIT DISTRICT  
ZONING CONTROL TABLE**

\* \* \* \*

Zoning Category	§ References	Controls		
<b>NON-RESIDENTIAL STANDARDS &amp; USES</b>				
* * * *				
		Controls by Story		
		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup> +
Agricultural Use Category				
* * * *	* * * *	* * * *	* * * *	* * * *
<i>Greenhouse Agriculture</i>	§§ 102,			
<i>Industrial</i>	202.2(c)	NP	NP	NP
* * * *				
Institutional Use Category				
* * * *	* * * *	* * * *	* * * *	* * * *
Medical Cannabis Dispensary	§§ 102, 202.2(e)	DR	<u>NPDR</u>	NP

* * * *	* * * *	* * * *	* * * *	* * * *
<b>Sales and Service Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
<i>Cannabis Retail</i>	<u>§§ 102, 202.2(a)</u>	<u>C</u>	<u>C</u>	<u>NP</u>
* * * *	* * * *	* * * *	* * * *	* * * *

\* \* \* \*

**SEC. 762. VALENCIA STREET NEIGHBORHOOD COMMERCIAL TRANSIT DISTRICT.**

\* \* \* \*

**Table 762. VALENCIA STREET NEIGHBORHOOD TRANSIT DISTRICT  
ZONING CONTROL TABLE**

\* \* \* \*

Zoning Category	§ References	Controls		
<b>NON-RESIDENTIAL STANDARDS &amp; USES</b>				
* * * *				
		<b>Controls by Story</b>		
		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup> +
<b>Agricultural Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
<i>Greenhouse Agriculture,</i>				
<i>Industrial</i>	§§ 102, 202.2(c)	NP	NP	NP
* * * *				
<b>Institutional Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *

1	Medical Cannabis	§§ 102, 202.2(e)	DR	<u>NPDR</u>	NP
2	Dispensary				
3	* * * *	* * * *	* * * *	* * * *	* * * *
4	<b>Sales and Service Use Category</b>				
5	* * * *	* * * *	* * * *	* * * *	* * * *
6	<u>Cannabis Retail</u>	§§ 102, 202.2(a)	<u>C</u>	<u>C</u>	<u>NP</u>
7	* * * *	* * * *	* * * *	* * * *	* * * *

\* \* \* \*

9 **SEC. 763. 24TH STREET-MISSION NEIGHBORHOOD COMMERCIAL TRANSIT**  
10 **DISTRICT.**

\* \* \* \*

12 **Table 763. 24TH STREET -MISSION NEIGHBORHOOD COMMERCIAL TRANSIT**  
13 **DISTRICT ZONING CONTROL TABLE**

\* \* \* \*

Zoning Category	§ References	Controls		
<b>NON-RESIDENTIAL STANDARDS &amp; USES</b>				
* * * *				
		<b>Controls by Story</b>		
		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup> +
<b>Agricultural Use Category</b>				
* * * *	* * * *	* * * *	* * * *	* * * *
<u>Greenhouse Agriculture</u>	§§ 102,			
<u>Industrial</u>	202.2(c)	NP	NP	NP
* * * *				

Institutional Use Category				
* * * *	* * * *	* * * *	* * * *	* * * *
Medical Cannabis Dispensary	§§ 102, 202.2(e)	DR	<u>NPDR</u>	NP
* * * *	* * * *	* * * *	* * * *	* * * *
Sales and Service Use Category				
* * * *	* * * *	* * * *	* * * *	* * * *
<u>Cannabis Retail</u>	<u>§§ 102, 202.2(a)</u>	<u>C</u>	<u>C</u>	<u>NP</u>
* * * *	* * * *	* * * *	* * * *	* * * *

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**SEC. 764. UPPER MARKET STREET NEIGHBORHOOD COMMERCIAL TRANSIT DISTRICT.**

\* \* \* \*

**Table 764. UPPER MARKET STREET NEIGHBORHOOD COMMERCIAL TRANSIT DISTRICT ZONING CONTROL TABLE**

\* \* \* \*

Zoning Category	§ References	Controls		
<b>NON-RESIDENTIAL STANDARDS &amp; USES</b>				
		Controls by Story		
		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup> +
Agricultural Use Category				
* * * *	* * * *	* * * *	* * * *	* * * *

1	<u>Greenhouse Agriculture</u>	§§ 102,			
2	<u>Industrial</u>	202.2(c)	NP	NP	NP
3	* * * *				
4	<b>Institutional Use Category</b>				
5	* * * *	* * * *	* * * *	* * * *	* * * *
6	Medical Cannabis	§§ 102,	DR	<u>NPDR</u>	NP
7	Dispensary	202.2(e)			
8	* * * *	* * * *	* * * *	* * * *	* * * *
9	<b>Sales and Service Use Category</b>				
10	* * * *	* * * *	* * * *	* * * *	* * * *
11	<u>Cannabis Retail</u>	<u>§§ 102, 202.2(a)</u>	<u>C</u>	<u>C</u>	<u>NP</u>
12	* * * *	* * * *	* * * *	* * * *	* * * *

\* \* \* \*

**SEC. 803.2. USES PERMITTED IN CHINATOWN MIXED USE DISTRICTS.**

\* \* \* \*

**TABLE 803.2 USE CATEGORIES PERMITTED IN THE CHINATOWN MIXED USE DISTRICTS**

No.	Zoning Control Categories for Uses	Section Number of Use Definition
* * * *	* * * *	* * * *
<u>803.2.75</u>	<u>Cannabis Retail</u>	<u>§ 890.125</u>
* * * *	* * * *	* * * *

(b) **Use Limitations.** Uses in Chinatown Mixed Use Districts are either permitted, conditional, accessory, temporary, or are not permitted.

1 (1) **Permitted Uses.** All permitted uses in Chinatown Mixed Use Districts shall  
2 be conducted within an enclosed building, unless otherwise specifically allowed in this Code.  
3 Exceptions from this requirement are: accessory off-street parking and loading; uses which,  
4 when located outside of a building, qualify as an outdoor activity area, as defined in Section  
5 890.71 of this Code; Neighborhood Agriculture, as defined in Section 102 of this Code;  
6 Wireless Telecommunications Services Facility, as defined in Section 102 of this Code; and  
7 uses which by their nature are to be conducted in an open lot or outside a building, as  
8 described in Sections 890 through 890.140 of this Code. If there are two or more uses in a  
9 structure and none is classified under Section 803.2(b)(1)(C) of this Code as accessory,  
10 then each of these uses will be considered separately as an independent permitted,  
11 conditional, temporary, or not permitted use.

12 \* \* \* \*

13 (C) **Accessory Uses.** Subject to the limitations set forth below and in  
14 Sections 204.1 (Accessory Uses for Dwelling Units in R Districts) and 204.5 (Parking and  
15 Loading as Accessory Uses) of this Code, a related minor use which is either necessary to  
16 the operation or enjoyment of a lawful pPrincipal uUse or eConditional uUse or is  
17 appropriate, incidental, and subordinate to any such use, shall be permitted in Chinatown  
18 Mixed Use Districts as an aAccessory uUse when located on the same lot. Any uUse not  
19 qualified as an aAccessory uUse shall only be allowed as a pPrincipal or eConditional uUse,  
20 unless it qualifies as a temporary use under Sections 205 through 205.2 of this Code.

21 No use in a Chinatown Mixed Use District will be considered accessory to a  
22 pPrincipal uUse which involves or requires any of the following:

23 \* \* \* \*

24 (v) ~~Medical Cannabis Dispensaries as defined in 890.133.~~

25 \* \* \* \*

1 (vii) ~~Cannabis Retail that does not meet the limitations set forth in~~  
2 Section 204.3(a)(3).

3 \* \* \* \*

4  
5 **SEC. 803.3. USES PERMITTED IN EASTERN NEIGHBORHOODS MIXED USE**  
6 **DISTRICTS AND SOUTH OF MARKET MIXED USE DISTRICTS.**

7 \* \* \* \*

8 (b) **Use Limitations.** Uses in Eastern Neighborhood Mixed Use Districts and South  
9 of Market Mixed Use Districts are either Principally Permitted, Conditional, Accessory,  
10 temporary, or are not permitted.

11 (1) **Permitted Uses.** If there are two or more uses in a structure, any use not  
12 classified below under Section 803.3(b)(1)(C) of this Code as accessory will be considered  
13 separately as an independent permitted, eConditional, temporary or not permitted use.

14 \* \* \* \*

15 (C) **Accessory Uses.** Subject to the limitations set forth below and in  
16 Sections 204.1 (Accessory Uses for Dwelling Units in R and NC Districts), 204.2 (Accessory  
17 Uses for Uses Other Than Dwellings in R Districts), 204.4 (Dwelling Units Accessory to  
18 Other Uses), and 204.5 (Parking and Loading as Accessory Uses) of this Code, an  
19 accessory use is a related minor use which is either necessary to the operation or  
20 enjoyment of a lawful pPrincipal use or Conditional Use, or is appropriate, incidental, and  
21 subordinate to any such use, and shall be permitted as an accessory use in an Eastern  
22 Neighborhoods Mixed Use District and South of Market Mixed Use District. In order to  
23 accommodate a pPrincipal use which is carried out by one business in multiple locations  
24 within the same general area, such accessory use need not be located in the same  
25 structure or lot as its pPrincipal use provided that (1) the accessory use is located within

1 1,000 feet of the pPrincipal uUse; and (2) the multiple locations existed on April 6, 1990 ~~(the~~  
 2 ~~effective date of this amendment)~~. aAccessory uUses to non-office uses (as defined in Section  
 3 890.70) may occupy space which is non-contiguous or on a different Story as the pPrincipal  
 4 uUse so long as the aAccessory uUse is located in the same building as the pPrincipal uUse  
 5 and complies with all other restrictions applicable to such aAccessory uUses. Any use which  
 6 does not qualify as an aAccessory uUse shall be classified as a pPrincipal uUse.

7 No use will be considered accessory to a pPrincipal uUse which involves or requires  
 8 any of the following:

9 \* \* \* \*

10 (vii) Cannabis Retail that does not meet the limitations set forth in

11 Section 204.3(a)(3).

12 \* \* \* \*

13 **SEC. 810. CHINATOWN COMMUNITY BUSINESS DISTRICT.**

14 \* \* \* \*

15 **Table 810**

16 **CHINATOWN COMMUNITY BUSINESS DISTRICT ZONING CONTROL TABLE**

No.	Zoning Category	§ References	Chinatown Community Business Controls by Story		
			1st	2nd	3rd+
<b>Retail Sales and Services</b>					
* * *	* * * *	* * * *	* * * *	* * * *	* * * *
* * *	* * * *	* * * *	* * * *	* * * *	* * * *
.75	Cannabis Retail	§§ 202.2(a), 890.125	⊘	⊘	
	* * * *	* * * *	* * * *	* * * *	* * * *

* * * *					
<b>Institutions</b>					
	* * * *	* * * *	* * * *	* * * *	* * * *
.83	Medical Cannabis Dispensary	§ 890.133	P		
* * * *					

SEC. 811. CHINATOWN VISITOR RETAIL DISTRICT.

\* \* \* \*

Table 811

CHINATOWN VISITOR RETAIL DISTRICT ZONING CONTROL TABLE

\* \* \* \*

No.	Zoning Category	§ References	Chinatown Visitor Retail Controls by Story		
			1st	2nd	3rd+
<b>Retail Sales and Services</b>					
* * *	* * * *	* * * *	* * * *	* * * *	* * * *
.75	Cannabis Retail	§§ 202.2(a), 890.125	G	G	
	* * * *	* * * *	* * * *	* * * *	* * * *
<b>Institutions</b>					
	* * * *	* * * *	* * * *	* * * *	* * * *

.83	Medical Cannabis Dispensary	§ 890.133	P		
* * * *					

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**SEC. 812. CHINATOWN RESIDENTIAL NEIGHBORHOOD COMMERCIAL DISTRICT.**

\* \* \* \*

**Table 812**

**CHINATOWN RESIDENTIAL NEIGHBORHOOD COMMERCIAL DISTRICT  
ZONING CONTROL TABLE**

\* \* \* \*

No.	Zoning Category	§ References	Chinatown Residential Neighborhood Commercial Controls by Story		
			1st	2nd	3rd+
<b>Retail Sales and Services</b>					
* *					
* * *	* * * *	* * * *	* * * *	* * * *	* * * *
.75	Cannabis Retail	§§ 202.2(a), 890.125	G		
	* * * *	* * * *	* * * *	* * * *	* * * *
<b>Institutions</b>					
	* * * *	* * * *	* * * *	* * * *	* * * *
.83	Medical Cannabis Dispensary	§ 890.133	P		

1 \* \* \* \*

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3 SEC. 813. RED – RESIDENTIAL ENCLAVE DISTRICT.

4 \* \* \* \*

5 Table 813  
6 RED – RESIDENTIAL ENCLAVE DISTRICT ZONING CONTROL TABLE

No.	Zoning Category	§ References	Residential Enclave Controls
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10 Other Uses

* * * *	* * * *	* * * *	* * * *
813.71	<i>Greenhouse or Plant Nursery</i> <i>Industrial Agriculture</i>	§ <del>227(a)</del> 102	NP
* * * *	* * * *	* * * *	* * * *
813.74A	Neighborhood Agriculture	§ 102.35(a)	P
813.74B	Large-Scale Urban Agriculture	§ 102.35(b)	NP
* * * *	* * * *	* * * *	* * * *

19 \* \* \* \*

20 SEC. 814. SPD – SOUTH PARK DISTRICT.

21 \* \* \* \*

22 Table 814  
23 SPD – SOUTH PARK DISTRICT ZONING CONTROL TABLE

No.	Zoning Category	§ References	South Park District Controls
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<b>Retail Sales and Services</b>			
814.31	All Retail Sales and Services, Except for Bars, <i>and</i> Liquor Stores <i>and Cannabis Retail</i>	§§ <del>102.</del> 890.104, 890.116	P up to 5,000 sf per lot
* * * *	* * * *	* * * *	* * * *
<u>814.75</u>	<u>Cannabis Retail</u>	§§ <u>202.2(a), 890.125</u>	<u>C up to 5,000 sf per lot</u>
* * * *	* * * *	* * * *	* * * *
<b>Other Uses</b>			
* * * *	* * * *	* * * *	* * * *
814.74A	<del>Greenhouse or Plant Nursery-Industrial Agriculture</del>	§ <del>227(a)</del> 102	NP
814.74B	Neighborhood Agriculture	§ 102.35(a)	P
814.74C	Large-Scale Urban Agriculture	§ 102.35(b)	C
* * * *	* * * *	* * * *	* * * *

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1 SEC. 815. RSD – RESIDENTIAL/SERVICE MIXED USE DISTRICT.

2 \* \* \* \*

3 Table 815

4 RSD – RESIDENTIAL/SERVICE MIXED USE DISTRICT ZONING CONTROL TABLE

No.	Zoning Category	§ References	Residential/Service Mixed Use District Controls
* * * *			
<b>Retail Sales and Services</b>			
815.31	All Retail Sales and Services which are not Office Uses or prohibited by § 803.4, including Bars, Limited-Restaurants, Restaurants, <i>Cannabis Retail</i> and Personal Services	§§ <del>102</del> , 890.104	P, pursuant to § 803.8(c)
* * * *			
<b>Other Uses</b>			
* * * *			
815.74A	<i>Greenhouse or Plant Nursery Industrial Agriculture</i>	§ <del>227(a)</del> 102	NP
815.74B	Neighborhood Agriculture	§ <del>102.35(a)</del>	P
815.74C	Large-Scale Urban Agriculture	§ <del>102.35(b)</del>	C
* * * *			

21 \* \* \* \*

1 SEC. 816. SLR – SERVICE/LIGHT INDUSTRIAL/RESIDENTIAL MIXED USE DISTRICT.

2 \* \* \* \*

3 Table 816			
4 SLR – SERVICE/LIGHT INDUSTRIAL/RESIDENTIAL MIXED USED DISTRICT			
5 ZONING CONTROL TABLE			
6 No.	Zoning Category	§ References	Service/Light Industrial/ Residential Mixed Use District Controls
7 * * * *			
8			
9			
10 <b>Retail Sales and Services</b>			
11 816.31	All Retail Sales and Services which are not Office Uses or prohibited by § 803.4, including Bars, Limited-Restaurants, Restaurants, <i>Cannabis Retail</i> , and Personal Services	12 §§ <u>102</u> , 890.104	P
13			
14			
15			
16	* * * *	* * * *	* * * *
17			
18 <b>Other Uses</b>			
19	* * * *	* * * *	* * * *
20 816.74A	<i>Greenhouse or Plant Nursery-Industrial Agriculture</i>	§ <u>227(a)</u> 102	NP
21			
22 816.74B	Neighborhood Agriculture	§ <u>102.35(a)</u>	P
23 816.74C	Large-Scale Urban Agriculture	§ <u>102.35(b)</u>	C
24			
25	* * * *	* * * *	* * * *

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SEC. 817. SLI – SERVICE/LIGHT INDUSTRIAL DISTRICT.

\* \* \* \*

Table 817

SLI – SERVICE/LIGHT INDUSTRIAL DISTRICT ZONING CONTROL TABLE

No.	Zoning Category	§ References	Service/Light Industrial District Controls
* * * *	* * * *	* * * *	* * * *
<b>Retail Sales and Services</b>			
817.31	All Retail Sales and Services which are not Office Uses or prohibited by § 803.4, including Bars, Limited-Restaurants, Restaurants, <u>Cannabis Retail</u> , and Personal Services	§§ 102, 890.104P	
* * * *	* * * *	* * * *	* * * *
<b>Other Uses</b>			
* * * *	* * * *	* * * *	* * * *
817.74A	<del>Greenhouse or Plant</del> <u>Nursery-Industrial</u> <u>Agriculture</u>	§ 227(a)102	P

1	817.74B	Neighborhood Agriculture	§ 102.35(a)	P
2				
3	817.74C	Large-Scale Urban Agriculture	§ 102.35(b)	C
4				
5	* * * *	* * * *	* * * *	* * * *

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7 **SEC. 818. SSO – SERVICE/SECONDARY OFFICE DISTRICT.**

8 \* \* \* \*

9 <b>Table 818</b>			
10 <b>SSO – SERVICE/SECONDARY OFFICE DISTRICT ZONING CONTROL TABLE</b>			
11 <b>No.</b>	12 <b>Zoning Category</b>	13 <b>§ References</b>	14 <b>Service/Secondary Office District Controls</b>
15 * * * *	* * * *	* * * *	* * * *
16 <b>Retail Sales and Services</b>			
17 818.31	18 All Retail Sales and 19 Services which are not 20 Office Uses or 21 prohibited by § 803.4, 22 including Bars, Limited- 23 Restaurants, 24 Restaurants, <u>Cannabis</u>	25 <u>§§ 102, 890.104</u>	P

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	<i>Retail, and Personal Services</i>		
* * * *	* * * *	* * * *	* * * *
<b>Other Uses</b>			
* * * *	* * * *	* * * *	* * * *
818.74A	<i>Greenhouse or Plant Nursery Industrial Agriculture</i>	§ 227(a)102	P
818.74B	Neighborhood Agriculture	§ 102.35(a)	P
818.74C	Large-Scale Urban Agriculture	§ 102.35(b)	C
* * * *	* * * *	* * * *	* * * *

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**SEC. 840. MUG – MIXED USE-GENERAL DISTRICT.**

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Table 840			
MUG – MIXED USE-GENERAL DISTRICT ZONING CONTROL TABLE			
No.	Zoning Category	§ References	Mixed Use-General District Controls
* * * *			
<b>Institutions</b>			
* * * *	* * * *	* * * *	* * * *

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840.36	Medical Cannabis Dispensary	§ 890.133	AP
* * * *	* * * *	* * * *	* * * *
<b>Retail Sales and Services</b>			
* * * *	* * * *	* * * *	* * * *
840.52	<i>Cannabis Retail</i>	§§ 202.2(a), 890.125	<i>C. Subject to size controls in Section 840.45.</i>
* * * *	* * * *	* * * *	* * * *
<b>Industrial, Home, and Business Service</b>			
* * * *	* * * *	* * * *	* * * *
840.87	<i>Non-Retail Greenhouse or Plant Nursery Industrial Agriculture</i>	§ 227(a)102	P
<b>Other Uses</b>			
* * * *	* * * *	* * * *	* * * *
840.97B	Neighborhood Agriculture	§ 102.35(a)	P
840.97C	Large-Scale Urban Agriculture	§ 102.35(b)	C
* * * *	* * * *	* * * *	* * * *

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1 **SEC. 841. MUR – MIXED USE-RESIDENTIAL DISTRICT.**

2 \* \* \* \*

3 Table 841

4 MUR – MIXED USE-RESIDENTIAL DISTRICT ZONING CONTROL TABLE

No.	Zoning Category	§ References	<i>Mixed Use- Residential District Controls</i>
* * * *			
<b>Institutions</b>			
* * * *			
841.36	Medical Cannabis Dispensary	§ 890.133	AP
* * * *			
<b>Industrial, Home, and Business Service</b>			
* * * *			
841.87	<i>Non-Retail Greenhouse or Plant Nursery</i> <i>Industrial Agriculture</i>	§ <del>227(a)</del> 102	P
<b>Other Uses</b>			
* * * *			
841.97B	Neighborhood Agriculture	§ <del>102.35(a)</del>	P
841.97C	Large-Scale Urban Agriculture	§ <del>102.35(b)</del>	C
* * * *			

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1 **SEC. 842. MUO – MIXED USE-OFFICE DISTRICT.**

2 \* \* \* \*

3 Table 842

4 **MUO – MIXED USE-OFFICE DISTRICT ZONING CONTROL TABLE**

No.	Zoning Category	§ References	<i>Mixed Use-Office District Controls</i>
* * * *			
<b>Institutions</b>			
* * * *			
842.36	Medical Cannabis Dispensary	§ 890.133	AP
* * * *			
<b>Industrial, Home, and Business Service</b>			
* * * *			
842.87	<i>Non-Retail Greenhouse or Plant Nursery</i> <i>Industrial Agriculture</i>	§ <u>227(a)102</u>	P
<b>Other Uses</b>			
* * * *			
842.97B	Neighborhood Agriculture	§ 102.35(a)	P
842.97C	Large-Scale Urban Agriculture	§ 102.35(b)	C
* * * *			

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1 SEC. 843. UMU – URBAN MIXED USE DISTRICT.

2 \* \* \* \*

Table 843			
UMU – URBAN MIXED USE DISTRICT ZONING CONTROL TABLE			
No.	Zoning Category	§ References	Urban Mixed Use District Controls
* * * *			
<b>Institutions</b>			
* * * *	* * * *	* * * *	* * * *
843.36	Medical Cannabis Dispensary	§ 890.133	MP
* * * *	* * * *	* * * *	* * * *
<b>Industrial, Home, and Business Service</b>			
* * * *	* * * *	* * * *	* * * *
843.87	<i>Non-Retail Greenhouse or Plant Nursery Industrial Agriculture</i>	§ 227(a)102	P
<b>Other Uses</b>			
* * * *	* * * *	* * * *	* * * *
843.97B	Neighborhood Agriculture	§ 102.35(a)	P
843.97C	Large-Scale Urban Agriculture	§ 102.35(b)	C

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**SEC. 844. WMUG – WSOMA MIXED USE-GENERAL DISTRICT.**

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Table 844			
WMUG – WSOMA MIXED USE-GENERAL DISTRICT ZONING CONTROL TABLE			
No.	Zoning Category	§ References	<i>WSoMa Mixed Use-Residential District Controls</i>
* * * *			
<b>Institutions</b>			
* * * *			
843.36	Medical Cannabis Dispensary	§ 890.133	AP
* * * *			
<b>Industrial, Home, and Business Service</b>			
* * * *			
844.87	<i>Non-Retail Greenhouse or Plant Nursery-Industrial Agriculture</i>	§ 227(a)102	P
<b>Other Uses</b>			
* * * *			
844.97b	Neighborhood Agriculture	§ 102.35(a)	P

844.97c	Large-Scale Urban Agriculture	§ 102.35(b)	NP
* * * *	* * * *	* * * *	* * * *

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**SEC. 845. WMUO – WSOMA MIXED USE-OFFICE DISTRICT.**

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Table 845			
WMUO – WSOMA MIXED USE-OFFICE DISTRICT ZONING CONTROL TABLE			
No.	Zoning Category	§ References	<del>WSOMA</del> <u>WSoma</u> Mixed Use-Office District Controls
* * * *			
<b>Institutions</b>			
* * * *	* * * *	* * * *	* * * *
845.36	Medical Cannabis Dispensary	§ 890.133	AP
* * * *	* * * *	* * * *	* * * *
<b>Industrial, Home, and Business Service</b>			
* * * *	* * * *	* * * *	* * * *
845.87	<del>Non-Retail</del> <del>Greenhouse or Plant</del> <del>Nursery-Industrial</del> Agriculture	§ <del>227(a)</del> 102	P
<b>Other Uses</b>			

* * * *	* * * *	* * * *	* * * *
845.97b	Neighborhood Agriculture	§ 102.35(a)	P
845.97c	Large-Scale Urban Agriculture	§ 102.35(b)	NP
* * * *	* * * *	* * * *	* * * *

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**SEC. 846. SALI – SERVICE/ARTS/LIGHT INDUSTRIAL DISTRICT.**

Table 846			
SALI – SERVICE/ARTS/LIGHT INDUSTRIAL DISTRICT ZONING CONTROL TABLE			
No.	Zoning Category	§ References	SALI District Controls
* * * *			
<i>Industrial, Home, and Business Service</i>			
* * * *	* * * *	* * * *	* * * *
846.87	Non-Retail Greenhouse or Plant Nursery <u>Industrial</u> <u>Agriculture</u>	§ 227(a) <u>102</u>	P
* * * *	* * * *	* * * *	* * * *

**SEC. 890.52. LABORATORY.**

1 Laboratory shall mean space within any structure intended or primarily suitable for scientific  
2 research. The space requirements of uses within this category include specialized facilities  
3 and/or built accommodations that distinguish the space from office uses (as defined in  
4 Section 890.70), light manufacturing (as defined in Section 890.54(a)), or heavy  
5 manufacturing (including uses listed in Sections 226(g) through 226(w)). Examples of  
6 laboratories include the following:

7 \* \* \* \*

8 (h) Core laboratory; and

9 (i) Cannabis testing (License Type 8—Testing laboratory, as defined in California Business  
10 and Professions Code, Division 10).

11  
12 **SEC. 890.54. LIGHT MANUFACTURING, WHOLESALE SALES, STORAGE.**

13 A commercial use, including light manufacturing, wholesale sales, and storage, as defined in  
14 Subsections (a), (b), (c), and (d) below.

15 (a) **Light Manufacturing.** A nonretail use ~~which~~that provides for the fabrication or  
16 production of goods, by hand or machinery, for distribution to retailers or wholesalers for  
17 resale off the premises, primarily involving the assembly, packaging, repairing, or  
18 processing of previously prepared materials, when conducted in an enclosed building having  
19 no openings other than fixed windows or exits required by law located within 50 feet of any  
20 R District. Light manufacturing uses include production and custom activities usually  
21 involving individual or special design, or handiwork, such as the following fabrication or  
22 production activities as may be defined by the Standard Industrial Classification Code Manual  
23 as light manufacturing uses:

24 \* \* \* \*

1 (8) Measuring, analyzing, and controlling instruments; photographic, medical  
2 and optical goods; watches and clocks; *and*

3 (9) Manufacture of cannabis products or cannabis extracts that are derived without  
4 the use of volatile organic compounds (License Type 6—Manufacturer 1, as defined in California  
5 Business and Professions Code, Division 10).

6 \* \* \* \*

7 (b) **Wholesale Sales.** A nonretail use *whiehthat* exclusively provides goods or  
8 commodities for resale or business use, including accessory storage. *This use includes*  
9 *cannabis distribution (License Type 11—Distributor, as defined in California Business and*  
10 *Professions Code, Division 10).* It shall not include a nonaccessory storage warehouse.

11 \* \* \* \*

12 **SEC. 890.111. SERVICE, BUSINESS.**

13 A use *whiehthat* provides the following kinds of services to businesses and/or to the  
14 general public and does not fall under the definition of "office" pursuant to Section 890.70:  
15 radio and television stations; newspaper bureaus; magazine and trade publication  
16 publishing; microfilm recording; slide duplicating; bulk mail services; parcel shipping  
17 services; parcel labeling and packaging services; messenger delivery/courier services; sign  
18 painting and lettering services; building maintenance services; *and cannabis delivery services.*

19 **SEC. 890.125. CANNABIS RETAIL.**

20 A Retail Sales and Service Use that sells or otherwise provides cannabis and cannabis-related  
21 products for adult use, and that may also include the sale of cannabis for medicinal use. Cannabis  
22 may be consumed on site pursuant to authorization by the City's Office of Cannabis and Department  
23 of Public Health, as applicable. Cannabis Retail establishments may only be operated by the holder  
24 of (a) a valid license from the State of California (License Type 10—Retailer, as defined in California  
25

1 Business and Professions Code, Division 10) and (b) a valid permit from the City's Office of  
2 Cannabis. This use is subject to operating and location restrictions set forth in Section 202.2(a).

3  
4 Section 34. Repeal of Ordinance No. 186-17. The City enacted Ordinance No. 186-  
5 17 on September 15, 2017. That ordinance, a copy of which is in Board of Supervisors File  
6 No. 170516, is hereby repealed in its entirety.

7  
8 Section 45. Alphabetization. In Article 7 Zoning Control Tables, the publisher of the  
9 San Francisco Municipal Code, at the direction of the City Attorney, shall place uses in  
10 alphabetical order within their respective use categories.

11  
12 Section 56. Effective Date. This ordinance shall become effective 30 days after  
13 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the  
14 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the  
15 Board of Supervisors overrides the Mayor's veto of the ordinance.

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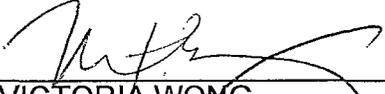
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1 Section 67. Scope of Ordinance. In enacting this ordinance, the Board of  
2 Supervisors intends to amend only those words, phrases, paragraphs, subsections,  
3 sections, articles, numbers, punctuation marks, charts, diagrams, or any other constituent  
4 parts of the Municipal Code that are explicitly shown in this ordinance as additions,  
5 deletions, Board amendment additions, and Board amendment deletions in accordance with  
6 the "Note" that appears under the official title of the ordinance.

7  
8 APPROVED AS TO FORM:  
9 DENNIS J. HERRERA, City Attorney

10 By:

  
11 VICTORIA WONG  
12 Deputy City Attorney

13 n:\egana\as2017\1700478\01232511.docx

**LEGISLATIVE DIGEST**  
**Amended in Committee – 11/6/17**

[Planning Code - Cannabis Regulation]

**Ordinance amending the Planning Code to 1) regulate cannabis land uses, including, among other things, adult use cannabis retail, Medical Cannabis Dispensaries, delivery-only services, manufacture of cannabis products, cannabis cultivation, and cannabis testing; 2) allow Medical Cannabis Dispensaries in additional zoning districts; 3) establish a land use process for the conversion of existing Medical Cannabis Dispensaries to Cannabis Retail establishments; 4) establish location and operating conditions for cannabis uses; 5) repeal Ordinance No. 186-17, which limited the number of medical cannabis dispensaries in Supervisorial District 11; 6) limit the number of Medical Cannabis Dispensaries and Cannabis Retail Uses in various Neighborhood Commercial Districts and other commercial corridors; 7) allow Medical Cannabis Dispensaries and Cannabis Retail Uses with conditional use authorization in NC-1 Districts south of Lincoln Way and West of Sunset Boulevard; 8) prohibit and Medical Cannabis Dispensaries and Cannabis Retail Uses in the Chinatown Mixed-Use Districts; and 9) delete superseded Planning Code provisions; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan and the eight priority policies of Planning Code, Section 101.1, and public necessity, convenience, and welfare findings pursuant to Planning Code, Section 302.**

Existing Law

On October 9, 2015, Governor Brown signed into law the Medical Marijuana Regulation and Safety Act ("MMRSA"), effective January 1, 2016, which established a comprehensive state licensing and regulatory framework for the cultivation, manufacturing, testing, distribution, transportation, dispensing, and delivery of medicinal cannabis, and which recognized the authority of local jurisdictions to prohibit or impose additional restrictions on commercial activities relating to medicinal cannabis. MMRSA was later renamed the Medical Cannabis Regulation and Safety Act ("MCRSA").

On November 8, 2016, the voters of California approved Proposition 64, the Control, Regulate, and Tax Adult Use of Marijuana Act (AUMA), which decriminalized the nonmedicinal use of cannabis by adults 21 years of age and older, created a state regulatory, licensing, and taxation system for non-medicinal cannabis businesses, and reduced penalties for marijuana-related crimes.

On June 27, 2017, Governor Brown signed into law the Medicinal and Adult-Use Cannabis Regulations and Safety Act (MAUCRSA), which reconciled MCRSA and Proposition 64, and established a unified state regulatory scheme for commercial activities relating to both

medicinal and adult use cannabis. Under MAUCRSA, businesses that engage in commercial cannabis activities will be required to obtain a state cannabis license and comply with strict operating conditions. MAUCRSA requires that state agencies begin issuing state cannabis business licenses by January 1, 2018.

Under MAUCRSA, local jurisdictions may adopt and enforce ordinances to further regulate cannabis businesses, including but not limited to zoning and permitting requirements.

Article 33 of the San Francisco Health Code, adopted in 2005, regulates medical cannabis, and authorizes the San Francisco Department of Public Health to oversee the permitting of medical cannabis dispensaries (MCDs).

Planning Code Section 202.2(e) sets forth location and operating restrictions for MCDs. MCDs are currently prohibited in PDR zoning districts and certain other districts, including some Neighborhood Commercial Districts (NCDs). (See generally Planning Code, Art. 7.) MCDs are also prohibited in Mixed-Use zoning districts. (See generally Planning Code, Art. 8.) In most Neighborhood Commercial Transit Districts (NCTs) and NCDs, MCDs are allowed on the first floor, subject to Mandatory Discretionary Review by the Planning Commission. (See generally Planning Code, Art. 7.) MCDs are required to obtain Conditional Use Authorization in certain NCDs and NCTs, including the West Portal Avenue NCT, Noriega Street NCT, Irving Street NCT, Taraval Street NCT and Judah Street NCT.

Ordinance No. 186-17, enacted on September 15, 2017, creates a limit of three MCDs in Supervisorial District 11.

Currently, there is no City law that authorizes and regulates commercial activities relating to non-medical cannabis. There is also no City law that authorizes and regulates the commercial manufacture, testing, or distribution of cannabis.

Article XXVI of the Administrative Code establishes an Office of Cannabis under the direction of the City Administrator, and authorizes the Director of the Office of Cannabis to issue permits to cannabis-related businesses, and to collect permit application and annual license fees following the enactment of a subsequent ordinance establishing the amounts of those fees.

#### Amendments to Current Law

This ordinance would change the zoning controls for MCDs. Among other things, in most NCDs, MCDs would be subject to Mandatory Discretionary Review by the Planning Commission; in some, Conditional Use Authorization would continue to be required. The ordinance would also permit MCDs on the second floor of most NCDs and NCTs, subject to the same controls that apply to first floor MCDs. In addition, this ordinance would make MCDs in PDR Zoning Districts and most Mixed Use Districts a principally permitted use. This

ordinance would also prohibit MCDs in the NC-S, NCT-1 and the Chinatown Mixed Use Districts. It would permit MCDs in some NCDs in which they are currently prohibited, such as the Japantown NCD.

This ordinance would also regulate Cannabis Retail as a distinct land use. It would generally permit Cannabis Retail where other retail is permitted. In NCDs, Cannabis Retail uses would be subject to a Conditional Use Authorization. Cannabis Retail as an accessory use would be permitted only where the Office of Cannabis has issued a permit to the Cannabis Retail establishment to operate accessory to another activity on the same premises. The ordinance would also establish a land use process for the conversion of existing MCDs to Cannabis Retail establishments, allowing existing MCDs and those that applied for Department of Public Health permits by July 20, 2017, and that obtained such permits, to be deemed Cannabis Retail Uses as of January 1, 2018 or on the date the MCD receives its permit from DPH, whichever is later.

In addition, this ordinance would establish location and operating provisions for MCDs, Cannabis Retail establishments, and other cannabis businesses. Among other things, it would prohibit a Cannabis Retail use or MCD from locating within 1000 feet of a school, public or private, or a day care center. It would not require a minimum distance between a Cannabis Retail use or MCD and a youth center. The ordinance would prohibit a proposed MCD or Cannabis Retail Use if it would be within a 600-foot radius of an establishment that holds a Cannabis Retailer or Medicinal Cannabis Retailer permit from the Office of Cannabis. It would delete land use controls for cannabis smoking and allow smoking and consumption pursuant to authorization by the Office of Cannabis.

The ordinance would also create caps on the number of MCDs and Cannabis Retail Uses in various Neighborhood Commercial Districts and other commercial corridors and would allow both MCDs and Cannabis Retail Uses in NC-1 Districts south of Lincoln Way and west of Sunset Boulevard, with conditional use authorization.

In addition, this ordinance would create land use regulations for the cultivation, delivery and testing of cannabis and the manufacture of cannabis products. Among other things, it would require that Industrial Agriculture Uses, including commercial cannabis cultivation, obtain a Conditional Use Authorization in PDR Zoning Districts.

This ordinance would also repeal Ordinance No. 186-17, which limited the number of MCDs in Supervisorial District 11 to three.

### Background Information

In 2015, the City enacted Ordinance No. 115-15, creating the San Francisco Cannabis State Legalization Task Force ("the Task Force") to advise the Board of Supervisors, the Mayor, and other City departments on matters relating to the potential legalization of non-medical

FILE NO. 171187

cannabis. In December 2016, the Task Force submitted its Year I Report, and made recommendations related to Public Safety and Social Environment, Land Use and Social Justice, and Regulation and City Agency Framework for the City's policymakers to consider.

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City & County of San Francisco

Cannabis Equity Report

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BY



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**To the Mayor and Board of Supervisors:**

On behalf of the Office of Cannabis, the Human Rights Commission, and the Controller's Office we proudly present the enclosed "Cannabis Equity Report" to the Mayor and Board of Supervisors.

Our legislative mandate: produce a report analyzing available data related to disparities in the cannabis industry, and providing recommendations regarding policy options that could (A) foster equitable access to participation in the industry, including promotion of ownership and stable employment opportunities in the industry, (B) invest City tax revenues in economic infrastructure for communities that have historically been disenfranchised, (C) mitigate the adverse effects of drug enforcement policies that have disproportionately impacted those communities, and (D) prioritize individuals who have been previously arrested or convicted for marijuana-related offense.

We find that the War on Drugs had disastrous impacts on San Francisco. But with this sad history come opportunities to do something important and positive. As the City considers our regulatory structure for this emerging industry, we can do so thoughtfully and intentionally, by enacting policies that undo the racist practices of our past. This report includes a number of findings and recommendations to that end.

A successful program will ensure a more inclusive and diverse industry through ownership and workforce, an expansion of educational opportunities, an end to policies that burden communities that have been disproportionately impacted by the War on Drugs, and investment in communities that are disenfranchised because of the consequences of past drug policies.

This report is submitted with gratitude to the many contributors, including Office of the Controller, the Human Rights Commission Director and staff, Dr. William Armaline, Director of the Human Rights Program and an Associate Professor in the Department of Sociology and Interdisciplinary Social Sciences [SISS] at San José State University, Dr. Mike Males, Senior Research Fellow at the Center on Juvenile and Criminal Justice. The report was further advised by the work of the San Francisco Cannabis State Legalization Taskforce, Human Rights Commission staff convening of stakeholders, the feedback of experts and the community during the October 21, 2017 District 10 Cannabis Forum, the San Francisco Chapter of the California Growers Association, and numerous City departments.

We are grateful for your partnerships and look forward to working with you, San Francisco's policymakers, the community, and other impacted stakeholders as the City moves forward with development a thoughtful and impactful Cannabis Equity Program.

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The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry should be supported by a valid receipt or invoice. This ensures transparency and allows for easy verification of the data.

Additionally, it is noted that the records should be kept in a secure and accessible format. Regular backups are recommended to prevent data loss in the event of a system failure or disaster.

The second section focuses on the process of reconciling accounts. It provides a step-by-step guide on how to compare the internal records with the bank statements. This process is crucial for identifying any discrepancies and resolving them promptly.

It is also mentioned that the reconciliation should be performed at the end of each month. This regular practice helps in staying on top of the financial situation and detecting any errors or fraud early on.

The final part of the document addresses the overall financial health of the organization. It suggests that the management should review the financial statements regularly to assess the company's performance and make informed decisions.

Furthermore, it is advised to consult with a professional accountant or auditor for a comprehensive review of the financial records. This external perspective can provide valuable insights and ensure that the company is in full compliance with all relevant regulations.

## I. Executive Summary

The case for equity is clear. For decades, the War on Drugs has had consequential impacts on communities of color in San Francisco. The impacts of this disproportionality are acutely felt today: poverty, education gaps, and criminal records are the vestiges of explicitly and implicitly racist drug-enforcement policies.

The City's challenge today is also our opportunity. As we move towards embracing a new industry, we must take the opportunity to harness its potential to begin to restore historic inequities. Some cities have already created industry-specific equity programs, but San Francisco should develop and implement a program that makes sense for the residents of our City, balancing our priorities and reflecting our values.

This report was drafted by the staff of the Office of Cannabis, Human Rights Commission, and Controller's Office, with assistance from numerous City and community partners. It examines the local, state and national history of cannabis regulation, the War on Drugs, and its impact on our communities. It reviews known characteristics of the City's existing cannabis industry and discusses barriers to entry into the industry. This report also looks at other jurisdictions' equity programs for lessons learned. Finally, the report makes recommendations meant to inform the creation of San Francisco's Cannabis Equity Program. Outlined below are key findings and highlights across the various sections within the report, and a summary of the final recommendations.

### Equity Analysis

- San Francisco has always been on the forefront of cannabis legalization.
- African Americans in San Francisco have endured disproportionately higher felony drug arrests and crackdowns.
- More recent decriminalization efforts helped to narrow those gaps, but people of color still interact with the justice system at a rate far higher than white San Franciscans.
- Significant social hurdles result from disproportionate arrest and incarceration rates.
- Although local data is incomplete at best and misleading at worst, it reveals a strong correlation between poverty and cannabis arrests.
- Taken together, this paints a troubling picture of the War on Drugs' impact on communities of color, even in a progressive city like San Francisco.
- Data suggests that San Francisco's cannabis industry (and the national industry) skews disproportionately white and male.

### Barriers to Entry

- Financial and real estate barriers present major equity hurdles to individuals seeking to enter the regulated cannabis industry.
- Other barriers include the soft skills of entrepreneurship, compliance, and legal complexity.
- While Prop. 64 clears the way for people convicted of cannabis crimes to enter the industry, a past criminal history can still present significant challenges, like accessing financing or signing a lease.
- Where the City allows cannabis businesses to operate will have important impacts on whether we can grow the industry equitably.

### Cannabis Equity Programs Analysis

- Oakland and Los Angeles both have real or proposed equity programs that may serve as a good model for San Francisco.
- Both cities aim to help people either arrested for cannabis or residents of high-enforcement neighborhoods, and offer a suite of fee waivers, technical assistance, and subsidized loans to equity applicants.
- Other cities and states also put in place policies to try to correct for historical imbalances.
- San Francisco should select the policy components that make the most sense for our city.

### Findings & Recommendations

The Office of Cannabis and supporting agencies chose to present a series of findings and recommendations to guide the Mayor and Board of Supervisors as they legislate an equity program. The following policy areas of focus represent this report's core recommendations:

1. **Eligibility:** Inform eligibility criteria with data, set tiered eligibility criteria to allow most affected groups to receive higher-value benefits, while extending some benefits to a wider range of applicants impacted by the War on Drugs.
2. **Permitting:** prioritize and assist Equity Applicants during the permitting process, and establish an Incubator program to incentivize partnerships between Equity Applicants and other cannabis operators.
3. **Community Reinvestment:** direct new potential funding from local cannabis taxes or the state toward programming for communities impacted by the War on Drugs. Businesses should also be required to describe how their business will provide community benefits.
4. **Workforce Development:** promote equitable employment opportunities at all cannabis businesses, especially for formerly-incarcerated individuals and those living in neighborhoods impacted by the War on Drugs. Expand First Source and Local Hire to cover the cannabis industry.
5. **Financial & Capital Access:** take an active advocacy role to open up banking services, particularly through state and local credit unions, for the cannabis industry.
6. **Technical Assistance:** direct Equity Operators to existing technical assistance resources in the City, and create new technical resources within the Office of Cannabis. Facilitate partnerships with other existing Operators and non-profits to help overcome technical barriers.
7. **Criminal History:** hold streamlined expungement events for citizens convicted of eligible cannabis offenses.
8. **Stakeholder Engagement:** create culturally sensitive and district-specific outreach, and extend Task Force membership to include representatives from communities with high concentrations of individuals eligible for Equity status.
9. **Public Awareness & Education:** deploy an outreach campaign for the Equity Program.
10. **Data Collection & Accountability:** gather data on General and Equity Applicants on a regular basis to analyze the outcomes of the Equity Program, and use this data to refine the program. Enforce compliance of commitments made by applicants.
11. **Modification & Course Correction:** permitting in phases and communicating with stakeholder groups will allow for steady improvement of the regulatory structure.
12. **Land Use & Zoning:** create land use controls that mitigate overconcentration in disenfranchised neighborhoods.

## II. Introduction

Mayor Lee has designated San Francisco's vision to be a safe, vibrant city of shared prosperity. Guided by the Human Rights Commission, the City incorporates strategies and programs that address the challenges resulting from prejudice, intolerance, bigotry, and discrimination. The City undertakes these challenges with the knowledge that the cumulative impact of systemic discrimination has depressed prosperity for us collectively.

In 1964, the stroke of a pen ended legal discrimination in the United States. However, as our country and our city has learned, the deletion of explicitly racist words, amendments to explicitly racist laws, and the terming out of explicitly racist policymakers were insufficient to address centuries of racialized outcomes. In the United States and in San Francisco, the legacy of those discriminatory laws remains: communities of color are still disproportionately incarcerated, unemployed, and impoverished.

The San Francisco Human Rights Commission has developed an equity framework, known as Engineering for Equity, for all City and County of San Francisco departments, including the Office of Cannabis, to provide the tools and strategies essential to making our government services more equitable for all. The equity framework helps city departments create and uphold transformational systems and approach actual and/or perceived limitations with innovation. It reflects the belief that city government can support resilient people and, in partnership with communities, can help develop foundations that uplift all.

This framework builds on shared definitions, developed in the interest of creating alignment across City departments working to ensure that all people are seen and heard fairly. Accordingly, this report adopts the Human Rights Commission's definitions for equity and community:

- **Equity:** Full and equal access to opportunities, power and resources, whereby all people may thrive and prosper regardless of demographics.
- **Community:** Stakeholders across San Francisco's diverse neighborhoods who are either benefited or burdened by public policies.

The legalization of adult-use cannabis presents an urgent opportunity to learn from the past and create accountable mechanisms to achieve shared prosperity. In anticipation of this, on September 5, 2017, the Board of Supervisors unanimously passed Ordinance No. 170859, creating the Office of Cannabis and requesting that the Office of Cannabis, the Human Rights Commission, and the Controller's Office deliver to them and the Mayor no later than November 1, 2017, a report analyzing available data related to disparities in the cannabis industry, and providing recommendations regarding policy options that could (A) foster equitable access to participation in the industry, including promotion of ownership and stable employment opportunities in the industry; (B) invest City tax revenues in economic infrastructure for communities that have historically been disenfranchised; (C) mitigate the adverse effects of drug enforcement policies that have disproportionately impacted those communities; and (D) prioritize individuals who have been previously arrested or convicted for marijuana-related offense.

As detailed in this report, the War on Drugs, has had disastrous impacts in San Francisco. In this city and in cities across the nation, these effects, including the creation of generational poverty, loss of property, community degradation, and loss of educational and employment opportunities, have been disproportionately shouldered by the poor and people of color, specifically African American and Latinx populations.

If the City is serious about improving the quality of life in San Francisco and helping those who have been disproportionately burdened by public policies like the War on Drugs, it must address systemic

barriers and understand the role that policies, practices, and procedures play in creating the current health, safety, economic mobility and community environment circumstances. We must remember the part these factors play in developing an equitable, inclusive and diverse city.

San Francisco is currently considering a proposed regulatory structure for local commercial cannabis activity beginning in 2018. The Commercial Cannabis Regulations Ordinance contemplates the creation of an Equity Program and makes clear that applications for adult-use commercial cannabis activity will not be made available until the City establishes a program designed to foster equitable access to participation in the cannabis industry, including access to workforce and ownership opportunities.

It is our hope that this report and its recommendations help inform the development of a robust equity program that ensures a cohesive, results-oriented strategy. A successful program will strengthen equitable access to the cannabis industry workforce, encourage entrepreneurship, and expand educational opportunities. It will help eliminate discriminatory institutional and structural policies and practices and strive to curtail the stigma against activities now legal under Proposition 64. This will require relevant departments to consider the impact of their services and develop transformational approaches that cut across multiple institutions, to disrupt institutional culture, and shift values and political will to create equity.

### III. Equity Analysis

#### Methodology

This Equity Analysis section first examines the history of drug enforcement policies in the United States and in California, which informs this overall equity analysis. This section also examines arrest rates in San Francisco, starting with a broad view of all drug arrests and narrowing to cannabis arrests. It uses census data and arrests data to highlight which populations in San Francisco have experienced disproportionate levels of cannabis arrests. From there, it defines the size and scope of low-income communities in San Francisco, and geospatially cross-references cannabis arrests with low-income census tracts. The overlap provides some insight into the correlation between cannabis law enforcement and income status, highlighting which local communities have likely been economically disadvantaged by cannabis law enforcement. Finally, this analysis looks into the demographics of the existing legal cannabis industry, from a national perspective and a local one, exhibiting which populations have begun to economically benefit from gradual cannabis decriminalization.

#### Historical & Legislative Context of Cannabis Policies

##### *United States Drug and Cannabis Policy*

Food and drug regulation began in the United States with the Federal Food and Drug Act of 1906. The law permitted the U.S. Department of Agriculture's Bureau of Chemistry to test, regulate, and standardize commercial substances.<sup>1</sup> Between 1906 and 1942, the federal government primarily regulated narcotics through taxation, with the exception of opium and cocaine. The Opium Exclusion Act of 1909 limited opium imports, partially over legitimate concerns regarding the drug's level of addiction and health effects. However, its passage was contemporaneously supported by xenophobic fears of East Asian immigrants, foreshadowing the federal government's racialization of drug policy throughout much of the 20<sup>th</sup> century.<sup>2</sup> The Harrison Act of 1914 created a prescription registry and imposed a special tax on narcotics imports.

In 1927, Congress reorganized the drug regulatory structure by establishing the Food, Drug, and Insecticide Administration, which was shortened to the Food and Drug Administration in 1930. 1930 brought further administrative and bureaucratic changes, including the transfer of powers from existing agencies to the newly created Bureau of Narcotics.<sup>3</sup> The Bureau of Narcotics was given broad jurisdiction over controlling narcotics, and its first commissioner, Harry J. Anslinger, pushed cannabis regulations further towards criminalization and as an outlet for discrimination and marginalization.<sup>4</sup>

Throughout his tenure as Narcotics Commissioner, Anslinger gave speeches across the United States, portraying cannabis as "a scourge on society, ruining the moral fabric of America."<sup>5</sup> Anslinger often implicated Mexicans, Mexican-Americans, and African-Americans as drug users, even stating explicitly that Mexico was responsible for introducing cannabis to the United States.<sup>6</sup> In *Marijuana: A Short History*, John Hudak connects the racialization of cannabis policy to wider geopolitical events at the time. After the

<sup>1</sup> Hudak, John, *Marijuana: A Short History*. Washington, D.C.: Brookings Institution Press, 2016, 32.

<sup>2</sup> *Ibid.*, 34.

<sup>3</sup> *Ibid.*, 35.

<sup>4</sup> *Ibid.*, 35-36.

<sup>5</sup> *Ibid.*, 36.

<sup>6</sup> Anslinger, Harry, *Marijuana, Assassin of Youth*. *The American Magazine*, 124, no. 1 (1937).

Mexican-American War (1846-1848) and continuing into the early 20th century, America received an influx of Mexican immigrants, which further exacerbated existing racial tensions. Hudak writes, "As Americans sought a pretext to vilify this new immigrant community, they found an ideal culprit in marijuana...fear and anti-immigrant sentiment prompted state-level bans on cannabis..."<sup>7</sup>

Anslinger conducted public opinion campaigns to support the criminalization of cannabis at the state and federal levels. By the time Congress passed the Uniform State Narcotic Act in 1932, urging states to unify narcotics laws and implement criminal punishments, 29 states had already criminalized the use of cannabis.<sup>8</sup> The Marijuana Tax Act of 1937 levied a tax on every group involved with producing, distributing, selling and purchasing cannabis, including importers, growers, sellers, prescribers, physicians, veterinarians, patients, and other consumers. Failing to pay any of these taxes resulted in heavy fines and jail time.<sup>9</sup>

Despite facing some objections against implementing harsh punishments for cannabis offenses, Anslinger and Congress continued to criminalize cannabis in stricter terms.<sup>10</sup> The Boggs Act of 1951 created mandatory minimum sentences for those convicted of drug-related offenses. These sentences were soon increased with the Narcotics Control Act of 1956.<sup>11</sup>

The counterculture movements of the 1960s pushed back against social norms and government actions and policies that were perceived as unjust.<sup>12</sup> Cannabis took on a visible role within some of these countercultures, as well as within the music industry and media. Cannabis use increased among American youth, and the United States government, perceiving itself as under siege, responded again with increased criminalization.<sup>13</sup>

Presidential administrations from the 1950s onward frequently pushed the criminalization of cannabis alongside urgent social narratives. President Eisenhower's Interdepartmental Committee on Narcotics published a report in 1956 that detailed the harms of cannabis on youth and communities, without scientifically evaluating the impacts of cannabis usage.<sup>14</sup> One exception was President Kennedy's Advisory Committee on Narcotic and Drug Abuse, established with Executive Order 11076 in 1963, which found that drugs were not grouped together legally based on the risk of addiction or level of health effects, and even stated that mandatory minimums should be reconsidered.<sup>15</sup> However, Kennedy was assassinated shortly thereafter, and his successor, President Johnson, did not take action on many of the Committee's findings.

Despite this, Lyndon B. Johnson had a relatively nuanced stance on drug usage, distinguishing between dealers and users and recognizing the public health and safety need for treatment. However, Richard Nixon's election in 1968 redirected the government's focus back to criminalization and punishment.<sup>16</sup> After Congress passed the Controlled Substances Act in 1970, President Nixon formally declared a "War

<sup>7</sup> Hudak, John. *Marijuana: A Short History*, 38.

<sup>8</sup> *Ibid.*, 37.

<sup>9</sup> *Ibid.*

<sup>10</sup> *Ibid.*, 38-39.

<sup>11</sup> *Ibid.*, 39.

<sup>12</sup> *Ibid.*, 41-42.

<sup>13</sup> *Ibid.*, 42.

<sup>14</sup> *Ibid.*, 43-44.

<sup>15</sup> *Ibid.*, 46.

<sup>16</sup> *Ibid.*, 48.

on Drugs".<sup>17</sup> Nixon, however, had been focused on this war for years, as a part of his "Southern Strategy," which sought to marginalize vulnerable populations, especially minorities.<sup>18</sup> In fact, Nixon's adviser, John Ehrlichman, was recorded in a 1981 interview with Lee Atwater, saying:

*We knew we couldn't make it illegal to be either against the war or black, but by getting the public to associate the hippies with marijuana and blacks with heroin, and then criminalizing both heavily, we could disrupt those communities. We could arrest their leaders, raid their homes, break up their meetings, and vilify them night after night on the evening news. Did we know we were lying about the drugs? Of course we did.<sup>19</sup>*

The events and actions that led to Nixon's formal War on Drugs proclamation include a 1969 speech to Congress, in which Nixon declared cannabis a national threat; the Supreme Court case *Leary v. United States*; Operation Intercept, a military operation that seized contraband at the U.S.-Mexico border; and the 1969 Bipartisanship Leadership Meeting on Narcotics and Dangerous Drugs.<sup>20</sup>

The 1970 Controlled Substances Act is crucial because it formalized drug schedules, which categorized drugs into legal groups for sentencing and other purposes.<sup>21</sup> However, Congress, not the scientific or medical community, sorted drugs into schedules, placing cannabis in Schedule I alongside drugs with much higher levels of addiction and health effects.<sup>22</sup> The law expanded the government's powers for regulating drugs and gave Nixon the foundation for his upcoming War on Drugs.<sup>23</sup> Nixon's final substantial action in the War on Drugs was his proposal to Congress to reorganize the government agencies that regulate drugs and narcotics, the "Reorganization Plan 2 of 1973".<sup>24</sup> Congress approved and the Drug Enforcement Administration (DEA) was created within the Department of Justice. The DEA consolidated functions and jurisdictions and has consistently received significant increases in funding and employees since its creation.<sup>25</sup>

President Ford continued Nixon's tough rhetoric, expanding the United States' involvement in drug operations internationally. At the same time, Ford supported treatment and prevention, later revealing that drug addiction was a personal issue to his family. Like President Ford before him, Carter worked to stem international drug trafficking while attempting to reform aspects of drug policy at home. In his 1977 "Drug Abuse Message to the Congress," Carter laid out his vision to increase funding for research, create

17 Nixon, Richard. "Special Message to the Congress on Drug Abuse Prevention and Control, June 17, 1971." The American Presidency Project. Accessed October 30, 2017. <http://www.presidency.ucsb.edu/ws/?pid=3048>.

18 Hudak, John. *Marijuana: A Short History*, 50.

19 13th. Directed by A. DuVernay. Produced by H. Barish and S. Averick. United States: Netflix, 2016.

20 Hudak, John. *Marijuana: A Short History*, 51-52; Nixon, Richard. "Special Message to the Congress on the Control of Narcotics and Dangerous Drugs, July 14, 1969." The American Presidency Project. Accessed October 30, 2017. <http://www.presidency.ucsb.edu/ws/?pid=2126>.

21 The Diversion Control Division. "Title 21 United States Code (USC) Controlled Substances Act." U.S. Department of Justice. Accessed October 30, 2017. <https://www.deadiversion.usdoj.gov/21cfr/21usc/811.htm>.

22 Hudak, John. *Marijuana: A Short History*, 54.

23 *Ibid.*, 55.

24 Nixon, Richard. "Message to the Congress Transmitting Reorganization Plan 2 of 1973: Establishing the Drug Enforcement Administration, March 28, 1973." The American Presidency Project. Accessed October 30, 2017. <http://www.presidency.ucsb.edu/ws/index.php?pid=4159>.

25 The Drug Enforcement Agency. "DEA Staffing & Budget." DEA.gov. Accessed October 30, 2017. <https://www.dea.gov/pr/staffing.shtml>.

federal prevention and treatment programs, and shift the government's regulatory focus to drugs with more severe health consequences. Carter's proposals were never realized.<sup>26</sup>

Like Nixon, Reagan incorporated drug policy into his broader political strategy. He continued to expand the United States' drug involvement efforts internationally while enhancing penalties and reducing defenses for the accused domestically.<sup>27</sup> Finally, Reagan expanded education and treatment programs, enlisting the help of First Lady Nancy Reagan. With Executive Order No. 12368, Reagan created the Drug Abuse Policy Office.<sup>28</sup> The Office quickly won a series of legislative successes, including the Comprehensive Crime Control Act of 1984, the Anti-Drug Abuse Act of 1986, and the Anti-Drug Abuse Act of 1988.<sup>29</sup> All of these laws enhanced criminal punishments for drug-related offenses. The 1986 law expanded the crimes to which mandatory minimums applied, and the 1988 law enhanced these minimums.<sup>30</sup> In 1989, President H.W. Bush created the Office of National Drug Control Policy, replacing Reagan's Drug Abuse Policy Office. The director of this office is referred to as the "Drug Czar", whose influence in U.S. drug policy continues to this day.<sup>31</sup>

The 1988 law also increased funding for education programs, and redirected funds in other programs towards drug-related programs. Researchers have evaluated the effectiveness of drug education programs, and found limited, if any, effects on curbing drug use among American youth.<sup>32</sup>

President Bill Clinton incorporated kinder rhetoric when speaking about drug use, although his policies continued to intensify criminal punishments for cannabis.<sup>33</sup> For instance, the Violent Crime Control and Law Enforcement Act of 1994 intensified criminalization, introducing the "three strikes" provision for traffickers, and increased funding for prisons and local law enforcement.<sup>34</sup> After the 1994 law, arrests for cannabis users increased significantly. In 1991, there were around 327,000 arrests for cannabis-related offenses. By 2000, there were over 700,000.<sup>35</sup> Meanwhile, states began legalizing medical cannabis; some states authorized medical cannabis on the day Clinton was reelected to office.<sup>36</sup>

Public opinion about cannabis reversed became increasingly positive in the 1990s and 2000s,<sup>37</sup> a trend that has continued to the present. In 2000, 31% of Americans supported the legalization of cannabis. By

<sup>26</sup> John Hudak. *Marijuana: A Short History*, 67-70; Carter, Jimmy. "Drug Abuse Message to the Congress, August 2, 1977." *The American Presidency Project*. Accessed October 30, 2017.

<http://www.presidency.ucsb.edu/ws/?pid=7908>

<sup>27</sup> Hudak, John. *Marijuana: A Short History*, 73.

<sup>28</sup> Reagan, Ronald. "Executive Order 12368: Drug Abuse Policy Functions, June 24, 1982." *The American Presidency Project*. Accessed October 30, 2017. <http://www.presidency.ucsb.edu/ws/index.php?pid=42672>.

<sup>29</sup> Hudak, John. *Marijuana: A Short History*, 76.

<sup>30</sup> *Ibid.*

<sup>31</sup> *Ibid.*

<sup>32</sup> Engs, Ruth C., and Fors, Stuart W. "Drug Abuse Hysteria: The Challenge of Keeping Perspective." *Journal of School Health* 58, no. 1 (1988): 26-28.

<sup>33</sup> Hudak, John. *Marijuana: A Short History*, 81-82.

<sup>34</sup> *Ibid.*, 82-83.

<sup>35</sup> King, R., and M. Mauer. "The War on Marijuana: The Transformation of the War on Drugs in the 1990's." *The Harm Reduction Journal* 3, no. 6 (2006).

<sup>36</sup> Hudak, John. *Marijuana: A Short History*, 83.

<sup>37</sup> Pew Research Center. "In Debate over Legalizing Marijuana, Disagreement over Drug's Dangers." Accessed October 29, 2017. <http://www.people-press.org/2015/04/14/in-debate-over-legalizing-marijuana-disagreement-over-drugs-dangers/2/>.

2013, nearly 58% of those polled supported legalization.<sup>38</sup> Much of this shift in public opinion is attributed to generational acceptance and an increase in the number of individuals who have tried or used cannabis.<sup>39</sup>

While campaigning for President, George W. Bush conveyed his support for allowing states to determine their own cannabis policies. During a campaign event in Seattle, Bush stated, "I believe each state can choose that decision as they so choose."<sup>40</sup> Despite this initial stance, President Bush's drug policies closely resembled those of his predecessors, focusing on international trafficking, law enforcement and treatment.<sup>41</sup> What's more, the Bush Administration frequently conducted raids on medical cannabis dispensaries, including dispensaries that functioned legally under state law.<sup>42</sup>

President Obama voiced support for the concept of medical cannabis, and promised a Justice Department Policy that would allow dispensaries to operate unimpeded. In a formal memo to United States Attorneys in 2009, Attorney General Holder wrote that the Obama Administration would end raids on cannabis distributors. It states that "...the prosecution of significant traffickers of illegal drugs, including marijuana...continues to be a core priority...pursuit of these priorities should not focus federal resources in your states on individuals whose actions are in clear and unambiguous compliance with existing state laws providing for the medical use of marijuana."<sup>43</sup> Holder did, however, oppose adult-use cannabis. His position became public in response to a 2010 California ballot initiative, which would have legalized adult-use cannabis in California, but failed to win a majority vote.<sup>44</sup>

Then, in 2011, the Justice Department announced a crackdown on medical cannabis dispensaries across the United States. In a memo released on June 29, 2011, Deputy Attorney General James Cole communicated that the Justice Department would prosecute persons involved in producing, distributing, and selling cannabis, "regardless of state law."<sup>45</sup> Shortly afterwards, California's four U.S. Attorneys proceeded to announce criminal charges against cannabis dispensaries and threaten landlords with property seizure (See "California Cannabis Policy," below).

Like George W. Bush before him, Donald Trump vowed to leave medical cannabis policy to individual states while campaigning. As President, however, Trump nominated then-Senator Jeff Sessions for

<sup>38</sup> Swift, Art. "For the First Time, Americans Favor Legalizing Marijuana." Gallup. Accessed October 30, 2017. <http://news.gallup.com/poll/165539/first-time-americans-favor-legalizing-marijuana.aspx>.

<sup>39</sup> Hudak, John. Marijuana: A Short History, 91-92.

<sup>40</sup> Hsu, Spencer. "Bush: Marijuana Laws Up to States; But GOP Candidate Says Congress Can Block D.C. Measure." The Washington Post, October 22, 1999. Accessed October 30, 2017. <http://news.gallup.com/poll/165539/first-time-americans-favor-legalizing-marijuana.aspx>.

<sup>41</sup> Marquis, Christopher. "Bush's \$19 Billion Antidrug Plan Focuses on Law Enforcement and Treatment." The New York Times, February 13, 2002. Accessed October 30, 2017. <http://www.nytimes.com/2002/02/13/us/bush-s-19-billion-antidrug-plan-focuses-on-law-enforcement-and-treatment.html?ref=topics>.

<sup>42</sup> Johnstone, David and Lewis, Neil. "Obama Administration to Stop Raids on Medical Marijuana Dispensaries." The New York Times, March 18, 2009. Accessed October 30, 2017.

<http://www.nytimes.com/2009/03/19/us/19holder.html>; Taylor, Stuart. "Marijuana Policy and Presidential Leadership: How to Avoid a Federal-State Train Wreck." The Brookings Institution, April 11, 2013. Accessed October 30, 2017. <https://www.brookings.edu/research/marijuana-policy-and-presidential-leadership-how-to-avoid-a-federal-state-train-wreck/>.

<sup>43</sup> Taylor, Stuart. "Marijuana Policy and Presidential Leadership: How to Avoid a Federal-State Train Wreck," 20.

<sup>44</sup> Ibid., 21.

<sup>45</sup> Ibid., 22.

Attorney General of the United States,<sup>46</sup> an opponent of medical cannabis and any effort to decriminalize cannabis or to reduce criminal punishments. At a Senate drug hearing in April 2016, Sessions stated:

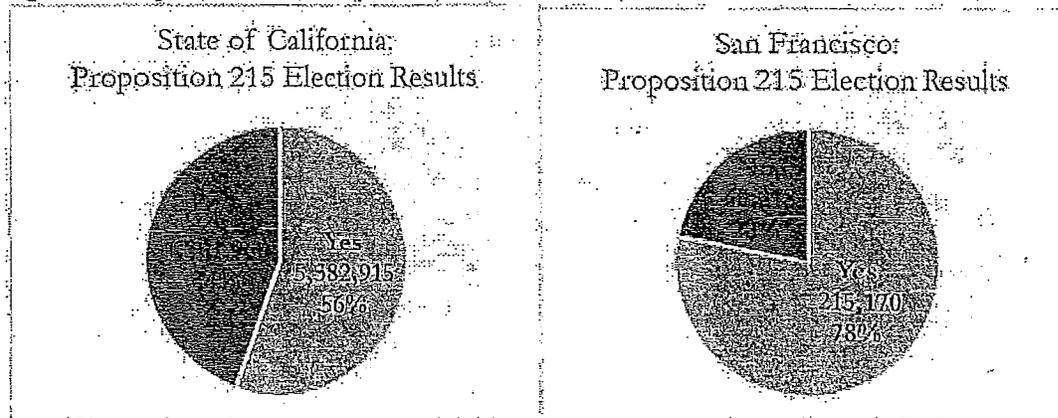
...we need grown-ups in charge in Washington to say marijuana is not the kind of thing that ought to be legalized, it ought not to be minimized, that it's in fact a very real danger...this drug is dangerous; you cannot play with it, it is not funny, it's not something to laugh about...and to send that message with clarity that good people don't smoke marijuana.<sup>47</sup>

Attorney General Sessions' stance on cannabis is reminiscent of Anslinger's statements, which rejected cannabis on moral grounds without acknowledging its similarities to legal substances such as tobacco and alcohol.

### *California Cannabis Policy*

In 1996, California passed Proposition 215, the Compassionate Use Act, with 56% of the votes statewide, and 78% in San Francisco as illustrated in Figure 1 below.

**Figure 1. Proposition 215: Comparison of California and San Francisco Election Results**



In doing so, California became the first state in America to legalize cannabis for medical use. The Compassionate Care Act allowed patients and qualified caregivers to cultivate and possess cannabis for personal use; however it did not provide a regulatory structure.<sup>48</sup> To clarify the Compassionate Use Act, the State Legislature passed Senate Bill 420 in 2003. This bill also provided for the creation of an identification program for qualified patients.<sup>49</sup>

In addition to legalizing medical cannabis, California voters propelled the state's drug policy away from criminalization and harsh punishments. In 2000, voters approved the Substance Abuse and Crime

<sup>46</sup> Ingraham, Christopher. "Trump's Pick for Attorney General: 'Good People Don't Smoke Marijuana.'" *The Washington Post*, November 18, 2016. Accessed October 30, 2017. [https://www.washingtonpost.com/news/wonk/wp/2016/11/18/trumps-pick-for-attorney-general-good-people-dont-smoke-marijuana/?utm\\_term=.854263e133ee](https://www.washingtonpost.com/news/wonk/wp/2016/11/18/trumps-pick-for-attorney-general-good-people-dont-smoke-marijuana/?utm_term=.854263e133ee).

<sup>47</sup> *Ibid.*

<sup>48</sup> "Uniform Controlled Substances Act." California Legislative Information. Accessed October 28, 2017.

[https://leginfo.ca.gov/faces/codes\\_displaySection.xhtml?sectionNum=11362.5&lawCode=HSC](https://leginfo.ca.gov/faces/codes_displaySection.xhtml?sectionNum=11362.5&lawCode=HSC).

<sup>49</sup> "Bill Number: SB 420, Bill Text." California Legislative Information. Accessed October 28, 2017.

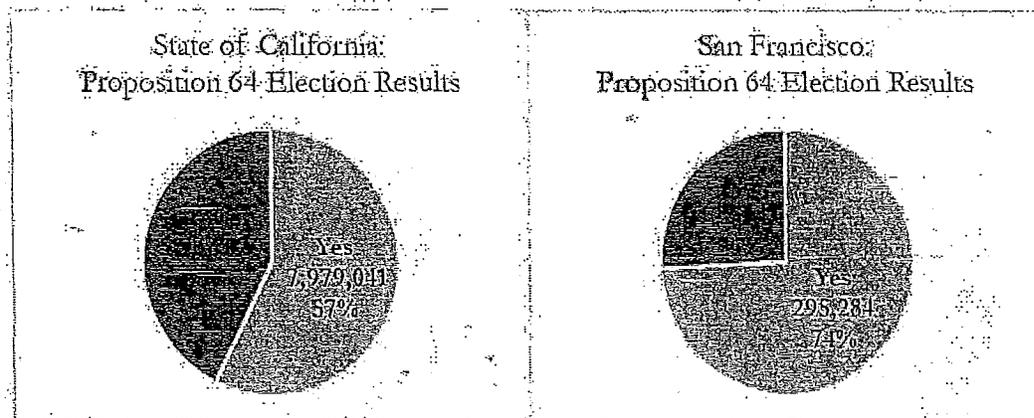
[ftp://www.leginfo.ca.gov/pub/03-04/bill/sen/sb\\_0401-0450/sb\\_0401-0450\\_sb\\_420\\_bill\\_20031012\\_chaptered.html](ftp://www.leginfo.ca.gov/pub/03-04/bill/sen/sb_0401-0450/sb_0401-0450_sb_420_bill_20031012_chaptered.html).

Prevention Act, directing the state to offer eligible offenders treatment rather than jail-time for drug possession and drug use.<sup>50</sup>

Between 2003 and 2015, the commercial cannabis industry grew with few rules and regulations. It wasn't until 2015 and the passage of the Medical Marijuana Regulation and Safety Act that California established a legal framework to regulate and monitor cannabis dispensaries.<sup>51</sup> Originally set to take effect on January 1, 2016, the Medical Marijuana Regulation and Safety Act was amended via the Medical Cannabis Regulation and Safety Act in June 2016. This updated piece of legislation aimed to incorporate stronger environmental protection policies within a comprehensive licensing system.<sup>52</sup>

On November 8, 2016, California voters passed Proposition 64, the Adult Use of Marijuana Act, legalizing the distribution, sale, and possession of cannabis.<sup>53</sup> Proposition 64 passed with 57% of the vote statewide and 74% of the vote in San Francisco, as illustrated in Figure 2 below.

Figure 2: Proposition 64: Comparison of California and San Francisco Election Results



The Adult Use of Marijuana Act (AUMA) of 2016 was modeled on the Medical Marijuana Regulation and Safety Act (MMRSA) of 2015. In 2017 California sought to create one regulatory system for both medical and adult-use use. Therefore, this last June, Governor Jerry Brown signed the Medicinal and Adult Use Cannabis Regulation and Safety Act into law, reconciling the differences between AUMA and MMRSA, and taking a crucial step towards developing a regulatory framework to facilitate a legal, for-profit cannabis sector for both medicinal and adult-use.<sup>54</sup>

50 "The Substance Abuse & Crime Prevention Act of 2000." County of Santa Clara's Public Defender Office, March 13, 2013. Accessed October 28, 2017. <https://www.sccgov.org/sites/pdo/Pages/SACPA.aspx>.

51 "AB-243, Medical Marijuana." California Legislative Information. Accessed October 30, 2017. [https://leginfo.ca.gov/faces/billNavClient.xhtml?bill\\_id=201520160AB243](https://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=201520160AB243).

52 "SB-643, Medical Marijuana." California Legislative Information. Accessed October 29, 2017. [https://leginfo.ca.gov/faces/billNavClient.xhtml?bill\\_id=201520160SB643](https://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=201520160SB643).

53 "AB-64, Cannabis: Licensure and Regulation." California Legislative Information. Accessed October 29, 2017. [https://leginfo.ca.gov/faces/billNavClient.xhtml?bill\\_id=201720180AB64](https://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB64).

54 "SB-94 Cannabis: Medicinal and Adult Use." California Legislative Information. Accessed October 30, 2017. [https://leginfo.ca.gov/faces/billNavClient.xhtml?bill\\_id=201720180SB94](https://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=201720180SB94); "State and Local Cannabis regulations under the Medicinal and Adult Use Cannabis Regulation and Safety Act (MAUCRSA)." The Sonoma County Bar Association. Accessed October 30, 2017. <http://www.sonomacountybar.org/wp-content/uploads/2017/09/12-12-17-Cannabis-Regulation-Safety-Act.pdf>.

### *San Francisco Cannabis Policy*

Prior to the passage of the statewide Compassionate Use Act, San Francisco voters passed Proposition P, Hemp Medication, in 1991. The proposition asked whether San Francisco would recommend that the State of California and the California Medical Association restore "hemp medical preparations" to California's official list of medicines.<sup>55</sup> There were three paid arguments on the ballot in favor of Proposition P, which provided quotes from physicians and cited scientific institutions in arguing for cannabis' medical benefits.<sup>56</sup> Voters approved the proposition with nearly 80% of the vote.<sup>57</sup>

In 1999, San Francisco's Health Commission adopted Resolution No. 29-99, "Supporting the Development and Implementation of a Voluntary Medical Cannabis Identification Card Program."<sup>58</sup> This resolution supported the development of an identification card program for medical cannabis for individuals who qualified under the Compassionate Use Act as patients or primary caregivers. In 2000, the Board of Supervisors formally created San Francisco's current identification program for medical cannabis.<sup>59</sup>

In 2002, the Board of Supervisors placed Proposition S, titled "Medical Marijuana," on the ballot. The proposition was a declaration of policy, directing the Mayor, Board of Supervisors, District Attorney, City Attorney, and Department of Public Health to explore the possibility of creating a program to grow and distribute medical marijuana.<sup>60</sup> Proposition S passed with approximately 62% of the vote.<sup>61</sup>

In March 2005, the Board of Supervisors passed Ordinance No. 64-05, "Zoning — Interim Moratorium on Medical Cannabis Dispensaries."<sup>62</sup> The ordinance expressed concern over the significant increase in the number of individuals enrolled in the city's voluntary medical cannabis identification program, stating "In 2002, there were approximately 2,200 individuals registered...and there are now over 5,000 or 7,000 individuals enrolled."<sup>63</sup> The ordinance acknowledged that there were no mechanisms to regulate or monitor medical cannabis dispensaries and therefore imposed a moratorium on new medical clubs and dispensaries. On November 22, 2005, the Board of Supervisors unanimously passed Article 33 of the San

55 Office of the Registrar of Voters, San Francisco Voter Information Pamphlet and Sample Ballot, PDF, The San Francisco Public Library, 1991. Accessed October 29, 2017.

[https://sfpl.org/pdf/main/gic/elections/November5\\_1991short.pdf](https://sfpl.org/pdf/main/gic/elections/November5_1991short.pdf)

56 *Ibid.*, 146.

57 "San Francisco Ballot Propositions Database." The San Francisco Public Library. Accessed October 29, 2017.

<https://sfpl.org/index.php?page=2000027201&PropTitle=&Description=&PropLetter=p&Month=&Year=1991&submit=Search>.

58 The San Francisco Health Commission. Minutes of the Health Commission Meeting. The San Francisco Department of Public Health, 2000. Accessed October 29, 2017.

<https://www.sfdph.org/dph/files/hc/HCMins/HCMIn2000/HCMIn07182000.htm>.

59 *Ibid.*

60 The Department of Elections, Voter Guide: November 5, 2002, PDF, The City and County of San Francisco, 2002. [https://sfpl.org/pdf/main/gic/elections/November5\\_2002.pdf](https://sfpl.org/pdf/main/gic/elections/November5_2002.pdf).

61 "San Francisco Ballot Propositions Database." The San Francisco Public Library.

62 The San Francisco Board of Supervisors, Ordinance No. 64-05: Zoning - Interim Moratorium on Medical Cannabis Dispensaries, PDF, The City of San Francisco, 2005. Accessed October 30, 2017.

63 *Ibid.*

Francisco Health Code, which provided codes, rules, regulations, and operating procedures for medical cannabis dispensaries.<sup>64</sup>

Despite the city's 2005 moratorium on cannabis dispensaries, San Francisco and its Board of Supervisors continued to support cannabis for medicinal purposes as a whole. In 2007, the Board of Supervisors passed Resolution No. 307-07, "acknowledging [the] importance of safe and legal access to medical cannabis in San Francisco."<sup>65</sup> The resolution further urged the U.S. Attorney's Office in San Francisco to cease from investigating and prosecuting medical cannabis providers, caregivers and patients.

On October 7, 2011, California's four United States Attorneys announced law enforcement efforts against illegal operations within the for-profit cannabis industry.<sup>66</sup> Melinda Haag, the U.S. Attorney General for Northern California at the time, threatened landlords of cannabis dispensaries located near schools with property seizure.<sup>67</sup>

Anticipating the decriminalization of adult-use cannabis for adults, the San Francisco Board of Supervisors created the Cannabis State Legalization Task Force in 2015.<sup>68</sup> The task force is comprised of a range of stakeholders, from representatives of the Department of Public Health, to industry members, and community residents. The task force hosts public meetings to discuss issues related to the regulation of adult-use cannabis activity in an effort to advise the City's policymakers on the legalization of adult-use cannabis. To date, the task force has created over 200 recommendations for consideration.

San Francisco's "Budget and Appropriation Ordinance" for the Fiscal Year 2017-2018 established the Office of Cannabis to coordinate city departments and state agencies for the regulation of commercial cannabis activity in 2018.<sup>69</sup>

### Arrest Rates in San Francisco

To better understand which individuals and communities have been disproportionately impacted by War on Drugs enforcement policies, this section takes available data sets and reviews arrests rates by race, ethnicity, and geographic location in the City and County of San Francisco. The arrest analysis relies on

<sup>64</sup> The San Francisco Department of Public Health, Article 33: Medical Cannabis Act. PDF. The City and County of San Francisco. Accessed October 30, 2017. [https://www.sfdph.org/dph/files/EHSdocs/MedCannabis/MCD-Article\\_33.pdf](https://www.sfdph.org/dph/files/EHSdocs/MedCannabis/MCD-Article_33.pdf).

<sup>65</sup> The San Francisco Board of Supervisors, Resolution No. 307-07: Condemning Prosecution of Medical Marijuana by the Federal Government. PDF. The City of San Francisco, 2007. Accessed October 30, 2017. <http://sfbos.org/ftp/uploadedfiles/bdsupvrs/resolutions07/r0307-07.pdf>.

<sup>66</sup> "California's Top Federal Law Enforcement Officials Announce Enforcement Actions against State's Widespread and Illegal Marijuana Industry," The United States Attorney's Office, October 7, 2011. Accessed October 30, 2017. <https://www.justice.gov/archive/usao/cac/Pressroom/2011/144a.html>.

<sup>67</sup> United States Attorney, Northern District of California. Re: Marijuana Dispensary at REDACTED City and County of San Francisco APN: REDACTED. PDF. KQED. Accessed October 30, 2017. <http://ww2.kqed.org/news/wp-content/uploads/sites/10/2011/10/US-Attorney-marijuana-letter.pdf>.

<sup>68</sup> "Knowledge Sharing & Collaboration: Cannabis State Legislation Task Force," The San Francisco Department of Public Health, 2015. Accessed October 29, 2017. <https://www.sfdph.org/dph/comupg/knowlcol/cs/default.asp>.

<sup>69</sup> Office of the Controller. Budget and Appropriation Ordinance 145-16. PDF. The City and County of San Francisco. Accessed October 29, 2017. <http://sfccontroller.org/sites/default/files/Documents/Budget/FY17%20%26%20FY18%20AAO%20FINAL%20Budget%20with%20tails.pdf>.

data provided by San Francisco Police (SFPD) and Sheriff's Department (SFSO), and features comparable statewide statistics, published by the California Criminal Justice Statistics Center and posted on the Attorney General's Open Justice site (DOJ, 2017).

A broader analysis of all drug arrests was conducted largely by the Center on Juvenile and Criminal Justice (CJCJ), which has issued a series of reports detailing a pattern of racially discriminatory arrest practices in San Francisco, particularly for drug offenses.<sup>70</sup> The analysis begins with CJCJ's review of all drug arrests in San Francisco from 1977 to 2016, with a strong focus on felony arrests, (which include manufacture, sale, and large-quantity drug possession). This report then analyzes San Francisco's cannabis arrests from 1990-2016. The cannabis arrests captured in the data set include felony charges and custodial misdemeanors and infractions.<sup>71</sup> Misdemeanors primarily involve low-quantity possession, though possession of less than an ounce was downgraded to an infraction in 2011.

SFPD and SFSO data have several deficiencies in how race and ethnicity are treated. Most crucially, Hispanic/Latino ethnicity is posited as a type of racial identity in the data, erasing the nuance of race/ethnicity within the Latino community. Hispanic-coded arrests also only represented less than 1% of arrests from 1990-2016, a level that is highly inconsistent with available conviction data for that time period. In other words, it is likely Latino arrests are distributed amongst "White" and other racial categories, which may undermine the validity of arrest rates across racial categories.

In response to the lack of data on adult Hispanic/Latino cannabis arrests, CJCJ supplemented their analysis with statistics from the San Francisco Juvenile Probation Department (SFJPD) (2017) which more accurately reflect how drug arrests differ by race and ethnicity amongst juveniles. Furthermore, the analysis of cannabis arrests is confined to examining African American cannabis arrests percentages relative to their percentage of the population, rather than in comparison to the arrest rates of other racial groups. To compare drug arrests across populations, CJCJ calculated arrest rates by dividing totals by state Department of Finance populations for each age group, gender, and race.

#### *Drug Arrests Analysis, 1977-2016*

CJCJ's study of drug arrest data for felony charges found significant fluctuations in the City's drug law enforcement, primarily involving African American arrest rates. Their key findings included:

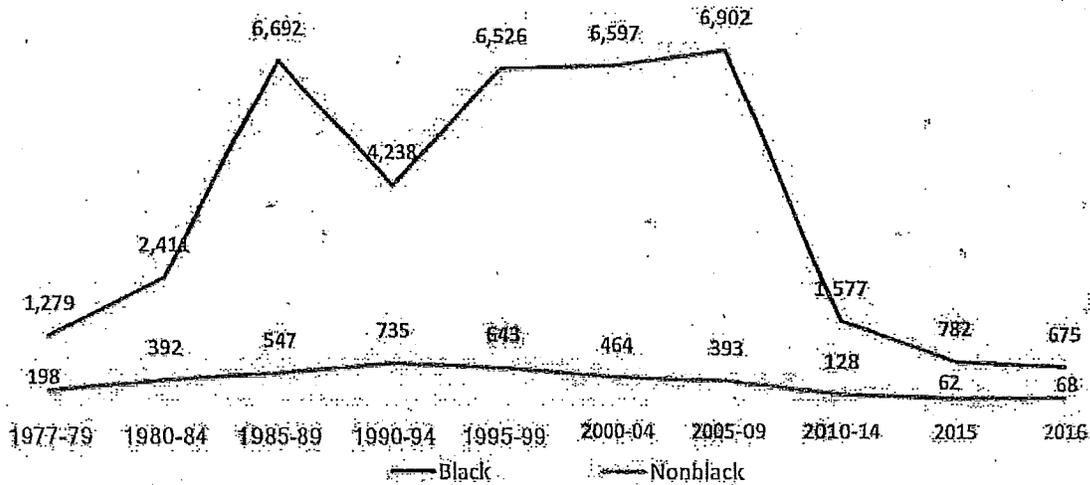
- From 1980 to the mid-1990s, San Francisco's racial patterns in enforcement of drug laws roughly resembled those statewide. Still, African Americans in San Francisco were 4 to 5 times more likely to be arrested for drug felonies prior to the mid-1990s than their proportion of the total population would predict.
- From 1995-2009, San Francisco experienced an explosion in drug felony arrests of African Americans that did not occur elsewhere in the state, nor for other racial categories in San Francisco.
- From 2008-2016, the City's decline in drug arrests for all races was larger than occurred statewide.
- From 2010-2016, drug arrests fell sharply for all races in San Francisco from 2010 through 2016. In 2008, a number equal to 8.7% of San Francisco's African American population was arrested for drug felonies. In 2016, the number had dropped to 0.7%.

<sup>70</sup> See Appendix A: Center on Juvenile and Criminal Justice Drug Arrests Report, 2017.

<sup>71</sup> See Appendix B: Full List of Cannabis Specific Statutes Reviewed.

- From their 2008 peak, drug-felony rates fell 92% among African Americans and by 84% among non-black races in the City (DOJ, 2017). These declines were much larger than occurred elsewhere in California (79% for African Americans, 68% for other races).

Figure 3. San Francisco felony drug arrests by race, per 100,000 population, annual averages (1977-2016)



Source: CJC (2017).

- While some of the decline in felony arrests is due to recent state reforms to reclassify many felony drug offenses as misdemeanors, misdemeanor drug arrests also fell by 90% in San Francisco from 2008 to 2015, also a much larger decline than statewide.
- Racial disparities in 2016 have narrowed from the peak year, 2008, when African Americans in San Francisco were 19.2 times more likely than non-black San Franciscans, and 4.5 times more likely than African Americans elsewhere in California, to be arrested for a drug felony.
- Even at today's much lower levels, however, large racial disparities persist. In 2016, African Americans in San Francisco experienced felony drug arrest rates 10 times higher than San Franciscans of other races, and 2.4 times higher than African Americans elsewhere in California.
- Among youth (a very small sample), Latinos are now twice as likely as African Americans, five times more likely than whites, and nearly 10 times more likely than Asians to be arrested for a drug felony.

Figure 4. Juvenile felony drug arrests per 100,000 population age 10-17, San Francisco vs. rest of California, 2009 vs. 2016

	MALE				FEMALE			
	African American	White	Hispanic	Asian	African American	White	Hispanic	Asian
2009								
San Francisco	2,531.6	237.9	915.1	92.7	2,419.4	69.3	20.8	38.4
California (excluding SF)	486.6	200.6	211.0	120.8	48.1	61.9	29.9	19.4
Ratio: SF drug felony rate vs. CA	5.2	1.2	4.3	0.8	50.3	1.1	0.7	2.0
2016								
San Francisco	76.8	19.4	63.4	25.6	—	—	62.3	—
California (excluding SF)	90.4	38.1	66.9	29.5	11.2	12.2	10.9	4.2
Ratio: SF drug felony rate vs. CA	0.8	0.5	0.9	0.9	—	—	5.7	—

Source: CJCJ (2017)

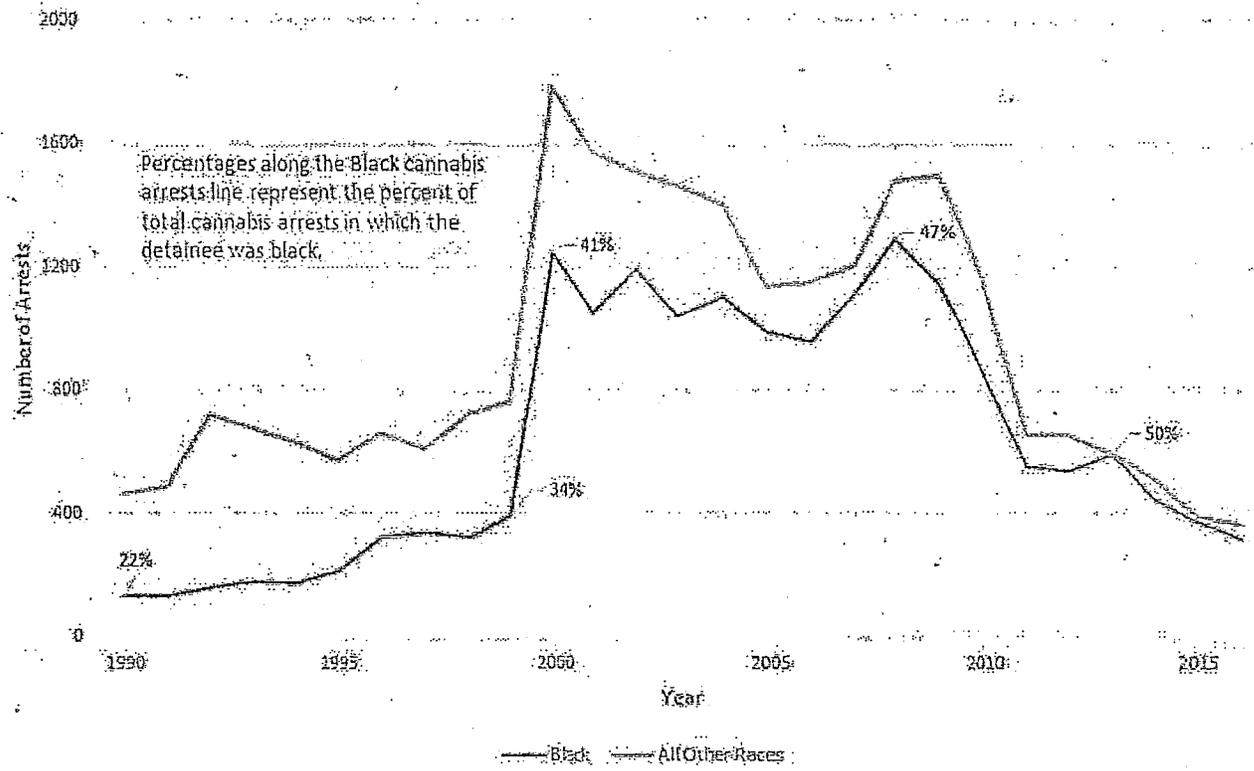
- African American girls and young women were until recently targeted for criminal law enforcement at much higher rates in San Francisco in comparison to all other demographic groups in the City. In 2007 (the peak year for youth drug arrests), San Francisco's African American female youth accounted for 40% of the felony drug arrests of African American female youths in California and had arrest rates 50 times higher than their counterparts in other counties. In 2014-2016, only one African American female youth was arrested in San Francisco for a drug felony.
- In 2007, 125 of the City's 265 youth drug felony arrestees were Latinos, 112 were African Americans, and 12 were Asians. In 2016, seven were Latinos, one was African American, two were Asians, and none were White.
- Racial patterns in drug arrests do not match racial patterns in drug abuse. Of the 816 people who died from abusing illicit drugs in San Francisco during the five-year, 2011-2015 period, 55% were non-Latino Whites, 22% were African Americans, 10% were Latinos, and 9% were Asians. In contrast, 43% of the city's 6,587 drug felony arrests during

#### *Cannabis Arrests, 1990-2016*

Patterns similar to those found in CJCJ's analysis are apparent when specifically examining cannabis-related felony and custodial misdemeanor arrests. As demonstrated in Figure 5 below, from 1990-2016, Black<sup>72</sup> individuals represent an increasingly larger percentage of total cannabis-related arrests in San Francisco. Though Latino arrests were not discernible from the data set, Asian cannabis arrests reflected only 1% of the total arrests from 1990 to 2016.

<sup>72</sup> Arrests are racially coded in the data as "B" for Black or African American in the SFSO cannabis arrests data set, meaning individuals from the African diaspora may also be reflected in the data. This section of the analysis addresses the Black population in San Francisco with an understanding that an overwhelming majority of Black arrests likely involve African Americans.

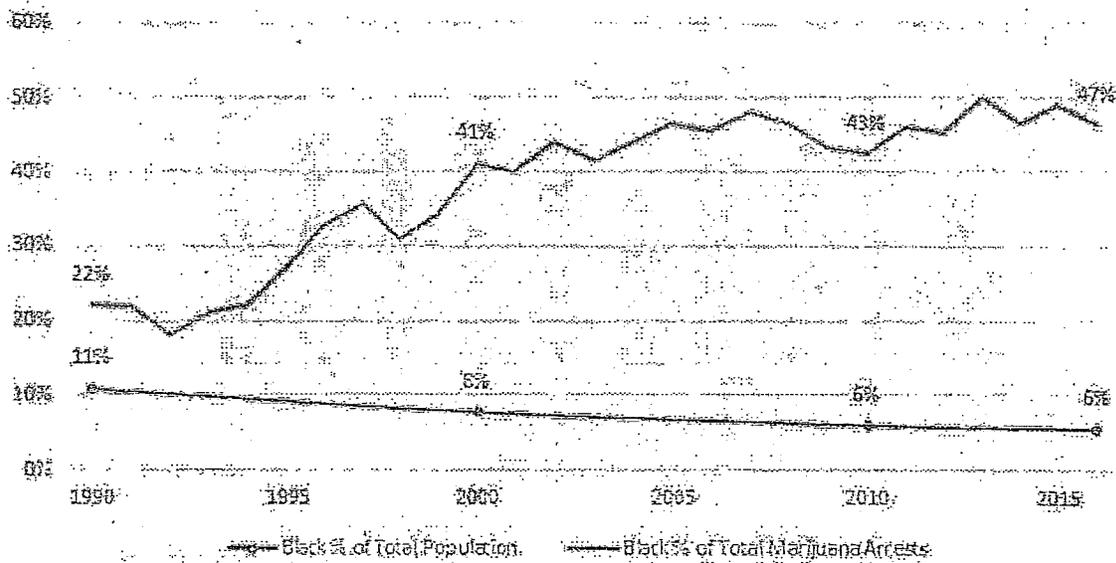
Figure 5. San Francisco Cannabis Arrests for Black Individuals vs. All Other Races (1990-2016)



Source: SFSO arrest data (1990-2016)

The jump in total arrests in 2000 was accompanied by a jump in the disproportionality of Black arrests. Arrests increased by 160% between 1999 and 2000, from 1164 to 3042. The percent of arrests featuring Black detainees went up from 34% to 41% of all arrests, a 20% increase. Despite the high percentage of Black cannabis arrests, Black San Franciscans comprised 7.8% of San Francisco's population in 2000. Even as the number of total arrests drastically falls around 2011, after the downgrading of misdemeanor cannabis possession to an infraction, Black cannabis arrests as a percentage of total arrests hovers around 50%. As Figure 6 shows, Black people only represented 6% of San Francisco's population in 2010.

Figure 6. Percent of Black Cannabis Arrests Compared to Black Population in San Francisco (1990-2016)

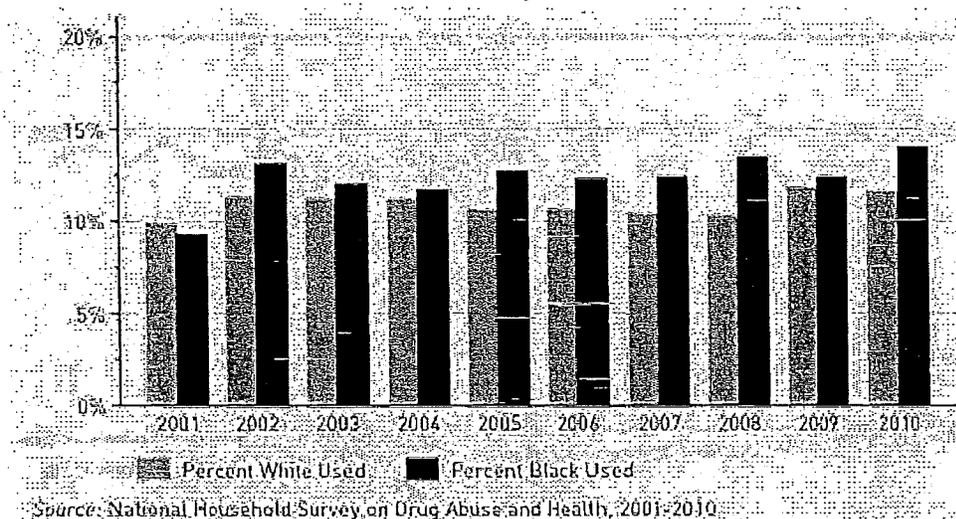


SOURCE: SFSO Arrests Data (1990-2016), U.S. Census (1990, 2000, 2010), American Community Survey (2016)

### Identifying Disadvantaged Communities

As indicated by the racial disparities in San Francisco arrest and booking rates, the War on Drugs has produced disparate arrest rates across racial groups. And while rates of drug use and sale are commensurate across racial lines (see Figure 7), Black and Latino communities interact with the criminal justice system, including via arrests, bookings, and incarceration, at a rate far higher than their White counterparts.

Figure 7. Cannabis Use by Race (2001-2010)



There is a clear relationship between race, the criminal justice system, and economic opportunity, both in San Francisco and nationally. An Obama White House Report, *Economic Perspectives on Incarceration and the Criminal Justice System*,<sup>73</sup> uses economic analysis to understand the costs, benefits, and consequences of criminal justice policies. Notably, the report points out that having a criminal record in the U.S. makes it more difficult to find employment and those who have been incarcerated earn 10 to 40 percent less than similar workers without a history of incarceration.<sup>74</sup> The report also estimates that rates of parental incarceration are 2 to 7 times higher for Black and Hispanic children than White children, and parental incarceration is a strong risk factor for a number of adverse outcomes, including but not limited to mental health problems, school dropout, and unemployment. Finally, the report concludes that consequences of interactions with the criminal justice system can include not only negative impacts on employment, but also health, debt, transportation, housing, and food security, and on a national level,

<sup>73</sup>[https://obamawhitehouse.archives.gov/sites/default/files/page/files/20160423\\_cea\\_incarceration\\_criminal\\_justice.pdf](https://obamawhitehouse.archives.gov/sites/default/files/page/files/20160423_cea_incarceration_criminal_justice.pdf)

<sup>74</sup> Executive Summary, page 5: "Recent job application experiments find that applicants with criminal records were 50 percent less likely to receive an interview request or job offer, relative to identical applicants with no criminal record, and these disparities were larger for Black applicants."

these impacts are “disproportionately borne by Black and Hispanic men, poor individuals, and individuals with high rates of mental illness and substance abuse.”<sup>75</sup>

Overall, the White House report makes clear that interactions with the criminal justice system, including through enforcement of cannabis-related activity, can have negative and consequential economic impacts on the arrestee and their immediate family.

#### *Identifying San Francisco’s Disadvantaged Community*

San Francisco’s data on arrest rates by location is inadequate for the purposes of mapping arrest rates by geographic locations over an extensive period of time, and therefore understanding long-term impacts of over-policing in certain communities (i.e. prior to 2010). However, this analysis utilizes available location data of cannabis arrest (occurring between January 2010 - October 2017), for the purposes of understanding where high arrest rates overlap with economically disadvantaged communities (see Figure 9 on the following page).

For 2017, California Department of Housing and Community Development defines San Francisco’s extremely low-, very low- and low-income levels as a household annual income at or below 80% of the Area Median Income for a 4-person household, \$115,300.<sup>76</sup> AMI may be broken down into more exact figures by household size (see Figure 8). However, this analysis considers a low-income household to be any household with a total income less than 80% of San Francisco’s AMI, which is \$92,240. Figure 8 below shows the current areas of the City with the highest percentage of low income populations.

**Figure 8. 2017 San Francisco Income Thresholds by Area Median Income (AMI)**

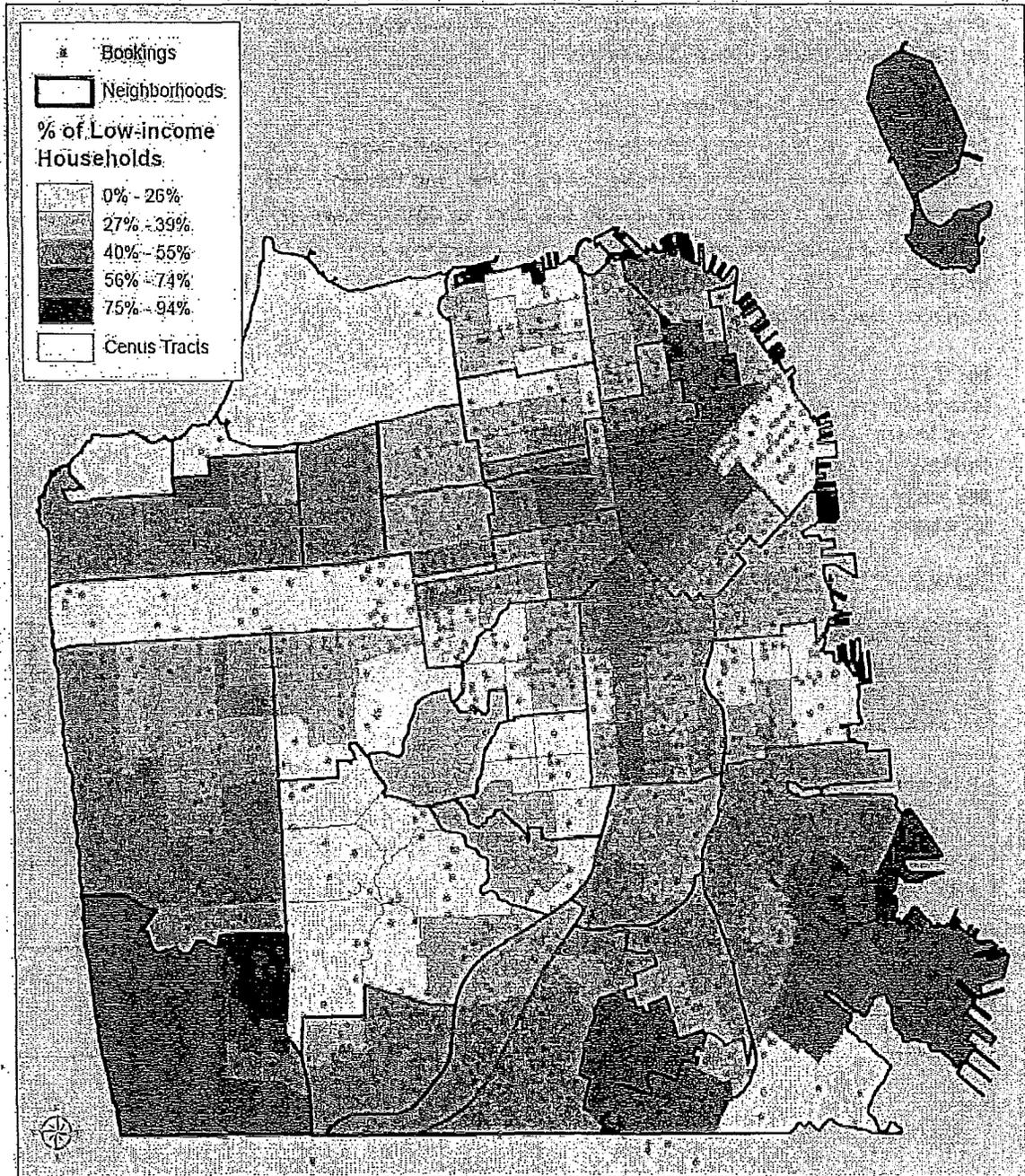
Number of Persons in Household		1	2	3	4	5	6	7	8
San Francisco	Extremely Low	\$27,650	\$31,600	\$35,550	\$39,500	\$42,700	\$45,850	\$49,000	\$52,150
4-Person AMI	Very Low Income	\$46,100	\$52,650	\$59,250	\$65,800	\$71,100	\$76,350	\$81,600	\$86,900
\$115,300	Low Income	\$73,750	\$84,300	\$94,850	\$105,350	\$113,800	\$122,250	\$130,650	\$139,100

<sup>75</sup> Conclusion,

[https://obamawhitehouse.archives.gov/sites/default/files/page/files/20160423\\_cea\\_incarceration\\_criminal\\_justice.pdf](https://obamawhitehouse.archives.gov/sites/default/files/page/files/20160423_cea_incarceration_criminal_justice.pdf)

<sup>76</sup> CA HCD Income Limits for 2017, <http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits/docs/inc2k17.pdf>

Figure 9. Concentration of Low-Income Households at or Below 80% of Median Income by San Francisco Census Tract with Cannabis Bookings by Arrest Location (2010-2017)



Source: Mayor's Office of Housing and Community Development (2017)

To further understand which communities within the City have experienced a disproportionately high number of arrests and potential economic disadvantage as a result, the map in Figure 10 is further refined to show census tracts with both a high number of low income households (defined as <80% AMI) and a significant number of cannabis related arrests. The median percentage of low-income households across San Francisco census tracts is 40.2% according to census data. Additionally, the median number of bookings per 100 people across census tracts for 2010-2016 was 0.43. Therefore, the map in Figure 10 highlights all census tracts that meet the following two criteria:

- A percentage of low-income households higher than the median value of 40.2%
- Bookings per 100 persons in the 70th percentile, or rather greater than 0.83

Of 197 possible census tracts, 43 met both criteria and are represented in blue in Figure 10 below.



Figure 11: Qualified Tracts by Neighborhood, Unemployment Rate, Race Composition, and Cannabis Arrests

Neighborhood	Census Tract	Low-income Households (%)	Unemployment Rate (%)	Racial/Ethnic Minority (%)	Cannabis Arrests per 100 Persons (2010-2017)
Bayview-Flamingo	9809	42.6%	15.8%	56.8%	39.11
	612	62.2%	15.3%	90.0%	7.29
	232	64.0%	14.8%	92.9%	4.75
	231.03	90.7%	17.7%	96.9%	3.35
	234	68.5%	14.9%	97.4%	2.18
Brookfield	9806	58.3%	20.5%	88.9%	1.85
	231.02	76.0%	18.5%	94.7%	1.44
	230.01	53.6%	10.8%	93.1%	1.02
South Beach	260.01	53.9%	7.2%	89.6%	1.01
	117	68.5%	9.9%	67.6%	5.87
Haven Valley	162	47.7%	3.0%	38.2%	1.57
	168.02	42.8%	6.0%	43.3%	1.13
	168.01	40.6%	6.9%	38.6%	1.07
Lakeshore	332.01	75.5%	24.5%	56.8%	1.64
Midtown	9805.01	70.0%	23.6%	93.0%	1.14
	177	41.1%	9.4%	58.8%	9.30
Midtown	201	66.2%	11.3%	71.6%	8.51
	209	59.6%	6.1%	64.1%	2.41
	228.02	54.7%	2.8%	66.0%	2.25
	208	48.5%	7.2%	67.5%	2.05
	229.03	41.3%	5.0%	67.2%	1.35

Neighborhood	Census Tract	Low-Income Households (%)	Unemployment Rate (%)	Racial/Ethnic Minority (%)	Cannabis Arrests per 100 Persons (2010-2017)
	229.01	47.5%	12.7%	74.2%	0.99
	202	49.2%	9.8%	46.6%	0.88
Rob Hill	120	70.4%	5.6%	56.9%	3.20
North Beach	106	64.3%	7.8%	66.3%	2.30
	101	51.1%	5.1%	52.9%	0.97
Portola	257.02	51.8%	5.8%	93.1%	0.94
South of Market	176.01	69.6%	4.6%	72.4%	19.41
	178.02	48.6%	7.3%	59.7%	2.71
	178.01	73.9%	6.7%	72.3%	1.67
	125.01	92.2%	7.1%	73.6%	29.18
	124.02	64.0%	5.3%	60.9%	10.97
	123.01	94.4%	5.0%	69.2%	7.41
Tenderloin	124.01	86.1%	9.1%	72.1%	7.21
	125.02	92.1%	14.1%	85.0%	6.17
	122.02	78.4%	11.8%	64.6%	3.10
	122.01	71.0%	6.5%	63.3%	2.35
	123.02	66.7%	7.2%	61.1%	2.31
	179.02	68.1%	13.3%	71.9%	1.16
Wendell Valley	605.02	82.2%	22.2%	96.6%	2.31
	161	71.7%	10.1%	79.6%	1.71
	158.01	46.6%	12.8%	65.0%	1.35
Western Addition	160	54.5%	4.9%	51.8%	0.98

Source: American Community Survey (2016), SFSO Arrest Data (2010-2017), DataSF (2017)

As Figures 10 and 11 show, more than half of the qualified census tracts fall in Bayview Hunters Point, the Mission, and the Tenderloin combined. These neighborhoods also all feature census tracts with significant rates of unemployment and some of the highest rates of cannabis arrests. It should be noted that this analysis does not establish direct correlation between cannabis arrest and low-income households. For instance, the high number of students residing in Lakeshore may be a driving factor behind the lower income levels present in census tract 332.01, rather than the high cannabis arrest rates. However, given the existing literature on the relationship between economic opportunity and the War on Drugs, the tracts identified above are the places where that relationship is most likely to have had an adverse economic impact.

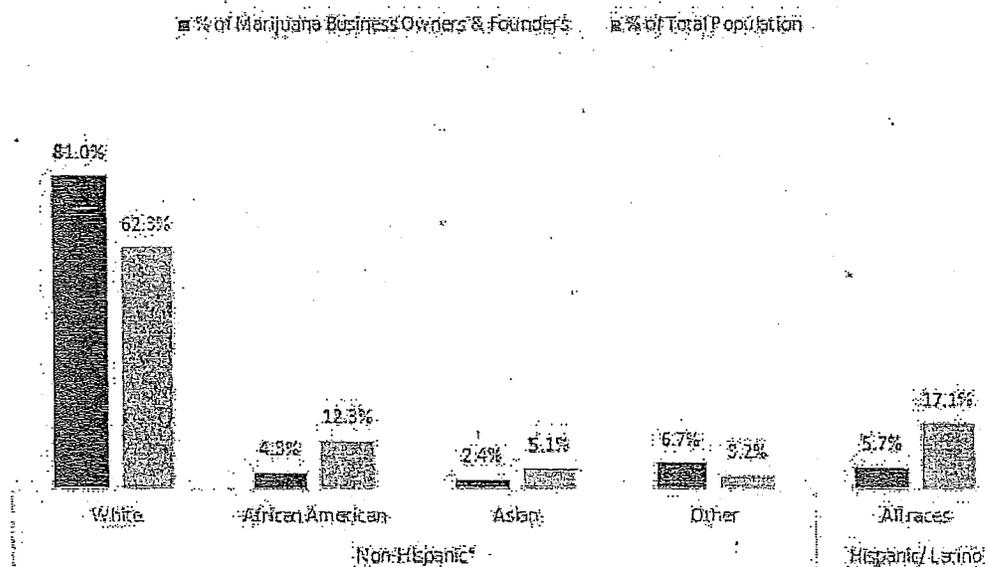
### Existing Cannabis Industry Data

Given the infancy of the legal cannabis market and the continued illicit nature of the industry in a federal context, there is a dearth of quality demographic data on cannabis industry professionals. The existing industry, as discussed in this section, relies on small sample surveys, which limits confidence in how these numbers can be applied to larger populations. However, these surveys are our best look into this emerging industry.

#### National Industry

Marijuana Business Daily conducted an anonymous online poll of 567 self-identified cannabis industry business owners and executives, shedding some light on the composition of the national market.<sup>77</sup> Ethnicity was not treated distinct from race in the Marijuana Business Daily survey, instead requiring Latino respondents to choose between responding to the survey with their race or their ethnicity, not both. It should be noted that this has implications for the data's accuracy. Still, according to the survey, 19% of respondents were racial/ethnic minorities, though racial/ethnic minorities comprise 38.7% of the national population. Under representation affects non-Hispanic African Americans and Asians as well as Hispanic/Latino communities. Non-Hispanic African Americans and Latinos face the highest level of disproportionality, each owning only a third of the market that their share of the national population would imply.

Figure 12: Survey of Race & Ethnicity in the National Cannabis Industry



\*Note: The chart above assumes all survey respondents that did not identify as Hispanic/Latina are non-Hispanic, however this may not be the case given respondents were not given the option to identify both their race and ethnicity.

Source: Marijuana Business Daily (2017), American Community Survey (2016)

<sup>77</sup> Marijuana Business Daily (<https://mjbizdaily.com/women-minorities-marijuana-industry/>)

### California Industry

Almost a third of respondents to the Marijuana Business Daily survey reported that their business headquarters were in California. This is reflective of California's share of the national market, in which California accounted for 27% of 2016 legal market sales.<sup>78</sup> The state also boasts the highest percentage of minority-owned cannabis businesses, according to the survey. Over 23% of California respondents were racial minorities. In comparison to the state's total population, which is 61% comprised of racial/ethnic minorities, there is still significant under representation in the industry.

Figure 13. Survey of Race & Ethnicity in the California Cannabis Industry



\*Note: The chart above assumes all survey respondents that did not identify as Hispanic/Latino are non-Hispanic, however this may not be the case given respondents were not given the option to identify both their race and ethnicity.

Source: Marijuana Business Daily (2017), American Community Survey (2016).

### San Francisco Industry

A small 77-person survey conducted by the San Francisco chapter of the California Growers Association found more diversity in the cannabis industry on a local level than within the nation and the state. Respondents were able to self-identify their race/ethnicity in a free form field. Figure 14 shows that 66% of respondents currently operate a cannabis business in the City, and of them, 32% identified as a racial or ethnic minority. This is a higher percentage than the state's industry as reflected by the Marijuana Business Daily Survey, meaning the San Francisco market may be a heavy influence on the level of diversity in California's cannabis industry. Still, racial and ethnic minorities are 58% of San Francisco's total population (ACS 2016), 26 percentage points higher than the percentage of racial and ethnic minority business operators in the survey. The Asian community is especially underrepresented in the local market, representing 34% of the San Francisco population but only 8.5% of cannabis business.

<sup>78</sup> SF Weekly — <http://www.sfweekly.com/news/california-leads-nation-in-legal-marijuana-sales/>

operators. Additionally, 31% of marijuana business operators responding to the survey were female, a figure well below parity.

Figure 14. Survey of Race & Ethnicity in the San Francisco Cannabis Industry



*\*Note: The chart above assumes all survey respondents that did not identify as Hispanic/Latino are non-Hispanic, however this may not be the case. Source: CA Growers Association - San Francisco Chapter (2017), American Community Survey (2016)*

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## IV. Barriers to Entry

### Key Barriers to Entry into the Adult-Use Cannabis Market

This section provides an overview of factors or barriers that can make entry into the adult-use cannabis market difficult. The barriers to entry identified in Figure 15 are not an exhaustive list, but rather a list of key factors that may be particularly difficult to overcome for communities that have been disproportionately impacted by cannabis drug enforcement. Equity program components should be designed to mitigate these barriers.

Category	Barrier
Financial	Access to Capital or Financing
	Access to Real Estate
	Licensing and Regulatory Fees
Technical	Business Ownership
	Legal and Regulatory
	Tax
	Awareness of Equity Programs
Criminal	Background Checks
Other	Geography
	Distrust in Government

#### Financial Barriers

All new businesses face financial requisites to enter a new market. Access to capital or business financing is necessary to purchase the equipment and labor to get any business up and running. For individuals disproportionately targeted for drug enforcement and consequently, disadvantaged socio-economically during the last decades of cannabis prohibition, these financial barriers can be particularly difficult to overcome.

#### *Access to Capital or Financing*

Even post-decriminalization of marijuana offenses in California, the Drug Policy Alliance and the ACLU found that the cost of marijuana-related infractions "can be a substantial burden for young and low-income people" and was "particularly acute for black people and young men and boys." The cumulative effect of economically disadvantaged neighborhoods that have been disproportionately targeted with enforcement (often with punitive monetary fines) means that many individuals do not have the personal capital to invest in a new business.

Additionally, these individuals are less likely to be able to secure traditional business financing or even open traditional checking accounts associated with their business. As major banks are federally regulated and cannabis remains illegal at the federal level, most banks refuse to offer services to cannabis businesses. Without the initial capital to launch a business venture or to sustain operating costs until profits are realized, these individuals are rendered unable to enter the adult-use cannabis market.

#### *Access to Real Estate:*

Closely related to financing, but of acute concern in San Francisco, is access to real estate. New businesses need a location from which to operate, and San Francisco has an extremely competitive real estate market with some of the highest rents and lowest vacancy rates for commercial and retail properties. Economically-disadvantaged individuals may find San Francisco real estate to be prohibitively expensive, and cannabis entrepreneurs may find banks unwilling to extend loans.

#### *Licensing and Regulatory Fees*

Cannabis businesses intending to operate in San Francisco will be required to obtain a license and pay any applicable fees to legally operate a business. In addition to fees for the license itself, these fees may include regulatory costs (e.g., building inspection, security requirements) as well as license renewal fees to continue operations. Costly licenses combined with complex regulatory requirements disproportionately disadvantage lower-income individuals.

#### *Technical Barriers*

Technical barriers to entry include aspects of business planning, ownership expertise, and operational practices that are typically knowledge-based barriers.

#### *Business Ownership*

Individuals starting a new business may lack the technical knowledge related to business plan creation, accounting, or sales forecasting that are beneficial to any new venture. While these business practices are not unique to cannabis, disadvantaged individuals will have a harder time paying for business classes, technical consultants, and/or contracting out specialized work.

Cannabis-based businesses face an additional technical knowledge gap of learning industry-specific best practices in an industry that has been historically secretive and underground, including cultivation techniques and manufacturing processes used in specialized products that are compliant with San Francisco regulations.

#### *Legal and Regulatory*

Compliance with the legal and regulatory requirements surrounding an adult-use cannabis business is an unpredictable barrier to entry given the current unestablished regulatory framework. Cannabis businesses will require a license to operate from both the State of California and the City and County of San Francisco. San Francisco's licensing process and conditions for operation are not yet established and could be relatively complex to navigate, especially for first-time entrepreneurs. These barriers are more difficult to navigate for lower-income individuals who may not be used to working in this environment and/or unable to afford specialized consulting or legal assistance.

### *Tax*

Cannabis businesses will be subject to traditional state and local business taxes that often require some amount of expertise to ensure proper compliance. Further complicating matters is that cannabis businesses will be subject to a state and local tax system that has not yet been fully established. Without a clear picture of the tax regime, entrepreneurs are unable to estimate their tax burden even if they could accurately forecast all other costs. In this atmosphere, well-funded businesses that can build in a financial contingency for unforeseen tax liability will have an advantage over less economically-advantaged ventures.

### *Awareness of Equity Programs*

If established, an equity program can help mitigate the other barriers to entry presented in this section. A program is only helpful, however, if cities and states conduct the necessary stakeholder outreach such that potentially eligible persons are aware of the program and its benefits as early as possible.

The equity component of licensing becomes particularly important when the total number of cannabis businesses are capped at a certain number, given that well-resourced operators will be able to move toward licensing faster. In a capped licensing framework, there is increased urgency to ensure that potentially-eligible applicants are educated on the equity program before applications are accepted, so that they are not crowded out of a finite number of licenses.

### *Criminal Barriers*

California's Proposition 64 states that applicants cannot be denied a cannabis business license solely because of a prior drug conviction. It is important to recognize, however, that a state license is not the only barrier to entry that can be related to a drug conviction. A criminal record can limit an individual's ability to gain employment, apply for government assistance, or even obtain a loan. In the case of individuals convicted of a drug offense, these cumulative effects coupled with fines, court costs, incarceration, and other subsequent disadvantages can be insurmountable.

### *Background Checks*

While Proposition 64 states that drug offenses will not bar an individual from licensure, other entities that an entrepreneur may encounter can still utilize background checks. For example, a bank can utilize a background check as part of evaluating a loan application. Proposition 64 does not require expungement of previous cannabis convictions from individual's criminal records, meaning that a criminal record can still pose a barrier to entry for many applicants.

### *Other Barriers*

#### *Geography*

Geography can pose as a barrier to entry when allowable zones for cannabis businesses are too far from potential entrepreneurs. While San Francisco's recreational cannabis regulations are not yet established, many cities restrict where these businesses can exist through zoning. Geography will be an important consideration to balance in eventual regulation: on one hand, neighborhoods that have been disproportionately impacted by the War on Drugs should have access to the business opportunities provided by this new market; on the other, there are unknown and potentially negative impacts (such as health impacts) of these businesses on the surrounding neighborhood, and they should not be concentrated in areas already reeling from disproportionate drug enforcement.

### *Distrust in Government*

An important barrier to entry to address is the perception of the current climate surrounding cannabis and legalization. While some individuals may feel encouraged that legalization of commercial and recreational marijuana may mitigate historically racist drug enforcement, others may wonder why a cannabis conviction will stay on an individual's criminal record or how the state will handle federal requests for information about cannabis business operators. The current ambiguity around what is legal at the local, state, and federal levels may create a barrier to entry among populations that do not trust the government to act in their best interest.

As discussed in the *Equity Analysis* section of this report, arrest and conviction of cannabis offenses have disproportionately affected communities of color, despite studies showing relatively similar rates of use of cannabis between racial groups. In this context, trust between these communities and the police or government has been low. These communities may be particularly wary of establishing a registered business in an industry in which they have been historically targeted for criminal enforcement.

## V. Cannabis Equity Program Benchmarking

### Overview of Peer Jurisdictions' Efforts in Equity in Adult-Use Cannabis Implementation

Since the legalization of medical and adult-use cannabis in several states across the country, many cities and states have recognized the inequities imposed by the War on Drugs and implemented programs to achieve equity goals and mitigate barriers to entry into this emerging market.

This section provides a broad overview of equity frameworks in other jurisdictions that are already experimenting with or implementing equity programming in adult-use cannabis. For a summary overview of equity program components and associated mitigated barriers to entry discussed in the previous section, see Appendix C.

To synthesize various possible equity programmatic elements as well as key considerations and lessons learned, the Controller's Office researched local and state adult-use cannabis programs and conducted telephone interviews with the following peer jurisdictions:

- Oakland, CA
- Los Angeles, CA
- Denver, CO
- Massachusetts

California state law regarding cannabis delegates much autonomy to localities over licensure and regulation of cannabis operations. Oakland is the only city in the country to currently have an implemented cannabis equity program. Los Angeles presented a Cannabis Social Equity Analysis to its City Council in October 2017, detailing recommended criteria for equity programming. As the only California peers experimenting with equity frameworks, both are profiled in detail in the figures below.

Massachusetts is also considering equity concepts, but operates on a very different licensing system than California as the state retains more control over licensure and regulation. Denver does not have an established equity program, but has been licensing adult-use cannabis since 2014<sup>79</sup> and is an important comparison as it was the first major city to legalize adult-use of cannabis. Finally, a number of states have recently experimented with equity concepts for either medical or adult-use cannabis, which are also summarized at the end of this section.

<sup>79</sup> The Denver Collaborative Approach: Leading the way in municipal marijuana management (2017 Annual Report).

## Oakland

The City of Oakland's Equity Assistance Program was established by city ordinance and is among the most well-developed programs focused on cannabis equity in the nation. Although it currently only applies to medical dispensary permits, Oakland intends to open the program to adult-use applicants as the state begins to issue adult-use permits in 2018. The program utilizes residency, geographical area, and income conditions to qualify for eligibility in the program as shown in Figure 16 below.

Figure 16. Eligibility Requirements for Oakland's Cannabis Equity Program	
Must be:	
(1) an Oakland resident,	
AND	
(2) earn 80% or less of Oakland average median income (<\$52,650),	
AND	
(a) have lived within 21 high-enforcement police beats for 10 of last 20 years.	OR (b) have been arrested and convicted of a cannabis crime in Oakland after 1996.

Oakland's equity program intends to address financial barriers to entry through a no-interest loan program offered to qualified equity applicants. The funding for this loan program will be made up of local tax revenue from cannabis businesses, but loans will not begin to be distributed until the loan fund reaches a threshold amount of \$3.4 million. Until that time, the permitting of cannabis businesses has been restricted such that permits must be issued to equity and general applicants at a 1:1 ratio – if one equity applicant is permitted, one general applicant can be permitted. After this initial phase, permits will be issued on a first-come, first-served basis, but equity applicants will be eligible for additional benefits (see Figure 17), including technical assistance and fee waivers.

Figure 17. Oakland Cannabis Equity Assistance Program Benefits	
Benefit	Details
Incubator Program	During the initial (restricted) permitting phase, non-equity applicants can receive priority permit issuance for providing an equity applicant with real estate or free rent for three years.
Business Technical Assistance	Oakland has partnered with local consultants and nonprofits to provide both business technical assistance, such as business plan workshops.
Industry Technical Assistance	Oakland has also partnered with local organizations to provide cannabis-specific assistance, such as cultivator permit compliance classes.
Zero-Interest Loans	Equity applicants can receive zero-interest startup loans to cover the costs of establishing a cannabis business.
Fee Waivers	Equity applicants are not assessed a fee for Oakland City permitting.

Oakland has been accepting applications under this equity framework since the end of May 2017 (see Figure 18). It has been tracking data regarding general and equity applicants, and currently have 216 completed applications with a ratio of 106 general applicants to 110 equity applicants. In addition, 27 applicants applied as an incubator with 17 more expressing interest in becoming an incubator.<sup>80</sup>

Figure 18. Oakland Applicant Data (May 2017 – Sept 2017)

Applicant Category	Completed Applications
General Applications (non-equity)	106
Equity Applications (based on residency)	85
Equity Applications (based on conviction)	25
<b>Total Complete Applications</b>	<b>216</b>

As the only major city to have an implemented equity program, Oakland is instructive in what it implemented in its equity program and what it is seeing during the early stages of permitting. Figure 19 below is a summary of Oakland's key components of its equity programming and a brief discussion of key considerations and lessons learned. Green bullets represent potentially advantageous factors, while red bullets indicate potential challenges.

Figure 19. Oakland Equity Assistance Program Considerations

Equity Component	Key Considerations
Eligibility Criteria	<ul style="list-style-type: none"> <li>• The program is targeted to high-cannabis-enforcement zones or cannabis convictions, which clearly defines the eligible population.</li> <li>• Only Oakland residents are eligible, which does not account for recent years of displacement of low-income individuals.</li> <li>• Convictions only include those within Oakland, which does not include Oakland residents convicted anywhere outside the city.</li> </ul>
One-for-One Permitting Framework	<ul style="list-style-type: none"> <li>• Ensures a mandatory level of participation by eligible applicants while other program components are established.</li> <li>• Guards against equity applicants being crowded out of limited number of permits by more well-resourced competitors.</li> <li>• Potential for artificial bottleneck if there are insufficient equity applicants (current data from Oakland does not show this to be the case).</li> <li>• Oakland caps dispensary permits at eight annually. This means that while half of new dispensaries will be from equity applicants, the discrete number of permits is low (four).</li> <li>• There is potential for market distortion given the cap on distribution points (dispensaries) with no cap on cultivation or manufacture facilities.</li> </ul>
Incubator Program	<ul style="list-style-type: none"> <li>• Allows general applicants to receive a benefit for providing benefits to equity applicants, which supports Oakland's equity goals at no cost to the city.</li> <li>• Only applies to real estate; other potential benefits, like money, technical assistance, or equipment are not included.</li> </ul>

<sup>80</sup> Per interview with City of Oakland.

**Figure 19. Oakland Equity Assistance Program Considerations**

Equity Component	Key Considerations
	<ul style="list-style-type: none"> <li>• The program provides a benefit to well-resourced applicants who have the space and/or capital to provide benefits to equity applicants. Small- and medium-sized operators are relatively disadvantaged against larger competitors who can afford this benefit.</li> </ul>
Business Technical Assistance	<ul style="list-style-type: none"> <li>• Use of contracted organizations allows Oakland to minimize city staff while leveraging local industry expertise.</li> <li>• Contracting requires up-front funding before adult use tax revenue is collected.</li> </ul>
Zero-Interest Loans	<ul style="list-style-type: none"> <li>• Provides significant benefit to equity applicants who would otherwise be unable to afford – or even obtain – a private business loan.</li> <li>• The program is dependent upon tax revenue generated by permits to build up enough initial capital to begin issuing funds, but funding streams are potentially limited by the dispensary cap and the one-for-one permitting framework.</li> </ul>

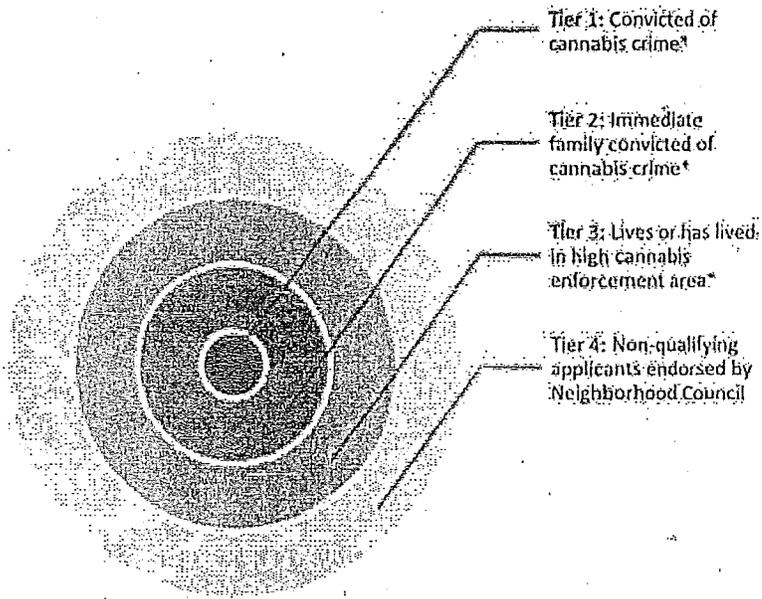
### Los Angeles

Los Angeles' equity program has not yet been established in city ordinance, but an in-depth equity report was delivered to the City Council in October with recommendations that provide guidance on a potential program framework. The report provided options for both program eligibility and services that will be offered to qualifying applicants. While many options were presented, the city ordinance has not yet been passed, so it is currently unknown what exact components will be implemented. As commercial permit applications will be available starting in December 2017, Los Angeles anticipates that its equity program will be implemented as early as spring 2018.

Los Angeles has proposed having two windows for applicants. The first window will permit already-established medical cannabis dispensaries that have been compliant with city regulations. The second window will permit operations on a one-for-one basis: one permit for a general applicant for every permit for a qualified equity applicant (50% general and 50% equity permits). This one-for-one framework is recommended to continue for the life of the equity program, which is currently undetermined.

Los Angeles' Cannabis Social Equity Analysis also proposes a tiered framework (see Figure 20) of eligibility based on the direct and indirect impacts of cannabis law enforcement in an effort to make its equity program as inclusive as possible. Individuals who have been arrested for a cannabis crime (in California) are prioritized, followed by immediate family, then neighborhoods impacted by high enforcement levels, and finally neighborhood-endorsed applicants who are not otherwise qualified but provide a benefit (space, or assistance and capital) to a qualified applicant.

Figure 20. Los Angeles Equity Program Recommended Eligibility Tiers



Each tier of eligibility comes with a different suite of benefits or programming offered to the applicant as detailed in Figure 21 below. A Tier 1 applicant is offered access to all programming, including two benefits not offered to any other group: (i) a City-operated no-interest or low-interest loan program and (ii) an incubator/industry partnership program. Tiers 2 through 4 offer a proportionally reduced set of benefits.

Figure 21. Los Angeles Equity Program Recommended Benefits by Tier							
Tier	Eligibility Criteria	Recommended Benefits					
		Priority Processing	Permitting Assistance	Business Training	Fee Waivers	Loan Program	Incubator/Partnership Program
Tier 1	Low-income resident of LA with a prior cannabis conviction in CA.	✓	✓	✓	✓	✓	✓
Tier 2	Low-income resident of LA with immediate family member convicted of a cannabis-related crime in CA.	✓	✓	✓	✓		
Tier 3	Low-income resident of LA who lives or has lived in eligible districts.	✓	✓	✓	*		
Tier 4	Non-qualifying applicants who are endorsed by a Neighborhood Council.	✓	✓	✓			

\*Eligible for fee deferral

Figure 22 provides details regarding proposed benefits offered to equity applicants.

Figure 22. Los Angeles Recommended Cannabis Equity Program Benefits	
Benefit	Details
Waived Fees	Permitting and inspection fees for qualifying applicants are waived.
No- or Low-Interest Loans	City-managed loan fund offering no- or low-interest loans to eligible applicants.
Incubator/Industry Partnership (Type 1)	General applicants can provide space or capital to eligible applicant to be eligible for a tax rebate and potential qualification as Tier 4 equity applicant. Equity permittees would also receive tax rebate.
Incubator/Industry Partnership (Type 2)	Landlords with currently unpermitted cannabis operations (which is punishable by punitive fines) can receive fine waivers if they provide space to equity applicants.
Technical Assistance	Assistance with navigation of City permitting requirements and compliance.
City Property	City-owned property not eligible for affordable housing may be made available for free or reduced rent to equity applicants.
Conditional Approval	Equity applicants may be eligible for conditional approval of a permit without securing real estate for their operation.

In addition to equity program components for which only eligible permittees qualify, the Los Angeles report also recommends several general conditions or programs, such as workforce commitments and diversity plans from new permittees, community reinvestment, education programs, and expungement events in highly-impacted communities, which are further detailed in Figure 23 below.

Figure 23. Los Angeles Recommended General Equity Components	
Benefit	Details
Streamlining	A streamlined permitting structure and a suite of development standards will reduce operational downtime spent in application review, which disproportionately impacts low-income applicants.
Phased Permitting	After already-existing medical businesses are permitted (grandfathered), equity and general applicants will be permitted on a 1-for-1 basis (50% permits to equity applicants).
Education & Outreach	Outreach and educational programs targeted to potential applicants to spread awareness of the equity program.
Community Reinvestment	Reinvestment fund and programming earmarked for communities disproportionately affected by cannabis enforcement.
Expungement	Expungement events held in disproportionately affected communities to help with criminal expungement.
Workforce	All businesses (not just equity) must commit to 50% eligible workforce (low-income or impacted) and submit a diversity plan.

While the Cannabis Social Equity Analysis made the above equity programming recommendations, there has been no establishment of this program in legislation yet. As such, which combination of components are included the final program remains to be seen, and there is no programmatic data currently available. Nonetheless, for the purpose of this report, Figure 24 includes a summary of these recommended equity programming components and a brief discussion of its key implementation considerations.

Figure 24. Los Angeles Equity Program Considerations	
Equity Component	Key Consideration
Eligibility Tiers	<ul style="list-style-type: none"> <li>LA's eligibility framework provides a progressive level of benefits depending on an applicant's direct or indirect impacts from cannabis enforcement.</li> <li>Conviction-based eligibility includes a conviction anywhere in California, in recognition that disproportionate arrests and convictions happen in many places throughout the state and should not be limited to Los Angeles.</li> <li>As the program is not yet established, which benefits are approved in the final program are unknown. If certain program elements are not approved, it may arbitrarily impact what each eligibility tier qualifies for.</li> </ul>
Community Reinvestment	<ul style="list-style-type: none"> <li>Recommendations include the use of adult use revenue for community reinvestment programs. These programs have the potential to improve opportunity in neighborhoods most disproportionately impacted by the War on Drugs.</li> </ul>
Conditional Approval	<ul style="list-style-type: none"> <li>This allows applicants who have not yet secured real estate to avoid non-operational downtime while their permit application is under review. This offers flexibility to applicants who do not have the resources to carry the cost of commercial rents while they are not operating business.</li> </ul>
Community Outreach & Education	<ul style="list-style-type: none"> <li>These programs can educate potentially eligible individuals about equity programming. These can be targeted to neighborhoods and communities that were highly impacted by the War on Drugs.</li> </ul>
Expungement Events	<ul style="list-style-type: none"> <li>Criminal records expungement can be held in communities that were highly impacted by the War on Drugs. Expungement can mitigate other financial barriers such as denial of business loans based on conviction history.</li> </ul>
Type-2 Incubators	<ul style="list-style-type: none"> <li>To incentivize unpermitted operators to enter the legal market, landlords can receive waivers from significant punitive fines for illegal operations on their property if they offer free space or rent to eligible equity applicants.</li> </ul>
City Property	<ul style="list-style-type: none"> <li>It is recommended that LA consider city-owned property that is not eligible for affordable housing as potential space for eligible applicants to operate for free or reduced rent.</li> <li>This may not be feasible in San Francisco, which faces a similar affordable real estate crunch in a much smaller geographical footprint than LA. There are also legal implications to this policy that must be considered.</li> </ul>

## Massachusetts

Massachusetts approved adult-use cannabis on the November 2016 ballot and has not yet finalized its state licensing framework, although it anticipates issuing licenses in the summer of 2018. In contrast to California, local jurisdictions in Massachusetts are limited to zoning control over cannabis businesses while the state retains control over almost all licensing conditions and regulations. The primary equity provisions are currently comprised of language that was inserted into state legislation, requiring that certain equity provisions be included in the eventual state regulation. These are summarized in Figure 25 below.

Provision	Details
Agency Representation and Legislative Mandates	<ul style="list-style-type: none"> <li>The Cannabis Control Commission must include a certain number of commissioners and advisory board members with backgrounds or experience in social justice and minority business ownership.</li> <li>The Commission must adopt rules to promote participation in the cannabis industry by people from communities that have been disproportionately harmed by cannabis prohibition and enforcement.</li> <li>A subcommittee of the Advisory Board will develop recommendations on women, minority, and veteran-owned businesses, and local agriculture and growing cooperatives.</li> </ul>
Criminal Record	<ul style="list-style-type: none"> <li>People with past cannabis possession charges are eligible to have their records sealed and there will be an awareness campaign to inform the public.</li> <li>Past cannabis offenses will not disqualify an individual from working or owning a cannabis business (except sale to a minor).</li> </ul>
Priority Licensing	Priority licensing for applicants that promote economic empowerment in communities disproportionately impacted by cannabis arrest and incarceration.
Spending Priorities	Fees and revenue will go to a fund used for restorative justice, jail diversion, workforce development, industry technical assistance, and mentoring services.
Variable Co-op Fees	Cultivator license fees for cooperatives (co-ops) will be commensurate with cultivation size to ensure small farmers' access to licenses.
Data Collection and Study	<ul style="list-style-type: none"> <li>Data collection that tracks diversity in the industry is required.</li> <li>The Cannabis Control Commission must report annually on data collected and research any evidence of discrimination or barriers to entry.</li> <li>Additional licensing rules will be promulgated if evidence of discrimination or barriers to entry is found.</li> </ul>

The Massachusetts Cannabis Control Commission is also doing statewide listening sessions with the public to solicit comments and concerns about the eventual regulatory framework. Equity-focused organizations and interested lawmakers have spoken at these sessions to encourage the Commission to implement equity programming and frameworks.

## Denver

The first retail sales of adult-use cannabis in the United States began in Denver on January 1, 2014. Denver accounts for 40% of the state of Colorado's cannabis retailers and reached \$288.3 million in sales in 2016.<sup>81</sup> Although Denver does not have an equity program that explicitly promotes equitable ownership and employment in the cannabis industry, it nevertheless can provide important insights as a city that is much farther ahead in the permitting framework than San Francisco.

Denver regulates the number of permits, manner (i.e., the sales conditions), zoning, and hours of adult-use cannabis. When adult-use cannabis became legal, Denver allowed all existing medical cannabis businesses to apply for a permit if they were permitted by July 2014. In 2016, Denver capped the number of adult-use permits to existing and pending applications. As of January 1, 2017, the City of Denver has issued 429 adult-use permits and 684 medical permits across 484 unique locations.<sup>82</sup>

Denver requires that permit applicants submit a Community Engagement Plan, which details commitments from the business to provide a positive impact in the community. The engagement plan is not specific to equity, but could include an equity component if the business owner so chose. Plans often focus on charitable efforts like food drives, street clean up, or community gardens. The permitting authority in Denver has no enforcement authority to compel accountability to its community engagement plan.

As Denver is multiple years into permitting, they are experiencing secondary impacts of permitting that should be considered by other cities who are just beginning. Figure 26 below summarizes Denver's key lessons learned in permitting cannabis businesses for the past three years that should be considered in San Francisco's implementation of adult-use cannabis and its equity program.

Type	Lesson Learned
Accountability	While Denver requires community engagement plans, it has no enforcement authority to hold permittees accountable to execute the plans.
Financial	It is important to understand how much revenue a city will expect to see and how it can be used, if restricted. Cities must plan for how funds can and cannot be used.
Data	Data collection should be built into the system from the beginning, baselines established early, and efforts should be made to collect data along the entire permitting process. Before and after data is critical to understand the economic impact of the cannabis industry.
Education and Awareness	The public should be educated about what is allowed and what is not in the cannabis industry. Youth and public education should be built into the program from the start and be robust.

<sup>81</sup> The Denver Collaborative Approach: Leading the way in municipal marijuana management (2017 Annual Report).

<sup>82</sup> Ibid.

	Cities should try to understand who is not participating in the legal market and make robust efforts to engage this community.
Social Use	Consumption in private and members-only lounges, which do not sell cannabis but allow its use, is an issue that surfaces with legal cannabis, and how a city wants to permit these establishments should be considered.

### Other State Equity Programs

Other states that have licensed medical cannabis have considered or implemented provisions to promote equitable participation in the industry. These equity components are summarized in Figure 27 below.

**Figure 27: Summary of Equity Components for Medical Cannabis in Other States**

State	Equity Component
Florida	Once the state's medical cannabis patient registry reaches 250,000, three more cultivation licenses will be issued, one of which will be designated for the Florida Black Farmers and Agriculturists Association.
Maryland	Maryland initially issued 15 cultivation licenses but was sued when none were issued to minority-owned applicants. The State Assembly considered but did not act upon a bill that would have allowed seven additional cultivation licenses in the state, all designated for minority-owned companies.
Ohio	State law requires that 15% of licenses go to businesses owned by four identified minority groups.
Pennsylvania	Cultivation and dispensary applicants must submit diversity plans that include how they promote racial equity through ownership, employment, and contracting. The state must also help minority groups learn how to apply for licenses.
West Virginia	State law requires that regulators encourage minority-owned businesses to apply for growing licenses.

## VI. Findings and Recommendations

The following section seeks to provide recommendations<sup>83</sup> regarding policy options that could (A) foster equitable access to participation in the industry, including promotion of ownership and stable employment opportunities in the industry (B) invest City tax revenues in economic infrastructure for communities that have historically been disenfranchised, (C) mitigate the adverse effects of drug enforcement policies that have disproportionately impacted those communities, and (D) prioritize individuals who have been previously arrested or convicted for marijuana-related offense. Specifically, this section provides key findings informed by this report's *Equity Analysis*, *Barriers to Entry*, and *Equity Program Benchmarking* sections. The recommendations incorporated are meant to inform policymakers as the City embarks on developing an Equity Program.

Green bullets represent potentially advantageous factors, red bullets indicate potential challenges, and black bullets represent neutral considerations.

Finding 1: Eligibility factors should be focused on specific populations, namely, those that have been disproportionately impacted by cannabis prohibition during the War on Drugs, and criteria should be supported by data.	
ELIGIBILITY	<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p><b>Recommendation:</b></p> <p>The City's Equity Program should set specific criteria that define the population served. Criteria should be data driven to ensure the City meets its goal to prioritize individuals who have been previously arrested and convicted of cannabis-related offenses, or disproportionately impacted by the War on Drugs.</p> <p>Based on data analysis in this report, the City should consider including the following eligibility criteria:</p> <ol style="list-style-type: none"> <li>1) Conviction history associated with cannabis related offense(s).<sup>84</sup></li> <li>2) Immediate family member with a conviction history associated with cannabis related offense(s).</li> </ol> </div> <div style="width: 45%;"> <p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>• Limiting the eligible group allows an affected group to receive higher-value benefits.</li> <li>• Rationale for eligibility criteria must be clear and justifiable, preferably with data, to minimize confusion among groups not included.</li> <li>• Eligibility should, at a minimum, require a cannabis-related arrest and conviction, and should be consistent with the State's conviction history guidelines.</li> <li>• The City will have to decide on whether it should limit convictions to within the City, the Bay Area, the state of California, or anywhere in the United States.</li> </ul> </div> </div>

<sup>83</sup> These recommendations should be subject to City Attorney review prior to implementation.

<sup>84</sup> The City should consider making the following serious criminal convictions not eligible: offenses that include violent felony conviction(s); serious felony conviction(s); felony conviction(s) with drug trafficking enhancements; felony conviction(s) for hiring, employing or using a minor to transport, carry, sell, give away, prepare for sale, or peddle any controlled substance to a minor; or sell, offer to sell, furnish, offer to furnish, administer, or give away a controlled substance to a minor.

<p>3) Low Income Status,<sup>85</sup>  4) Residency Requirement;  5) Ownership Requirements; and if appropriate  6) Geographic Location<sup>86</sup></p>	
<p><b>Recommendation: Eligibility Tiers</b></p> <p>The City should create a tiered structure to provide proportional benefits necessary for each tier's success.</p>	<p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>• Tiered eligibility can offer progressively more valuable services to the most-impacted (directly and indirectly) individuals and mitigate bottlenecks in one-to-one licensing frameworks.</li> <li>• Ensures that applicants with a cannabis conviction history directly benefit from the program.</li> <li>• Ensures limited resources can be targeted most effectively.</li> <li>• Conviction-based eligibility could include convictions within the state, recognizing the impacts of convictions on an individual, regardless of location of arrest/conviction.</li> <li>• More complex eligibility criteria require increased program administration resources.</li> </ul>
<p><b>Recommendation: Ownership</b></p> <p>The City should consider requiring ownership structures of equity applicant operators to reflect a certain percentage. This structure should set a baseline that ensures applicants realize benefits from ownership, including decision making power, but be flexible enough to allow for a variety of ownership structures.</p>	<p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>• Requiring a percentage of ownership and/or control ensures equity operators are realizing the financial benefits of their operations.</li> <li>• Los Angeles suggested 51%+, however, requiring 51%+ ownership may have an unintended impact of lessening outside investor interest and, therefore, may prove to be a capital barrier for equity applicants.</li> </ul>

<sup>85</sup> Low Income is defined as at or below 80% San Francisco's area median income as defined by California Department of Housing and Community Development.

<sup>86</sup> The disadvantaged populations identified in the III. *Equity Analysis* section of this report may serve as an appropriate metric for identifying workforce populations, however, if there is an interest in determining which communities have been disproportionately impacted by the War on Drugs over a sustained period of time, we would recommend further analysis.

PERMITTING	<p><b>Recommendation: Residency</b></p> <p>The City should consider creating a residency requirement to ensure that current and former San Francisco residents who have experienced over policing and have difficulty accessing living wage jobs are the first to benefit from this program.</p>	<p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>• Because of the size of San Francisco's market, and in the interest of ensuring a tempered rollout of new activity, prioritizing residency will allow current and former residents to benefit first from this opportunity.</li> <li>• Los Angeles requires residency for no less than 5 accumulative years, with no less than 70% meeting this requirements, and Oakland requires residency for no less than 10 years.</li> </ul>
	<p><b>Finding 2: Adult-use cannabis permitting should ensure that equity applicants have sufficient opportunity to take advantage of the program and are not crowded out by more well-resourced applicants. It should incentivize ongoing support for Equity applicants, if necessary.</b></p>	
	<p><b>Recommendation: Prioritization</b></p> <p>The City should consider a prioritized permit process to assist Equity Applicants.</p>	<p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>• A faster approval process ensures applicants are not crowded out by more well-resourced applicants.</li> <li>• Permitting conditions could prevent well-resourced competitors from crowding out potential equity applicants.</li> <li>• Prioritization approaches need to be considered in the context of overall tiering and phasing strategies to ensure desired outcomes for equity applicants.</li> </ul>
<p><b>Recommendation: Phasing</b></p> <p>The City should consider permitting phases that layer frameworks in succession. The City should complete an analysis on each phase and this analysis should advise policy adjustments to the Equity Program framework, permitting process, and geographic distribution for the next phase.</p>	<p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>• As currently proposed, in 2018, only 1) Equity Applicants, 2) existing operators, and 3) operators who were operating in compliance with the Compassionate Use Act but were forced to cease activities due to federal enforcement, are eligible to apply for permits.</li> <li>• Existing medical businesses should be permitted in initial permitting phase(s) to ensure continued access to medicinal cannabis for patients.</li> <li>• An overly complex program could delay permit issuance.</li> <li>• In a one-for-one model, there is potential for a bottleneck in licensing if insufficient</li> </ul>	

	<p>numbers of equity-eligible individuals apply.</p>
<p><b>Recommendation: Ratios</b></p> <p>The City should, at a minimum, mandate a requisite number/percentage of equity applicants to new applicants during permitting phases.</p>	<p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>As currently proposed, new general applicants are not eligible for permits in 2018, with the exception of businesses that were previously shut down through federal enforcement. As such, only Equity Applicants will be eligible for new permits in year one.</li> <li>Both Oakland and Los Angeles have implemented or proposed a one-for-one licensing framework during the initial permitting phase that ensures 50% equity applicant participation to every new business.</li> </ul>
<p><b>Recommendation: Provisional Approval</b></p> <p>For Equity Applicants, the City should allow for provisional approval of a permit prior to the applicant securing real estate for their operation.</p>	<p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>Provisional approval of a permittee could help the applicant overcome potential financial barriers to entry by providing investors with more certainty to back that applicant and incentivize investors to provide adequate capital for a physical location.</li> </ul>
<p><b>Recommendation: CB3P for Retail Applicants</b></p> <p>The City should consider extending the Community Business Priority Processing Program to Equity Applicants, specifically retail applicants, to allow for a fast tracked and streamlined Conditional Use review process.</p>	<p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>The CB3P program would provide applicants with time savings and more clear timelines.</li> </ul>
<p><b>Recommendation: Amnesty Program</b></p> <p>The City should consider developing pathways, such as an amnesty program, to encourage existing nonconforming businesses - many of which are small operators who may qualify as Equity Applicants - to transition to the legal market in 2018.</p>	<p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>Ensuring continued operation could mean the operator faces fewer barriers to enter the regulated market.</li> </ul>

**Finding 3: Incubator programs are designed to incentivize partnerships between entrepreneurs or established cannabis operators and equity applicants, helping to achieve equity goals at no cost to the City.**

**Recommendation: Incubator Programs**

The City should consider including a flexible incubator program that allows Equity Applicants to partner with operators who wish to further the City's equity goals. Such partnerships could include combinations of workforce, financial, capital, real estate, and technical assistance provided by non-equity applicants.

**Considerations:**

- Incubator options that allow employers and cannabis operators flexibility to determine appropriate program offering(s) can incentivize private sector investment in equity goals (e.g., real estate and/or mentoring; landlords allowing cannabis businesses on their property)
- Accountability measures must be taken to ensure parties conform to agreements and equity outcomes are achieved.
- Equity incubators incentivize knowledge and resource sharing with Equity Applicants at no cost to the City.
- Oakland has faced criticism that requiring existing businesses to form incubators runs the risk of "hollowing out the middle," where the market shifts toward one that consists only of large, well-funded businesses and equity businesses, a model that could ultimately crowd out equity businesses.

**Recommendation: Incubator Program Priority Processing**

The City should consider extending priority processing to Incubator Program applicants.

**Considerations:**

- Priority processing will allow the City and the incubated operator to realize the equity benefits faster.
- Non-equity existing operators that serve as "incubators" could be eligible to receive priority permit review and issuance.
- Prioritization approaches need to be considered in the context of overall tiering and phasing strategies to ensure desired outcomes for equity applicants.

**Recommendation: Success Metrics**

Metrics should be incorporated into the Equity Program to ensure that operators are

**Considerations:**

- Operators could use Equity Applicants to enter the market in 2018, and provide them with no meaningful benefits.

COMMUNITY REINVESTMENT	<p>helping move Equity Incubator operators towards success.</p>	
	<p><b>Finding 4: Adult-use cannabis revenues can be dedicated to community reinvestment programming that can help to address inequities in cannabis enforcement and lasting impacts to communities of the War on Drugs.</b></p>	
	<p><b>Recommendation: <i>Creation of a Community Reinvestment Fund</i></b></p> <p>The City should consider creating a Community Reinvestment Fund to allocate cannabis tax revenue and focusing investments on those communities disproportionately affected by cannabis enforcement. Programming may include restorative justice, jail diversion, and improving the health and wellbeing of communities that have been affected by the War on Drugs.</p>	<p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>• Community reinvestment offers neighborhood-wide and neighborhood-directed benefits to those who were most disproportionately impacted by cannabis enforcement but are not participating directly in the cannabis economy.</li> <li>• A cannabis tax has not yet been approved by San Francisco voters, and there is little information available on revenues and spending priorities.</li> <li>• Cannabis tax revenues may be an inconsistent source of revenue until the market stabilizes, which could take a few years.</li> </ul>
	<p><b>Recommendation: <i>Anti-Stigma Campaign</i></b></p> <p>The City should consider committing a portion of funding to build on the Department of Health's awareness campaign to further acknowledge the impact of the War on Drugs and the stigma that remains in certain communities.</p>	<p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>• Reducing stigma could help operators better access capital, real estate, and technical assistance.</li> <li>• Community awareness through this campaign can help calm fears that have been developed over decades of misinformation and scare tactics used during the War on Drugs.</li> <li>• In developing a more regular lexicon to use for the regulated activity, City should avoid Drug War language including "crackdown," and "Black market."</li> </ul>
<p><b>Recommendation: <i>Funding for Community Reinvestment</i></b></p> <p>The Office of Cannabis should continue to coordinate with City partners, including the Office of Economic and Workforce Development and the Mayor's Office, to continue advocacy for funding through the Governor's Office of Business and Economic</p>	<p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>• State funding can enhance and supplement the City's ability to meet local equity goals.</li> </ul>	

	<p>Development community reinvestment grants program.</p>	
	<p><u>Recommendation: Equity Plan</u></p> <p>The City should consider requiring applicants to submit, as part of their Community Benefit Agreement, an Equity Plan that describes how the applicant's business supports the Equity goals of the City.</p>	<p><u>Considerations:</u></p> <ul style="list-style-type: none"> <li>This encourages business to think about Equity in the context of it being a community benefit in their surrounding neighborhood, and allows them to consider equity more broadly in the context of their business model.</li> </ul>
	<p><u>Recommendation: Streamline Expungement Opportunities</u></p> <p>Community reinvestment programming should include streamlined expungement events held in neighborhoods that have been disproportionately impacted by the War on Drugs.</p>	<p><u>Considerations</u></p> <ul style="list-style-type: none"> <li>Bringing events to communities enhances overall outreach for the equity program and reduces barriers to navigating the expungement process.</li> <li>Such events should be done in coordination with the Public Defender's Office, the Courts, and other relevant partners, and they should provide clients with an expedient expungement process.</li> </ul>
<p>WORKFORCE DEVELOPMENT</p>	<p><b>Finding 5: All cannabis operators should promote equitable employment opportunities for those communities harmed by the War on Drugs. These opportunities should include hiring formerly-incarcerated individuals, hiring in targeted neighborhoods, and paying living wages.</b></p>	
	<p><u>Recommendations: Leverage Existing Programs</u></p> <p>The City should leverage eligible<sup>87</sup> existing workforce programs to provide pathways to employment in the legal cannabis industry for individuals engaged in street-level drug commerce.</p>	<p><u>Considerations:</u></p> <ul style="list-style-type: none"> <li>Length of program would need to be balanced, making sure participants are job ready while meeting their need to enter the workforce quickly.</li> <li>Accelerated training programs, similar to the models that allow for flexible approaches to certification should be leveraged to expedite and prioritize employment opportunities for persons who meet the equity permit criteria.</li> <li>Cannabis industry workforce program could be modeled after existing OEWD Reentry Services Program.</li> <li>Leveraging existing programs offers people opportunities to build skills for other industries as well.</li> </ul>

<sup>87</sup> The City should recognize that there are some community based organizations that rely on federal funding and may therefore be unable to provide services due to threat of federal enforcement.

<p><b>Recommendations: <i>Expand Workforce Curriculum</i></b></p> <p>The City should consider expanding curriculum to support new workforce and/or entrepreneurship services for street level cannabis participants across industries.</p>	<p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>• The City's approach to curriculum development through GoSolarSF could be used as a model.</li> <li>• This would require engagement and training of new CBOs, in basic workforce knowledge.</li> <li>• There may be limited potential for program growth due to considerations and restrictions around co-mingling cannabis workforce funding with other sources.</li> <li>• This approach would also take time and creating new programming can be costly.</li> <li>• There is a potential lack of data related to industry workforce projections, making it difficult to scope program size and funding.</li> </ul>
<p><b>Recommendations: <i>Workforce Fairs</i></b></p> <p>The City should support a series of workforce fairs with partners including Invest in Neighborhoods, Small Business Commission and others to provide outreach, education, and ownership support.</p>	<p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>• Bringing events to the community can assist with outreach and help build trust with City agencies.</li> </ul>
<p><b>Recommendation: <i>Training Personnel with Industry Experience</i></b></p> <p>The City should consider hiring training personnel who are experienced in the industry transitioned from the unregulated market to regulated cannabis industry to ensure curriculum relevance and applicability.</p>	<p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>• Persons with experience in the unregulated and regulated cannabis market may be well positioned to advise individuals looking to join the regulated market.</li> <li>• These positions could create additional workforce opportunities for persons impacted by the War on Drugs.</li> <li>• Much of the City's workforce training partners make independent personnel decisions.</li> <li>• The need for official industry knowledge could be addressed via future RFP's</li> </ul>
<p><b>Recommendation: <i>Incorporate Local Hire &amp; Refine Requirements</i></b></p> <p>The City should incorporate local hire requirements, and should consider requiring or incentivizing employers to prioritize</p>	<p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>• Given that not all persons who were disproportionately impacted by the War on Drugs are ready to start their own cannabis business, ensuring they have</li> </ul>

<p>applicants from then disadvantaged communities.<sup>88</sup></p>	<p>meaningful access to workforce opportunities in the Cannabis Industry is critical.</p> <ul style="list-style-type: none"> <li>Refining Local Hire requirements to target specific areas of the City could allow us to see more persons from disenfranchised communities enter the workforce pipeline.</li> <li>The City would need to ensure people are hired for full time, fair wage jobs and not just used to obtain the permit.</li> <li>Cannabis businesses could be required through their CBA's to participate in First Source beyond entry-level positions, providing upwardly mobile career pathways in addition to incorporating mid-level placements.</li> <li>A large amount of resources and infrastructure is required by the City for enforcement/reporting, therefore, this would require a funding source as well as time to build the internal capacity.</li> <li>Local Hire and any requirements related to hiring from specific location may add technical human resource burdens to operators when the City should seek to reduce technical burdens.</li> </ul>
<p><b>Finding 6: Existing City legislation can be leveraged to expand equitable employment opportunities.</b></p>	
<p><u>Recommendations: Education on Fair Chance Ordinance</u></p> <p>The City should proactively educate all cannabis businesses on the provisions of San Francisco's Fair Chance Ordinance (FCO) that regulates the use of arrest and conviction records in employment decisions.<sup>89</sup></p>	<p><u>Considerations:</u></p> <ul style="list-style-type: none"> <li>Since the City has determined Prop 47 convictions are "low priority" this would help to ensure those convictions are not used to deny individuals meaningful employment.</li> </ul>
<p><u>Recommendation: Remove Cannabis Conviction Workforce Barriers</u></p>	<p><u>Considerations:</u></p>

<sup>88</sup> As described in Section III, Subsection E, Disadvantaged Communities.

<sup>89</sup> See Appendix D, Existing Resources.

	<p>The City should look at legislating the removal of employment barriers based on cannabis-related convictions across all sectors.</p>	<ul style="list-style-type: none"> <li>• Adding this language to Article 49 of the Police Code (the Fair Chance Ordinance), would help ensure that conduct which is now legal under Proposition 64 does not continue to be a barrier to employment.</li> </ul>
	<p><b>Finding 7: Individuals and neighborhoods that have been disproportionately targeted for drug enforcement and consequently disadvantaged socio-economically may have a particularly difficult time overcoming financial barriers.</b></p>	
<p>FINANCIAL &amp; CAPITAL ACCESS</p>	<p><u>Recommendation: Existing Operator Participation</u></p> <p>The City should incentivize operators that may receive a temporary permit to operate an adult-use business to contribute to the City's equity goals. Any commitments made by operators should remain in place until the operator's Article 16 Community Benefits Agreement is approved.</p>	<p><u>Considerations:</u></p> <ul style="list-style-type: none"> <li>• Proactive participation by existing operators will help the City move towards equity goals before mandates meant to further equity are implemented.</li> </ul>
	<p><u>Recommendation: Access to Banking</u></p> <p>The San Francisco Treasurer and Tax Collector should continue to work closely with the State Treasurer to provide more opportunities for applicants to access banking services, and should play a brokering role with California credit unions to teach/partner with San Francisco based credit unions so that they may serve as a resource to San Francisco based operators.</p>	<p><u>Considerations:</u></p> <ul style="list-style-type: none"> <li>• Mitigates financial barriers</li> </ul>
	<p><u>Recommendation: Consideration for Municipal Bank</u></p> <p>In line with File No. 170448, <i>Urging the Office of the Treasurer and Tax Collector to convene a Municipal Public Bank Task Force</i>, the City should continue to move forward expeditiously with the review of a municipal banking policy to ensure applicants have the opportunity to be provided equitable and transparent access to capital in the absence of federally regulated banks participation.</p>	<p><u>Considerations</u></p> <ul style="list-style-type: none"> <li>• Would create access to banking for the industry as a whole.</li> <li>• Money generated from fees and interest could be used to subsidize loans to equity applicants.</li> </ul>

<p><b>Recommendation: Fee Waivers</b></p> <p>The City should consider waiving application, permit, and inspection fees for some or all equity applicants in their first year to lower financial barriers of entry.</p>	<p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>• There would be substantial cost associated with this on behalf of departments.</li> <li>• “Fairness” for entrepreneurs from disenfranchised communities starting non-cannabis businesses and not receiving such a waiver may become a concern in the business community.</li> </ul>
<p><b>Recommendation: Reducing Social Stigma</b></p> <p>Recognizing that equity permit holders might have limited access to social and financial capital, which could further be impacted by the social stigma associated with cannabis use and sales, the City should invest in a campaign to acknowledge the impact of the War on Drugs and the stigma and bias associated with both users and businesses.</p>	<p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>• The City’s public information campaign could be used to address multiple issues, including facts about the health impacts of cannabis use as well as the racialized history of prohibition and enforcement.</li> </ul>
<p><b>Recommendation: Loans</b></p> <p>The City should create a fund that could receive funds from Equity Incubator applicants, and use this fund to support Equity Operators.</p>	<p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>• This fund can provide a source of revenue prior to the implementation of a cannabis-specific tax.</li> <li>• If needed, it could take time to find a qualified CBO that has no other federal conflicts to administer such a program or internal capacity and staffing would need to be developed.</li> </ul>
<p><b>Recommendation: Setting Tax Rate<sup>90</sup></b></p> <p>In order to address the barrier that well-funded businesses may be more capable of building in financial contingencies for things such as unforeseen tax liabilities, the City should consider tax policies that mitigate the tax burden on equity applicants.</p>	<p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>• Contemplating a tax rate that mitigates the tax burden on equity applicants ensures they remain competitive in a market that has better resourced operators.</li> <li>• Higher tax rates can increase the effective price of cannabis causing some consumers to shift spending to other goods or buy their cannabis outside of the regulated market.</li> </ul>

<sup>90</sup> See Appendix E Taxation: State Structure & Review of Other Jurisdictions’ Tax Structures

TECHNICAL ASSISTANCE	<p><b>Finding 8: New cannabis businesses may face technical knowledge-based gaps around an industry that has been historically underground. Technical barriers can include aspects of cannabis development as well as business planning and operations. These barriers are more difficult to navigate for lower-income individuals who may not be used to working in regulated environments and/or unable to afford specialized consulting or technical assistance.</b></p>	
	<p><b>Recommendation: <i>Create a Simple &amp; Transparent Application Process</i></b></p> <p>The City should create a permitting process that is simple, transparent, and employs technological solutions to help speed and make applicants aware of process from day one.</p>	<p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>A simple intake and application process will make it easier for the applicant to know if they are eligible for a permit, as well as be better informed of what the path towards becoming a permitted business may entail.</li> <li>To support this, a section for cannabis businesses can be added under Businesses Type in the Permit Locator of the San Francisco Business Portal.</li> </ul>
	<p><b>Recommendation: <i>Leverage Existing Resources</i></b></p> <p>The City should steer Equity Program participants in need of business, compliance, and industry-specific technical assistance and mentorship to the various eligible City entrepreneurship and workforce programs currently available, many of which are referred to in the "Existing Resources" section.<sup>93</sup></p>	<p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>Leveraging of existing entrepreneurship and workforce programs minimizes up front cost and resource needs for the Office of Cannabis.</li> </ul>
	<p><b>Recommendation: <i>Matching Opportunities</i></b></p> <p>The City should create a program to match small operators, equity applicants, and interested landlords.</p>	<p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>Leveraging existing relationships with the landlord community, educating them on the regulatory structure could create more real estate opportunities.</li> <li>Matching small operators, including equity applicants, creates potential incubator partnership opportunities, and where/when allowed, co-op partnership opportunities.</li> </ul>

<sup>93</sup> See Appendix D, Existing Resources.

<p><b>Recommendation: Partner with Local Non-Profits</b></p> <p>The City should also consider partnering with local consultants and non-profit organizations to provide cannabis specific business consulting, such as business plan workshops, and regulatory compliance assistance.</p>	<p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>• Use of contracted organizations minimizes the need to hire additional city staff resources while leveraging local industry expertise.</li> <li>• Contracting for technical expertise will require up-front funding before adult use tax revenue is available.</li> <li>• Many business-service-providing nonprofits are funded and/or chartered by the Federal government and will be unable to provide services - substantial time may be needed to develop new CBO partners to create programming in this space.</li> </ul>
<p><b>Recommendation: Staffing in the Office of Cannabis</b></p> <p>The Office of Cannabis should assign a staff member to serve as the primary program coordinator for the program.</p>	<p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>• This staff member will coordinate with City departments, including the Human Rights Commission and the Office of Economic and Workforce Development.</li> <li>• Applicants who meet Equity criteria will receive assistance from this person in completing their application and navigating City processes through coordinated efforts of this program coordinator and staff in the Office of Small Business.</li> </ul>
<p><b>Recommendation: Creation of Curriculum</b></p> <p>The City should encourage local academic institutions such as City College to expeditiously create cannabis specific workforce and entrepreneur training opportunities for San Francisco residents, particularly Equity Applicants, at free or reduced costs.</p>	<p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>• The existing partnership between the City and City College is one that should ensure that San Francisco's residents have access to impactful and meaningful curriculum.</li> </ul>

<p>CRIMINAL HISTORY</p>	<p><b>Finding 9: The War on Drugs has disproportionately affected communities of color. Despite Proposition 64, which allows applicants who have been convicted of drug offenses to be eligible for a cannabis business license in California, a criminal history can limit an individual's ability to gain employment, apply for government assistance, and/or obtain a loan, thereby creating barriers to entry into the adult-use cannabis market.</b></p>	
	<p><b>Recommendation: Streamline Expungement Opportunities</b></p> <p>The City should ensure community reinvestment programming includes expungement events held in disproportionately-impacted neighborhoods.</p>	<p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>• Bringing events to communities enhances overall outreach for the equity program and reduces barriers to navigating the expungement process.</li> <li>• Such events should be done in coordination with the Public Defender's Office, the Courts, and other relevant partners, and they should provide clients with an expedient expungement process.</li> </ul>
<p><b>Recommendation: Navigation to Clean Slate Program</b></p> <p>The application process within the Office of Cannabis should serve as an additional entry point into the San Francisco Public Defender's Clean Slate Program.<sup>32</sup></p>	<p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>• Expungement can mitigate some financial barriers to entry into adult-use cannabis.</li> </ul>	

<sup>32</sup> See Appendix D, Existing Resources.

<b>STAKEHOLDER ENGAGEMENT</b>	<b>Finding 10: Arrest and conviction of cannabis offenses has disproportionately affected communities of color, eroding trust between these communities and law enforcement/government. These communities may be wary of formally entering an industry in which they have been historically targeted for criminal enforcement.</b>	
	<p><b>Recommendation: Creation of Culturally Sensitive + District Specific Outreach</b></p> <p>The City, in consultation with each Supervisor, by creating district specific, culturally sensitive outreach.</p>	<p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>• Rebuilds trusts between equity communities and the government.</li> <li>• Surfaces opinions regarding what is effective and not effective from various stakeholders.</li> <li>• Inform regulators' understanding about the unique operating environment for San Francisco cannabis entrepreneurs.</li> <li>• This outreach increases the chances of program success by recognizing opportunities to proactively engage stakeholders in a familiar environment.</li> <li>• Advisory boards or commission can add additional layers of bureaucracy.</li> <li>• Upfront need of program resources to perform outreach and respond to questions from the public.</li> </ul>
	<p><b>Recommendation: Create Informal Relationships</b></p> <p>The City should create informal relationships (e.g., listening sessions) between regulating entities and a large stakeholder group that includes equity-eligible community members.</p>	<p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>• The relationships may help to build trust in government.</li> <li>• Creating relationships built on trust between regulatory authorities and the community is necessary for the success of the program and for effective regulation.</li> </ul>
<p><b>Recommendation: Create Formal Relationships: Task Force Membership</b></p> <p>The City should create formal relationship between regulating entities and stakeholders that represent equity eligible communities. To that end, the City should consider amending the San Francisco Cannabis State Legalization Task Force membership to provide membership to representatives from neighborhoods and communities with high concentrations of eligible individuals. These representatives should have a cannabis related conviction history and/or should work</p>	<p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>• The relationships may help to build trust in government.</li> <li>• Creating relationship built on trust between regulatory authorities and the community is necessary for the success of the program and for effective regulation.</li> <li>• Advisory boards or commission can add additional layers of bureaucracy and the more formal nature doesn't always lend itself to relationship/trust building.</li> </ul>	

PUBLIC AWARENESS & EDUCATION	<p>with populations that have cannabis related conviction histories.</p>	
	<p><b>Finding 11: An Equity Program is effective if cities and states conduct the necessary public outreach such that potentially eligible persons are aware of the program and its benefits as early as possible.</b></p>	
	<p><b>Recommendation: Program Education &amp; Outreach</b></p> <p>The City should deploy outreach and educational campaigns that spread awareness of the Equity Program across the city but also target neighborhoods and communities with high concentrations of eligible individuals.</p>	<p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>• Mitigation of ambiguity around what is legal at the local, state, and federal levels.</li> <li>• Allows for mitigation of not knowing what opportunities are available.</li> <li>• Allows for mitigation of distrust between law enforcement and those communities disproportionately affected by cannabis arrests and convictions.</li> <li>• This effort would require upfront resources to perform outreach and respond to questions from the public.</li> <li>• The outreach should contemplate concern from the community about oversaturation of cannabis related information exposure to youth.</li> </ul>
	<p><b>Recommendation: Culturally Sensitive Outreach</b></p> <p>Supervisors should participate in creating district specific community and culturally sensitive outreach strategies, to ensure robust, thorough and multicultural outreach and engagement throughout San Francisco.</p>	<p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>• Rebuilds trusts between equity communities and the government.</li> <li>• Surfaces opinions regarding what is effective and not effective from various stakeholders.</li> <li>• This outreach increases the chances of program success by recognizing opportunities to proactively engage stakeholders in a familiar environment.</li> <li>• Upfront need of program resources to perform outreach and respond to questions from the public.</li> </ul>
<p><b>Recommendation: Immediate Outreach</b></p> <p>Outreach to potential applicants should begin as soon as a program is established and prior to when Article 16 applications are accepted.</p>	<p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>• Immediate outreach ensures equity-eligible applicants are not crowded out.</li> </ul>	

**Finding 12: All peer jurisdictions who have implemented adult-use cannabis require data collection to understand the impact of the industry. Oakland and Los Angeles propose tracking data on general and equity applicants on a regular basis to measure the success of its Equity Program.**

**Recommendation:**

The City should incorporate data collection requirements into the application and reporting processes to track that all components of an Equity Program and to measure its impact on the community.

The City should consider incorporating the following data metrics into the application, permitting and permit renewal process:

- Number of equity applicants to apply
  - Types of drug related offenses (aggregate)
  - Income status (aggregate)
  - Race (aggregate)
  - Ethnicity (aggregate)
  - Gender (aggregate)
  - Sexual Identity (aggregate)
  - San Francisco residency status
  - Ownership structure
- Total percentage of ownership by and employment of San Francisco residents
- Workforce characteristics
  - Total number of employees
  - Number of local employees
  - Percent of hours of local employees
    - Full time
    - Part time
  - Percent of hours from employees placed through First Source
  - Other factors that align with mandated or recommended workforce guidelines

Further, to ensure we closely track policing associated with legalization, the City should track and report out on arrest rates, locations of arrests, gender, ethnicity, race, etc.

**Considerations:**

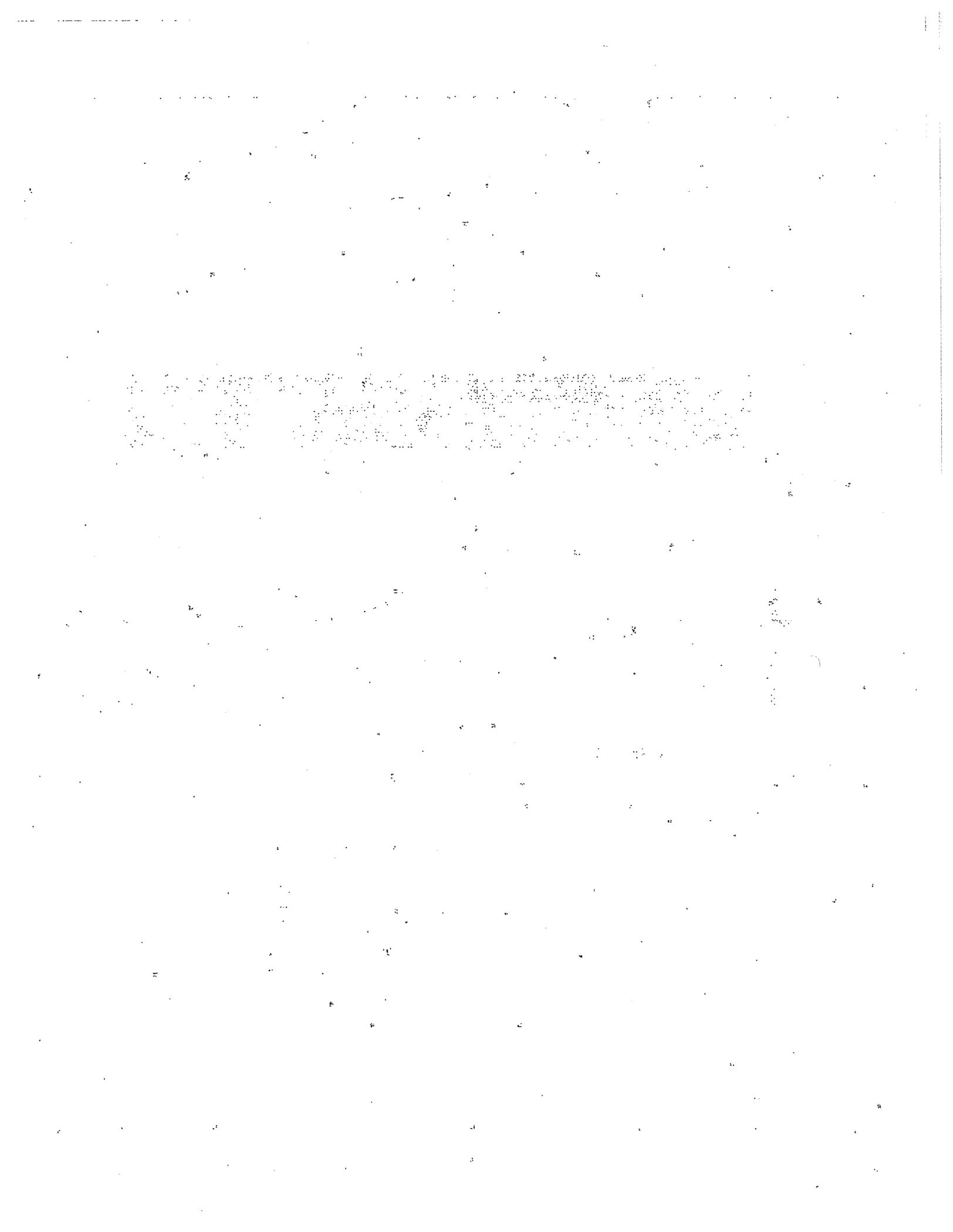
- Data gathering components should be built into the Equity Program from the outset and baselines should be established early.
- Data should be collected along the entire licensing and monitoring process.
- Quality data (e.g., demographic data) is critical for establishing the case for pre- and post-adult use analyses.
- The source of data, particularly law enforcement data, could span various systems and agencies across the City, potentially adding risk to data reliability and accuracy and requiring coordination.

DATA COLLECTION & ACCOUNTABILITY

	<p><b>Recommendation: <i>Require Regular Reporting</i></b></p> <p>The City should require a follow-up report from appropriate agencies including the Office of Cannabis and Human Rights Commission. These reports should analyze the implementation and outcomes of the Equity Program, permitting, and geographic distribution and make programmatic recommendations for 2019.</p>	<p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>Status and outcome reports will be critical for course correction and adjusting the Equity Program to meet community needs.</li> </ul>
<p><b>Finding 13: Without accountability mechanisms in place in an Equity Program, any equity commitments made by permit holders are unenforceable.</b></p>		
	<p><b>Recommendation: <i>Enforcement of CBAs</i></b></p> <p>The City should ensure that commitments (e.g., real estate by incubator applicants) made by permittees must be enforceable by making compliance with community benefit agreements a permit condition that when not followed, leads to a fine, permit suspension or ultimate revocation. The City should regularly audit community benefit agreements to ensure compliance.</p>	<p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>Accountability mechanisms should be clearly identified during the licensing application phase.</li> <li>Equity outcomes could be tied to community benefit commitments.</li> <li>The auditing of CBA's will require significant staff time and resources.</li> </ul>
<p><b>Finding 14: Course correction mechanisms in an Equity Program can mitigate unintended consequences and allow cities to remain flexible in an emerging adult-use cannabis industry.</b></p>		
<p><b>MODIFICATION &amp; COURSE CORRECTION</b></p>	<p><b>Recommendation: <i>Course Correction</i></b></p> <p>The City should plan to mitigate unintended consequences (e.g., worsening of racial disparities in cannabis offenses) through policy implementation changes over time and course-correction mechanisms needed to further equity goals.</p> <p>Examples of course-correction mechanisms include but are not limited to the following:</p> <ul style="list-style-type: none"> <li>Licensing in phases (e.g., equity balance initial phases before unrestricted licensing)</li> <li>Implementation of eligibility requirements in phases to ensure equity outcomes are being met</li> </ul>	<p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>Licensing in phases allows for time to learn and adjust before larger-scaled implementation.</li> <li>Formal relationships between regulatory agencies and a large stakeholder group can uncover key challenges and needed adjustments as well as build trust in an evolving regulatory environment.</li> <li>An evolving licensing and regulatory framework could cause confusion and/or mistrust amongst stakeholders.</li> <li>A formal stakeholder group can add bureaucracy and drown out smaller voices.</li> </ul>

	<ul style="list-style-type: none"> <li>• The creation of formal relationships between regulatory agencies and a large stakeholder group</li> <li>• Flexible incubator options or other incentives to allow for more established retailers to maximize their opportunities for participation in the Equity Program.</li> <li>• The automatic expiration or reduction of provisions and the long-term direction for both governing bodies and revenues.</li> </ul>	
<p>LAND USE &amp; ZONING</p>	<p><b>Finding 15: Geographic barriers for low income or disadvantaged individuals can exist if there is a restricted area of opportunity, and scarcity of available land can drive up real estate value.</b></p>	
	<p><b>Recommendation: Equitable Distribution</b></p> <p>The City should consider land use controls that provide for more equitable distribution of cannabis storefront retail to mitigate overconcentration in disenfranchised neighborhoods</p>	<p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>• By reducing the eligible locations for businesses, scarcity creates further challenges for equity applicants.</li> </ul>
	<p><b>Recommendation: Thoughtful Placement</b></p> <p>The City should consider the concentration of cannabis, tobacco and alcohol retailers when issuing land use approvals.</p>	<p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>• Considering alcohol and tobacco outlet density is important to ensure any one neighborhood is not oversaturated with activity associated with potential health harms.</li> </ul>
<p><b>Recommendation: Task Force Membership</b></p> <p>The City should amend the San Francisco Cannabis State Legalization Task Force membership to provide membership to representatives from disadvantaged communities<sup>93</sup> to ensure that issues related to overconcentration are addressed at the Task Force.</p>	<p><b>Considerations:</b></p> <ul style="list-style-type: none"> <li>• Formal relationships between regulatory agencies and a large stakeholder group can uncover key challenges and needed adjustments as well as build trust in an evolving regulatory environment.</li> <li>• A formal stakeholder group can add bureaucracy and drown out smaller voices.</li> </ul>	

<sup>93</sup> As defined in Section III, Subsection E, Disadvantaged Communities;



**Appendix A. Center on Juvenile and Criminal Justice Drug Arrests Report, 2017**





## San Francisco's Drug Arrests Drop 90% through 2016; Disproportionate Arrests of African Americans Persist

By

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October 2017

### Summary

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Over the last 15 years, the Center on Juvenile and Criminal Justice has issued a series of reports detailing the 40+ year pattern of San Francisco's racially discriminatory arrest practices against African Americans, particularly for drug offenses. In the last seven years, a major new development has arisen: policy reforms and San Francisco's mammoth decline in drug arrests have dramatically reduced the impact of drug offense policing on all communities. The context of today's racial disparities is that San Francisco appears to be rapidly moving away from arrest-oriented drug enforcement, with huge declines in drug arrests over the last three decades (even as the city's population rose by 150,000), capped by a dramatic, 91% plummet in the reform era over the last seven years:

1988-89 (peak years for drug arrests):	Felonies, 22,500; misdemeanors, 6,700; total, 29,200
2008-09 (peak years prior to reform):	Felonies, 14,500; misdemeanors, 4,800; total, 19,300
2015-16 (most recent years):	Felonies, 1,700; misdemeanors, <100; total, 1,800

Further research is necessary to investigate the causes and implications of this statistical trend. For instance, it would be reasonable to explore the role of emergent recreational cannabis legalization in California on policing, keeping in mind that over half of all drug arrests nationally are for cannabis,<sup>1</sup> and that cannabis arrests tend to follow the same racially disparate enforcement patterns that have historically characterized the drug war. Indeed, national data suggests that despite using cannabis at approximately the same rate as whites, African Americans are still 4 times as likely to be arrested for it.<sup>2</sup> In San Francisco, cannabis reform would have had a lesser effect on drug arrest totals (since marijuana offenses comprised fewer than one-fifth of drug arrests prior to reform) but may have been an important, added "signal" to law enforcement to de-prioritize drug arrests. The "previous findings" below illustrate a legacy of racially disparate drug arrests in San Francisco, with a particularly disturbing focus on African American girls and young women.

In sum, this report offers a description and initial analysis of the large drug arrest decline amid persistent racial disparities in felony and misdemeanor drug arrests in San Francisco. It also provides some guidance on how these trends might be viewed in the larger context of drug policy reform according to an international human rights framework. Contemporary drug policy solutions that employ an international human rights framework (1) demand equal protection under the law in form and effect; (2) embrace public health (vs. criminal justice) approaches to addressing problematic forms of drug use; and (3) favor

<sup>1</sup> According to studies by the ACLU, marijuana arrests represented 52% of all drug arrests in 2010, and this pattern seems to persist. See more here: <https://www.aclu.org/gallery/marijuana-arrests-numbers>.

<sup>2</sup> <https://www.aclu.org/gallery/marijuana-arrests-numbers>



legal, regulated drug markets over criminal prohibition. Legalization first serves to eliminate arrest and incarceration (criminal justice) as the primary responses to illicit drug use and sale. Further, legalization can eliminate the profit motive for organized crime—also reducing the violence necessary to regulate illicit markets. Instead, new revenues and opportunities emerge that can be invested in communities most negatively impacted by decades of the disproportionate, punitive, and largely ineffective enforcement of criminal prohibition. Finally, a major objection to legalization—the purportedly bad effect on young people—has been strongly challenged by California’s experience with marijuana and other drug reforms applied to all ages. Declines of 80% in teenaged marijuana arrests since 2010 have accompanied large, *continuing declines* in crime, gun killings, violence, drug offenses, violent deaths, traffic deaths, suicides, school dropout, unplanned pregnancy, and related problems among youth.

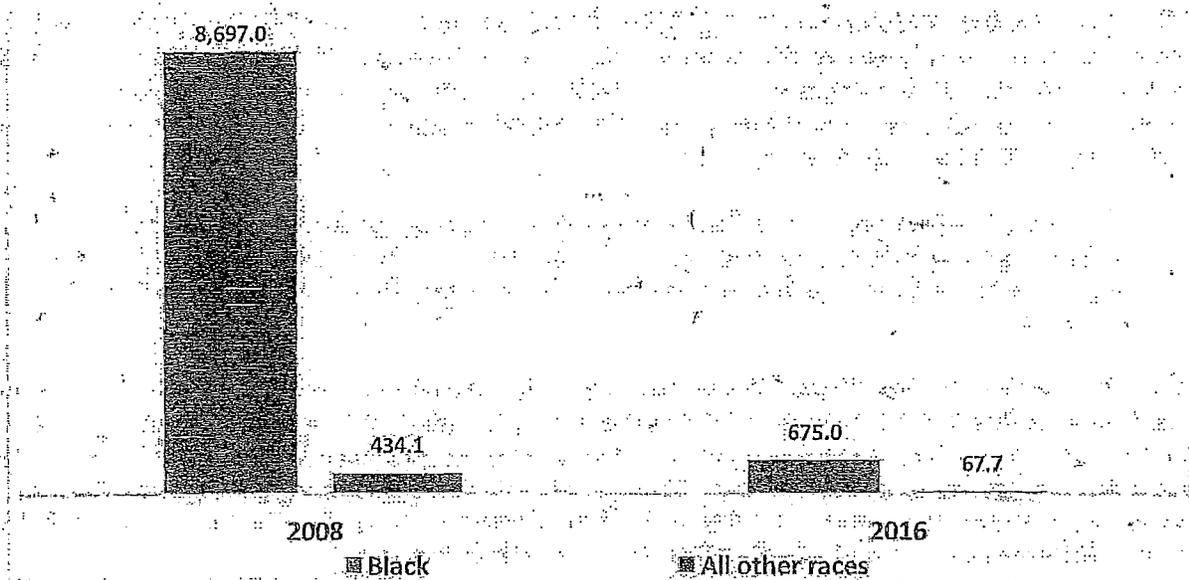
### *Key Findings*

- Drug-law reforms, policing changes, and other, unknown factors have apparently reduced drug felony arrest rates drastically in San Francisco (down 92% for African Americans and 85% for other races from their 2008 peak through 2016).
- In 2008, a number equal to 8.7% of San Francisco’s African American population was arrested for drug felonies. In 2016, the number had dropped to 0.7%.
- Arrest rates of youths in San Francisco for drug felonies have declined by 94% in recent years, including a decline of 98% among African American youth. Only two San Francisco youth were arrested for marijuana offenses in 2016, down from 53 in 2008.
- San Francisco’s explosion in drug felony arrests of African Americans during the 1995-2008 period did not occur elsewhere in the state, nor for other racial categories in San Francisco. Conversely, the city’s decline in drug arrests for all races from 2008 to 2016 was larger than occurred statewide.
- While some of the decline in felony arrests is due to the reclassification of many felony drug offenses as misdemeanors during recent reforms, misdemeanor drug arrests also fell by 90% in San Francisco from 2008 to 2015, also a much larger decline than statewide.
- Racial disparities in 2016 have narrowed from the peak year, 2008, when African Americans in San Francisco were 19.2 times more likely than non-black San Franciscans, and 4.5 times more likely than African Americans elsewhere in California, to be arrested for a drug felony.
- Even at today’s much lower levels, however, large racial disparities persist. In 2016, African Americans in San Francisco experienced felony drug arrest rates 10 times higher than San Franciscans of other races, and 2.4 times higher than African Americans elsewhere in California. Among youth (a very small sample), Latinos are now twice as likely as African Americans, five times more likely than whites, and nearly 10 times more likely than Asians to be arrested for a drug felony.
- In 2007 (the peak year for youth drug arrests), San Francisco’s African American female youth accounted for 40% of the felony drug arrests of African American female youths in California and had arrest rates 50 times higher than their counterparts in other counties. In 2014-2016, only one African American female youth was arrested in San Francisco for a drug felony.



- In 2007, 125 of the city's 265 youth drug felony arrestees were Latinos, 112 were African Americans, and 12 were Asians. In 2016, seven were Latinos, one was African American, two were Asians, and none were White.
- Racial patterns in drug arrests still do not match racial patterns in drug abuse. Of the 816 people who died from abusing illicit drugs in San Francisco during the five-year, 2011-2015 period, 55% were non-Latino Whites, 22% were African Americans, 10% were Latinos, and 9% were Asians. In contrast, 43% of the city's 6,587 drug felony arrests during this period were African Americans (other races are not detailed by San Francisco police).

Figure 1. San Francisco drug felony rates drop 92% for African Americans, 85% for Non-blacks from 2008 to 2016



Sources: DOJ (2017); DRU (2017).

### Background

#### Previous Findings and Reports

Historically, San Francisco's drug war has been waged vigorously, disproportionately affecting communities of color while failing to address the city's serious drug abuse problem. Beginning in 2002, CJCJ issued a series of reports showing San Francisco's arrest rate of African Americans for drug offenses far exceeded that of other racial categories, and of African Americans elsewhere in California (CJCJ, 2002, 2004, 2004a, 2005, 2012). Using detailed arrest figures, CJCJ found staggering racial disparities in local policing that far exceeded the worst of those found in other cities and counties. During that time, San Francisco's African American female youth were arrested for drug offenses at rates 19 times those of local female youth of other races and at 29 times the drug felony rate of African American female youth elsewhere in California. The disproportionate policing of African American female youth for drug offenses did not seem to be driven by relevant research on local drug abuse, which showed 60% of the thousands of deaths over the last decade from illicit drug overdoses involved non-Latino whites,



overwhelmingly concentrated in men and those over 30 years of age. Research by the American Civil Liberties Union of Northern California (2002) produced similar findings on racial profiling by San Francisco authorities in drug law enforcement.

CJCI's findings in 2002 led to presentations to the San Francisco Board of Supervisors (CJCI, 2004; updated 2005; see Appendix A) in an April 2004 hearing called specifically "to consider why the arrest and incarceration rates for young African American women are the highest of any California jurisdiction," along with a complaint to the city's Human Rights Commission (CJCI, 2004a, see Appendix A). These studies and complaints resulted in referrals to various committees and departments but did not result in concrete action, to our knowledge.

CJCI also submitted the findings on the high arrest rates of African American female youth and women to the San Francisco Commission and Department on the Status of Women (2003), established under United Nations covenants, for their report on the city's female youth. Yet, the Commission's *A Report on Girls in San Francisco*, failed to analyze this critical issue, but rather stated it was simply a problem "among girls" it depicted as becoming more criminal:

An alarming trend among girls in San Francisco defies national and local trends for boys. San Francisco girls, as well as girls coming to San Francisco from neighboring communities, are getting arrested in higher numbers and for more serious crimes than girls in other parts of the state (p. 6).

The Commission noted that, "While African American girls make up 12.5% of the 10-17 year old girls in San Francisco, they accounted for over half (57.1%) of the girls being arrested or cited for law violations in 2000" (p. 15). It did not examine alternative explanations for their being arrested at rates nearly 10 times that of other female youth in the city. Issues of discriminatory policing and policies were not raised as one would expect from an investigatory body charged with enhancing the status of women. CJCI's critique of the report in a letter to the Commission expressed dismay.

... that the report states that girls actually are committing these crimes without raising the alternative possibility of a shift in police and program attention. There are reasons within the arrest trends to suggest official policy change rather than girls' behavior—evidence that girls' assaults charged as misdemeanors elsewhere are charged as felonies in SF, the absolutely unbelievable "fact" that SF girls are 10 times more likely to be arrested for drugs and robberies than LA girls, the fact that 1 in 4 African-American girls age 10-17 are arrested every year, etc. I hope that press and officials are not left to assume (as they have so far) that girls (that is, black girls) are factually and obviously becoming more criminal (CJCI, 2002, p. 2).

An updated Commission (2009) report also failed to address racially disproportionate arrest issues. In the few instances in which the issue has been discussed, authorities did not consider alternative explanations for the city's arrest trends or engage in a comprehensive analysis of policing policies. As a result, San Francisco's pattern of significant racial disparities in drug law enforcement persisted through 2009.

Since 2009, as noted, the 91% decline in drug arrests in San Francisco (declines particularly pronounced among African Americans and youth) has constituted a major reform in and of itself. Whether the city's higher than average decline in drug arrests is due to deliberate policy and policing changes or is a



spontaneous reaction by law enforcement to reform measures would be illuminating to determine. In either case, it appears proactive policy changes will be required to confront persistent racial disparities in arrest.

## Method

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Data for this report are taken from San Francisco Police (SFPD) and Sheriff's Department (SFSO) arrest statistics for 1977 through 2016 as well as comparable statewide statistics, published by the state Criminal Justice Statistics Center and posted on the Attorney General's Open Justice site (DOJ, 2017). SFPD data have numerous shortcomings. Alone among California's counties, SFPD and SFSO do not separate arrests by Hispanic ethnicity but instead distribute them among White and Other racial categories. Further, the SFPD classifies 44% of its felony arrests in 2016 as unspecified "other" offenses (not violent, property, drug, sex, or public order offenses). These failings render San Francisco arrest statistics for Whites, Hispanics, and Asians largely useless, arrest totals for specific offenses understated, and both incomparable to state arrests – and also distort state arrest totals. **They also raise the possibility that none of the racial statistics released by the SFPD, including for African Americans, are accurate.**

Thus, statistics from the San Francisco Juvenile Probation Department (SFJPD) (2017) tables on duplicated juvenile drug arrest counts in 2016 by gender, race/ethnicity, and offense are used to estimate the correct proportions by race for this report. No similar adjustments appear possible for adult arrestees. Rates of arrest are calculated by dividing totals by state Department of Finance populations for each age group, gender, and race.

Figures for drug mortality by county, race, ethnicity, gender, and age are from the Centers for Disease Control's (CDC) (2017) mortality files for 2000-15. Included are all deaths that involved residents of San Francisco.

## Analysis

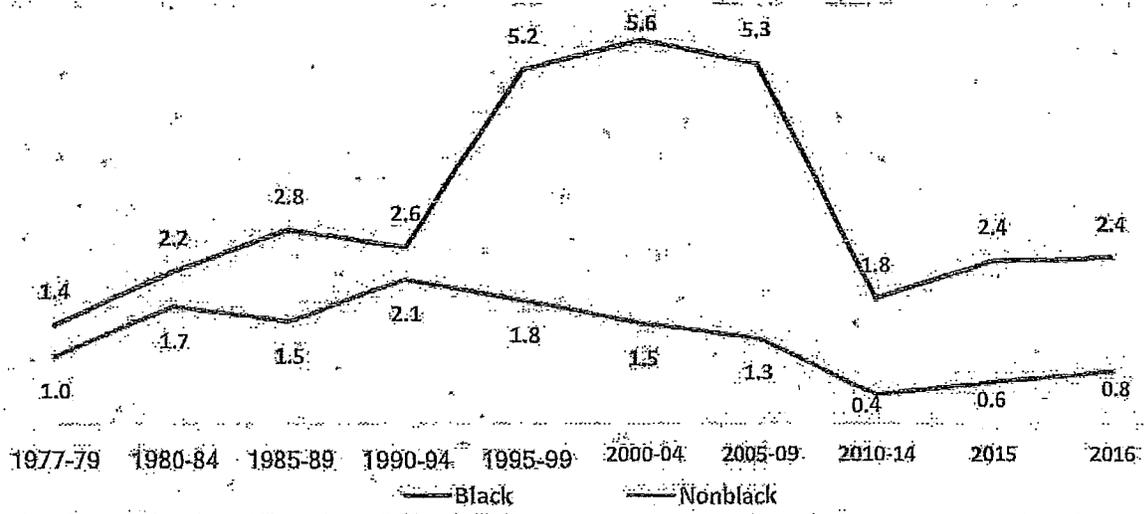
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### *San Francisco drug felony enforcement, 1977-present*

San Francisco's policing of drug felonies (manufacture, sale, and large-quantity drug possession) falls into three distinct periods of interest: the late 1980s, the 1990-2009 period, and the post-2009 period. The city's drug law enforcement displayed significant fluctuations, primarily involving African American arrest rates, including sudden eruptions in drug arrests that characterized both of these periods.



Figure 2. Ratio of San Francisco felony drug arrest rates by race vs. respective demographics in California, 1977-2016



Sources: DOJ (2017); DRU (2017).

The 1977-1990's period

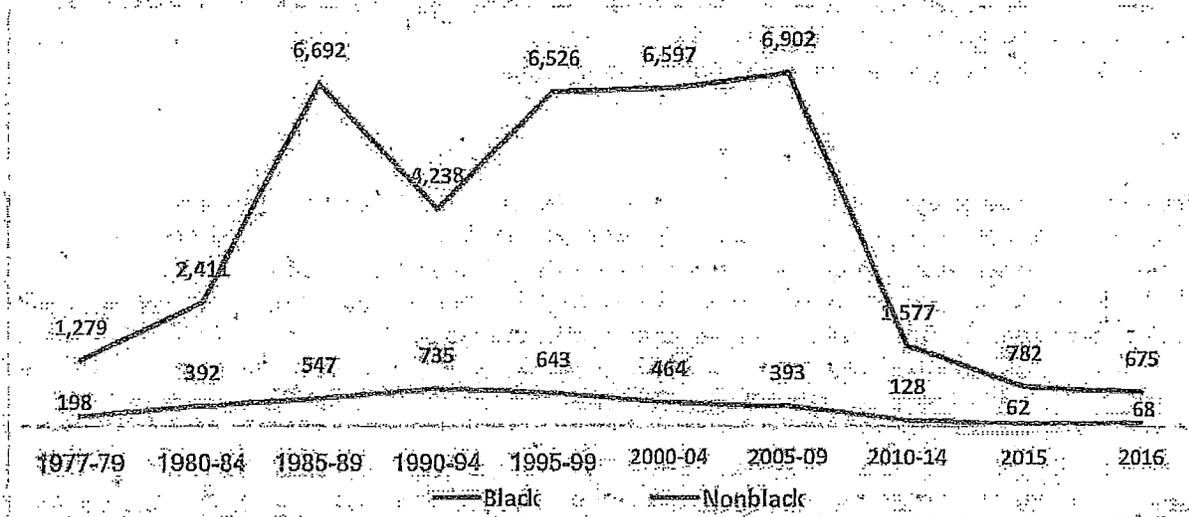
From 1980 to the mid-1990s, San Francisco's racial patterns in enforcement of drug laws roughly resembled those statewide. While the city's African Americans had considerably higher rates of drug felony arrest than African Americans elsewhere in California, so did the city's other racial categories (Figure 2). Much like African Americans statewide, those in San Francisco were 4 to 5 times more likely to be arrested for drug felonies prior to the mid-1990s than their proportions of the total population would predict (DOJ, 2017; DRU, 2017). Thus, while evidencing troubling racial disparities, San Francisco's drug law enforcement arrests by race were in the range of other major cities and patterns statewide, ones that also affected, to a much lesser degree, San Franciscans of other races.

The 1990-2009 period

These patterns changed suddenly and radically after the early 1990s. From the early to the late 1990s, the rate of San Franciscan African American drug felony arrests rose by 54% as that of other races fell by 12% (Figure 2). Over the next decade, the rate of drug felonies among San Francisco African Americans continued to rise to a peak in 2009 even as they plummeted among other races in the city.



Figure 3. San Francisco felony drug arrests by race, per 100,000 population, annual averages, 1977-2016



Sources: DOJ (2017); DRU (2017).

San Francisco's explosion in drug felony arrests of African Americans during the 1995-2009 period did not occur elsewhere in the state. From 2.6 times the state average in the early 1990s, San Francisco's African American drug felony arrest rate abruptly rose to 5.1 times higher by the late 1990s and 7.6 times higher by 2009. Even as the city's African American population declined precipitously from 88,000 (11% of the city's population) in 1990 to 48,000 (6%) in 2010, the proportion of African American felony drug arrestees in San Francisco rose from around 45% in the 1990s to 55% in the 2000s, with little variation over the decade.

While the city's African American drug felony totals had risen (by around 500 in annual arrests) from the 1990s through 2009, those for other measured racial categories declined (by about 1,500 arrests) (DOJ, 2017). In fact, the city's non-African American residents displayed significant reductions in drug felony rates during the period, which declined even faster than for non-African Americans statewide. While non-African American San Franciscans were twice as likely to be arrested as their statewide counterparts in the early 1990s, by 2009, they were 1.6 times more arrest prone.

When the city conducted a periodic crackdown on drugs, arrest increases nearly always focused wholly or overwhelmingly on African Americans—a pattern not found elsewhere in the state. CJ CJ has been unable to find an empirical basis for this sharp increase in arrests of African Americans in the city. If city law enforcement authorities were responding to a generalized drug abuse crisis, arrests of other races should have risen sharply as well—particularly for whites. The unique explosion in arrests of San Francisco African Americans for drugs in the 1995-2009 period compared to residents of other races and compared to African Americans elsewhere in California stems from imperatives and/or policies so far unexplained.

The 2010-2016 period

Drug arrests fell sharply for all races in San Francisco from 2010 through 2016 (Figure 3). From their 2008 peak, drug felony rates fell 92% among African Americans and by 84% among non-black races in the city (DOJ, 2017). These declines were much larger than occurred elsewhere in California (79% for



African Americans, 68% for other races). As a result, the ratio of black arrests in San Francisco to those of blacks statewide fell from over 5-1 in 2009 to 2.4-to-1 by 2016. However, San Francisco African Americans remained 10 times more likely than non-blacks in the city to be arrested for drug felonies in 2016, down from 19 times in 2009 but still a substantial disparity.

*Drug Mortality*

Who abuses drugs in San Francisco? This is a more relevant question than simply who uses drugs, given San Francisco's de-emphasis on policing mere drug possession (note the city's generally low level of misdemeanor drug arrests, shown in Tables 3 and 4 below). It is also more difficult to determine, since drug "abuse" is an expansive term that is not coextensive with mere drug "use" as measured on self-reporting surveys. In fact, surveys, which tend to be dominated by high rates of use of milder drugs such as marijuana, are notoriously inaccurate measures of drug abuse, which tends to involve more rarely-used addictive and lethal drug, polydrug, and drug/alcohol use.

Although dying from overdose or organic failure due to abusing illicit drugs is a limited measure of drug abuse, it is an appropriate and accessible index that is reasonably and consistently applied across demographic groups and over time. Of the more than 1,000 San Francisco residents and nonresidents in the city who have died from abuse of illicit drugs (a large majority of these from poisoning by overdose) in the five-year period from 2011 through 2015, 57% were non-Latino Whites, and 22% were African American, and more than two-thirds were age 45 and older (Table 1).

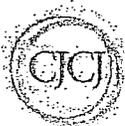
Table 1. Illicit drug-abuse death rates per 100,000 population by race/ethnicity and age, 2010-2015 (6-year rates)

Age	All races	White	Latino	African American	Asian	All other	N
<15	1.9	3.5	0.0	4.8	0.5	157.0	11
15-24	4.4	10.1	2.7	0.0	1.0	52.1	23
25-34	8.1	9.9	6.9	22.1	3.1	61.8	90
35-44	24.2	32.7	18.1	69.4	7.1	38.6	197
45-54	40.3	51.1	31.2	139.5	8.1	426.6	276
55-64	52.0	65.9	42.0	201.3	8.9	871.7	316
65+	16.2	20.0	1.5	84.2	3.6	280.9	114
Total	20.5	27.0	12.4	76.0	4.7	248.4	1,027
N	1,027	583	95	227	84	38	

Source: CDC (2017).

The city's lethal-drug abusing population differs from its drug arrestee population in several respects. African Americans do have the highest rates of drug abuse mortality, though not among its teenagers and young adults. The second highest mortality rate is found among non-Latino Whites. If drug deaths predicted drug arrest rates, African Americans would constitute 22% (not 42%) of the city's drug arrests—still highly disproportionate to their population (6%) but at least reflective of drug abusing proportions by race. Below is a more in depth review of San Francisco's most complete and recent drug arrest data, distinguishing distinct trends in San Francisco's policing.

**If drug deaths predicted drug arrest rates, African Americans would constitute 22% (not 42%) of the city's drug arrests.**



practices.

*Youth Drug Felonies, 2009-2016*

San Francisco's drug arrest situation among youths changed so dramatically from 2009 to 2016 that few racial conclusions can be drawn now. In 2009, a San Francisco African American youth was 9 times more likely, and an Hispanic youth nearly 4 times more likely, to be arrested for drugs than their respective African American and Hispanic counterparts statewide (DOJ, 2017; DRU, 2017). Though less than 9% of the city's youth population in 2009, African Americans then comprised 56% of San Francisco's juvenile drug felony arrests. Latinos showed a smaller but still disproportionate felony drug arrest rate. Further, San Francisco female youth were 6 times more likely to be arrested for drug felonies than female youth elsewhere in California; male youth, 2.5 times more likely. The city's African American female youth accounted for over 40% of the felony drug arrests of African American female youths in California in 2009 and had arrest rates 50 times higher than their counterparts in other counties.

San Francisco's drug arrests among youth of all races have fallen dramatically since 2009.

Table 2: Juvenile felony drug arrests per 100,000 population age 10-17, San Francisco v. rest of California, 2016 v 2009<sup>3</sup>

Felony drug Arrest rate	Male				Female			
	African American	White	Hispanic	Asian	African American	White	Hispanic	Asian
<b>2009</b>								
San Francisco	2,531.6	237.9	915.1	92.7	2,419.4	69.3	20.8	38.4
California outside SF	486.6	200.6	211.0	120.8	48.1	61.9	29.9	19.4
Ratio, San Francisco's drug felony rate versus rest of California	5.2	1.2	4.3	0.8	50.3	1.1	0.7	2.0
<b>2016</b>								
San Francisco	76.8	19.4	63.4	25.6	0.0	0.0	62.3	0.0
California outside SF	90.4	38.1	66.9	29.5	11.2	12.2	10.9	4.2
Ratio, San Francisco's drug felony rate versus rest of California	0.8	0.5	0.9	0.9	0.0	0.0	5.7	0.0

Sources: SFJPD (2017); DOJ (2017); DRU (2017).

Table 2 compares the very different picture for San Francisco's (and California's) youth drug arrests in 2016 with 2009. In just seven years, a series of reforms downgrading several drug offenses from felonies to misdemeanors and decriminalizing (for all ages), then legalizing (for those 21 and older) marijuana, and a general decline in youth crime all have contributed to massive drops in youthful drug arrests among both sexes and all races, especially in San Francisco. Even the high rate among Latina females is produced by just four arrests in the city in 2016, while all other race/sex categories now show lower rates of drug arrests than corresponding groups statewide – a situation very unlike the pre-2010 era.

Finally, the very large drop in San Francisco's (and California's) youthful drug arrests, including the virtual disappearance of drug misdemeanors, appears to have had none of the consequences drug-war

<sup>3</sup> San Francisco's 2009 juvenile probation report's detailed table on duplicated petitions can be used to estimate drug arrests by race/ethnicity and gender for drug felonies, but not for drug misdemeanors, which are too few to provide a reliable basis.



proponents feared. Drug abuse, gun killings, violence, other crimes, suicide, school dropout, unplanned pregnancy, and related ills generally have continued to decline in the post-2009 period through 2015-16, indicating that arresting and incarcerating youths for drug offenses is not necessary for their well-being or public safety (CJCJ, 2014).

### *Adult Drug Felonies, 2009-2016*

San Francisco African Americans in 2016 experienced felony drug arrest rates 2.4 times higher than African Americans in other areas of California.

The picture for adult drug arrest rates in San Francisco is considerably different than for youths. In 2009, a number equal to roughly 10% of San Francisco's African American population between the ages of 10-69<sup>4</sup> was arrested for drug felonies (DOJ, 2017; DRU, 2017). This was 19 times higher than the rate of drug felony arrests for all other races combined in the city. In addition, San Francisco African Americans experienced felony drug arrest rates nearly 8 times higher than African Americans in other areas of California (Figure 2). These trends were also found in misdemeanor (low-quantity possession) offenses, and all drug offenses, although to varying degrees.

In 2016, San Francisco African Americans experienced felony drug arrest rates 10 times higher than nonblacks in the city, and 2.4 times those of African Americans elsewhere in California. With 2.1% of the state's African American adult population, San Francisco arrests 4.9% of California's African American adult drug felons—disproportionate, but much less so than the 14.6% registered in 2009. Nonblacks in the city have drug arrest rates comparable to nonblacks in the rest of the state.

### *Misdemeanor Drug Arrests*

In contrast to its high rate of felony drug policing—albeit with large racial discrepancies—San Francisco generally de-emphasizes arrests for drug misdemeanors (low-quantity possession). In addition, law changes since 2010 have demoted several drug felonies to misdemeanors. Drug felonies and misdemeanors occasion arrests in virtually equal numbers elsewhere in California, but San Francisco law enforcement charges three times more drug arrestees with felonies than with misdemeanors.

In 2016, the city's rate of arrests for simple possession was 66% below the state average for juveniles (Table 3). However, though arrest rates have fallen substantially, the city's African American youth are arrested for possession at levels similar to those of African American youth in other counties. The drug arrest rate for San Francisco juvenile females declined particularly sharply, though it should be noted that the city's rates and trends are based on very small numbers.

<sup>4</sup> This does not mean 10% of the city's African American population was arrested that year; some individuals were arrested more than once, and some were not San Francisco residents, offset by San Franciscans arrested in other jurisdictions.



**Table 3. SF youth misdemeanor drug arrest rate, per 100,000 population age 10-17, by race, sex, v. California, 2009**

Misdemeanor Drug Arrest rate	Total	African-American	All other races	Male	Female
<b>2009</b>					
San Francisco	130.0	567.0	87.5	219.5	37.2
California outside SF	389.7	571.5	376.7	640.4	125.8
Ratio, San Francisco arrest rate vs. rest of CA	0.33	0.99	0.23	0.34	0.30
<b>2016</b>					
San Francisco	42.3	168.7	64.5	71.9	12.2
California outside SF	123.3	273.9	172.5	178.0	66.2
Ratio, San Francisco arrest rate vs. rest of CA	0.34	0.62	0.37	0.40	0.18

Sources: DOJ (2017); DRU (2017).

*Drug Arrest Trends by Race and Drug Type*

Between 1980 and 2009, the disparity between San Francisco African American arrests and all other races in the city for all types of drug offenses increased sharply (Table 4). This disparity widened the most dramatically from 1995 to 2009, with general declines in drug-related arrests of other races, and increases in drug-related arrests of African Americans. For the largest and most racially disparate drug arrest category, narcotic felonies, African Americans were 6.4 times more likely than non-African Americans to be arrested in 1980, 10.3 times more likely in 1995, and a staggering 27.5 times more likely in 2009.

**Table 4. Ratio, San Francisco African American drug arrest rate v. all other races drug arrest rate, 1980-2015**

Type of drug offense	Ratio, African American versus all other races, drug arrest rates				Change in ratio	
	1980	1995	2009	2015	1980-2009	2009-2015
All drug arrests	4.5	7.6	16.9	14.6	+276%	-14%
All drug felonies	5.7	7.7	19.3	12.6	+239%	-35%
Narcotics	6.4	10.3	27.5	13.4	+330%	-51%
Marijuana	5.3	3.8	9.6	21.1	+81%	+120%
Dangerous/other drugs	5.7	2.5	5.6	7.6	-2%	+36%
All drug misdemeanors	3.0	6.9	11.2	17.1	+273%	+53%
Marijuana	3.3	5.1	9.7	11.6	+194%	+20%
Dangerous/other drugs	2.8	8.5	11.7	17.4	+318%	+49%

Sources: DOJ (2017); DRU (2017).

In 2009, African Americans accounted for just 6% of San Francisco's population, but 63% of narcotics felony arrests. The African American arrest volume for narcotics (3,169) then was equivalent to 1 in 12 of the city's African American population age 10 and older (39,400). Other drug offenses, both felony and misdemeanor, showed similar if less extreme disparities and trends, but in no case did the black-v.-other races drug arrest rate disparity fall below 550% by 2009.

Over the next six years (2015 is the most recent year for detailed statistics), the rate of drug arrests fell sharply (by 85% or more) for all races. The disproportionate drug arrest rate for African Americans fell from 16.9 to 14.6 for all drugs, and from 27.5 to 13.4 for narcotics. The decrease in black disproportionality was due to the larger reduction in black than nonblack drug felony arrests; drug misdemeanors declined more for non-black races. The result was that the disproportionate level of black drug arrests rose substantially for misdemeanors over the 2009-2015 period.



## Discussion: Drug Policy Reform in San Francisco

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### *Defining and Applying an International Human Rights Framework*

The Global Commission on Drug Policy<sup>5</sup> formed in 2011 in an attempt to provoke scientific, evidence based reform to the global drug war. Their first report (2011, pg. 2) begins with the admission: "The global war on drugs has failed, with devastating consequences for individuals and societies around the world. Fifty years after the initiation of the U.N. Single Convention on Narcotic Drugs, and 40 years after President Nixon launched the U.S. government's war on drugs, fundamental reforms in national and global drug control policies are urgently needed." The Commission's mission is to research and propose such fundamental reforms, arguing that "drug policies must be based on human rights and public health principles" (Global Commission on Drug Policy, 2011, pg. 5). It is worth taking a moment here to examine how human rights principles might guide domestic policy.

Generally speaking, international human rights apply to U.S. policy and governance in two ways:

- (1) Legally: Through binding international treaty law, based on U.S. ratification of human rights instruments; and customary law, based on collective, long-standing respect for certain fundamental human rights.
- (2) Ethically: As a set of international standards defined by human rights instruments and declarations, informed by the experience, research, and recommendations of human rights scholars, NGOs, international legal experts, and U.N. oversight bodies working to implement human rights practices in the U.S.

Following World War II, the U.S. played a leading role in the development of the United Nations Charter and the Universal Declaration of Human Rights [UDHR]. By the end of the 20<sup>th</sup> century the U.S. had helped to author the International Criminal Court [ICC], and signed every major international human rights instrument. However, to date, the U.S. has only *ratified*<sup>6</sup> the Convention Against Torture [CAT], the International Convention on the Elimination of All Forms of Racial Discrimination [ICERD], and the International Covenant on Civil and Political Rights [ICCPR].

Despite the legal ambiguities that result from U.S. reservations in the ratification of international human rights instruments,<sup>7</sup> human rights discourse is far from irrelevant when it comes to foreign and domestic U.S. policy. For example, recent U.S. Supreme Court decisions referenced international human rights laws and practices to rule that people who commit crimes as minors should not be subject to the death

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<sup>5</sup> It should be noted that the Commission is by no means a radical organization. It is composed of former heads of state, former U.N. Secretary General Kofi Annan, former Chair of the U.S. Federal Reserve Paul Volcker, elites from the international business community, as well as researchers, diplomats, and policy experts. Find more on the Commission here: <https://www.globalcommissionondrugs.org/about-us/mission-and-history/>.

<sup>6</sup> Human rights instruments enter into force as legally binding treaties at the point of ratification. Upon ratification, state parties must "respect, protect, and fulfill" their obligations according to the instrument.

<sup>7</sup> "Reservations" refer to the legal exceptions and specifications that state parties may submit as conditions of ratification. The most common and notorious reservation applied by the U.S. is that the instrument is "not self-executing"—meaning that the instrument would only apply as determined by U.S. courts and Congress.



penalty or life without the possibility of parole. This reveals how international human rights norms and practices can inform the interpretation of domestic laws and regulations, and can provide a common reference point to evaluate and inform local practices.

Human rights offer a powerful, universal framework that provides a standard for government agencies and authorities to evaluate existing laws and policies and to develop programs that advance and strengthen human rights in local communities and institutions. Many strategies for implementing human rights practices in the U.S. are based on the ratification and recognition of human rights instruments as the benchmark for local government policy and practices.

#### Non-Discrimination and Equal Protection Under the Law

As noted at the beginning of this section, the Global Commission on Drug Policy has since 2011 advocated for the application of a human rights framework to guide policy alternatives to the dominant global policy model of aggressive, coercive criminal prohibition. A fundamental principle of all human rights instruments is that of “non-discrimination” that undergirds the notion of human universality and centrally defines civil and political human (ICCPR, Articles 14 and 26) and Constitutional (14<sup>th</sup> Amendment) rights to equal protection under the law.

This report and its predecessors (CJCJ, 2002, 2004, 2004a, 2005, 2012) have so far illustrated the persistence of racially disparate drug arrest patterns in San Francisco, particularly acute for African American communities. U.S. agencies and courts have self-imposed limitations as to what constitutes “racism” or “racial discrimination” such that it is difficult if not impossible to address racial inequality in the contemporary era through Constitutional case law. As Alexander (2010, p. 113) summarizes,

In the years following *McCleskey v. Kemp*, lower courts consistently rejected claims of race discrimination in the criminal justice system, finding that gross racial disparities do not merit strict scrutiny in the absence of evidence of explicit race discrimination—the very evidence unavailable in the era of colorblindness.

Generally speaking, charges of racial discrimination directed at public authorities in the United States require some proof of conscious racial animus. Case history suggests that this is particularly true for any attempt to address racial disparities in policing or sentencing. However, no such burden of proof is required to legitimate claims of racial discrimination under formal human rights instruments incorporated into international law.

The United States signed (1965) and ratified (1994) the International Convention on the Elimination of Racial Discrimination (ICERD) and has not evidenced the best compliance record since. This in part results from the differences in how “racial discrimination” is defined under international and federal (U.S.) law and in the apparent problems in getting the U.S. government to “protect, respect and fulfill” its legal obligations according to human rights instruments. Policy researchers Fellner and Mauer (1998, p. 22) pointed out these legal differences twenty years ago:

ICERD wisely does not impose the requirement of discriminatory intent for a finding of discrimination. It requires states’ parties to eliminate laws or practices which may be race-neutral on their face but which have “the purpose or effect” of restricting rights on the



basis of race. Regardless therefore, of whether they were enacted with racial animus... they unnecessarily and unjustifiably create significant racial disparities in the curtailment of an important right.

The conceptualization of racial discrimination and the legal measures of non-discrimination and equal protection under the law articulated by the ICERD<sup>3</sup> demonstrate the unique characteristic of a human rights framework here: that discrimination is to be measured by disparate outcomes and impact rather than proven intent. Further, the city of San Francisco has proactively adopted the practical, results-based international definition and has established its own Human Rights Commission to defend human rights within city limits.

A human rights framework would demand that cities like San Francisco pay particular attention to addressing the persistence of racial disparities as drug policy alternatives and their implications emerge. As we see from this report, the city failed to address its highly discriminatory record of racialized policing prior to 2010, and though drug arrests have been reduced dramatically in San Francisco across the board, African Americans still find themselves systematically targeted for drug arrests at a disproportionate rate of approximately 10 to 1.

#### Shift from Criminal Justice to Public Health

One overarching theme in the international global drug policy reform movement has been to define and address problematic forms of drug use (addiction, overdose death, etc.) through the prism of public health rather than criminal justice. The international human rights community has been relatively consistent on this issue for over 20 years, pointing to the systematic violation of drug users' fundamental human rights to life (ICCPR Article 6), equal protection under the law (ICCPR Articles 14 and 26), protection against arbitrary arrest, detention, or exile (ICCPR Article 9), health (ICESCR 12), and humane treatment when deprived of liberty (ICCPR Article 10) under aggressive criminal prohibition. As pointed out by former High Commissioner for Human Rights, Navi Pillay (2009), "Individuals who use drugs do not forfeit their human rights." A human rights framework recognizes the tendency for the criminalization of drug users to result in the derogation of their human and Constitutional rights.

International human rights frameworks also tend to be grounded in research, encouraging the development of effective solutions based in demonstrated best practices rather than political interest or expediency. The Global Commission on Drug Policy (2011, p. 6) illustrates this tendency in their definition of drug addiction as a social problem:

In reality, drug dependence is a complex health condition that has a mixture of causes—social, psychological and physical (including, for example, harsh living conditions, or a history of personal trauma or emotional problems). Trying to manage this complex condition through punishment is ineffective—much greater success can be achieved by providing a range of evidence-based drug treatment services. Countries that have treated citizens dependent on drugs as patients in need of treatment, instead of criminals deserving punishment, have demonstrated extremely positive results in crime reduction, health improvement, and overcoming dependence.

<sup>3</sup> See specifically ICERD General Recommendation XIV (42), Article 1, paragraph 1.



Countries that have recently embraced a public health approach include Portugal.<sup>9</sup> In 2001 as the U.S. hardened its drug war stance at home in conjunction with the building of a new police and surveillance state post-9/11, Portugal went in the opposite direction; decriminalizing nearly all forms of drug use and devoting resources to outreach and treatment for drug users. As a result (Kristof, 2017):

- Overdose death in Portugal sank 85% since drug policy reform, and now has the lowest rate in Western Europe and about one-fifteenth that of the U.S., where overdose death has been on the rise in part due to the persistent opioid epidemic.
- The Portuguese Health Ministry estimates regular heroin users at 25,000, down 75% since implementing drug policy reform.
- Portuguese harm reduction programs (such as needle exchanges) helped to bring drug-related HIV cases down 90% since their height in 1999 when Portugal had the highest rate of drug-related infection in Europe.
- Portugal illustrates the cost efficiency of treatment over incarceration for drug use. Portugal's drug programs cost approximately \$10 per citizen annually, while the U.S. has spent over \$1 trillion (about \$10k per American household) on criminal prohibition.

Even though the advantages of public health approaches are uncontroversial in the research community, criminal prohibition persists in places like the U.S. and the Philippines where "tough on drugs/crime" discourses continue to dominate politics. Legal experts have explicitly argued for California to "pave the way for progressive U.S. drug reform" (Whitelaw, 2017, p. 83) and adopt the Portuguese model. In cities like San Francisco, shifts in policing, drug policy reform (including the legalization of cannabis), and a dedication to international human rights standards present opportunities to realize a shift from failed criminal prohibition to more effective and cost-efficient forms of drug treatment, harm reduction, and community investment to address problematic forms of drug use. While decriminalization is an obligatory first step in such a transition, legal, regulated drug markets provide additional resources for public health and drug war alternatives through savings in law enforcement costs and increased public revenues from licensing and regulated sales (Global Commission on Drug Policy, 2016).

### Legalization and Sustainable Development

One of the most useful features of a human rights framework as it applies to drug policy reform is an emphasis on producing desired *outcomes*—"less crime, better health, and more economic and social development"—rather than exclusively focusing on *process* or procedural justice in determining whether or not actions are taken according to the law (Global Commission on Drug Policy 2011, pg. 5). In this sense, the international human rights community and the Global Commission on Drug Policy see benefits to legalization beyond the potential pivot from criminal justice to public health solutions, or the potential to undercut organized criminal activity in the illicit market. Indeed, curbing drug-related violence and corruption is extraordinarily important for realizing human rights practice and a sense of justice for communities most deeply affected by the failed drug war. The illicit drug trade still represents the largest global source of revenue for organized crime (Global Commission on Drug Policy, 2016; McFarland Sánchez-Moreno, 2015). But legalization presents an opportunity to do more than simply reduce the flow

<sup>9</sup>For thorough reporting and analysis on Portugal's drug policy reforms, see: Greenwald, G. (2009). Drug decriminalization in Portugal: Lessons for creating fair and successful drug policies. *The CATO Institute*. Retrieved on 09/29/17 from <https://www.cato.org/publications/white-paper/drug-decriminalization-portugal-lessons-creating-fair-successful-drug-policies>.



of arrests or illegal contraband. It provides a new resource environment to address the structured inequalities resulting from and exacerbated by the failed war on drugs.

In its 2016 report, the Global Commission on Drug Policy takes special care to call for nations to go beyond decriminalization to create legal, regulated markets designed according to U.N. Sustainable Development Goals [SDG].<sup>10</sup> That is, legal markets should be designed in order create solutions to related social problems, specifically including systemic poverty, structured inequality (along lines of race and gender in particular), and the need for economically and ecologically sustainable cities/communities. The Commission encourages legalization models where the benefits “must apply to every individual, including people who use drugs (Global Commission on Drug Policy, 2016, p. 27). Put simply, a human rights framework suggests that legal markets and drug policy alternatives should be designed in order to serve and re-invest in the communities and individuals systematically disenfranchised by 50 years of aggressive criminal prohibition.

Noted in previous reports (CJCI, 2002, 2004, 2004a, 2005, 2012) and established in at least 40 years of critical criminological research,<sup>11</sup> the most disastrous effects of the drug war—including vastly disparate enforcement/sanction, punitive sentencing, civil penalties, subjection to drug abuse/addiction (and associated threats to public health), subjection to drug related violence, loss of property value/community degradation, loss of educational/employment opportunities, and geographic dislocation—have been shouldered by the poor and people of color, African American and Latinx populations in particular. As we have attempted to point out in San Francisco, African Americans and to a lesser extent (with the recent trend in youth arrests as an exception) Latinx residents have been the most aggressively policed, arrested, and sanctioned for a drug addiction and overdose death epidemic dominated by middle-age “non-Latino whites” (CJCI 2012). In addition, African American girls and young women were until recently targeted for criminal law enforcement at staggering rates in San Francisco, suggesting their paying of a heavy price for failed enforcement policies in comparison to all other demographic groups in the city.

Being targeted for drug arrest and sanction can result in any number of short and long term effects on individuals targeted, as well as their families and communities. The Global Commission on Drug Policy (2016, p. 17; see also Chin, 2002, pgs. 260-265) also recognize that,

In the US, for example, felony convictions for drugs, which include possession of certain substances, can lead to: exclusion from juries; voter disenfranchisement in a number of states; eviction or exclusion from public housing; refusal of financial aid for higher education; revocation or suspension of a driver's license; deportation and in some cases permanent separation from their families of those considered “non-citizens;” exclusion from certain jobs, and denial of welfare.

In addition, studies of San Francisco and other “progressive” U.S. cities demonstrate historical and contemporary connections between racially disparate drug law enforcement (and additional forms of “order maintenance” policing) and politics of space—including gentrification (Lynch, M., M. Omori, A. Roussell, and M. Valasik, 2013). The systematic targeting of working class people of color for drug arrests in one of the most brutally expensive housing markets in the country serves as a structural barrier

<sup>10</sup> See the U.N. Sustainable Development Goals from 2015 here: <http://www.un.org/sustainabledevelopment/sustainable-development-goals/>.

<sup>11</sup> For illustrations see: Ostertag and Arnalino, 2011; Johnson and Bennett, 2016; Jensen, Gerber and Mosher, 2004.



to the sustainability of working class communities of color in the city. The impacts of criminal prohibition should be understood beyond the individual to encompass effects on communities and the broader racial politics of place in San Francisco.

A human rights framework suggests that the resources, opportunities, and cost savings made available through legal, regulated markets—like the legal cannabis market emergent in California—be re-invested in the individuals and communities most impacted by the legacies of a failed drug war. From research, we know that these tend to be poor communities of color—African Americans and Latinx populations in particular, with a special focus on African American women and girls. Research on the effects of the drug war and on international best practices for reform suggest that the new resource environment created via cannabis and other forms of legalization in cities like San Francisco should be employed to address the poverty, unemployment, housing instability, mental/physical health problems, and geographic displacement of these heavily impacted individuals and communities.

### Conclusion

In recent decades, as San Francisco's population has grown and become somewhat older and wealthier, the city's African American population has declined sharply and become poorer and more concentrated in isolated districts. One anecdotal explanation for the racial disparities has been the ease of frequent and multiple arrests of drug dealers in open-air markets in the poorer areas of the city as opposed to the more difficult task of policing the larger, more discreet drug supply networks serving affluent areas.

By CJGJ's repeated analyses during the 2000s, San Francisco authorities have not responded to apparent, serious and uniquely extreme racial disparities in policing of drug offenses and have not provided rational explanation for the disparities or policies to ameliorate them. Nor have authorities explained why the city's drug policing, already racially discriminatory, became radically more so from the early 1990s to around 2009. If objective criminal justice goals and standards to justify San Francisco's arrest trends exist, then local authorities would seem obligated to provide detailed explanation. In particular, what changed in the 1990s, and only in San Francisco, to dramatically boost the fixation on African Americans as the city's drug criminals?

The analysis suggests that prior to 2010, the San Francisco Police Department might have been re-arresting the same African Americans over and over, then releasing the large majority, and re-arresting them again within a short period of time. The overall result of this policy was to combine the worst of both worlds: injustice and ineffectuality. Corraling African American drug dealers produced impressive arrest numbers but was not effective policy to prevent drug abuse. San Francisco's already excessive drug overdose/abuse death rate continued to climb through 2009, though in fairness, drug tolls have been rising elsewhere in the state and nation as well. Moreover, while it may have partitioned drug marketing violence to certain areas of the city, levels of violence in those areas remain concentrated and high. The policy did appear effective at creating a multiple-felony population with no employment prospects and significant challenges and barriers to success in the community. These barriers arose even though San Francisco sent drug offenders to state prison at a rate less than half the state average.

Whatever its underlying imperatives, the city's drug arrest policy prior to recent reforms has yielded to a dramatic new situation after reforms ameliorated drug policing in major ways from 2010 to the present. Drug arrests have fallen so dramatically that an African American in San Francisco is now less likely to



be arrested for drugs than a non-black resident was 10 years ago. However, despite the impressive reduction of 90% or more in the impact of drug arrests on local communities since 2009, reform has not much reduced the racial disparities in drug policing. African Americans are still 15 times more likely to be arrested for a felony or misdemeanor drug offense in San Francisco than other races, and neither the proportions of blacks in the city's population (6%) or drug mortality toll (22%) even begins to justify such a huge disparity.

Whether intentional or not, such consistent disparities in drug war policing in San Francisco should be viewed as a human rights violation. As noted previously, formal human rights discourse defines racial discrimination not in terms of overt, conscious racial animus, but in terms of its evident effects. The city is subject to national, state, and local requirements to enforce laws in a non-discriminatory fashion and is signatory to international human rights accords imposing even stricter non-discrimination standards. San Francisco's ongoing, extreme racial disparities in drug law enforcement and authorities' paralysis in addressing them conflict with the city's commitment to the egalitarian ideals it champions. Further, an international human rights framework provides specific guidance on how cities like San Francisco can go beyond halting racially disparate and largely ineffective criminal justice models to models focusing on public health and sustainable community re-investment.

In light of these observations, we respectfully recommend the San Francisco Board of Supervisors:

1. Initiate a multi-agency investigation into San Francisco's policing policies and practices to explore policy decisions that contribute to these trends.
2. Require the San Francisco Police Department and all other arresting agencies to conform to state standards observed by all other agencies in California in reporting arrests by race and Latinx ethnicity and by specific offense rather than classifying excessive arrest numbers as "other" offenses.
3. Develop and adopt a concrete plan to address these racial discrepancies in San Francisco's drug arrest practices, monitored through periodic, results-based evaluations.
4. Reaffirm San Francisco's commitment to upholding its obligations under the International Convention to End Racial Discrimination (ICERD) and the anti-discriminatory clause of the International Covenant on Civil and Political Rights (ICCPR).
5. Assess the trends in drug abuse, drug related crime, and other drug-related health and safety issues in San Francisco by demographic and other variables.
6. Include a robust "Equity Platform" in the design of Adult Use of Marijuana [AUM] regulations such that opportunities, savings, and revenue from the legal cannabis market serve to benefit those systematically criminalized and impacted by the drug war in San Francisco: working class people of color, African American women in particular.



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*Please note: Each year, every county submits their data to the official statewide databases maintained by appointed governmental bodies. While every effort is made to review data for accuracy, CJCJ cannot be responsible for data reporting errors made at the county level.*

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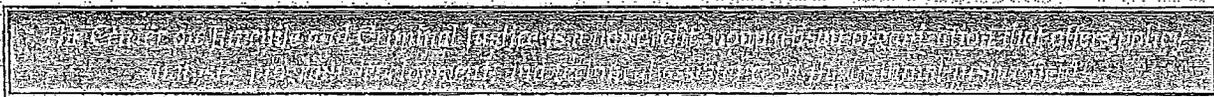


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Appendix A

Testimony to San Francisco Board of Supervisors on Disproportionate Arrest/Confinement of African-American Young Women for Drug Offenses

Mike Males, 8 July 2004

The attached charts show the arrest rates of San Francisco African-American juvenile girls ages 10-17 for several offenses compared to African-American girls elsewhere in California, as well as to San Francisco girls of other races. They indicate that San Francisco has vastly disproportionate arrests of young black women even compared to the rest of the state.

The figures forming the basis of these calculations are the latest for California and San Francisco from the state Department of Justice's Criminal Justice Statistics Center (*California Criminal Justice Profiles*, at <http://caag.state.ca.us/cjsc/>) and San Francisco Juvenile Probation Department (annual *Statistics* report). Population figures are from the California Department of Finance's Demographic Research Unit (<http://www.dof.ca.gov/HTML/DEMOGRAP/Druhpar.htm>).

Excessive black arrest rates are of concern throughout California and the nation. Note that in California outside San Francisco, black girls are 3.5 times more likely to be arrested for felonies, 4.6 times more likely to be arrested for assault, and 1.8 times more likely to be arrested for felony drug offenses than California girls of other races.

Racial arrest discrepancies are stark enough elsewhere. San Francisco's are massively worse. In San Francisco, black girls are 11.4 times more likely to be arrested for felonies, 10.6 times more likely to be arrested for assault, and 18.9 times more likely to be arrested for felony drug offenses than are San Francisco girls of other races.

San Francisco white, Latina, Asian, and other/mixed-race (that is, non-black) girls display a varied, though relatively normal pattern of urban arrests for felonies—about 30% higher than the statewide average for non-black girls, including rates slightly higher for assault, slightly lower for property offenses, 2.8 times higher for drug felonies, and considerably lower for drug misdemeanors.

This is not the case for San Francisco black girls, who display arrest rates 4.3 times higher for felonies, 2.5 times higher for assault, and 29.2 times higher for drug felonies than BLACK girls elsewhere in California.

Looked at another way, San Francisco has 1.8% of the state's young black women but accounts for 35.2% of the arrests of young black women for drug felonies, and 7.5% for all felonies, in the state.

Within the city, blacks comprise 12.2% of San Francisco's population of girls but comprise 61.4% of San Francisco girls' arrests for felonies, 66.7% for robbery, and 72.3% for drug felonies.

Blacks account for 57% of total arrests, two-thirds of the felony petitions sustained, and three in five incarcerations of juvenile girls in the city.

San Francisco's pattern forms a gigantic anomaly found nowhere else. While (a) San Francisco boys of all races, (b) San Francisco girls of other races, (c) California black girls, and (d) California boys and girls of all races ALL show declining rates of arrest and imprisonment over the last decade, (e) San Francisco black girls are the ONLY youth population in the state showing skyrocketing rates of arrest and incarceration.

Finally, there is no evidence of a serious drug abuse problem among San Francisco black girls that would explain their massively excessive arrest rate. The city's drug abusing population is mostly white and overwhelmingly over age 30. The drugs they abuse are exactly the same ones implicated in violence.



among drug dealers: heroin, cocaine, methamphetamine, illicit drug combinations, and drugs mixed with alcohol.

In the last seven years (1997 through 2002), federal Drug Abuse Warning Network show 2,260 deaths in the city were directly related to illegal-drug abuse. Of these, 1,486 were whites (66%), and 1,793 (79%) were over age 35. DAWN reports also show a staggering 52,400 San Franciscans treated in hospital emergency rooms for illegal-drug abuse over the last seven years. Of these, 65% were white, and 88% were over age 30.

Meanwhile, none of the city's drug abuse deaths and fewer than 2% of the city's hospital emergency treatments for drug abuse were younger black women (age 10-24). Emotional anecdotes gracing the city's media aside, there is little evidence of a serious drug abuse problem among younger African Americans in San Francisco, and especially not among young black women. There has not been a drug overdose death of any kind involving an African-American female under age 25 in San Francisco since 1996 (figures through 2002).

Compared to their contribution to the city's drug abuse problem, young blacks (ages 15-29) are 60 times more likely to be arrested for drugs than whites over age 30.

San Francisco may pride itself on its enlightened policies toward drugs, but in point of fact, this city's drug situation is very disturbing. This city is failing to address both its massive drug abuse problem among older whites (three times the rate of other cities in California) and its massively excessive drug over-arrest problem of younger black women (29 times the rate elsewhere in California). I am certainly not suggesting arresting more people of any race for drugs; the city's felony drug arrest rate is already substantially higher than the state's as a whole. I am suggesting a major revision in the way we confront drug abuse and law enforcement in light of San Francisco's extreme discrepancies with regard to race, gender, and age.

Arrests, San Francisco vs. California girls, 2000-02

Arrests per 100,000 population age 10-17

African American girls, 2000-02

Rate	San Francisco	Rest of CA
Felony	6,715	1,546
Assault	1,042	401
Robbery	926	138
Property	1,598	796
Fel drug	2,362	81
Misd drug	93	143
All drug	2,455	224

Arrests, girls of other races

Rate	San Francisco	Rest of CA
Felony	587	440
Assault	98	87
Robbery	64	12
Property	219	244
Fel drug	125	44
Misd drug	35	153
All drug	161	197



Arrests, all girls

Rate	San Francisco	Rest of CA
Felony	1,334	525
Assault	213	111
Robbery	169	21
Property	387	287
Fel drug	398	47
Misd drug	42	152
All drug	441	199

Thank you for your consideration.

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Item 040470 will be heard at approximately 10:45 am at the Board of Supervisors, special hearing on the issue of the over-arrest of African American girls in San Francisco. The hearing will be at the City Services Committee meeting on Thursday, July 8 at City Hall. Supervisors Maxwell, Duffy, Alioto-Pier, Ma

Hearing to discuss the juvenile justice system with regard to the arrest and incarceration rates of adolescent girls; to consider the criminal justice programs serving this population, and to consider why the arrest and incarceration rates for young African American women are the highest of any California jurisdiction.

4/13/04, RECEIVED AND ASSIGNED to City Services Committee.

4/20/04, REFERRED TO DEPARTMENT. Referred to Youth Commission for comment and recommendation.

[http://www.sfgov.org/site/bdsupvrs\\_page.asp?id=26009](http://www.sfgov.org/site/bdsupvrs_page.asp?id=26009)



4 January 2004

Commission Secretary  
Human Rights Commission  
25 Van Ness Avenue, Suite 800  
San Francisco, CA 94102-6033  
Phone: 415-252-2500  
Fax: 415-431-5764  
TDD: 800-735-2922  
E-mail: hrc.info@sfgov.org

Dear Commissioners:

I am writing to ask for Commission investigation of the excessive arrest and incarceration of African-American juvenile females in San Francisco, specifically for drug offenses. I believe the extreme pattern documented below constitutes age-based, racial and sexual discrimination.

1. San Francisco law enforcement authorities arrest juvenile black females for felony drug offenses at a rate far exceeding that of California as a whole, and comparable California cities.

The 2000 Census shows 3,016 black females ages 10-17 in San Francisco, 2.1% of the state's total population of 146,012 black females ages 10-17.

In 2002, California Criminal Justice Statistics Center (Department of Justice) figures show there were 56 black juvenile females arrested for drug felonies in San Francisco, 35.7% of the 157 black juvenile females arrested for drug felonies in all of California.

At 1,857 per 100,000 population, the arrest rate for black juvenile females in San Francisco is 26 times the rate of arrest of black juvenile girls for drug felonies elsewhere in the state. Nor is 2002 an isolated year. In 2001, San Francisco black girls comprised 69 of the 191 arrests of black girls statewide for drug felonies, also 36% of the total.

San Francisco black girls comprise 12.5% of the 24,119 juvenile females ages 10-17 in San Francisco, but 70% of the arrests of juvenile females for drug felonies and 77% of the petitions sustained for drug felonies (San Francisco Juvenile Probation Department annual report, 2000). The drug felony arrest rate for San Francisco black girls is 15 times the rate for other girls in the city (123.2 per 100,000 population). The drug felony conviction (petition sustained) rate for black girls is 23 times that of other girls in San Francisco.

2. There is no evidence of a drug abuse problem among San Francisco black girls that would justify such a drug arrest and incarceration excess.

In 2001, black juvenile girls comprised none of the city's 104 drug overdose deaths, and 1 of the city's 517 illegal-drug-related hospital emergency treatments—less than one-fifth of 1% of the city's drug abuse total (California Center for Health Statistics, and Epidemiology and Injury Control, Department of Health Services).



3. Every measure of drug abuse shows the city's drug abuse problem, overwhelmingly, is white and over age 30.

In 2001, whites over age 30 comprised 81 of the city's 104 drug overdose deaths; and 302 of the city's 517 illegal-drug-related hospital emergency treatments--60% to 80% of the city's drug abuse total.

Federal Drug Abuse Warning Network figures show the same pattern for all deaths and hospital emergency room treatments (whether accident, suicide, or undetermined) classified as directly related to abuse of illegal drugs. In 2002, persons over age 35 comprised 84%, and whites 64%, of the city's 273 drug abuse fatalities.

Yet despite their overwhelming contribution to San Francisco's drug abuse toll, city whites over age 30 comprise just 19.6% (1,577 of 8,035) of felony arrests for drug offenses, and 24.8% (373 of 1,504) of misdemeanor drug arrests. Meanwhile, blacks under age 30, who account for just 1% of the city's drug abuse deaths, comprise 22.7% (1,827 of 8,035) of felony, and 12.6% (190 of 1,504) of misdemeanor drug offenses.

Whites over age 30 are arrested for drugs at a rate one-third of what their contribution to San Francisco's drug abuse toll would predict, while blacks ages 15-29 are arrested at a rate 22 times higher than their drug abuse proportion would predict. Thus, compared to their level of drug abuse, younger blacks are more than 60 times more likely to be arrested for drugs than older whites.

4. This racial disparity in arrest exists for adult African American women, though not to the extreme extent as for juvenile females.

Comprising 2.7% of the black female population statewide, San Francisco black females comprise the following proportions of arrests for drug felonies of females in their age groups statewide: ages 18-19, 42%; ages 20-29, 34%; ages 30-39, 12%, and ages 40-older, 12%.

Comprising 8% to 10% of San Francisco's female population, blacks age 18-19 comprise 73% of the arrests 18-19 year-old women citywide for drug felonies; 66% for age 20-29; 56% for ages 30-39, and 70% for those ages 40 and older.

5. San Francisco's law enforcement policy toward drugs cannot be justified on the grounds of practicality. It is of dubious effectiveness in reducing drug abuse. According to Drug Abuse Warning Network tabulations, San Francisco's rate of drug-related mortality (37.2 per 100,000 population in 2001) is three times higher than for Los Angeles (12.2) and San Diego (12.8), and its rate of drug-related hospital emergency treatments (1,121.9 per 100,000 population in 2002) is 4.5 times higher than for Los Angeles (250.7) and 4.8 times higher than for San Diego (12.2).

6. This complaint does not allege a violation of civil rights in any individual case. Rather, it alleges that the extreme nature of these statistics clearly shows that San Francisco's pattern of drug law enforcement results in discrimination against younger black people, particularly younger black women, and excessive leniency toward older whites whose drug abuse is driving the city's illicit drug use and distribution. These are, by far, the most racially extreme figures I have seen for any city statewide.



Although precise race-by-age figures are not available for cities, San Francisco arrested more juvenile girls by number in 2002 for drug felonies (83) than the city of Los Angeles (74) or all jurisdictions in Alameda County (32), the latter of which have youth populations six and three times higher than San Francisco, respectively. As seen, San Francisco's arrests are disproportionately of blacks.

7. I believe San Francisco's method of enforcing drug laws constitutes a race-, gender-, and age-based human rights violation that is unfair on its face and which damages the lives of young people while failing to address the city's serious drug abuse problem among older age groups. I ask that these racial disparities be examined and that the city pursue policies that are more equitable and effective in light of the age, race, and gender characteristics of its drug abuse problem.

thank you for your attention.

Mike Males, Ph.D.  
Sociology Department  
214 College Eight  
University of California  
Santa Cruz, CA 95064

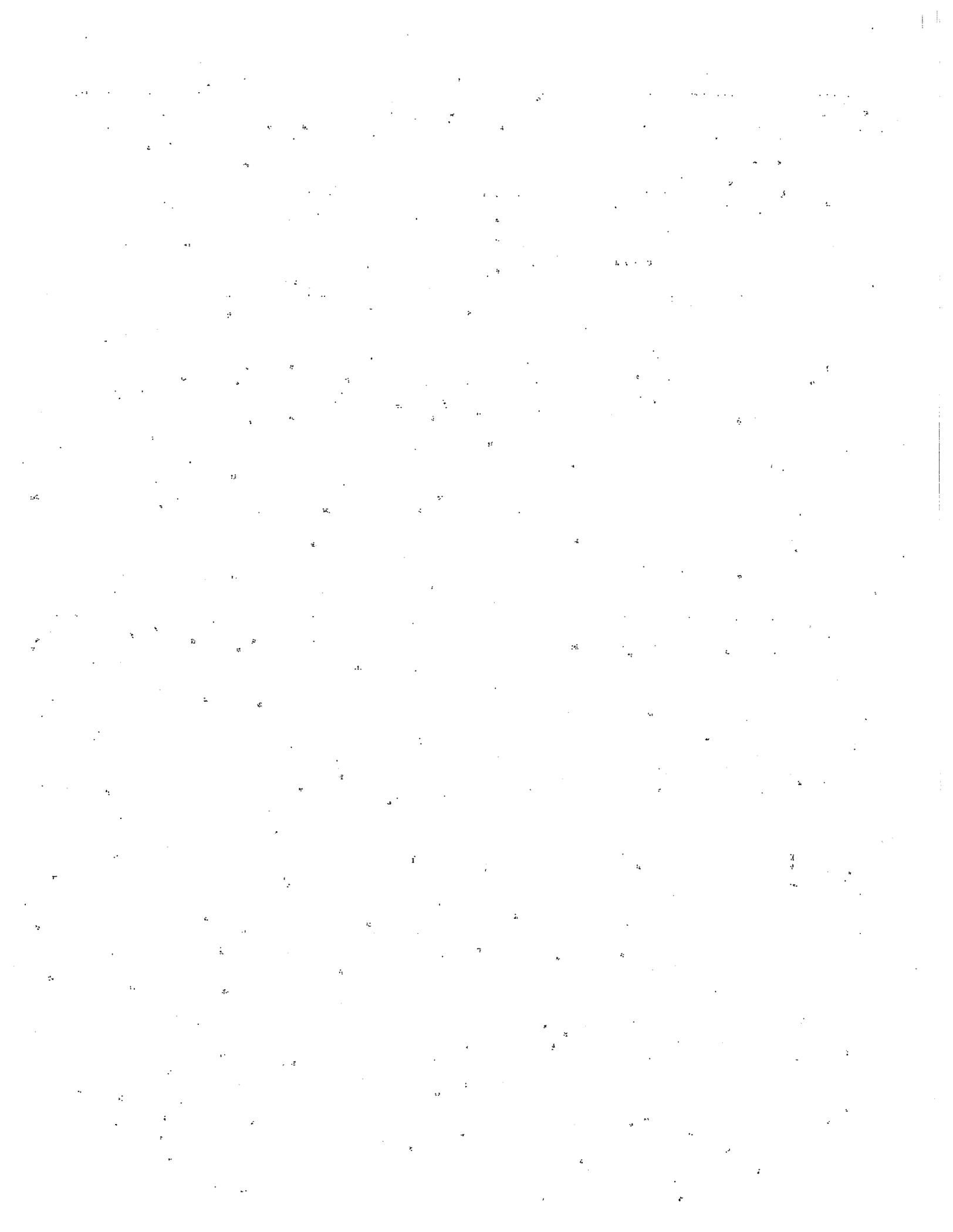
tel 831-426-7099  
email [mmales@earthlink.net](mailto:mmales@earthlink.net)  
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Appendix B. Full List of Cannabis Specific Statutes Reviewed

Class	Statute	Description
Felony	11357(a) HS/F	Possession of concentrated cannabis
	11358 HS/F	Cultivation of marijuana
	11358(d) HS/F	Cultivation of marijuana with priors.
	11359 HS/F	Possession of marijuana for sale
	11359(c) HS/F	Possession of marijuana for sale with priors
	11359(d) HS/F	Possession of marijuana for sale involving a person age 20 or younger
	11360(a) HS/F	Transportation, sale and giving away of marijuana
	11360(a)(3) HS/F	Transportation, sale and giving away of marijuana
	11361(a) HS/F	Employment of a minor to sell or carry marijuana
	11361(b) HS/F	Furnishing marijuana to minor over 14
	11362.3(a)(6) HS/F	Manufacturing concentrated cannabis using a volatile solvent without a license
Misdemeanor	11357(a) HS/M	Possession of concentrated cannabis
	11357(b) HS/M	Possession of marijuana 28.5 grams or less
	11357(b)(2) HS/M	Possession of marijuana more than 28.5 grams or concentrated cannabis more than four grams.
	11357(c) HS/M	Possession of marijuana 28.5 grams or less or concentrated cannabis four grams or less at school
	11357(d) HS/M	Possession of marijuana 28.5 grams or less at school

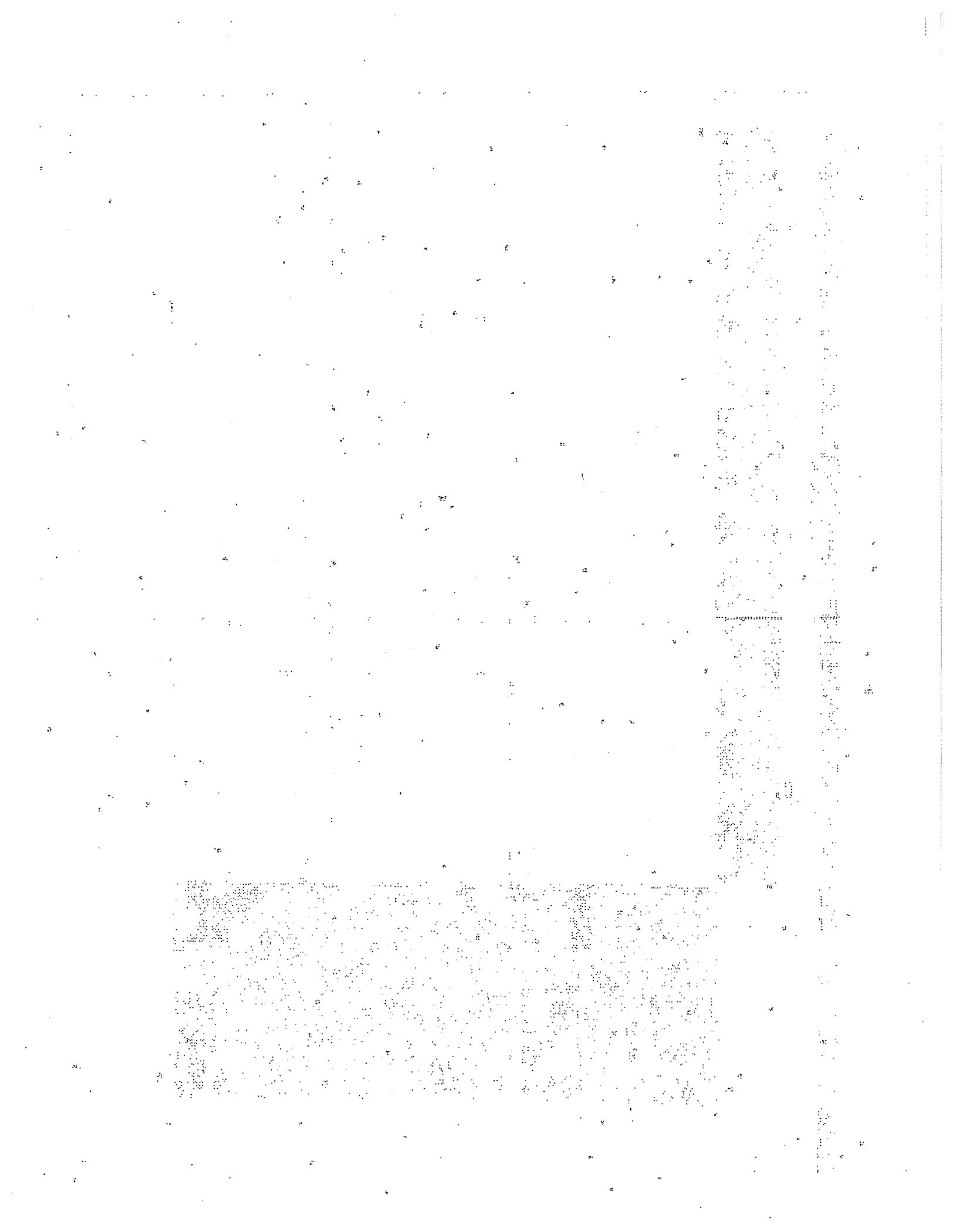
	11357(e) HS/M	Possession of marijuana upon grounds of k-12 school
	11357.5(a) HS/M	Selling or distributing a synthetic cannabinoid compound
	11357.5(b) HS/M	Use or possession of a synthetic cannabinoid compound with prior offense
	11358(c) HS/M	Cultivation of marijuana
	11359(b) HS/M	Possession of marijuana for sale
	11360(a)(2) HS/M	Transportation, sale and giving away of marijuana
	11360(b) HS/M	Transportation of not more than 28.5 grams of marijuana other than concentrated cannabis
	11362.3(a)(5) HS/M	Possession of marijuana upon school grounds
	23222(b) VC/M	Possession of marijuana while driving
	34014(a) RT/M	Operating a business in cultivation and retail of marijuana products without a permit
Infraction	11357(a) HS/I	Possession of marijuana 28.5 grams or less or concentrated cannabis four grams or less
	11357(b) HS/I	Possession of marijuana 28.5 grams or less
	11357(b)(1) HS/I	Minor in possession of marijuana more than 28.5 grams or concentrated cannabis more than four grams
	11357(d) HS/I	Minor in possession of marijuana 28.5 grams or less or concentrated cannabis four grams or less at school
	11357.5(b) HS/I	Use or possession of a synthetic cannabinoid compound
	11358(a) HS/I	Cultivation of marijuana by a minor under 18
	11358(b) HS/I	Cultivation of marijuana by a person between 18 and 20 years of age

11359(a) HS/I	Possession of marijuana for sale by a minor under 18.
11360(a)(1) HS/I	Transportation, sale and giving away of marijuana by a minor under 18
11360(b) HS/I	Transportation of not more than 28.5 grams of marijuana other than concentrated cannabis
11362.3(a)(1) HS/I	Smoking marijuana in a prohibited public place
11362.3(a)(2) HS/I	Smoking marijuana where tobacco is prohibited
11362.3(a)(3) HS/I	Smoking marijuana within 1,000 feet of a school
11362.3(a)(4) HS/I	Possession of an open container of marijuana while in a vehicle.
23222(b) VC/I	Possession of marijuana while driving



Appendix C: Equity Program Components and Targeted Barriers to Entry

Program Type	Specific Program	Barrier to Entry									
		Financial			Technical			Criminal	Geography	Perception	
		Access to Capital	Access to Real Estate	Licensing Fees	Business	Legal & Regulatory	Tax	Awareness of Equity Programs	Background Checks	Access to Opportunity	Distrust in Government
Financial & Capital Assistance	Incubators	✓	✓								
	Loans	✓	✓	✓							
	Real Estate		✓								
	City Property		✓								
	Fee Waivers	✓		✓							
	Tax Incentives	✓									
	Community Reinvestment	✓									✓
Technical Assistance	Conditional Approval	✓	✓								
	Business Training				✓						
	Cannabis Training				✓						
	Regulatory Training or Assistance					✓	✓				
Public Awareness	Mentorship & Learning							✓			
	Advertisements							✓			✓
	Neighborhood Outreach/Education							✓		✓	✓
Licensing	Priority					✓					
	Clarity				✓	✓					
	Streamlining	✓				✓					
	Equitable Zoning									✓	
Criminal History	Disregarding Cannabis Offenses								✓		
	Expungement Assistance/Events								✓		✓



## **Appendix D. Existing Resources**

San Francisco has numerous existing resources that can serve as important tools for Equity Applicants and the existing industry. While this is not meant to serve as an exhaustive inventory, this section provides background for existing programs referenced in the report. These are a few of the programs that can be leveraged to help create a more inclusive industry and ensure the success of Equity Applicants.

### *General Support from the Office of Small Business*

The Office of Small Business (OSB) and the SF Business Portal serve as a central point of information and assistance for small businesses and entrepreneurs located in San Francisco and provides one-to-one case management assistance including information on required license and permits, technical assistance, and other business resources.

The OSB specializes in servicing business clients that are unfamiliar or challenged by language in understanding the business regulatory environment and can help navigate business to technical services managed by other portions of OEWD and service providers.

### *Business Assistance*

Office of Small Business services include providing potential operators with a customized checklist for starting a business; Business Registration Requirements; Business License and Permit Info; Zoning & Land Use Info & Assistance; Technical Assistance Providers & Business Support; ADA Requirements / and Assessments; Business Classes and Workshops; Legal Resources for Entrepreneurs; Employer Mandates- Hiring Employees; Building Permit Process Overview; various other Business Resources and Programs.

### *Legal Assistance*

The Office of Small Business can also refer to programs such as the San Francisco Bar Association Lawyer Referral and Informational Services. This costs approximately \$35 for 30 minutes.

### *Human Resources Assistance*

The Office of Small Business can also refer to resources such as the California Employers Association, a not for profit employers association.

### *Open In SF*

Mayor Lee has created Open in SF and set a priority to support the 80,000 small businesses that are at the core of San Francisco's identity, economy, and workforce, and to make it easier for San Franciscans to open, operate, or grow a small business. The program is an interagency collaboration that provides direct services to assist individuals in San Francisco who are working through the permitting process to open a small business.

### *First Source*

This program requires cannabis businesses to post any new entry level positions with San Francisco's workforce system before posting positions publicly through other platforms. The City's workforce

system is a robust network of community based organizations, job development providers, and vocational training programs working primarily with unemployed, underemployed, and low-income San Franciscans. Participants in the workforce system often access this system because they represent populations that have historically faced discrimination and disenfranchisement and as a result lack the professional networks that are so critical to gaining a foothold in a career. The workforce system worked with over 8,000 people last year, 92% of which represented households earning less than 50% AMI and 37% of which were African American. The workforce system targets specific populations that have unique barriers to employment, including formerly incarcerated individuals, veterans, and newly arrived immigrants. These are the individuals that the cannabis industry has made a priority and by incorporating First Source hiring practices into cannabis businesses, businesses have a direct connection to the job seekers that it is looking for. In San Francisco's tight labor market, First Source offers an invaluable pool of qualified entry-level talent that small businesses can struggle to find.

#### *Neighborhood Access Points*

San Francisco funds several Neighborhood and Specialized Access Points in order to connect workforce services to specific communities with a disproportionate rate of unemployment and/or poverty and for targeted populations who face barriers to employment. The Neighborhood Access Points are community-based workforce centers that offer participants support in seeking and connecting to employment. They also partner with neighboring businesses within a community in order to connect local businesses to local jobseekers. The Specialized Access Points deliver customized workforce services for populations who often face barriers in finding employment, including a Re-Entry Access point, to address the specific job readiness needs for individuals who have interfaced with the criminal justice system, including those with cannabis-related convictions. Collectively, these workforce services further expand pipelines of qualified candidates for training and employment opportunities and supporting growing industries, as the marijuana sector, in San Francisco.

#### *Skill Building Programs*

**Hospitality Academy** – The Hospitality Academy is designed to coordinate training with employment opportunities in order to support the growth of a diverse and well-qualified hospitality sector workforce in San Francisco. It makes targeted trainings available to prepare San Francisco residents for employment opportunities in the hospitality sector – from food preparation and guest services to the maintenance and security needs that hospitality businesses require. The Hospitality Academy serves to fulfill the hiring needs of hospitality sector employers with qualified candidates that are job ready, possess the skills and abilities to be an attribute to the workforce, and hold knowledge and passion for the industry. Participants successfully completing programming from the Hospitality Academy would be natural candidates for retail positions, cannabis food businesses as well as security guard positions.

#### *CityBuild*

CityBuild Academy aims to meet the demands of the construction industry and our dynamic economy by providing comprehensive pre-apprenticeship and construction administration training to San Francisco residents. CityBuild began in 2006 as an effort to coordinate City-wide construction training and employment programs and is administered by OEWD in partnership with City College of San Francisco,

various community non-profit organizations, labor unions, and industry employers. CityBuild furthers the City's social justice and employment equity goals by recruiting disadvantaged jobseekers who face or have overcome barriers to employment, including formerly incarcerated workers in communities negatively impacted by the failed war on drugs. CityBuild graduates would be natural candidates for machine operator positions within the cannabis industry as well as the ancillary jobs with construction firms building out new cannabis businesses and at HVAC companies serving these businesses. Taking into account emerging cannabis apprenticeship programs such as the Laborers' Local 261 Cannabis Horticultural Apprenticeship, with some time and resources CityBuild has the potential to expand and create new partnerships to provide pre-apprenticeship and a proven pathway to employment for workers in the cultivation side of the industry as well, helping to ensure diversity and reduce barriers to equitable opportunity in the growing cannabis industry.

#### *Health Care Academy*

The Health Care Academy is designed to improve the responsiveness of the workforce system to meet the demands of the growing health care industry. The health care industry has been identified both nationally and locally as a priority for workforce investment due to stable and/or increasing demand for new workers, replacement of retirees, and the need for skills development in response to new technologies and treatment options. Because the health care sector encompasses occupations in such a wide variety of settings and requiring various levels of education and skill, it presents excellent opportunities for a broad spectrum of local jobseekers. With the Academy offering both clinical and non-clinical training opportunities, partnership with the emerging marijuana sector would enhance workforce efforts for employment opportunities as through pharmacy technician (fill and refill marijuana prescriptions) and patient access reps (clinical customer service representatives that are trained with providing service to those with medical conditions).

#### *Apprenticeship Programs*

Apprenticeship is a means of addressing the workforce needs of our dynamic economy's core and emerging industries by providing paid, on-the-job training and a structured pathway to career advancement. Participants in state-certified apprenticeship programs earn specific wages and benefits that increase as employment hours are accumulated, resulting in the attainment of journey-level status over a period that typically ranges from two to four years. Apprenticeship is a key foundation of the City's workforce development strategy, particularly with respect to the construction and technology sectors. By investing in pre-apprenticeship programs such as CityBuild and TechSF, the Office of Economic and Workforce Development provides an opportunity for economically disadvantaged jobseekers and workers that face or have overcome barriers to employment to become job ready and secure life skills before they become an apprentice. Partnering with employers and labor organizations within a specific sector to craft a pre-apprenticeship curriculum allows OEWD to offer pre-apprenticeship graduates guaranteed or priority access to apprenticeship and the career benefits that await as they work to become journey-level workers in their field. Capacity and resources within our training programs may need to be evaluated depending on how this model evolves. Policy framework for such an apprenticeship program should be robust enough to scale, but should also recognize the nascence of this industry and lack of data for accurate predictions related to job creation.

### *Clean Slate*

Clean Slate is a program of the San Francisco Public Defender's Office that can help people "clean up" their criminal records. The type of cases the Public Defender handles through this program includes: Expungements (misdemeanor & felony convictions including, but not limited to drunk driving, theft, prostitution, burglary, drug offenses, domestic violence, robbery, and assault and battery) and Certificates of Rehabilitation such as State Prison Cases.

### *Fair Chance Ordinance (FCO)*

The Fair Chance Ordinance (FCO) went into effect on August 13, 2014 and regulates the use of arrest and conviction records in employment decisions for certain employers, affordable housing providers, and City contractors. The FCO applies to private employers that are located or doing business in San Francisco, and that employ 20 or more persons worldwide. This 20-person threshold includes owner(s), management, and supervisory employees. Job placement, referral agencies, and other employment agencies are considered employers. You can learn more about the Fair Chance Ordinance here: <https://sfgov.org/olse/sites/default/files/FileCenter/Documents/12136-FCO%20FAQs%20Final.pdf>.

### *Financial Empowerment*

The Office of Financial Empowerment (OFE), housed within the Office of the Treasurer, designs, pilots and expands programs and policies that help low income families build economic security and mobility. Programs such as Smart Money Coaching, which provide one-on-one financial coaching, could be expanded to specifically serve the needs of employees in the cannabis industry.

Smart Money Coaching provides free financial coaching to low income San Franciscans at 27 sites in partnership with the Human Services Agency, the Mayor's Office of Housing & Community Development, the Office of Economic and Workforce Development and the Housing Authority. Integrating coaching into existing social service delivery can improve both financial and programmatic outcomes, as well as help scale a high touch coaching service.

Other programs available to assist employees in the cannabis industry include:

- SaverLife, an online program that rewards individuals for consistently saving at least \$20 each month. The program lasts for 6 months and savers can earn a maximum of \$60.
- Bank On San Francisco helps residents access safe, affordable accounts at responsible banks and credit unions.

### *Community Business Priority Processing Program*

The Planning Department has assembled a designated staff to help navigate the application process. The Community Business Priority Processing Program (CB3P)\* streamlines the Conditional Use review process for certain small and mid-sized business applications and provides a simplified and efficient system to get help you out the door faster and open your business sooner. Projects that qualify for and

enroll in the CB3P are guaranteed a Planning Commission hearing date within 90 days of filing a complete application, and placement on the Consent Calendar. Applicants for the CB3P must a) complete a checklist documenting eligibility for participation, b) complete the Conditional Use application and provide associated materials, c) conduct a Pre-Application Meeting prior to filing, and d) provide interior and exterior photos, per Resolution #19323 that established the program. Certain limitations do apply, and CB3P applications are subject to the same level of neighborhood notice, the same Planning Code provisions, and the same (if applicable) CEQA review requirements, and may still be shifted from Consent to Regular Calendar if requested by a Planning Commissioner or member of the public.



## Appendix E. Taxation: State Structure & Review of Other Jurisdictions' Tax Structures

New cannabis taxes have also been authorized under Proposition 64. All cannabis is subject to a 15 percent state excise tax and local governments may also levy their own excise taxes. Standard sales taxes apply as well, although medicinal cannabis is exempt from sales taxes. Further, the state will collect taxes from cultivators at a rate of \$9.25/oz for cannabis flowers and \$2.75/oz for leaves. State tax revenue will fund cannabis-related administrative and enforcement activities as well as new programs to support law enforcement, environmental impact mitigation of cannabis cultivation, university research, and community reinvestment grants.

Anticipating the passage of Prop. 64, over 30 cities and counties in California put cannabis tax measures before voters last November, and nearly all of these measures passed. The average local tax rate on cannabis is around 10 percent, which is in addition to the state's tax of 15 percent.

In some cities, the tax is variable. In San Diego, for instance, the rate starts at 5 percent, increases to 8 percent in 2019, and City Council is authorized to increase the tax by ordinance to a maximum 15 percent. In the City of Los Angeles, voters approved a 10 percent tax on adult-use cannabis sold at retail stores, a 5 percent tax on medicinal cannabis, and lesser taxes on non-retail cannabis businesses, such as testing and manufacturing. All new local taxes that have passed since November 2016 are general fund taxes, meaning tax revenue will support general services in each city or county, rather than a dedicated fund with specific spending requirements.

Locally, the cities of San Jose, Oakland, and Berkeley have levied taxes on cannabis sales since 2010, although prior to Proposition 64, taxes only applied to medicinal cannabis. Each of these cities will tax adult-use cannabis at 10 percent. In Oakland and Berkeley, medicinal cannabis is taxed at lower rates.

While San Francisco does not currently tax cannabis beyond the standard sales tax, local officials and members of the public are beginning to convene to decide on a tax measure to put before voters in an upcoming election.

City & County of San Francisco  
Cannabis Medical Access Report.

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO  
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BY 

Office of Cannabis & Department of Public Health

November 1, 2017



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## **I. Executive Summary**

On September 5, 2017, the Board of Supervisors unanimously passed Ordinance No. 170859, creating the Office of Cannabis and defining the Office's responsibilities. Within the ordinance, the Board of Supervisors requested that the Office of Cannabis, the Department of Public Health and the Controller's Office deliver to them and the Mayor no later than November 1, 2017, a report analyzing the unique needs of individuals who use cannabis for medicinal purposes and providing recommendations regarding policy options that would (A) preserve affordable and/or free access to medical cannabis patients, (B) ensure medical cannabis patients continue to receive high-quality, appropriate care and (C) providing uninterrupted access to medical cannabis patients.

This report studies the current state of medical access in San Francisco, provides background on the Medical Marijuana Identification Card Program and known characteristics of the card holder community, and provides feedback given to the City through focus groups hosted by the Department of Public Health. Finally, the report makes various recommendations for the City's consideration.

## **II. Introduction**

### *California Medical Cannabis Policy*

In 1996, California became the first state in the U.S. to legalize medical cannabis. Legalization resulted from passage of Proposition 215, the Compassionate Use Act, which was incorporated into California's Health and Safety Code (Sec. 11362.5). Its purpose was to a) ensure that seriously ill Californians have the right to obtain and use marijuana for medical purposes where the medical use is deemed appropriate and has been recommended by a physician who has determined that the person's health would benefit from the use of marijuana in the treatment of cancer, anorexia, AIDS, chronic pain, spasticity, glaucoma, arthritis, migraine, or any other illness for which marijuana provides relief; and b) ensure that patients and their primary caregivers who obtain and use marijuana for medical purposes upon the recommendation of a physician are not subject to criminal prosecution or sanction.

Senate Bill 420 followed almost a decade later to prescribe personal cultivation and possession limits and establish the right of qualified patients and caregivers to form collectives and cooperatives for the lawful cultivation and distribution of cannabis among members. These laws allowed for medical cannabis access and created city and county-based systems across the State.

Between 2003 and 2015, the commercial cannabis industry grew with few rules and regulations. It wasn't until 2015 and the passage of the Medical Marijuana Regulation and Safety Act that California established a legal framework to regulate and monitor marijuana dispensaries ("AB-243, Medical Marijuana" 2015). Originally set to take effect on January 1, 2016, the Medical Marijuana Regulation and Safety Act was amended via the Medical Cannabis Regulation and Safety Act in June 2016. This updated piece of legislature aimed to incorporate stronger environmental protection policies within a comprehensive licensing system ("SB-643, Medical Marijuana" 2016).

On November 8, 2016, California voters passed Proposition 64, the Adult Use of Marijuana Act (AUMA), legalizing the distribution, sale, and possession of marijuana. AUMA was modeled on the Medical Marijuana Regulation and Safety Act (MMRSA) of 2015. In 2017, California sought to create one regulatory system for both medical and recreational use. Therefore, this last June, Governor Jerry Brown signed the Medicinal and Adult Use Cannabis Regulation and Safety Act (MAUCRSA) into law, reconciling the differences between AUMA and MMRSA, a taking a crucial step towards developing a regulatory framework to facilitate a for-profit cannabis sector for both medicinal and adult-use.

### *San Francisco*

In 1991, San Francisco voters passed Proposition P, Hemp Medication, which asked whether or not San Francisco would recommend that the State of California and the California Medical Association restore "hemp medical preparations" to California's official list of medicines (Office of the Registrar of Voters 1991). There were three paid arguments in the ballot in favor of Proposition P, which provided quotes from physicians and cited scientific institutions in arguing for cannabis' medical benefits (Office of the Registrar of Voters 1991). Voters approved the proposition with nearly 80% of the vote (San Francisco Public Library 2017).

In 1999, San Francisco's Health Commission adopted Resolution No. 29-99, "Supporting the Development and Implementation of a Voluntary Medical Cannabis Identification Card Program" (San Francisco Department of Public Health 2000). This resolution supported the development of an identification card program for medical cannabis for individuals who qualified under the Compassionate Use Act as patients or primary caregivers. In 2000, the Board of Supervisors formally created San Francisco's current identification program for medical marijuana (San Francisco Department of Public Health 2000).

On December 3, 2001 the Board of Supervisors passed Resolution No. 01-2006, declaring San Francisco to be a "Sanctuary for Medical Cannabis (San Francisco Board of Supervisors 2005). They also urged California law enforcement and regulatory agencies to avoid harassing, arresting and prosecuting physicians, dispensaries, patients or caregivers who complied with the Compassionate Use Act.

In 2002, the Board of Supervisors placed Proposition S, titled "Medical Marijuana," on the ballot. The proposition was a declaration of policy, directing the Mayor, Board of Supervisors, District Attorney, City Attorney, and Department of Public Health to explore the possibility of creating a program to grow and distribute medical marijuana (Department of Elections 2002). Proposition S passed with approximately 62% of the vote (San Francisco Public Library 2017).

In March 2005, the Board of Supervisors passed Ordinance No. 64-05, "Zoning – Interim Moratorium on Medical Cannabis Dispensaries" (San Francisco Board of Supervisors 2005). The ordinance expressed concern over the significant increase in the number of individuals enrolled in the city's voluntary medical cannabis identification program, "In 2002, there were approximately 2,200 individuals registered...and

there are now over 5,000 or 7,000 individuals enrolled” (San Francisco Board of Supervisors 2005). The ordinance acknowledged that there were no mechanisms to regulate or monitor medical cannabis dispensaries and therefore imposed a moratorium on new clubs and dispensaries.

On November 22, 2005, the Board of Supervisors unanimously passed Article 33 of the San Francisco Health Code, which provides codes, rules, regulations, and operating procedures for medical cannabis dispensaries (San Francisco Department of Public Health 2005).

As of November 1, 2017, there were 46 licensed dispensaries in the City and County of San Francisco. Though the Department of Public Health has historically been responsible for the dispensary permitting process. Following the passage of Proposition 64, San Francisco’s “Budget and Appropriation Ordinance” for the Fiscal Year 2017-2018 established the Office of Cannabis and tasked the Office with coordinating various city departments and state agencies efforts to comprehensively regulate medical and adult-use commercial cannabis activity in 2018.

### **III. Medical Marijuana Identification Card Program**

The California Department of Public Health (CDPH) Medical Marijuana Identification Card Program (MMICP)<sup>1</sup> creates a State-authorized medical marijuana identification card (MMIC) along with a registry database for card holders (i.e. qualified patients and primary caregivers). The card provides legal justification for the possession and use of medical cannabis in California, but the card program is voluntary, meaning not everyone who uses cannabis for medical purposes is required to obtain one. Individuals and/or primary caregivers wishing to apply for a State card must do so through their county of residency, and the San Francisco Department of Public Health (SFPDH) Vital Records department manages this process at the county level.

#### **A. Application Process**

It is important to note that the State program is also confidential, meaning neither CDPH nor SFPDH retains any personal, demographic, or medical information of program applicants and/or card-holders. The identifying and medical information that applicants provide as part of the State application process is returned to the applicant at the time the card is issued. The only information maintained at the county level are the unique identifier that the State assigns to every card holder and the card’s expiration date.

#### **B. County-Level Medical Marijuana Identification Card Program Data**

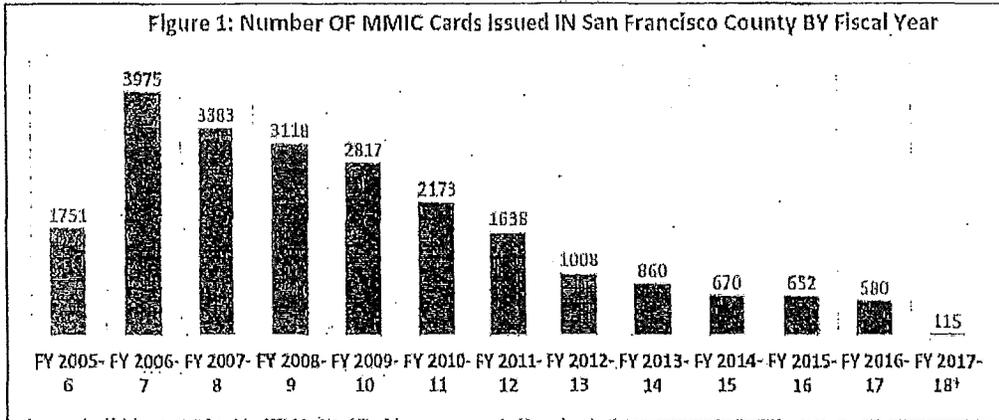
In terms of number of cards issued by county, a recently published California Department of Public Health report notes that, from July 2005 through September 2017 (see figure 1), the San Francisco Department of Public Health issued 22,740 cards—one of the highest amounts across participating counties. This is not to say that there are currently 22,740 patients using medical cannabis in San Francisco, as the card

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<sup>1</sup> See CDPH Medical Marijuana Identification Card Program report, available at <https://www.cdph.ca.gov/Programs/CHSI/CDPH%20Document%20Library/MMPCounty%20Card%20Count%20September%202017-18revADA.pdf>.

must be re-issued on an annual basis. It is also important to note the fluctuation in number of card holders over time, with 3,975 cards issued in fiscal year 2007, 1,638 in fiscal year 2012, 652 cards in fiscal year 2016, and 580 cards in fiscal year 2017.

Figure 1. Number of MMIC Cards Issued in San Francisco by Fiscal Year



\*Fiscal Year 2017-18 reflects the number of cards issued through September 2017.

### C. Medical Marijuana Identification Card Holder Data

As mentioned earlier, the county does not retain general demographic information of applicants or cardholders. One data point that is available to SFDPH is the number of card holders that have requested a card fee reduction as a Medi-Cal program beneficiary. Per State law, Medi-Cal beneficiaries receive a 50% reduction in the fee for the State identification card.<sup>2</sup> The current amount is X.

This information is useful because it provides insight into affordability questions for medical cannabis patients in San Francisco, since the Medi-Cal program serves low-income individuals and families. In general, individuals and families with annual incomes at or below 138 percent of the Federal Poverty level qualify for the program. Figure 2 below<sup>3</sup> provides more information about income levels at 138 percent of the Federal Poverty Level.

<sup>2</sup> The full fee for each card in San Francisco County is currently \$100, with Medi-Cal beneficiary fee reduction bringing the cost down to \$50 dollars. See also California Health and Safety Code Section 11362.755.

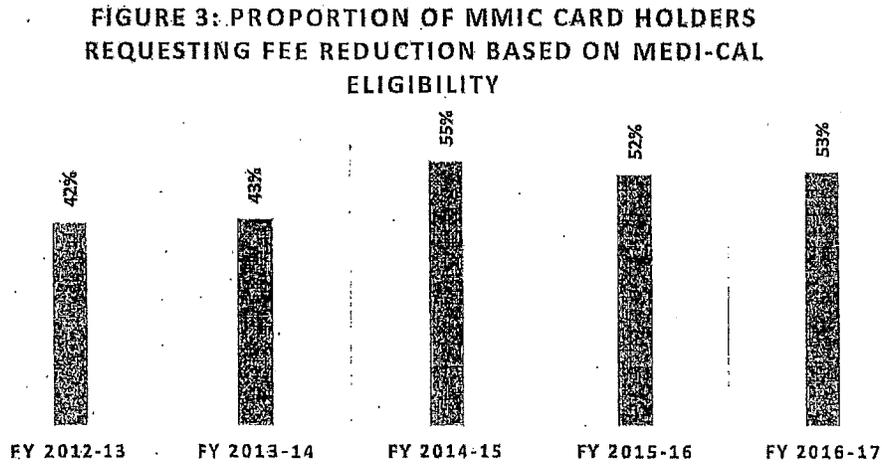
<sup>3</sup> California Department of Health Care Services website, available at <http://www.dhcs.ca.gov/services/medi-cal/Pages/DoYouQualifyForMedi-Cal.aspx>.

Figure 2. California Medi-Cal Income Eligibility

Family Size	138% Poverty Level
1	16,395
2	22,108
2 Adults	22,108
3	27,821
4	33,534
5	39,248
6	44,961
7	50,688
8	56,429
9	62,169
10	67,910
11	73,651
12	79,392
Each Additional Person	Add 5,741

Figure 3 below<sup>4</sup> shows the proportion of State card holders in San Francisco that requested a card fee reduction based on Medi-cal eligibility from fiscal year 2013 through fiscal year 2017. The figure shows that over the past few fiscal years, over half of all card holders in San Francisco made such requests.

Figure 3. Proportion of MMIC Card Holders Requesting Fee Reduction Based on Medi-Cal Eligibility



<sup>4</sup> SFDPH files.

## IV. Focus Group Narratives

### A. Methodology

In order to provide the City's policymakers and the Office of Cannabis with a comprehensive view of the medical cannabis cost and affordability landscapes, the Department of Public Health conducted three separate focus groups where discussions outlined concerns and participants put forth solutions to alleviate those concerns. Where individuals were unable to participate in person, the Department collected responses via phone and email. Over three focus group sessions, the Department interviewed sixteen individuals.

The focus groups included representatives from the below stakeholder categories, and Department of Public Health staff strived for a balance of race, gender and sexual orientation within each focus group.

- Medical cannabis patients
- Medical cannabis patient advocates
- Medical cannabis business owners – storefront and delivery only
- Public policy experts

As part of the discussions, focus group participants also noted their experiences with homelessness, living with HIV, behavioral health issues, living with a disability, and past military service. It is also important to note that many focus group participants felt they represented more than one category above.

Each focus group discussed the following questions:

1. In your experience, how is the medical cannabis patient community reacting to State and local changes to the medical cannabis regulatory framework?
2. What is the general feeling among patients about the cost of medical cannabis in the new medical cannabis regulatory market? How does the addition of the adult-use market factor into the discussion?
3. What is the general feeling among patients about the State medical cannabis identification card? Do people generally know how to apply, where to get it and that there is a fee associated with obtaining it?
4. Do you have ideas and suggestions about how the City could address concerns you've mentioned? For example, what would the elements of a compassionate care program be in San Francisco?

The following information, in no particular order, is a compilation of the main discussion points from all focus groups, and where there was general consensus or agreement across focus groups, it is noted.

## B. Medical Cannabis Community Reactions and Concerns: Focus Group Responses

1. In your experience, how is the medical cannabis patient community reacting to State and local changes to the medical cannabis regulatory framework?
2. What is the general feeling among patients about the cost of medical cannabis in the new regulatory market? How does the addition of the adult use market factor into the discussion?

Responses to the above questions are noted below.

*Preserving San Francisco's Compassionate Care Model.* Focus group participants affirmed that patients use cannabis as an alternative to prescription drugs, a harm reduction tool, and as an important treatment option for a wide variety of conditions, and that the State and City needed to appropriately recognize this as a significant benefit to individuals with medical needs. Participants also noted that the current medical cannabis structure and future adult use system would not have been possible without the steadfast dedication of the current medical cannabis community, and, for that reason, the City should elevate those needs.

With regard to the current and future landscapes, one participant noted that patients are currently benefitting from an increase in available products as new dispensaries enter the medical market and lowered prices due to increased market competition, further noting that in the newly regulated market, patients can also expect to benefit further from guidelines designed to make cannabis and cannabis products safer. This participant stated that patients they have encountered feel excited, but also apprehensive and uncertain about how the medical and adult use markets will affect one another and how new regulations will affect the medical cannabis market, specifically. This individual believed that these feelings would remain until State and local medical and adult use legislation and regulations are finalized, and that the longer that process takes, the more uncertainty the cannabis industry will experience.

One overarching concern across focus groups was that current State law<sup>5</sup> does not allow for compassionate care to continue in San Francisco in the way that patients have accessed it in the past, access it currently, and envision it for the future. Focus group members felt that if this issue is not addressed, the City runs the risk of eliminating compassionate care altogether. One meeting participant noted that, though the pending State medical and adult use cannabis regulatory systems should be streamlined wherever possible for efficiency purposes, this was an area where the adult use and medical cannabis markets should differ significantly. Underlying concerns stemming from these statements were as follows:

- *Cost for Patients.* Participants in each focus group highlighted the issue of cost for patients in the newly regulated medical cannabis market, especially for low-income and indigent patients, immobile patients, and those experiencing homelessness. To some participants, the cost of

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<sup>5</sup> These concerns would also apply to any provisions within the current proposed local ordinance that codify the relevant State law provisions.

medical cannabis is already at unaffordable levels for many, and patients and patient advocates in each focus group were concerned about the ability for them to access the market in the face of new State and local regulations, where the regulatory cost would likely be passed on to consumers. There was also concern about the added burden of State and (possible) local taxation structures. According to some, patients generally prefer regulated, lab-tested medical cannabis, but one serious consequence of exorbitant taxes would be a proliferation of the illicit market, where medical cannabis would likely be cheaper. State law does exempt medical cannabis patients with the aforementioned State-issued card from State sales tax,<sup>6</sup> but there was consensus across focus groups that this exemption does not go far enough to reduce cost barriers for patients.

- *Prohibition against Samples, Free and Discounted Cannabis.* State Law currently prohibits the giving away of cannabis and cannabis products as part of a business promotion or commercial activity.<sup>7</sup> This has been interpreted to disallow the giving of cannabis samples and cannabis/cannabis products at discounted or no cost to individual consumers and/or other businesses, which are current practices in San Francisco's medical cannabis market. Participants across the focus groups were strongly opposed to these State law provisions since, according to them, such practices are critical for maintaining a functional compassionate care program. For example, patients rely on samples to test products in hopes of finding one that alleviates symptoms, and it would be cost-prohibitive for patients to instead have to purchase each item at full price at the outset.

Further, State law also requires that all cannabis and cannabis products be tagged with a unique identifier, known as a "track and trace" system.<sup>8</sup> There was a concern that this could conflict with any local policy allowing for donations or samples, since those cannabis items would not be moving through the commercial system the way State law currently envisions. For example, some medical cannabis businesses currently receive anonymous cannabis and cannabis product donations that they then distribute to patients, and such a track and trace system would deter those donors from continuing a practice that, in their view, facilitates continued and affordable access for low-income patients.

- *Phased Elimination of the Collective/Cooperative Model.* In establishing a State-regulated medical cannabis market, State law also eventually phases out the current collective/cooperative medical cannabis model.<sup>9</sup> According to focus group participants, this would eliminate a critical community-sharing element of San Francisco's current compassionate care practices.

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<sup>6</sup> The Adult Use of Marijuana Act – Proposition 64, Section 34011.

<sup>7</sup> Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) Section 26153.

<sup>8</sup> The Adult Use of Marijuana Act – Proposition 64, Section 26170.

<sup>9</sup> Medical and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) Section 11362.775

- *Product Type and Dosage Inflexibility.* Current State law limits edible cannabis product THC content to 10 milligrams per serving size in both the medical and adult use markets,<sup>10</sup> and previously proposed State regulations<sup>11</sup> limited the total THC amount per package to 100 milligrams. The proposed State regulations also placed a 1,000-milligram THC limit on non-edible cannabis products in both markets.<sup>12</sup> Focus group participants identified two main problems with this approach. First, there is often a need for patients to consume higher dosages than individuals in the adult use market because medical condition treatment plans and cannabis metabolism rates differ per individual, and, since State law does not currently allow for patients to obtain cannabis at little to no cost, this limitation would require patients to purchase multiple products to reach their required dosage levels, which is cost-prohibitive. Second, some participants noted that the pending State cannabis regulations would likely limit the types of edible cannabis products that can be produced, which they felt would provide primarily for preservative-heavy and sugar-laden products, lead to high caloric intake among patients if they must consume multiple servings, and create potential health issues as a result.
- *Cannabis License Fees.* Some focus group participants cited State and (possible) local cannabis permit fees<sup>13</sup> as a potential cost barrier for true compassionate care businesses that wish to continue providing cannabis and services to low-income patients in San Francisco.
- *Medical Cannabis for Patients Under 18.* State law currently prohibits the production of cannabis products that are considered appealing to children.<sup>14</sup> Focus group participants noted that some children who use medical cannabis would benefit from products that are designed to make consumption palatable for them.

*Lack of Dedicated Consumption Spaces for Patients.* All focus groups noted that, for medical cannabis patients, consuming their medicine is often a social experience that is important for the healing process, and that there were not enough existing spaces in San Francisco for this purpose.

*Driving Under the Influence Determinations.* There was concern in one focus group about the process the State and City will undertake in determining whether an individual is driving under the influence. A process that considers only whether THC is present in the system, and not whether driving is actually

<sup>10</sup> Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) Section 26130 (c).

<sup>11</sup> See California Department of Public Health Proposed Regulations Comment Summary and Response, available at [https://www.cdph.ca.gov/Programs/CEH/DFDCS/CDPH%20Document%20Library/Cannabis%20Comments%20\(Final%20on%20CDPH%20Letterhead\).pdf](https://www.cdph.ca.gov/Programs/CEH/DFDCS/CDPH%20Document%20Library/Cannabis%20Comments%20(Final%20on%20CDPH%20Letterhead).pdf).

<sup>12</sup> See California Department of Public Health Proposed Regulations Comment Summary and Response, available at [https://www.cdph.ca.gov/Programs/CEH/DFDCS/CDPH%20Document%20Library/Cannabis%20Comments%20\(Final%20on%20CDPH%20Letterhead\).pdf](https://www.cdph.ca.gov/Programs/CEH/DFDCS/CDPH%20Document%20Library/Cannabis%20Comments%20(Final%20on%20CDPH%20Letterhead).pdf).

<sup>13</sup> Local cannabis permit fees have not yet been determined, but focus group participants thought they would likely be a cost barrier once established, especially when considered alongside a State license fee.

<sup>14</sup> Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) Section 26130 (c).

impaired as a result, will negatively affect patients, especially those who require relatively high THC doses as part of their treatment plans.

*Safe Consumption Information for Patients.* Meeting participants noted that safe consumption information currently varied across dispensaries, which could lead to misinformation and unsafe patient consumption practices.

### C. State Medical Cannabis Identification Card – Focus Group Responses

3. What is the general feeling among patients about the State medical cannabis ID card? Do people generally know how to apply, where to get it and that there is a fee associated with obtaining it?

Responses to the above questions are noted below.

There was general consensus across focus groups that many patients in San Francisco are currently unaware of the State card program and/or how to obtain a card. Participants noted that some current businesses were not appropriately applying the State sales tax exemption for medical cannabis patients who possess the card, and that this would likely continue without widespread education about the program for business owners, their employees and medical cannabis patients. One participant suggested that the Health Department lead this educational effort and increase accessibility by also educating providers that do not commonly interact with medical cannabis patients and may be unfamiliar with program guidelines, and developing informational materials for display at dispensaries and doctors' offices.

With the onset of adult use commercial activity and consumption, there was a concern that medical cannabis patients may bypass the medical market and instead obtain cannabis in the adult use market due to public stigma surrounding medical cannabis use, as well as misconceptions about the type of information that is stored within the medical cannabis identification program database and how that may affect current/future employment opportunities and the ability to purchase a firearm.<sup>15</sup>

In contrast, one participant noted that it was difficult to predict the effect of the adult use market on the MMIC program, but suggested that increased taxation levels for medical cannabis and a possible lack of San Francisco-based adult use retailers in early January, 2018, may significantly increase State card utilization. Others felt that adult use legalization and consumption would have a positive effect on the medical market and card utilization, since more people would be comfortable with cannabis use in general.

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<sup>15</sup> The Bureau of Alcohol, Tobacco, Firearms and Explosives issued a memorandum to all firearms licensees in 2011 clarifying that federal law prohibits unlawful users of controlled substances, as defined by the federal Controlled Substances Act, from receiving or possessing firearms or ammunition. See Bureau memorandum, available at <http://71.11.3.134/share/PDF/ATFOpenLetter092111.pdf>.

#### D. Ideas and Suggestions – Focus Group Responses

4. Do you have ideas and suggestions about how the City could address the concerns you've mentioned? For example, what would the elements of a compassionate care program be in San Francisco?

Responses to the above questions are noted below.

*City Advocacy at the State Level to Preserve Current Compassionate Care Programs.* Each focus group highlighted the need for the City to advocate at the State level to allow:

- businesses to provide cannabis samples and cannabis free of charge and/or at a discounted cost to medical cannabis patients
- anonymous donations to compassionate care locations
- businesses to produce high dosage products for medical cannabis patients

Focus group participants felt that such advocacy would allow compassionate care to continue in the City in its current form.

*Establish a Citywide Compassionate Care Program.* Within the context of the aforementioned State level advocacy, focus group participants thought the City could create a program with the following possible characteristics:

**Program Eligibility Criteria.** Using income as the overarching criterion, San Francisco residents with medical cannabis need who are enrolled in Medi-Cal (or would qualify if they applied), low-income seniors (i.e. individuals over 50), immobile patients, and veterans would qualify for the City program. To capture as many individuals as possible, the City could also consider enrollment in other existing programs serving low-income San Franciscans as proof of compassionate care program eligibility. To limit the risk of federal intervention and adverse consequences for patients who receive federal assistance, the City could use the current MMIC application process as a record retention model. Focus group participants also highlighted the importance of discretion and preserving the confidentiality of those accessing the program.

**Program Elements.** Focus groups put forth the following possibilities:

- Program participants would be able to purchase medical cannabis and any medical cannabis product at cost of production.
- Program participants would be able to access current compassionate care services at individual medical cannabis dispensaries, e.g. samples, cannabis and cannabis products at little to no cost.
- San Francisco could create event permits for compassionate care events across the City, where patients and businesses could provide samples, share cannabis and cannabis products, and provide free or discounted cannabis to program participants.

- San Francisco could allow current medical cannabis collective/cooperative businesses to continue their operations as they currently exist.
- Any reduced cost policies the City establishes for patients would also apply to adult use cannabis and cannabis products.
- Some participants specifically referenced a 2007 San Francisco Board of Supervisors resolution<sup>16</sup> that encouraged cannabis dispensaries to establish compassionate care programs, noting that it already includes many principles that the City could codify Citywide (e.g. prioritizing seniors and veterans).

Citywide. Compassionate Care Card. Separate from the State-issued medical cannabis identification card, a county-based card could be issued to individuals who qualify for the program. Some focus group participants referenced a previous San Francisco county medical cannabis identification card program that was deactivated with the establishment of the State-issued card, suggesting that the City's card program could be reactivated for this purpose. Focus group members also felt the card should be issued at little to no cost to program participants.

Program Funding Mechanisms. Focus group participants suggested that a fund be established to support the City's Compassionate Care program in whatever form(s) it eventually takes. Due to the inability for many cannabis businesses to access banking services, it was advised that the City create the fund and that a stakeholder group that includes cannabis businesses oversee the fund's revenue allocation process. Some focus group participants suggested that the fund also be used to subsidize the licensing fees for compassionate care businesses and/or the operating costs of a compassionate care community center suggested elsewhere in this report. Focus groups suggested three main funding mechanisms:

- *Round-Up Mechanism.* At the point of sale in either the medical or adult use markets, consumers could choose to donate to the fund by "rounding up" the cost of their purchase. For example, if a consumer purchased a cannabis product at 47 dollars, the total price could be rounded up to 50 dollars, with the remaining three dollars donated to the program.
- *Business contributions.* Under this model, cannabis businesses would be required to set aside a portion of their profits to fund the program, or the City could instead make such contributions voluntary. Some participants preferred a voluntary option to a mandated contribution.
- *Business Program Start-Up Funds.* Here, cannabis businesses would voluntarily contribute immediate funding for the program, with the City then assuming responsibility for continued funding after the initial contribution.

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<sup>16</sup> See San Francisco Board of Supervisors 2007 Resolution urging Medical Cannabis Dispensaries to Implement Compassionate Care Programs to Serve Low and No Income Patients, available at <http://sfbos.org/ftp/uploadedfiles/bdsupvrs/resolutions07/r0623-07.pdf>.

*City Advocacy at the State Level to Support Additional Compassionate Care Aspects.* In the course of discussion, focus group participants highlighted other areas where advocacy would be needed to further support compassionate care goals:

- *Exempt Medical Cannabis Cultivators from Taxation.* According to some, establishing a tax exemption for medical cannabis cultivators would incentivize them to donate to compassionate care programs and increase cannabis availability for patients.
- *Donate Seized Cannabis and Cannabis Products to Compassionate Care Programs.* When cannabis is seized as a result of law enforcement intervention, some focus group participants felt it should not be destroyed. Rather, it could be donated to the City's compassionate care program and subsequently redistributed to patients.
- *Create Cannabis Product Exemption for Children with Medical Cannabis Needs.* The City should allow cannabis products that may be appealing to children to be provided for those with medical need.
- *Expand the types of cannabis products to include healthier options.*
- *Discourage the narrowing of qualifying conditions.* The City should view individual interactions between patients and physicians as the primary mechanism for determining whether medical cannabis use is warranted.
- *Create employment protections for medical cannabis card holders and compassionate care program participants.*

*Establish a Municipal Growing Framework.* Some focus group participants felt the City should consider municipal cultivation as a way to provide cannabis at lower cost to patients. City voters passed Proposition S in 2002,<sup>17</sup> which urged the City to explore this option, and the aforementioned focus group participants would support further discussion and action on this issue.

*Create Additional Consumption Locations for Patients.* Each focus group highlighted a need for additional medical cannabis consumption (i.e. smoking, vaping and product ingestion/use) locations in the City, especially if federal law continues to prohibit consumption in public housing. Some participants advocated for separate medical use consumption spaces to preserve a treatment-based environment for patients, adding that such spaces should not require a minimum purchase level in order to access the consumption area. Others underscored the need for community centers where patients can both consume their medicine and engage in harm reduction programs and activities, suggesting that the City reserve spaces in the City where such community centers can thrive and subsidize operational costs for those centers.

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<sup>17</sup> See Proposition S language and ballot results at [https://sfpl.org/pdf/main/gic/elections/November5\\_2002.pdf](https://sfpl.org/pdf/main/gic/elections/November5_2002.pdf) and <https://sfpl.org/index.php?pg=2000027201&propid=1683>.

*Prioritize Delivery Services.* For many immobile patients, medical cannabis delivery services are critical and should be prioritized within the City's cannabis regulatory framework.

*Reinstate Historical Compassionate Care Locations.* According to some focus group participants, a number of compassionate care locations were closed in the past due to federal intervention or an inability to thrive within the City's Medical Cannabis Act (Article 33) framework. Those participants felt the City should assist these businesses in re-establishing themselves in San Francisco in order to strengthen the compassionate care network.

*Reduce Fee for State Medical Cannabis Identification Card.* To increase affordability, the City should lower the current cost of the State-issued medical cannabis identification card.

*Establish Patient Advisory Committee.* The City should establish an advisory committee, consisting primarily of a diverse set of medical cannabis patients, and possibly businesses, to oversee the process of establishing and maintaining a compassionate care program.

*Education for Patients and Recommending Physicians.* Safe consumption information should be distributed to patients, and this information should be standardized across dispensaries and compassionate care locations in the City. Physicians must also be properly educated about how to provide cannabis recommendations that allow dispensaries to provide the correct cannabis treatment options.

#### **A Successful Compassionate Care Framework in San Francisco – Focus Group Responses**

Focus groups also discussed the need to ensure that San Francisco's compassionate care framework is successful, and made the following suggestions for how success could be defined:

- *Patients with Real Medical Need are Able to Access Cannabis at Affordable Cost.* Here, focus group participants advised the City to establish a robust educational campaign for the compassionate care program that uses a variety of communication outlets, including television, radio, and newsprint, to promote the program and ensure that there is widespread and far-reaching patient participation. Participants also suggested that the City develop a survey that would provide useful feedback for the City as to medical cannabis accessibility. Finally, it was suggested that the City consider mechanisms to prevent abuse of the program and hence ensure that patients with actual need are able to easily participate.
- *Cannabis Businesses of Varying Size are Able to Participate in the Program.* In this regard, one participant encouraged the City to consider the impact of any compassionate care program requirements on businesses of varying size and avoid creating a system that rewards non-compliance or places an undue burden on smaller businesses that will find it more difficult to absorb the cost of new State and local medical cannabis business regulations. That individual went on to note that establishing a compassionate care program would likely be an iterative process, since there is uncertainty at the moment about how the adult use market will fare in

San Francisco; so transparency about the program and how businesses can comply will be critical, especially during the initial implementation period.

Some focus group participants felt that the aforementioned patient advisory committee could be tasked with providing ongoing guidance to the City in this area.

#### **V. Findings & Recommendations**

Based on Focus Group comments and concerns raised in the sessions by participants, the report finds the following, and makes associated recommendations:

**Finding 1 – Continued Access to Medical Cannabis:** The City has a long history of providing medical cannabis to patients, and this access should continue in 2018 and beyond.

Recommendation:

- A. The City should require all retailers to maintain medical use as a condition of their permit.
- B. The City should further prioritize permit processing for medical only applicants.

**Finding 2 – Cost Concerns:** There are concerns that patients, particularly low income and indigent patients, will not be able to afford medical cannabis.

Recommendation:

- A. Compassion programs should be targeted to low income and indigent populations, veterans, and patient populations who can identify need.
- B. The City should remain thoughtful about the tax burden on the medical cannabis supply chain and patient consumers when crafting a local tax structure.
- C. The City should allow samples in certain circumstances, to allow patient consumers to test products before having to purchase products at full or reduced cost.
- D. The City should advocate for dosage flexibility for medical products at the State level if higher dosage levels are not addressed in emergency regulations this November.

**Finding 3 – Clarity and Advocacy for State Allowance of Compassion Programs:** Stakeholders would like the City to advocate for Compassion Programs that reflect San Francisco's values.

Recommendation:

- A. The City should advocate to the State to allow counties to maintain compassion programs, and provide clear regulations related to compassion programs within the M-Type supply chain.

**Finding 4 – Preservation of Compassionate Care Model:** The compassionate care model has provided patients with access to medicinal cannabis, is an important harm reduction tool, and these programs should be maintained.

Recommendation:

- A. Similar to the mandate passed unanimously by the Board of Supervisors in File No. 071505 (2007),<sup>18</sup> the City should create a compassion program or allow for retailers to establish their own compassion program. Descriptions of these programs and how the program will meet track and trace requirements should be detailed in their application for an Article 16 permit.
- B. The City should consider the creation of nonprofit licenses for compassionate care programs in 2018. This could include contemplating a lower license fee.
- C. The City should allow for flexibility in implementing a Compassion Program. An example of this is the City could create a Compassion Fund administered by the City. In lieu of creating an onsite program, retailers could provide a percentage of monthly gross revenue to this fund to offset licensing fees for future nonprofit permit permits and costs of products.

**Finding 5 – Determine Eligibility:** There is a need to create eligibility criteria that is discrete and confidential to ensure patient privacy.

Recommendation:

- A. The City should leverage its existing programs, such as the Medical Marijuana Identification Card (MIMIC) program, as a pathway to a) determine eligibility and 2) provide a method by which patients can prove their eligibility to retailers or potential nonprofits. This resource should be provided at little to no cost to the patient.

**Finding 6 – Consumption Space:** Consumption of medical cannabis can be a social experience, therefore, patients would like spaces to be provided that allow for social consumption.

Recommendation:

- A. The City should encourage the retention of existing Medicinal Cannabis Consumption Space.
- B. The City should disallow retailers from mandating a certain amount of product be purchased in order to access the onsite smoking/vaping/consumption lounge.

**Finding 7 – Safe Consumption Information:** Patient consumers would benefit from having access to consistent education related to safe consumption.

Recommendation:

- A. The Department of Public Health should create fact based information to be provided to all consumers including patients at the point of sale.

**Finding 8 – Advocacy for Patient Community:** The City would benefit from continued advice from patients, patient advocates, and businesses.

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<sup>18</sup> San Francisco Board of Supervisors, File No. 071505, 2007.  
<http://sfbos.org/ftp/uploadedfiles/bdsupvrs/resolutions07/r0623-07.pdf>.

Recommendation:

- A. The City should amend the Cannabis State Legalization Task Force membership to ensure a broad set of stakeholders representing patient advocacy are reflected in the makeup of the body, and can further inform and advise future task force recommendations, notably about the evolution of policy related to compassion programs. One of these members should have experience in running a non-profit compassion program.

**Finding 9 – Data & Accountability:** The City needs to gather data and report out on it regularly to ensure we are iterating our policies and meeting our goals.

Recommendation:

- A. The Office of Cannabis and the Health Department should continue to monitor the effects of cannabis legalization on medical cannabis use in San Francisco.
- B. Data collection should be consistent with patient privacy guidelines, and should be incorporated into the Office of Cannabis' overall data management strategy.
- C. The Office of Cannabis in collaboration with the Department of Public Health should provide a report and recommendations to further inform the City's path forward with medical cannabis by December 31, 2018.

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## **I. Executive Summary**

On September 5, 2017, the Board of Supervisors unanimously passed Ordinance No. 170859, creating the Office of Cannabis and defining the Office's responsibilities. Within the ordinance, the Board of Supervisors requested that the Office of Cannabis, the Department of Public Health and the Controller's Office deliver to them and the Mayor no later than November 1, 2017, a report analyzing the unique needs of individuals who use cannabis for medicinal purposes and providing recommendations regarding policy options that would (A) preserve affordable and/or free access to medical cannabis patients, (B) ensure medical cannabis patients continue to receive high-quality, appropriate care and (C) providing uninterrupted access to medical cannabis patients.

This report studies the current state of medical access in San Francisco, provides background on the Medical Marijuana Identification Card Program and known characteristics of the card holder community, and provides feedback given to the City through focus groups hosted by the Department of Public Health. Finally, the report makes various recommendations for the City's consideration.

## **II. Introduction**

### *California Medical Cannabis Policy*

In 1996, California became the first state in the U.S. to legalize medical cannabis. Legalization resulted from passage of Proposition 215, the Compassionate Use Act, which was incorporated into California's Health and Safety Code (Sec. 11362.5). Its purpose was to a) ensure that seriously ill Californians have the right to obtain and use marijuana for medical purposes where the medical use is deemed appropriate and has been recommended by a physician who has determined that the person's health would benefit from the use of marijuana in the treatment of cancer, anorexia, AIDS, chronic pain, spasticity, glaucoma, arthritis, migraine, or any other illness for which marijuana provides relief; and b) ensure that patients and their primary caregivers who obtain and use marijuana for medical purposes upon the recommendation of a physician are not subject to criminal prosecution or sanction.

Senate Bill 420 followed almost a decade later to prescribe personal cultivation and possession limits and establish the right of qualified patients and caregivers to form collectives and cooperatives for the lawful cultivation and distribution of cannabis among members. These laws allowed for medical cannabis access and created city and county-based systems across the State.

Between 2003 and 2015, the commercial cannabis industry grew with few rules and regulations. It wasn't until 2015 and the passage of the Medical Marijuana Regulation and Safety Act that California established a legal framework to regulate and monitor marijuana dispensaries ("AB-243, Medical Marijuana" 2015). Originally set to take effect on January 1, 2016, the Medical Marijuana Regulation and Safety Act was amended via the Medical Cannabis Regulation and Safety Act in June 2016. This updated piece of legislature aimed to incorporate stronger environmental protection policies within a comprehensive licensing system ("SB-643, Medical Marijuana" 2016).

On November 8, 2016, California voters passed Proposition 64, the Adult Use of Marijuana Act (AUMA), legalizing the distribution, sale, and possession of marijuana. AUMA was modeled on the Medical Marijuana Regulation and Safety Act (MMRSA) of 2015. In 2017, California sought to create one regulatory system for both medical and recreational use. Therefore, this last June, Governor Jerry Brown signed the Medicinal and Adult Use Cannabis Regulation and Safety Act (MAUCRSA) into law, reconciling the differences between AUMA and MMRSA, a taking a crucial step towards developing a regulatory framework to facilitate a for-profit cannabis sector for both medicinal and adult-use.

#### *San Francisco*

In 1991, San Francisco voters passed Proposition P, Hemp Medication, which asked whether or not San Francisco would recommend that the State of California and the California Medical Association restore "hemp medical preparations" to California's official list of medicines (Office of the Registrar of Voters 1991). There were three paid arguments in the ballot in favor of Proposition P, which provided quotes from physicians and cited scientific institutions in arguing for cannabis' medical benefits (Office of the Registrar of Voters 1991). Voters approved the proposition with nearly 80% of the vote (San Francisco Public Library 2017).

In 1999, San Francisco's Health Commission adopted Resolution No. 29-99, "Supporting the Development and Implementation of a Voluntary Medical Cannabis Identification Card Program" (San Francisco Department of Public Health 2000). This resolution supported the development of an identification card program for medical cannabis for individuals who qualified under the Compassionate Use Act as patients or primary caregivers. In 2000, the Board of Supervisors formally created San Francisco's current identification program for medical marijuana (San Francisco Department of Public Health 2000).

On December 3, 2001 the Board of Supervisors passed Resolution No. 01-2006, declaring San Francisco to be a "Sanctuary for Medical Cannabis" (San Francisco Board of Supervisors 2005). They also urged California law enforcement and regulatory agencies to avoid harassing, arresting and prosecuting physicians, dispensaries, patients or caregivers who complied with the Compassionate Use Act.

In 2002, the Board of Supervisors placed Proposition S, titled "Medical Marijuana," on the ballot. The proposition was a declaration of policy, directing the Mayor, Board of Supervisors, District Attorney, City Attorney, and Department of Public Health to explore the possibility of creating a program to grow and distribute medical marijuana (Department of Elections 2002). Proposition S passed with approximately 62% of the vote (San Francisco Public Library 2017).

In March 2005, the Board of Supervisors passed Ordinance No. 64-05, "Zoning – Interim Moratorium on Medical Cannabis Dispensaries" (San Francisco Board of Supervisors 2005). The ordinance expressed concern over the significant increase in the number of individuals enrolled in the city's voluntary medical cannabis identification program, "In 2002, there were approximately 2,200 individuals registered...and

there are now over 5,000 or 7,000 individuals enrolled" (San Francisco Board of Supervisors 2005). The ordinance acknowledged that there were no mechanisms to regulate or monitor medical cannabis dispensaries and therefore imposed a moratorium on new clubs and dispensaries.

On November 22, 2005, the Board of Supervisors unanimously passed Article 33 of the San Francisco Health Code, which provides codes, rules, regulations, and operating procedures for medical cannabis dispensaries (San Francisco Department of Public Health 2005).

As of November 1, 2017, there were 46 licensed dispensaries in the City and County of San Francisco. Though the Department of Public Health has historically been responsible for the dispensary permitting process. Following the passage of Proposition 64, San Francisco's "Budget and Appropriation Ordinance" for the Fiscal Year 2017-2018 established the Office of Cannabis and tasked the Office with coordinating various city departments and state agencies efforts to comprehensively regulate medical and adult-use commercial cannabis activity in 2018.

### **III. Medical Marijuana Identification Card Program**

The California Department of Public Health (CDPH) Medical Marijuana Identification Card Program (MMICP)<sup>1</sup> creates a State-authorized medical marijuana identification card (MMIC) along with a registry database for card holders (i.e. qualified patients and primary caregivers). The card provides legal justification for the possession and use of medical cannabis in California, but the card program is voluntary, meaning not everyone who uses cannabis for medical purposes is required to obtain one. Individuals and/or primary caregivers wishing to apply for a State card must do so through their county of residency, and the San Francisco Department of Public Health (SFDPH) Vital Records department manages this process at the county level.

#### **A. Application Process**

It is important to note that the State program is also confidential, meaning neither CDPH nor SFDPH retains any personal, demographic, or medical information of program applicants and/or card-holders. The identifying and medical information that applicants provide as part of the State application process is returned to the applicant at the time the card is issued. The only information maintained at the county level are the unique identifier that the State assigns to every card holder and the card's expiration date.

#### **B. County-Level Medical Marijuana Identification Card Program Data**

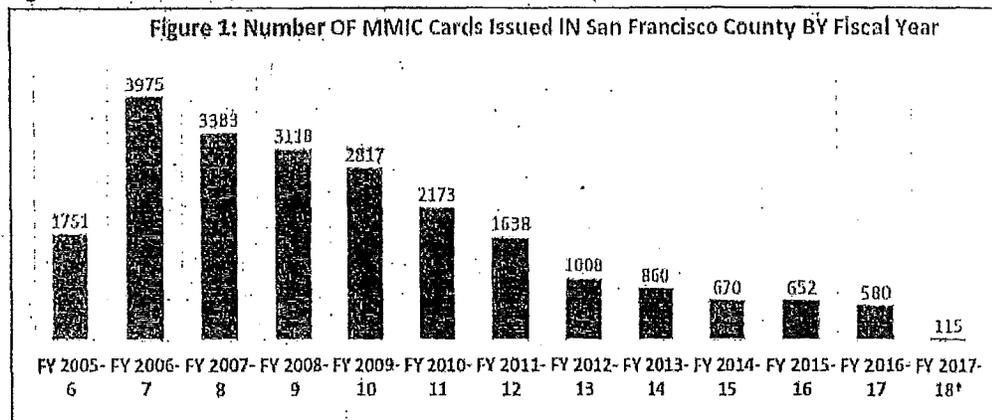
In terms of number of cards issued by county, a recently published California Department of Public Health report notes that, from July 2005 through September 2017 (see figure 1), the San Francisco Department of Public Health Issued 22,740 cards—one of the highest amounts across participating counties. This is not to say that there are currently 22,740 patients using medical cannabis in San Francisco, as the card

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<sup>1</sup> See CDPH Medical Marijuana Identification Card Program report, available at <https://www.cdph.ca.gov/Programs/CHSI/CDPH%20Document%20Library/MMPCounty%20Card%20Count%20September%202017-18revADA.pdf>.

must be re-issued on an annual basis. It is also important to note the fluctuation in number of card holders over time, with 3,975 cards issued in fiscal year 2007, 1,638 in fiscal year 2012, 652 cards in fiscal year 2016, and 580 cards in fiscal year 2017.

Figure 1. Number of MMIC Cards Issued In San Francisco by Fiscal Year



\*Fiscal Year 2017-18 reflects the number of cards issued through September 2017.

### C. Medical Marijuana Identification Card Holder Data

As mentioned earlier, the county does not retain general demographic information of applicants or cardholders. One data point that is available to SFDPH is the number of card holders that have requested a card fee reduction as a Medi-Cal program beneficiary. Per State law, Medi-Cal beneficiaries receive a 50% reduction in the fee for the State identification card.<sup>2</sup> The current amount is X.

This information is useful because it provides insight into affordability questions for medical cannabis patients in San Francisco, since the Medi-Cal program serves low-income individuals and families. In general, individuals and families with annual incomes at or below 138 percent of the Federal Poverty level qualify for the program. Figure 2 below<sup>3</sup> provides more information about income levels at 138 percent of the Federal Poverty Level.

<sup>2</sup> The full fee for each card in San Francisco County is currently \$100, with Medi-Cal beneficiary fee reduction bringing the cost down to \$50 dollars. See also California Health and Safety Code Section 11362.755.

<sup>3</sup> California Department of Health Care Services website, available at <http://www.dhcs.ca.gov/services/med-cal/Pages/DoYouQualifyForMedi-Cal.aspx>.

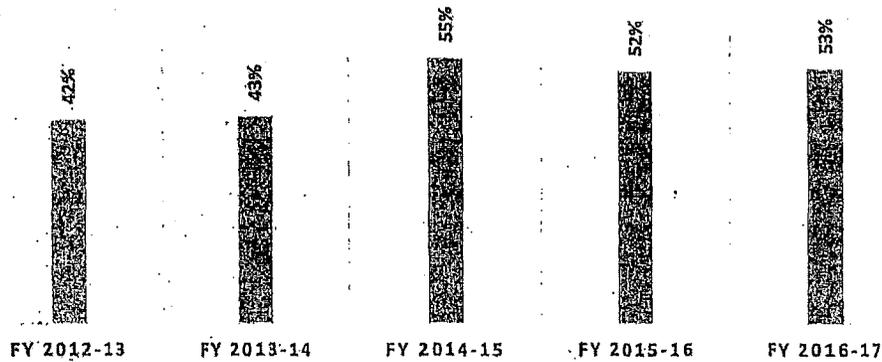
**Figure 2. California Medi-Cal Income Eligibility**

Family Size	138% Poverty Level
1	16,395
2	22,108
2 Adults	22,108
3	27,821
4	33,534
5	39,248
6	44,961
7	50,688
8	56,429
9	62,169
10	67,910
11	73,651
12	79,392
Each Additional Person	Add 5,741

Figure 3 below<sup>4</sup> shows the proportion of State card holders in San Francisco that requested a card fee reduction based on Medi-cal eligibility from fiscal year 2013 through fiscal year 2017. The figure shows that over the past few fiscal years, over half of all card holders in San Francisco made such requests.

**Figure 3. Proportion of MMIC Card Holders Requesting Fee Reduction Based on Medi-Cal Eligibility**

**FIGURE 3: PROPORTION OF MMIC CARD HOLDERS REQUESTING FEE REDUCTION BASED ON MEDI-CAL ELIGIBILITY**



<sup>4</sup> SFDPH files.

#### IV. Focus Group Narratives

##### A. Methodology

In order to provide the City's policymakers and the Office of Cannabis with a comprehensive view of the medical cannabis cost and affordability landscapes, the Department of Public Health conducted three separate focus groups where discussions outlined concerns and participants put forth solutions to alleviate those concerns. Where individuals were unable to participate in person, the Department collected responses via phone and email. Over three focus group sessions, the Department interviewed sixteen individuals.

The focus groups included representatives from the below stakeholder categories, and Department of Public Health staff strived for a balance of race, gender and sexual orientation within each focus group.

- Medical cannabis patients
- Medical cannabis patient advocates
- Medical cannabis business owners – storefront and delivery only
- Public policy experts

As part of the discussions, focus group participants also noted their experiences with homelessness, living with HIV, behavioral health issues, living with a disability, and past military service. It is also important to note that many focus group participants felt they represented more than one category above.

Each focus group discussed the following questions:

1. In your experience, how is the medical cannabis patient community reacting to State and local changes to the medical cannabis regulatory framework?
2. What is the general feeling among patients about the cost of medical cannabis in the new medical cannabis regulatory market? How does the addition of the adult use market factor into the discussion?
3. What is the general feeling among patients about the State medical cannabis identification card? Do people generally know how to apply, where to get it and that there is a fee associated with obtaining it?
4. Do you have ideas and suggestions about how the City could address concerns you've mentioned? For example, what would the elements of a compassionate care program be in San Francisco?

The following information, in no particular order, is a compilation of the main discussion points from all focus groups, and where there was general consensus or agreement across focus groups, it is noted.

## B. Medical Cannabis Community Reactions and Concerns: Focus Group Responses

1. In your experience, how is the medical cannabis patient community reacting to State and local changes to the medical cannabis regulatory framework?
2. What is the general feeling among patients about the cost of medical cannabis in the new regulatory market? How does the addition of the adult use market factor into the discussion?

Responses to the above questions are noted below.

*Preserving San Francisco's Compassionate Care Model.* Focus group participants affirmed that patients use cannabis as an alternative to prescription drugs, a harm reduction tool, and as an important treatment option for a wide variety of conditions, and that the State and City needed to appropriately recognize this as a significant benefit to individuals with medical needs. Participants also noted that the current medical cannabis structure and future adult use system would not have been possible without the steadfast dedication of the current medical cannabis community, and, for that reason, the City should elevate those needs.

With regard to the current and future landscapes, one participant noted that patients are currently benefitting from an increase in available products as new dispensaries enter the medical market and lowered prices due to increased market competition, further noting that in the newly regulated market, patients can also expect to benefit further from guidelines designed to make cannabis and cannabis products safer. This participant stated that patients they have encountered feel excited, but also apprehensive and uncertain about how the medical and adult use markets will affect one another and how new regulations will affect the medical cannabis market, specifically. This individual believed that these feelings would remain until State and local medical and adult use legislation and regulations are finalized, and that the longer that process takes, the more uncertainty the cannabis industry will experience.

One overarching concern across focus groups was that current State law<sup>5</sup> does not allow for compassionate care to continue in San Francisco in the way that patients have accessed it in the past, access it currently, and envision it for the future. Focus group members felt that if this issue is not addressed, the City runs the risk of eliminating compassionate care altogether. One meeting participant noted that, though the pending State medical and adult use cannabis regulatory systems should be streamlined wherever possible for efficiency purposes, this was an area where the adult use and medical cannabis markets should differ significantly. Underlying concerns stemming from these statements were as follows:

- *Cost for Patients.* Participants in each focus group highlighted the issue of cost for patients in the newly regulated medical cannabis market, especially for low-income and indigent patients, immobile patients, and those experiencing homelessness. To some participants, the cost of

<sup>5</sup> These concerns would also apply to any provisions within the current proposed local ordinance that codify the relevant State law provisions.

medical cannabis is already at unaffordable levels for many, and patients and patient advocates in each focus group were concerned about the ability for them to access the market in the face of new State and local regulations, where the regulatory cost would likely be passed on to consumers. There was also concern about the added burden of State and (possible) local taxation structures. According to some, patients generally prefer regulated, lab-tested medical cannabis, but one serious consequence of exorbitant taxes would be a proliferation of the illicit market, where medical cannabis would likely be cheaper. State law does exempt medical cannabis patients with the aforementioned State-issued card from State sales tax,<sup>6</sup> but there was consensus across focus groups that this exemption does not go far enough to reduce cost barriers for patients.

- *Prohibition against Samples, Free and Discounted Cannabis.* State Law currently prohibits the giving away of cannabis and cannabis products as part of a business promotion or commercial activity.<sup>7</sup> This has been interpreted to disallow the giving of cannabis samples and cannabis/cannabis products at discounted or no cost to individual consumers and/or other businesses, which are current practices in San Francisco's medical cannabis market. Participants across the focus groups were strongly opposed to these State law provisions since, according to them, such practices are critical for maintaining a functional compassionate care program. For example, patients rely on samples to test products in hopes of finding one that alleviates symptoms, and it would be cost-prohibitive for patients to instead have to purchase each item at full price at the outset.

Further, State law also requires that all cannabis and cannabis products be tagged with a unique identifier, known as a "track and trace" system.<sup>8</sup> There was a concern that this could conflict with any local policy allowing for donations or samples, since those cannabis items would not be moving through the commercial system the way State law currently envisions. For example, some medical cannabis businesses currently receive anonymous cannabis and cannabis product donations that they then distribute to patients, and such a track and trace system would deter those donors from continuing a practice that, in their view, facilitates continued and affordable access for low-income patients.

- *Phased Elimination of the Collective/Cooperative Model.* In establishing a State-regulated medical cannabis market, State law also eventually phases out the current collective/cooperative medical cannabis model.<sup>9</sup> According to focus group participants, this would eliminate a critical community-sharing element of San Francisco's current compassionate care practices.

<sup>6</sup> The Adult Use of Marijuana Act – Proposition 64, Section 34011.

<sup>7</sup> Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) Section 26153.

<sup>8</sup> The Adult Use of Marijuana Act – Proposition 64, Section 26170.

<sup>9</sup> Medical and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) Section 11362.775

- *Product Type and Dosage Inflexibility.* Current State law limits edible cannabis product THC content to 10 milligrams per serving size in both the medical and adult use markets,<sup>10</sup> and previously proposed State regulations<sup>11</sup> limited the total THC amount per package to 100 milligrams. The proposed State regulations also placed a 1,000-milligram THC limit on non-edible cannabis products in both markets.<sup>12</sup> Focus group participants identified two main problems with this approach. First, there is often a need for patients to consume higher dosages than individuals in the adult use market because medical condition treatment plans and cannabis metabolism rates differ per individual, and, since State law does not currently allow for patients to obtain cannabis at little to no cost, this limitation would require patients to purchase multiple products to reach their required dosage levels, which is cost-prohibitive. Second, some participants noted that the pending State cannabis regulations would likely limit the types of edible cannabis products that can be produced, which they felt would provide primarily for preservative-heavy and sugar-laden products, lead to high caloric intake among patients if they must consume multiple servings, and create potential health issues as a result.
- *Cannabis License Fees.* Some focus group participants cited State and (possible) local cannabis permit fees<sup>13</sup> as a potential cost barrier for true compassionate care businesses that wish to continue providing cannabis and services to low-income patients in San Francisco.
- *Medical Cannabis for Patients Under 18.* State law currently prohibits the production of cannabis products that are considered appealing to children.<sup>14</sup> Focus group participants noted that some children who use medical cannabis would benefit from products that are designed to make consumption palatable for them.

*Lack of Dedicated Consumption Spaces for Patients.* All focus groups noted that, for medical cannabis patients, consuming their medicine is often a social experience that is important for the healing process, and that there were not enough existing spaces in San Francisco for this purpose.

*Driving Under the Influence Determinations.* There was concern in one focus group about the process the State and City will undertake in determining whether an individual is driving under the influence. A process that considers only whether THC is present in the system, and not whether driving is actually

<sup>10</sup> Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) Section 26130 (c).

<sup>11</sup> See California Department of Public Health Proposed Regulations Comment Summary and Response, available at [https://www.cdph.ca.gov/Programs/CEH/DFDCS/CDPH%20Document%20Library/Cannabis%20Comments%20\(Final%20on%20CDPH%20Letterhead\).pdf](https://www.cdph.ca.gov/Programs/CEH/DFDCS/CDPH%20Document%20Library/Cannabis%20Comments%20(Final%20on%20CDPH%20Letterhead).pdf).

<sup>12</sup> See California Department of Public Health Proposed Regulations Comment Summary and Response, available at [https://www.cdph.ca.gov/Programs/CEH/DFDCS/CDPH%20Document%20Library/Cannabis%20Comments%20\(Final%20on%20CDPH%20Letterhead\).pdf](https://www.cdph.ca.gov/Programs/CEH/DFDCS/CDPH%20Document%20Library/Cannabis%20Comments%20(Final%20on%20CDPH%20Letterhead).pdf).

<sup>13</sup> Local cannabis permit fees have not yet been determined, but focus group participants thought they would likely be a cost barrier once established, especially when considered alongside a State license fee.

<sup>14</sup> Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) Section 26130 (c).

impaired as a result, will negatively affect patients, especially those who require relatively high THC doses as part of their treatment plans.

*Safe Consumption Information for Patients.* Meeting participants noted that safe consumption information currently varied across dispensaries, which could lead to misinformation and unsafe patient consumption practices.

### C. State Medical Cannabis Identification Card – Focus Group Responses

3. What is the general feeling among patients about the State medical cannabis ID card? Do people generally know how to apply, where to get it and that there is a fee associated with obtaining it?

Responses to the above questions are noted below.

There was general consensus across focus groups that many patients in San Francisco are currently unaware of the State card program and/or how to obtain a card. Participants noted that some current businesses were not appropriately applying the State sales tax exemption for medical cannabis patients who possess the card, and that this would likely continue without widespread education about the program for business owners, their employees and medical cannabis patients. One participant suggested that the Health Department lead this educational effort and increase accessibility by also educating providers that do not commonly interact with medical cannabis patients and may be unfamiliar with program guidelines, and developing informational materials for display at dispensaries and doctors' offices.

With the onset of adult use commercial activity and consumption, there was a concern that medical cannabis patients may bypass the medical market and instead obtain cannabis in the adult use market due to public stigma surrounding medical cannabis use, as well as misconceptions about the type of information that is stored within the medical cannabis identification program database and how that may affect current/future employment opportunities and the ability to purchase a firearm.<sup>15</sup>

In contrast, one participant noted that it was difficult to predict the effect of the adult use market on the MMIC program, but suggested that increased taxation levels for medical cannabis and a possible lack of San Francisco-based adult use retailers in early January, 2018, may significantly increase State card utilization. Others felt that adult use legalization and consumption would have a positive effect on the medical market and card utilization, since more people would be comfortable with cannabis use in general.

<sup>15</sup> The Bureau of Alcohol, Tobacco, Firearms and Explosives issued a memorandum to all firearms licensees in 2011 clarifying that federal law prohibits unlawful users of controlled substances, as defined by the federal Controlled Substances Act, from receiving or possessing firearms or ammunition. See Bureau memorandum, available at <http://71.11.3.134/share/PDF/ATFOpenLetter092111.pdf>.

#### D. Ideas and Suggestions – Focus Group Responses

4. Do you have ideas and suggestions about how the City could address the concerns you've mentioned? For example, what would the elements of a compassionate care program be in San Francisco?

Responses to the above questions are noted below.

*City Advocacy at the State Level to Preserve Current Compassionate Care Programs.* Each focus group highlighted the need for the City to advocate at the State level to allow:

- businesses to provide cannabis samples and cannabis free of charge and/or at a discounted cost to medical cannabis patients
- anonymous donations to compassionate care locations
- businesses to produce high dosage products for medical cannabis patients

Focus group participants felt that such advocacy would allow compassionate care to continue in the City in its current form.

*Establish a Citywide Compassionate Care Program.* Within the context of the aforementioned State level advocacy, focus group participants thought the City could create a program with the following possible characteristics:

**Program Eligibility Criteria.** Using income as the overarching criterion, San Francisco residents with medical cannabis need who are enrolled in Medi-Cal (or would qualify if they applied), low-income seniors (i.e. individuals over 50), immobile patients, and veterans would qualify for the City program. To capture as many individuals as possible, the City could also consider enrollment in other existing programs serving low-income San Franciscans as proof of compassionate care program eligibility. To limit the risk of federal intervention and adverse consequences for patients who receive federal assistance, the City could use the current MMIC application process as a record retention model. Focus group participants also highlighted the importance of discretion and preserving the confidentiality of those accessing the program.

**Program Elements.** Focus groups put forth the following possibilities:

- Program participants would be able to purchase medical cannabis and any medical cannabis product at cost of production.
- Program participants would be able to access current compassionate care services at individual medical cannabis dispensaries, e.g. samples, cannabis and cannabis products at little to no cost.
- San Francisco could create event permits for compassionate care events across the City, where patients and businesses could provide samples, share cannabis and cannabis products, and provide free or discounted cannabis to program participants.

- o San Francisco could allow current medical cannabis collective/cooperative businesses to continue their operations as they currently exist.
- o Any reduced cost policies the City establishes for patients would also apply to adult use cannabis and cannabis products.
- o Some participants specifically referenced a 2007 San Francisco Board of Supervisors resolution<sup>16</sup> that encouraged cannabis dispensaries to establish compassionate care programs, noting that it already includes many principles that the City could codify Citywide (e.g. prioritizing seniors and veterans).

Citywide Compassionate Care Card. Separate from the State-issued medical cannabis identification card, a county-based card could be issued to individuals who qualify for the program. Some focus group participants referenced a previous San Francisco county medical cannabis identification card program that was deactivated with the establishment of the State-issued card, suggesting that the City's card program could be reactivated for this purpose. Focus group members also felt the card should be issued at little to no cost to program participants.

Program Funding Mechanisms. Focus group participants suggested that a fund be established to support the City's Compassionate Care program in whatever form(s) it eventually takes. Due to the inability for many cannabis businesses to access banking services, it was advised that the City create the fund and that a stakeholder group that includes cannabis businesses oversee the fund's revenue allocation process. Some focus group participants suggested that the fund also be used to subsidize the licensing fees for compassionate care businesses and/or the operating costs of a compassionate care community center suggested elsewhere in this report. Focus groups suggested three main funding mechanisms:

- o *Round-Up Mechanism.* At the point of sale in either the medical or adult use markets, consumers could choose to donate to the fund by "rounding up" the cost of their purchase. For example, if a consumer purchased a cannabis product at 47 dollars, the total price could be rounded up to 50 dollars, with the remaining three dollars donated to the program.
- o *Business contributions.* Under this model, cannabis businesses would be required to set aside a portion of their profits to fund the program, or the City could instead make such contributions voluntary. Some participants preferred a voluntary option to a mandated contribution.
- o *Business Program Start Up Funds.* Here, cannabis businesses would voluntarily contribute immediate funding for the program, with the City then assuming responsibility for continued funding after the initial contribution.

<sup>16</sup> See San Francisco Board of Supervisors 2007 Resolution urging Medical Cannabis Dispensaries to Implement Compassionate Care Programs to Serve Low and No Income Patients, available at <http://sfbos.org/ftp/uploadedfiles/bdsupvrs/resolutions07/r0623-07.pdf>.

*City Advocacy at the State Level to Support Additional Compassionate Care Aspects.* In the course of discussion, focus group participants highlighted other areas where advocacy would be needed to further support compassionate care goals.

- *Exempt Medical Cannabis Cultivators from Taxation.* According to some, establishing a tax exemption for medical cannabis cultivators would incentivize them to donate to compassionate care programs and increase cannabis availability for patients.
- *Donate Seized Cannabis and Cannabis Products to Compassionate Care Programs.* When cannabis is seized as a result of law enforcement intervention, some focus group participants felt it should not be destroyed. Rather, it could be donated to the City's compassionate care program and subsequently redistributed to patients.
- *Create Cannabis Product Exemption for Children with Medical Cannabis Needs.* The City should allow cannabis products that may be appealing to children to be provided for those with medical need.
- *Expand the types of cannabis products to include healthier options.*
- *Discourage the narrowing of qualifying conditions.* The City should view individual interactions between patients and physicians as the primary mechanism for determining whether medical cannabis use is warranted.
- *Create employment protections for medical cannabis card holders and compassionate care program participants.*

*Establish a Municipal Growing Framework.* Some focus group participants felt the City should consider municipal cultivation as a way to provide cannabis at lower cost to patients. City voters passed Proposition S in 2002,<sup>17</sup> which urged the City to explore this option, and the aforementioned focus group participants would support further discussion and action on this issue.

*Create Additional Consumption Locations for Patients.* Each focus group highlighted a need for additional medical cannabis consumption (i.e. smoking, vaping and product ingestion/use) locations in the City, especially if federal law continues to prohibit consumption in public housing. Some participants advocated for separate medical use consumption spaces to preserve a treatment-based environment for patients, adding that such spaces should not require a minimum purchase level in order to access the consumption area. Others underscored the need for community centers where patients can both consume their medicine and engage in harm reduction programs and activities, suggesting that the City reserve spaces in the City where such community centers can thrive and subsidize operational costs for those centers.

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<sup>17</sup> See Proposition S language and ballot results at [https://sfpl.org/pdf/main/gic/elections/November5\\_2002.pdf](https://sfpl.org/pdf/main/gic/elections/November5_2002.pdf) and <https://sfpl.org/index.php?pg=2000027201&propid=1683>.

*Prioritize Delivery Services.* For many immobile patients, medical cannabis delivery services are critical and should be prioritized within the City's cannabis regulatory framework.

*Reinstate Historical Compassionate Care Locations.* According to some focus group participants, a number of compassionate care locations were closed in the past due to federal intervention or an inability to thrive within the City's Medical Cannabis Act (Article 33) framework. Those participants felt the City should assist these businesses in re-establishing themselves in San Francisco in order to strengthen the compassionate care network.

*Reduce Fee for State Medical Cannabis Identification Card.* To increase affordability, the City should lower the current cost of the State-issued medical cannabis identification card.

*Establish Patient Advisory Committee.* The City should establish an advisory committee, consisting primarily of a diverse set of medical cannabis patients, and possibly businesses, to oversee the process of establishing and maintaining a compassionate care program.

*Education for Patients and Recommending Physicians.* Safe consumption information should be distributed to patients, and this information should be standardized across dispensaries and compassionate care locations in the City. Physicians must also be properly educated about how to provide cannabis recommendations that allow dispensaries to provide the correct cannabis treatment options.

#### **A Successful Compassionate Care Framework in San Francisco – Focus Group Responses**

Focus groups also discussed the need to ensure that San Francisco's compassionate care framework is successful, and made the following suggestions for how success could be defined:

- *Patients with Real Medical Need are Able to Access Cannabis at Affordable Cost.* Here, focus group participants advised the City to establish a robust educational campaign for the compassionate care program that uses a variety of communication outlets, including television, radio, and newspaper, to promote the program and ensure that there is widespread and far-reaching patient participation. Participants also suggested that the City develop a survey that would provide useful feedback for the City as to medical cannabis accessibility. Finally, it was suggested that the City consider mechanisms to prevent abuse of the program and hence ensure that patients with actual need are able to easily participate.
- *Cannabis Businesses of Varying Size are Able to Participate in the Program.* In this regard, one participant encouraged the City to consider the impact of any compassionate care program requirements on businesses of varying size and avoid creating a system that rewards non-compliance or places an undue burden on smaller businesses that will find it more difficult to absorb the cost of new State and local medical cannabis business regulations. That individual went on to note that establishing a compassionate care program would likely be an iterative process, since there is uncertainty at the moment about how the adult use market will fare in

San Francisco, so transparency about the program and how businesses can comply will be critical, especially during the initial implementation period.

Some focus group participants felt that the aforementioned patient advisory committee could be tasked with providing ongoing guidance to the City in this area.

## V. Findings & Recommendations

Based on Focus Group comments and concerns raised in the sessions by participants, the report finds the following, and makes associated recommendations:

**Finding 1 – Continued Access to Medical Cannabis:** The City has a long history of providing medical cannabis to patients, and this access should continue in 2018 and beyond.

Recommendation:

- A. The City should require all retailers to maintain medical use as a condition of their permit.
- B. The City should further prioritize permit processing for medical only applicants.

**Finding 2 – Cost Concerns:** There are concerns that patients, particularly low income and indigent patients, will not be able to afford medical cannabis.

Recommendation:

- A. Compassion programs should be targeted to low income and indigent populations, veterans, and patient populations who can identify need.
- B. The City should remain thoughtful about the tax burden on the medical cannabis supply chain and patient consumers when crafting a local tax structure.
- C. The City should allow samples in certain circumstances, to allow patient consumers to test products before having to purchase products at full or reduced cost.
- D. The City should advocate for dosage flexibility for medical products at the State level if higher dosage levels are not addressed in emergency regulations this November.

**Finding 3 – Clarity and Advocacy for State Allowance of Compassion Programs:** Stakeholders would like the City to advocate for Compassion Programs that reflect San Francisco's values.

Recommendation:

- A. The City should advocate to the State to allow counties to maintain compassion programs, and provide clear regulations related to compassion programs within the M-Type supply chain.

**Finding 4 – Preservation of Compassionate Care Model:** The compassionate care model has provided patients with access to medicinal cannabis, is an important harm reduction tool, and these programs should be maintained.

**Recommendation:**

- A. Similar to the mandate passed unanimously by the Board of Supervisors in File No. 071505 (2007),<sup>18</sup> the City should create a compassion program or allow for retailers to establish their own compassion program. Descriptions of these programs and how the program will meet track and trace requirements should be detailed in their application for an Article 16 permit.
- B. The City should consider the creation of nonprofit licenses for compassionate care programs in 2018. This could include contemplating a lower license fee.
- C. The City should allow for flexibility in implementing a Compassion Program. An example of this is the City could create a Compassion Fund administered by the City. In lieu of creating an onsite program, retailers could provide a percentage of monthly gross revenue to this fund to offset licensing fees for future nonprofit permit permits and costs of products.

**Finding 5 – Determine Eligibility:** There is a need to create eligibility criteria that is discrete and confidential to ensure patient privacy.

**Recommendation:**

- A. The City should leverage should leverage its existing programs, such as the Medical Marijuana Identification Card (MMIC) program, as a pathway to a) determine eligibility and 2) provide a method by which patients can prove their eligibility to retailers or potential nonprofits. This resource should be provided at little to no cost to the patient.

**Finding 6 – Consumption Space:** Consumption of medical cannabis can be a social experience, therefore, patients would like spaces to be provided that allow for social consumption.

**Recommendation:**

- A. The City should encourage the retention of existing Medicinal Cannabis Consumption Space.
- B. The City should disallow retailers from mandating a certain amount of product be purchased in order to access the onsite smoking/vaping/consumption lounge.

**Finding 7 – Safe Consumption Information:** Patient consumers would benefit from having access to consistent education related to safe consumption.

**Recommendation:**

- A. The Department of Public Health should create fact based information to be provided to all consumers including patients at the point of sale.

**Finding 8 – Advocacy for Patient Community:** The City would benefit from continued advice from patients, patient advocates, and businesses.

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<sup>18</sup> San Francisco Board of Supervisors, File No. 071505, 2007.  
<http://sfbos.org/ftp/uploadedfiles/bdsupvrs/resolutions07/r0623-07.pdf>.

Recommendation:

- A. The City should amend the Cannabis State Legalization Task Force membership to ensure a broad set of stakeholders representing patient advocacy are reflected in the makeup of the body, and can further inform and advise future task force recommendations, notably about the evolution of policy related to compassion programs. One of these members should have experience in running a non-profit compassion program.

**Finding 9 – Data & Accountability: The City needs to gather data and report out on it regularly to ensure we are iterating our policies and meeting our goals.**

Recommendation:

- A. The Office of Cannabis and the Health Department should continue to monitor the effects of cannabis legalization on medical cannabis use in San Francisco.
- B. Data collection should be consistent with patient privacy guidelines, and should be incorporated into the Office of Cannabis' overall data management strategy.
- C. The Office of Cannabis in collaboration with the Department of Public Health should provide a report and recommendations to further inform the City's path forward with medical cannabis by December 31, 2018.

BOARD of SUPERVISORS



City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

October 2, 2017

File No. 171041

Lisa Gibson  
Acting Environmental Review Officer  
Planning Department  
1650 Mission Street, Ste. 400  
San Francisco, CA 94103

Dear Ms. Gibson:

On September 26, 2017, Mayor Lee introduced the following proposed legislation:

**File No. 171041**

**Ordinance amending the Planning Code to 1) regulate cannabis land uses, including, among other things, adult use cannabis retail, Medical Cannabis Dispensaries, delivery-only services, manufacture of cannabis products, cannabis cultivation, and cannabis testing; 2) allow Medical Cannabis Dispensaries in additional zoning districts; 3) establish a land use process for the conversion of existing Medical Cannabis Dispensaries to Cannabis Retail establishments; 4) establish location and operating conditions for cannabis uses; 5) repeal Ordinance No. 186-17, which limited the number of medical cannabis dispensaries in Supervisorial District 11; and 6) delete superseded Planning Code provisions; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1, and public necessity, convenience and welfare findings pursuant to Planning Code, Section 302.**

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

Handwritten signature of Erica Major.

By: Erica Major, Assistant Clerk  
Land Use and Transportation Committee

c: Joy Navarrete, Environmental Planning  
Laura Lynch, Environmental Planning

Not defined as a project under CEQA Guidelines Sections 15378 and 15060(c) (2) because it does not result in a physical change in the environment.

**REVIEWED**

By Joy Navarrete at 11:06 am, Oct 04, 2017



SAN FRANCISCO  
OFFICE OF SMALL BUSINESS

CITY AND COUNTY OF SAN FRANCISCO  
EDWIN M. LEE, MAYOR

OFFICE OF SMALL BUSINESS  
REGINA DICK-ENDRIZZI, DIRECTOR

October 31, 2017

Ms. Angela Calvillo, Clerk of the Board  
City Hall Room 244  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

RE: BOS File No. 171041 [Planning Code - Cannabis Regulation]

Small Business Commission Recommendation to the Board of Supervisors: **Approval with one (1) recommendation**

Dear Ms. Calvillo,

On October 23, 2017, the Small Business Commission (SBC) voted (6-0, 1 absent) to recommend that the Board of Supervisors approve BOS File No. 171041, with one (1) recommendation:

Retain the 600 ft. radius requirement regarding distance from a storefront retailer to an existing school, public or private, as proposed in the original draft of the legislation.

State law specifies a default radius of 600 feet from schools, unless a local jurisdiction specifies a different radius. As written, the proposed legislation specifies a 600 ft. radius and only allows consumption at a medicinal cannabis retailer, cannabis retailer, or cannabis microbusiness. By definition, "consumption" means eating, drinking, chewing, applying topically, or otherwise ingesting; it does not include smoking or vaporizing. Smoking and vaporizing options are even more limited under the proposed regulatory ordinance.

A radius above 600 feet would be overly restrictive, relegating cannabis retail to a few parts of the City. Conversely, a lesser radius opens up additional options throughout the City and allows for more dispersion across districts and neighborhoods. As on-site consumption would only be allowed in storefront retail locations, dispersion of retail throughout the City benefits districts that are presently underserved. Storefront retailers provide a legal and private place for consumers to use cannabis; without this option, certain districts are likely to experience undesirable effects of residents and tourists consuming in public places.

The SBC also made the following recommendation regarding pipeline applicants:

**Clarify the registration process for pipeline applicants.**

It is unclear how applicants who have not yet obtained the MCD permit from the Department of Public Health will be able to obtain a temporary permit. Some applicants will not have received the MCD permit by the time temporary permit applications are due under the MCD conversion process (Section 1605(c), page 13-14; also summarized below). Others have paid the MCD permit fee (which includes the recovery cost of Planning Department/Commission approvals), but are not able to show that they meet the eligibility criteria under Section 1605(d)(3) for a temporary permit.

The Director of the Office of Cannabis has already addressed this recommendation in the substitute legislation introduced on October 24, 2017, clarifying that these pipeline applicants will be able to move forward. The SBC is supportive of corresponding changes to the Planning Code to be consistent with BOS File No. 171042.

The Small Business Commission made additional recommendations to expand consumption options, which are detailed in its response regarding BOS File No. 171042.

On a general note, the proposed policies – including the radius of 600 feet from schools – are already fairly conservative. The conservative approach simply does not correspond to the election results. San Francisco had the highest percentage of “yes” votes of any county in the state of California (74%). For the sake of comparison, the next highest percentages of “yes” votes were in Santa Cruz County (69.9%) and Marin County (69.6%). The table below shows the number of votes per district and the percentages of voters for (“yes”) and against (“no”) Proposition 64.

**Table 1: Proposition 64 Election Data (by district)**

Supervisory District	Number of votes	Yes (%)	No (%)
1	34,567	71.4%	28.6%
2	43,246	77.0%	23.0%
3	30,990	75.6%	24.4%
4	33,254	61.3%	38.7%
5	45,087	84.5%	15.5%
6	30,283	78.2%	21.8%
7	39,044	66.8%	33.2%
8	50,938	84.4%	15.6%
9	34,559	77.5%	22.5%
10	28,109	69.6%	30.4%
11	27,554	59.0%	41.0%
<i>All Districts</i>	<i>397,631</i>	<i>74.3%</i>	<i>25.7%</i>

In light of the very strong voter support for Proposition 64, amendments should move the legislation in a more liberal direction, rather than toward more conservative regulations or land use policies.

San Francisco has been a trailblazer in other policy areas. Considering the history of cannabis in the City, it should be a leader and innovator in developing progressive, common-sense policies. It should engage in thoughtful dialogue to develop policies that are rational and appropriate for their intended objectives (for example, to prevent youth access to cannabis), rather than allowing antiquated and unsubstantiated fears about cannabis to dominate the policy-making process.

The SBC respectfully requests that you amend the legislation to address the issues above and approve.

Thank you for considering the Small Business Commission’s comments. Please feel free to contact me if you have any questions.

Sincerely,



Regina Dick-Endrizzi  
Director, Office of Small Business

cc: Edwin M. Lee, Mayor  
Jeff Sheehy, Board of Supervisors  
Mark Farrell, Board of Supervisors  
Aaron Peskin, Board of Supervisors  
Katy Tang, Board of Supervisors  
Nicole Elliott, Office of Cannabis  
John Rahaim, Planning Department  
Aaron Starr, Planning Department  
Mawuli Tugbenyoh, Mayor's Office  
Francis Tsang, Mayor's Office  
Lisa Pagan, Office of Economic and Workforce Development  
Erica Major, Land Use & Transportation Committee

CANNABIS

LAND USE REGULATIONS

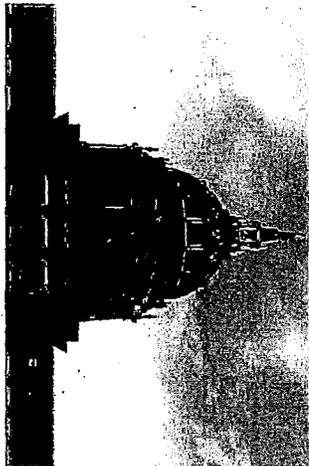
Aaron Starr

Land Use Committee Hearing – October 23, 2017

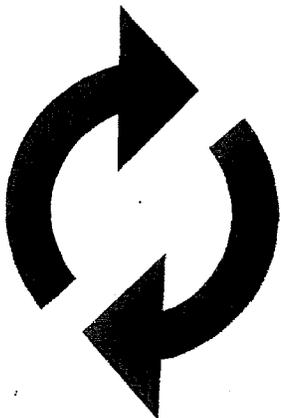
Nov 2, 2017

# Presentation Overview

CANNABIS INDUSTRY YEAR 1



CONVERSION PROCESS



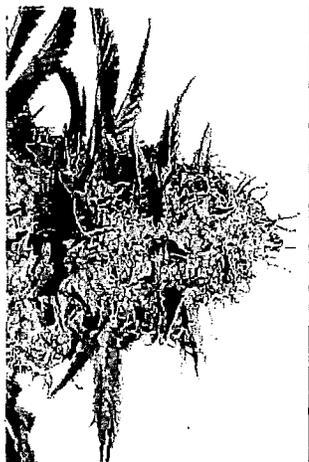
NON-RETAIL CANNABIS



COMMISSION ACTION



CANNABIS RETAIL



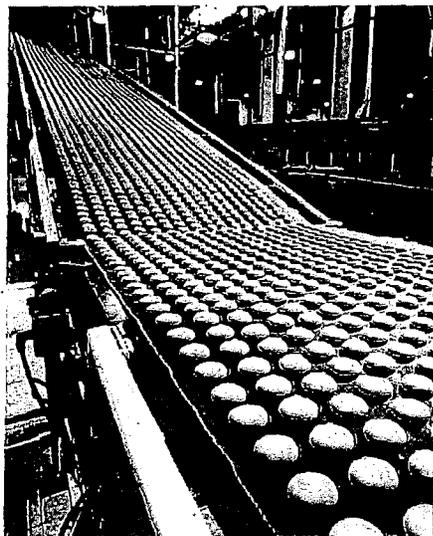
MCD



## Cannabis Industry in SF: Year One

- Only social equity applicants and businesses that have been operating in San Francisco prior to September of 2017 will qualify for a license from the OOC.
- No adult-use cannabis licenses will be issued until the City establishes an equity program.
- There are around 42 approved MCDs in the city, all of which will be eligible to convert to Cannabis Retail in 2018.
- Number of non-retail uses operating in the City is unknown.
- OOC has opened up a registration process for existing non-retail businesses which closes in late November.
- Only those non-retail businesses that have registered would be eligible for a license to operate in 2018.

# Zoning Provisions: Non-Retail Cannabis



## Manufacturing

Falls under either "Light Manufacturing" (no VOCs) or "Agricultural & Beverage Processing 2" (with VOCs). Light Manufacturing is allowed in most PDR, Downtown, Eastern Neighborhood, & SoMa Districts. A&BP2 is only allowed in PDR Districts



## Growing

Falls under "Industrial Agriculture." Allows indoor growing only, and limited to 22,000 sq. ft. of canopy. Allowed in PDR, C-2, C-3-S and some Eastern Neighborhood and SoMa Districts.



## Distribution

Falls under "Wholesale." Allows for the distribution of cannabis for wholesale purposes

## Delivery Only

Falls Under Parcel Delivery Service. Allows retail sales where no on-site retail is present. Downtown, PDR, SoMa and EN



## Testing

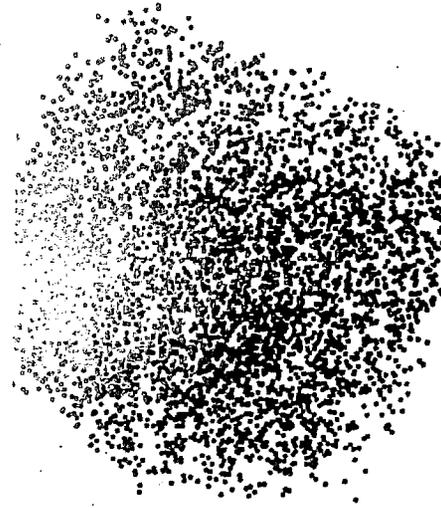
Falls under "Laboratory." Allows for testing of cannabis and cannabis products. Allowed in most Downtown, PDR, Eastern Neighborhood and SoMa Districts.

# Zoning Provisions: Cannabis Retail



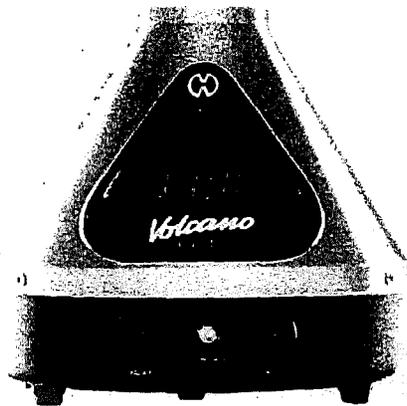
## Sensitive Uses

Cannabis Retail would be prohibited within 600' of schools.



## Clustering

New Cannabis Retail establishments would be prohibited within 300' of an MCD or another Cannabis Retail.



## Onsite consumption:

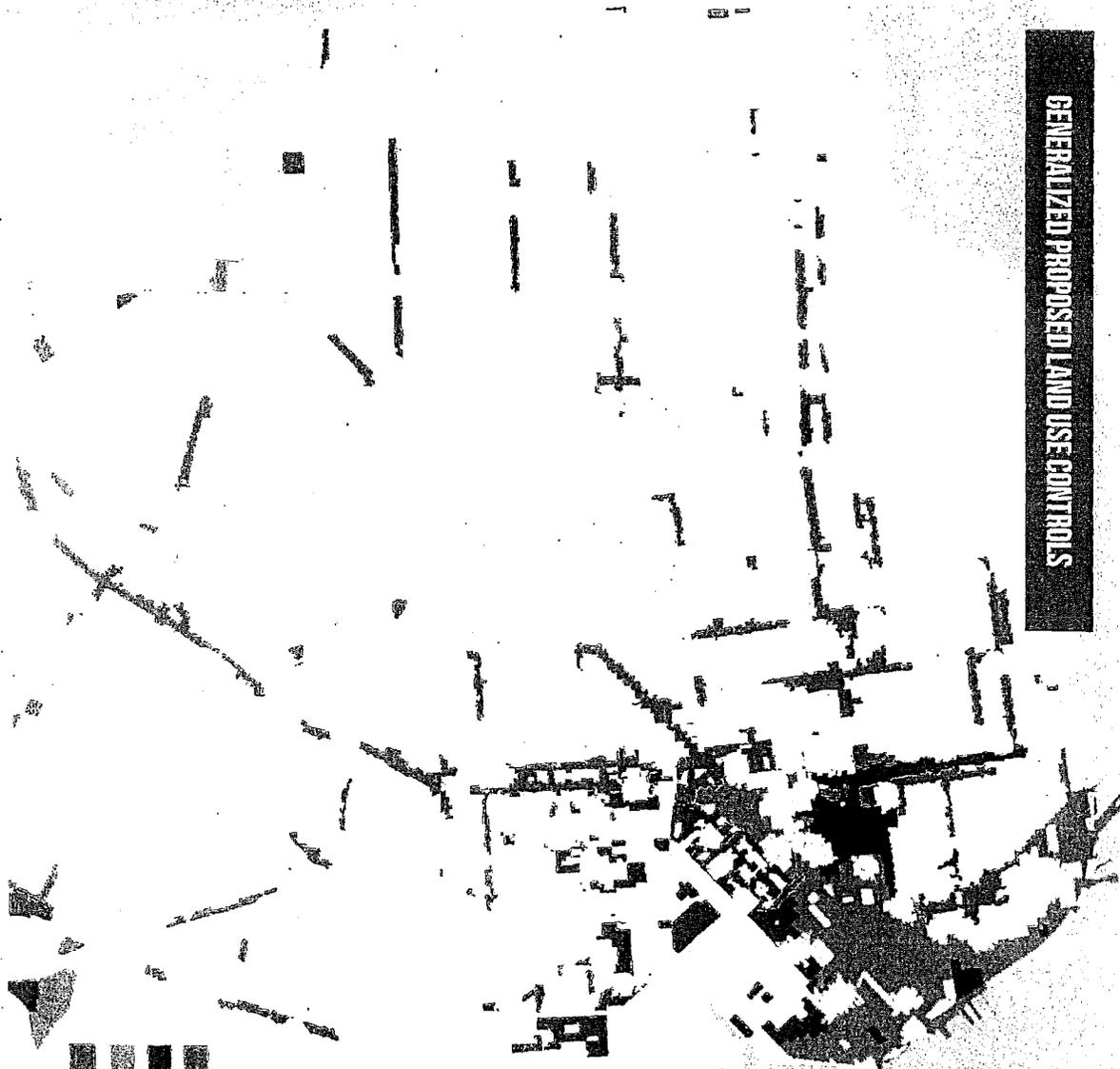
- The Planning Code permits onsite consumption with authorization from OOC and DPH.
- Onsite consumption includes any type of consumable, like smoking, eating, etc.
- Onsite consumption via vaporizing or smoking is only allowed for the 8 existing MCDs that already have it.



## District-Level Controls:

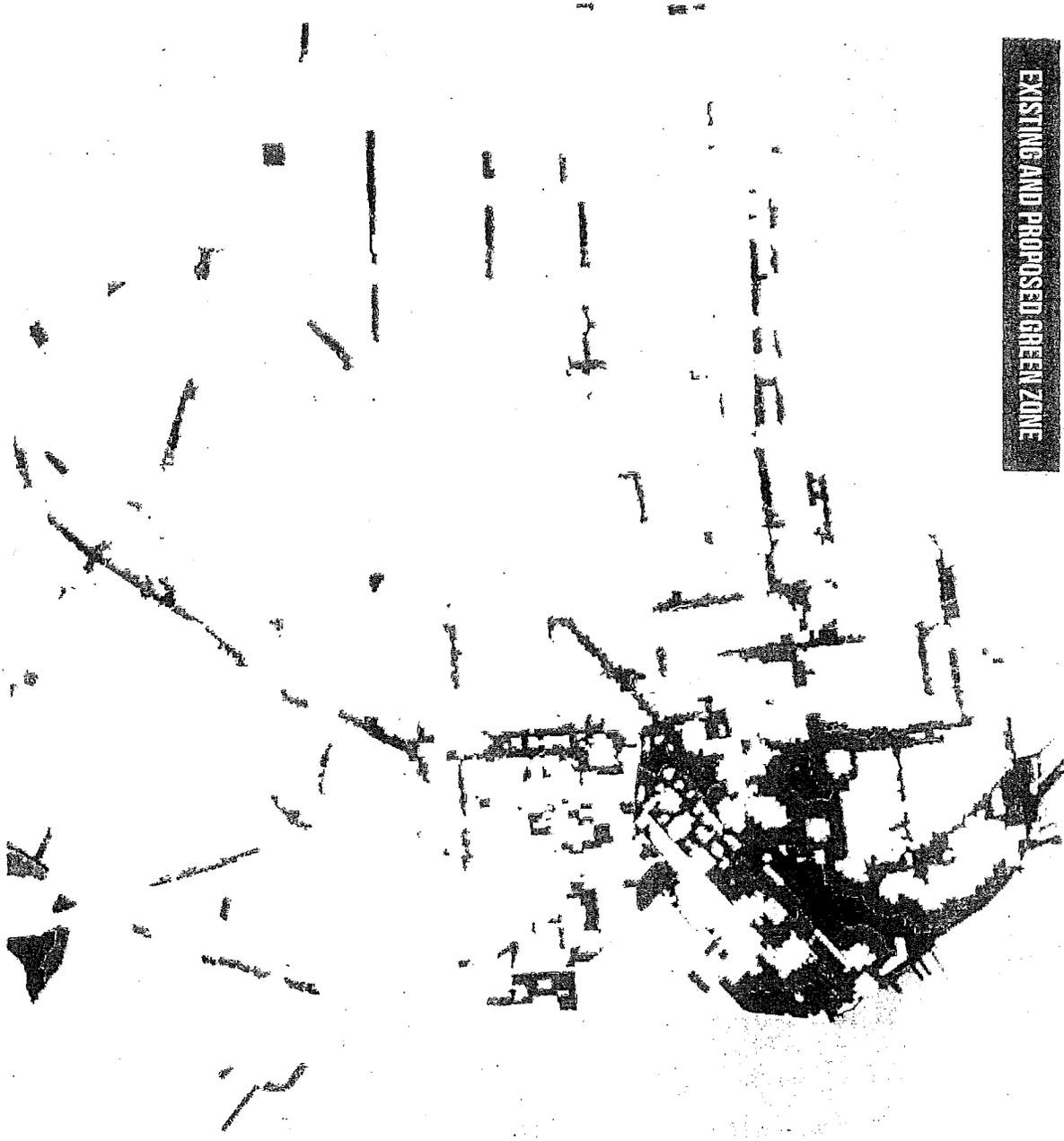
- Residential and NC-1: Prohibited.
- RC Districts: Permitted on the ground floor, CU above.
- NC & Chinatown: 2nd floor and below with CU
- PDR: Microbusiness only
- Eastern Neigh.: Notice required; CU is required in SPD and MUG Districts.
- C-2, Downtown, and SoMa: Permitted as of right.

**GENERALIZED PROPOSED LAND USE CONTROLS**



-  NC & Chitown Districts: Generally allowed on 2nd floor and below with CU
-  RC Districts: Permitted as-of-right on the ground floor; CU above
-  C, DTR & S/MR: Permitted as-of-right
-  Eastern Neighborhoods: Generally permitted as-of-right along with neighborhood notes

**EXISTING AND PROPOSED GREEN ZONE**



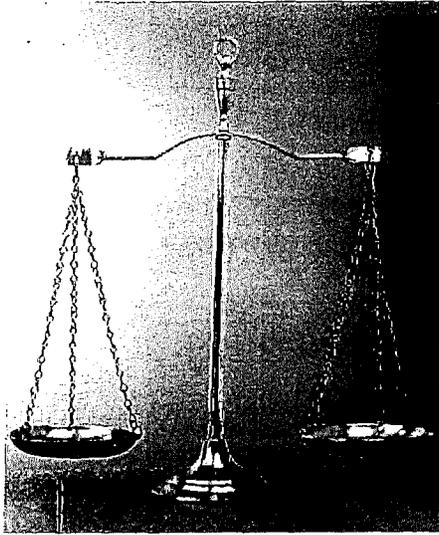
Existing Green Zone  
Proposed Green Zone

## Zoning Provisions: Medical Cannabis Dispensaries

The Planning Department proposes that the MCD definition be maintained for the following four reasons:

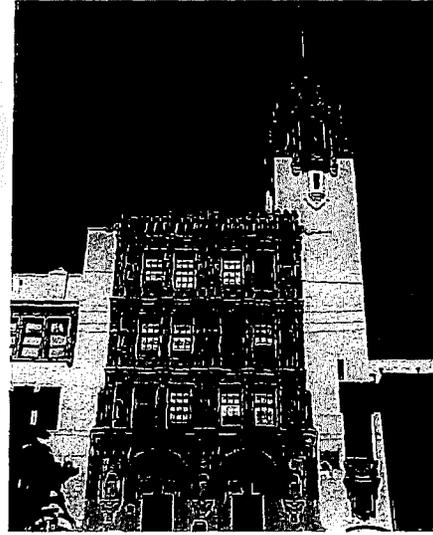
- **Clear Conversion Process:** Keeping two distinct land uses provides a clear path for conversion.
- **Less Impactful Use:** Starting January 1, 2018, the rules for medical cannabis will be more stringent.
- **Medical Cannabis Community.** The community would like to maintain San Francisco's unique medical cannabis industry and culture.
- **The Unknown:** It is far from clear as to what the adult use cannabis market will look like and how it will impact the medical cannabis industry.

# Zoning Provisions: Medical Cannabis Dispensaries



## Parity

With some exceptions, MCD controls would be amended in order to be brought inline with the Cannabis Retail provisions.



## Sensitive Uses

MCDs would be prohibited within 600' of Schools. (Previously 1000')



## Approval

Existing approval procedures in NC Districts would remain the same (mostly Discretionary Review, but some Conditional Use). MCDs would be principally permitted in other districts.

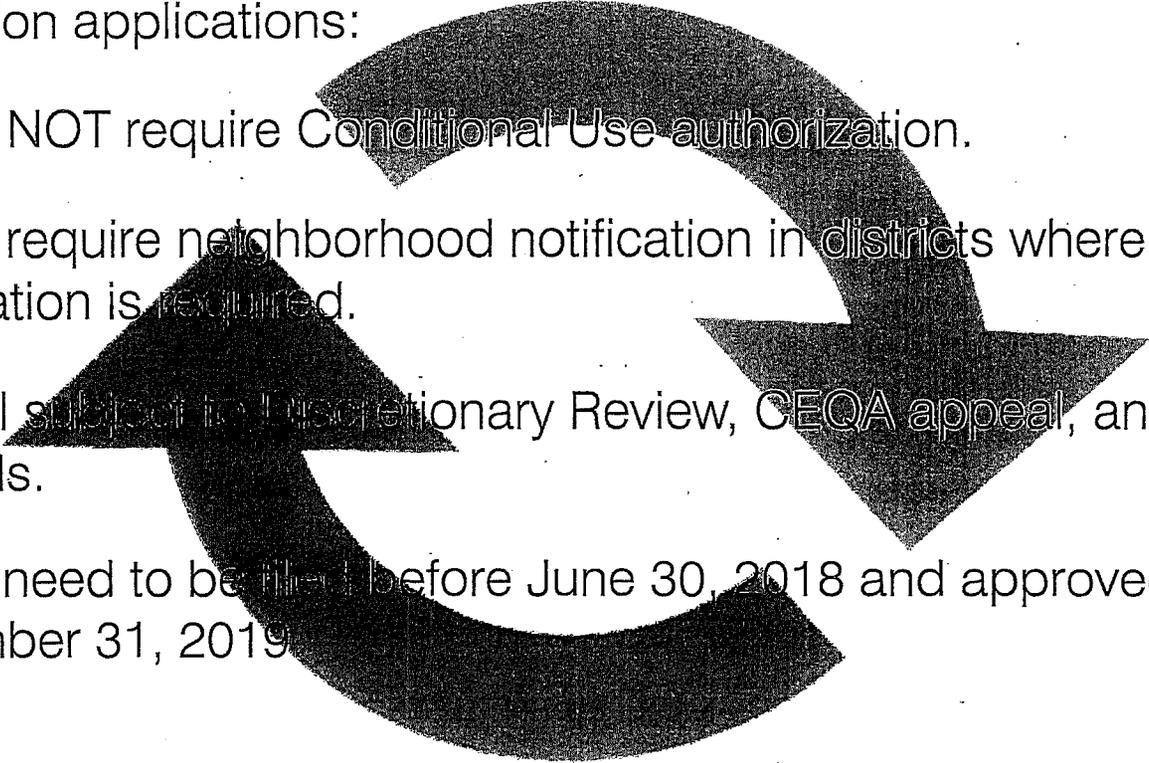


## Expanded Area

MCDs would be allowed in SoMa Districts where they are currently prohibited, and on the second floor in NC Districts where typically they are prohibited.

## Conversion Process: From MCD to Cannabis Retail

Conversion applications:

- Would NOT require Conditional Use authorization.
  - Would require neighborhood notification in districts where neighborhood notification is required.
  - Are still subject to Discretionary Review, CEQA appeal, and the Board of Appeals.
  - Would need to be filed before June 30, 2018 and approved by December 31, 2019.
- 

# Planning Commission Action: Approval with Modifications

## BUFFER

- The Commission voted to keep the 1000' buffer around Schools. The Ordinance proposed a 600' buffer.
- Increasing the buffer significantly reduces the number of store fronts and neighborhoods where MCDs and CRs can locate.

## CLUSTERING

- The Commission voted to remove the 300' anti-clustering rule and replace it with the Orbit Option.
- The Orbit Option allows a new retail cannabis location if there are no more than two others within 1000'.

## NC-1 DISTRICTS

- The Commission voted to include NC-1 District in Sup. District 4.
- This will allow retail cannabis locations west of Sunset Blvd.

THANK YOU



Aaron Starr  
Manager of Legislative Affairs  
San Francisco Planning

San Francisco  
Planning

Aaron.starr@sfgov.org  
www.sfpplanning.org



## Somera, Alisa (BOS)

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**From:** Cynthia Crews <cynthia.crews@gmail.com>  
**Sent:** Monday, November 06, 2017 11:51 AM  
**To:** Farrell, Mark (BOS); Tang, Katy (BOS); Peskin, Aaron (BOS); Safai, Ahsha (BOS); Fewer, Sandra (BOS); Yee, Norman (BOS)  
**Cc:** Karunaratne, Kanishka (BOS); Kelly, Margaux (BOS); Montejano, Jess (BOS); Angulo, Sunny (BOS); Hepner, Lee (BOS); Rubenstein, Beth (BOS); Summers, Ashley (BOS); Law, Ray (BOS); Mohan, Menaka (BOS); Lee, Judy (BOS); Meyer, Catherine (BOS); Sandoval, Suhagey (BOS); Boilard, Chelsea (BOS); Pagoulatos, Nick (BOS); Yu, Angelina (BOS); Maybaum, Erica (BOS); Low, Jen (BOS); Choy, Jarlene (BOS); Major, Erica (BOS); Somera, Alisa (BOS)  
**Subject:** RE: Cannabis Regulation Legislation [#171041 and #171042]

Dear Supervisors,

I am writing today to urge your caution in blindly barreling forward the proposed ordinances for cannabis regulation. There are many issues outstanding, and as introduced, ordinances #171041 and #171042 would create a flawed framework that is hasty at best.

The legislation proposed in Land Use and Transportation Committee and Rules Committee misses the opportunity that was key to 2016's Adult Use of Marijuana Act (AUMA). In an October 2016 article by The Root, Deborah Peterson Small notes that Californians had "a unique opportunity [with Proposition 64] to strike a significant blow against the war on drugs and begin the process of repairing communities harmed by decades of racially biased drug-law enforcement."

While taxation of recreational cannabis dispensaries could be seen as a great opportunity to generate revenue for the City, this is not the value of AUMA – the value is reparations. Opening the floodgates to adult use permits without an informed framework misses the opportunity to create equity in permitting. Why is the Mayor proposing legislation that's being fast-tracked through the Board of Supervisors without proper public input?

The equity components of ordinance #171042 fall short of the Director of Office of Cannabis' stated goals which include equity and restorative justice. The draft social justice task force recommendations by the City's Cannabis State Legalization Task Force are lacking in the areas of opportunity that were key to the success of AUMA in the November 2016 election. The public seats on the task force failed to include communities that are directly impacted by mass incarceration from the "war on drugs." Where has the task force had significant dialogue with impacted communities? Where has the task force created robust business opportunities and the framework for equity and inclusion in impacted communities – the framework that would be apparent if this legislation was comprehensive? This gap in inclusion, I believe, is apparent in the legislation to permit dispensaries before you this week.

You're not there yet, and moving forward without pause creates knee-jerk responses that seek to limit permits in commercial corridors and districts. These limits create clustering, shrink the green zone, clog the market with venture capital, and edge out communities that should be given the first opportunity to benefit from AUMA.

Equity doesn't look like pairing a general applicant with an equity applicant as proposed by the task force. That's equality. Equality gives everyone an equal level of opportunity. Equity refers to justness, which could mean that equity applicants are licensed first.

This legislation is premature, and I urge you to pause to allow time to engage communities in all areas of San Francisco. I urge you to hold off on restrictions that limit the green zone. I urge you to push back against the Mayor's rushed legislation.

Thank you for your time and consideration.

Sincerely,

Cynthia Crews Pollock

## Somera, Alisa (BOS)

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**From:** Chris Schroeder (Somatik) <chris@somatik.us>  
**Sent:** Monday, November 06, 2017 10:47 AM  
**To:** Peskin, Aaron (BOS); Safai, Ahsha (BOS); Ronen, Hillary; Kim, Jane (BOS); Sheehy, Jeff (BOS); Tang, Katy (BOS); Breed, London (BOS); Cohen, Malia (BOS); Farrell, Mark (BOS); Yee, Norman (BOS)  
**Cc:** Somera, Alisa (BOS); Major, Erica (BOS); Mahajan, Menaka (ECN); Office of Cannabis (ADM); SBC (ECN)  
**Subject:** Public Comment regarding Cannabis Land use, rules and regulations

Hello Committee Members and Supervisors,

My Name is Christopher Schroeder and I run a small cannabis edible company in San Francisco called Somatik. As a member of SF Made which promotes local manufacturing and as a small business owner who's worked hard to become part of the San Francisco community I'm writing to support my position on a few policy recommendations which are supported by the Small Business Commission to amend the Regulation of Cannabis Businesses BOS File No. 171042.

I want to emphasize:

**Separate the registration process into 2 steps.** Existing businesses which have not had the time or resources to find permitted space can do so. **And** allow these businesses to continue operations during the interim while they move towards compliance. Allow businesses a certain amount of time (12-18 months) to do so. Some of us would be unable to afford operating expenses without revenue and may go out of business; therefore, a pathway that would allow them to continue operating as they work toward compliance would be optimal.

**Allow shared spaces for manufacturers.** As rent in the city is prohibitive for most people it's even more prohibitive for small businesses. It is imperative for small manufacturers, especially those just starting out, to be able to share the expense with others. This mirrors traditional practices in San Francisco's non-cannabis food manufacturing.

I also want to emphasize:

**Allow facility tours.** The current proposal bans tours through 2019. As a member of SF Made I've been able to see the impact of showing people how something is made. As the industry is working to come out of the shadows, allowing manufacturers to show their process will demystify it, and create advocacy through education and exposure. One of the cornerstones of SF Made is touring local manufacturers to showcase the diverse industry and I think operators should legally be allowed to show people their space as part of our ongoing storytelling, brand building, and industry awareness.

**Local hiring requirements.** The current proposal requires the 50% of our workforce live in San Francisco. We currently have 5 employees and 3 of them live in Oakland. Consider expanding the local requirement to the 8 bay area counties, or reducing the requirement to 30%. Our industry should mirror other industries, and while I fully support hiring locally I also recognize that our Bay Area is a fluid community and mass transit systems like BART make it easy for employers and employees to seek out the best candidates and opportunities and still quickly and affordably get to work. Our employees were already working in San Francisco or are students here, and it would be detrimental to our business to have to let them go, or, hire more people before we could afford it to meet a specific % requirement.

**Cooperatives.** Allow for something similar to the state's new business entity type called the "agricultural cannabis cooperative". This entity type allows for cottage and small producers to join together under one umbrella entity and use that entity to apply for licensure, lease property, process, distribute, etc. This would help with the real estate and economic problem.

I thank you for your time and consideration.

-Chris Schroeder

Founder, Somatik Inc.

[www.somatik.us](http://www.somatik.us)

415-342-3565

## Somera, Alisa (BOS)

---

**From:** Board of Supervisors, (BOS)  
**Sent:** Friday, November 03, 2017 11:50 AM  
**To:** Somera, Alisa (BOS)  
**Subject:** FW: require SF green environmental freindly certified growing for import to SF, critical for marijuauana permits

**From:** matt500\_98\_98@yahoo.com [mailto:matt500\_98\_98@yahoo.com]  
**Sent:** Thursday, November 02, 2017 7:32 PM  
**To:** Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>  
**Subject:** require SF green environmental freindly certified growing for import to SF, critical for marijuauana permits

Honorable ladies & gentlemen,

Please think about adding responsible growing for cannabis imported to SF. As you know indoor or outdoor cultivation of marijuana is often associated with violation of local, state, and federal environmental laws and pesticide regulation, threatening to harm local waterways and groundwater quality and depletion and endanger the public health & safety. The rural foothill counties are having a difficult time with growers. Most counties are lucky to have one code enforcement officer for the vast areas under cultivation (many illegal). If SF could adopt a method of certifying growers, particularly outside SF grow warehouses, meet the best practices (meet local county grow regulations, abide by all laws (suspend permit for infractions) and eco sustainable practices.

Thank you

## Somera, Alisa (BOS)

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**From:** Stefanie Schneider <schneideragain@gmail.com>  
**Sent:** Wednesday, November 01, 2017 7:31 PM  
**To:** Somera, Alisa (BOS)  
**Subject:** Opposition to removal of the existing MCD ban in District 11

Dear Ms. Somera,

I am single professional woman who owns and occupies a single-family residence in District 11. I am vehemently opposed to additional medical cannabis dispensaries (MCDs) being opened in this district. We already have three, and these existing dispensaries should be more than adequate to support the needs of the district. Their existence has already caused traffic issues (double parking), loitering, and brought more unsavory elements to this already struggling district. I don't want to see this district decline further. We are already fighting illegal gambling dens, gangs, and other illegal activities. Allowing this neighborhood to become a haven for MCDs will doom this neighborhood and its residents. While we need to recruit businesses to District 11 to round out the business district and remove the blight of boarded up store fronts, we definitely do not need more MCDs.

Please stand up for this neighborhood by supporting the existing ban. A vote to lift the ban would be a disservice to the entire district, especially homeowners, as values will be sure to plummet.

Sincerely,

Stefanie Schneider  
125 Curtis Street  
San Francisco, CA 94112

Somera, Alisa (BOS)

171041

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**From:** Grace Breyley <breyley@mac.com>  
**Sent:** Thursday, November 02, 2017 1:38 PM  
**To:** Farrell, Mark (BOS); Peskin, Aaron (BOS); Tang, Katy (BOS); Major, Erica (BOS); Somera, Alisa (BOS); Kim, Jane (BOS)  
**Cc:** Andrea Ferrucci; Safai, Ahsha (BOS); Meyer, Catherine (BOS); Stephanie Cajina; Joelle Kenealey  
**Subject:** Additional comments for 11/2 Land Use Committee Meeting

Thank you for continuing to uphold the ban on MCD and Cannabis Retail In D11.

At the hearing this afternoon Jane Kim asked to keep the 1000 foot buffer to protect schools and child care facilities. She also asked to better understand the definition of child care facilities. We would also like to better understand this restriction and expand it to include child oriented services and retail businesses.

In D11 we have several establishments which do not currently count as child care but would not have come into our neighborhoods if cannabis-related business were already present near their locations. These martial arts schools, music schools, the YMCA, and counseling services for teens should also be considered sensitive locations. Additionally we have one of highest numbers of in-home childcare facilities in our district that would also be affected by this definition. Given our high concentration of families in our district, we want to make sure we are building our commercial corridors for success to cater to these patrons.

- Grace

Somera, Alisa (BOS)

171041 *sl* 171042

---

**From:** Jean Francois Houdre <houdre@sbcglobal.net>  
**Sent:** Thursday, November 02, 2017 11:30 AM  
**To:** Farrell, Mark (BOS); Peskin, Aaron (BOS); Tang, Katy (BOS)  
**Cc:** Major, Erica (BOS); Somera, Alisa (BOS)  
**Subject:** STOP THE POT CLUBS IN DISTRICT 11

Dear All,

PLEASE DO NOT repeal the Land Use Ordinance on banning the Pot Clubs in District 11. We are want the same quality of life that other communities have in SF. There are currently THREE POT CLUBS we do not want/NEED any more in District 11!

Thank you...DO NOT REPEAL PLEASE

Nancy Houdre  
139 Ney Street  
SF CA 94112

三藩市社區資源中心  
San Francisco Community Empowerment Center  
2798 San Bruno Ave. San Francisco, CA 94134  
Telephone/Fax 415-467-1929 [www.sfcec.org](http://www.sfcec.org) Email: [info@sfcec.org](mailto:info@sfcec.org)

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*Email and Hand Delivery*

October 17th, 2017

Dear all Board of Supervisors and Government Representatives,

On behalf of our children, youth, families and our community, I want to take this time to thank all of your time and dedication serving our City and County of San Francisco (CCSF). I specifically want to thank all of your feedback during the public hearing on 10/03/2017 regarding appeal permit for 2505 Noriega Street. We, residents who are impacted by 2505 Noriega Street within 1000 feet, expressed clearly to all of you our voices and our concerns, stay away from our children and minor under 18 years old. We deserve to live a happy, healthy and safe neighborhood.

We are informed all current 42 medical cannabis stores will be converted into recreational cannabis stores, plus 7 pending permits, plus many applications for new permits. We don't know how many more cannabis stores will be opened after January 1<sup>st</sup>, 2018.

As you may know, we have about 95,000 students with the SFUSD systems did not have a voice to vote because they are under 18 years old. We have many immigrant residents did not have the legal status to oppose Prop. 64 due to immigration statues. Only U.S. Citizens can vote. In addition, we, Asians "label" as model minorities in America. We want to continue this model for our next generation and generations to come. We hope each one of you do the right thing to respect our voices and cultures from different districts, help up set up new recreation local cannabis laws to protect children, youth and minors under 18 years old. We hope each one of you can be on board to protect our future assets – children and youth.

On behalf of our children, youth and no voting right immigrants, we suggested the following items for you to considerate, help us, to protect our children, youth and anyone is under 18 years old. All of you make history in SF to protect our children's future.

1. If medical marijuana is 1000 feet already, then recreational marijuana should be minimum 1,500 feet away from children, youth and anyone under 18 years old. SFUSD has about 95,000 students. Our community strongly opposed current suggestion change from 1000 to 600 feet. It is not a good government practice. It does NOT reflect our community voice. It does NOT protect healthy people's interests to protect children and youth. We want all of you to be on board to set up better and strong laws to protect our children, 1,500 feet away from children, youth, plus any neighbors strongly opposed. We know cannabis is a federal drug administration regulated alternative drug for patients who are sick such as pain, HIV, AIDS, cancer and other health

Free Community Information and Referral Hotline 24/7 voice message 415-829-9550  
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problems. We support safe access for patients. We opposed recreational cannabis stores near any facilities that serve minors under 18 years old included day care, pre-school, after school care, private and public schools, etc.

2. We opposed your 300 feet from one store to another. We opposed the removal of requirement. We proposed to all of you, any new recreational cannabis stores should be at least 1,500 feet from each other. We voted for the Mayor, all of the Board of Supervisors, to be good leaders for our city. You are elected by residents. We, the people should be included in this new recreational cannabis policy planning process. You are the representatives for us. We asked you to set up laws for the new applicants that is 1,500 feet from one recreational store to another store. SF planning should NOT even accept their applications if any store is close to any facilities near minors under 18 years old, included day care, pre-school, after school care, private and public schools, etc.

3. We want to be informed and notified of your public hearings on recreational rules and regulations, date/where/when, so we can have representation to participate. We want to be heard. We want to be part of the process. **We need six languages to be outreached to neighborhoods in English, Spanish, Chinese, Russian, Vietnamese and Tagalog.** We believe it is the immigrants' rights. Many of our immigrants have not right to vote yet. But we are residents who pay taxes to support government employees' pay checks. The government has the responsibility to provide six languages to outreach to each district, to educate residents about the good and the bad impact on recreational cannabis use, cannabis and products should have labels to inform consumers.

4. You and I know that CCSF has many social problems already: car break in, property crimes, safety issues, health care problems, homelessness, lack of affordable housing, etc. CCSF does not have enough public services workers to address already existing social problems. We don't need more problems from this recreational cannabis in specific neighborhoods throughout the city, where residents strongly. We were very shocked to hear that Mayor's officer New Cannabis Director Nicole Elliott said that her new Office is doing everything to expand recreational cannabis stores in Chinatown and all neighborhoods. If people like to smoke cannabis, it is their choice. But our choice is clear to you, stay away from kids age 0 to 18 years old. We deserve a healthy, happy, cannabis free and safe living condition.

5. We believe the CCSF, 5 to 10 years from now, our health care service will get worse, our crime will be higher, our jail systems will be packed, and many social problems will associate with this mass recreational cannabis business everywhere in the city and in CA. But if you can be good leaders for our children, youth, setting good example to protect them: 1500 feet minimum away from any children facilities include: day care, preschool, after school programs, etc. All kids have the same equal right for protection. **A good government practice is focus on prevention instead of intervention. We've learned from the Tabaco industry and sugar era. We, are now paying for the consequences such as cancer, diabetes and many health issues**

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San Francisco Community Empowerment Center

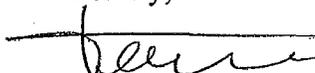
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**related. We banned sugar drinks from schools. We banned smoking cigarette from public areas.**

We hope you can help children, youth and parents to create better government practices and laws to protect our children, youth and future leaders, plus local residents' health, happiness and safety. Thank you.

Sincerely;



Teresa Duque, Executive Director of SFCEC

Ellen Lee Zhou, Family Social Worker

Audrey Leong, Community Coordinator

James Eng, Senior Advocate

Hazel Lee, President of S.F. Shanghai Association

Marlene Tran, President of Visitation Valley Group

Howard Woo, S.F. Community Police Advisory Board

Bill Zhen, Sunset Resident Support

Jim Chow, Pastor, Church Support

Sally Xu Plants, Parent Support

Raymond Huang, Chinatown Huang Family Association

Many other groups throughout S.F.

CC:

Wilson Chu, President of Chinese American Democratic Club

Angela Chan, Advancing Justice

Chinese media

2798 San Bruno Avenue

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Office Tel/Fax 415-467-1929

24/7 contact 415-829-9550

[WWW.SFCEC.ORG](http://WWW.SFCEC.ORG)

Mission: Our mission is to empower and encourage people to find supports from available resources.

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Our mission is to empower and encourage people to find supports from available resources

**HELP! OUR LOCAL RESIDENTS' QUALITY LIFE HAS BEEN TAKING AWAY!  
WHERE CAN WE FIND SOLUTIONS?**

Dear Neighbors, Friends, Parents and Workers,

You are invited to join our community, our voice RALLY against illegal activities(@1) near children, youth and families. Prop 215 or Prop 64 does not force minors to watch nor take away local residents' quality life. Prop 215 or Prop 64 does not force neighbors to accept something is not residents' cup of tea. Prop 215 and Prop 64 are for better regulations! Those who needed can have safe access. Also for those who refused to smoke or use cannabis can continue to have their quality life. Where is justice for local residents and families?

Per DPH(@2), currently there are almost 50 cannabis (@2) stores in San Francisco. The politicians who have the power to make decisions continue to force local residents to accept a federal drug administration regulated alternate drug for people who are sick. The City representatives continue to support permits to open cannabis stores against local residents' will, violated children's rights and violated neighbors' right to peace. Healthy people being forced to watch illegal activities (@1)!

Every resident has a choice to live a happy, healthy and safe life. Majority of local residents against cannabis stores open near children centers, pre-school centers, day care centers, youth centers, youth recreational centers and residential areas. But local government representatives continue approve permits to operate cannabis stores disregard strong opposition. It is about time to say No means NO! Enough is enough! (such as 2442 Bayshore Blvd., 5 Leland Ave. 3015 San Bruno Ave, 2505 Noriega St., 2161 Irving St. and many more to come, etc.). Forced healthy-local residents to accept and watch illegal activities (@1) near their homes each day.

Come join us and voice your concerns! Support our children, youth and families! Healthy families create healthy community! Healthy communities create healthier city (@3). Come spend your lunch hour for a good cause! Thank you.

**Date: Wednesday, November 8<sup>th</sup>, 2017**

**Time: From 12noon to 1pm (Come stand up for our future leaders)**

**Location: One Post Street, Near Market and New Montgomery  
(Dianne Feinstein's Federal Office, San Francisco Downtown)**

@1. Cannabis is an illegal drug defined by the federal, no growth, no sell and no smoking. Cannabis business: No loan, no bank account, no insurance will cover. Federal agents can come any time to arrest illegal cannabis activities. Local government representatives willfully supported illegal activities.

@. 2 Per S.F. Department of Public health, # cannabis stores currently open, pending to process.

@3. This RALLY is supported and sponsored by local residents from 11 districts throughout San Francisco. This event also supported by local children, youth, families, merchants and residents impacted within 300 feet, 600 feet and 1000 feet near cannabis stores.



# SAN FRANCISCO PLANNING DEPARTMENT

October 26, 2017

Ms. Angela Calvillo, Clerk  
Honorable Mayor Edwin Lee  
Honorable Supervisor Jeff Sheehy  
Board of Supervisors  
City and County of San Francisco  
City Hall, Room 244  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

1650 Mission St.  
Suite 400  
San Francisco,  
CA 94103-2479

Reception:  
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415.558.6409

Planning  
Information:  
415.558.6377

Re: Transmittal of Planning Department Case Number 2017-010365PCA:  
Cannabis Regulations  
Board File No. 171041  
Planning Commission's Action: Approval with Modification

Dear Ms. Calvillo, Mayor Lee and Supervisor Sheehy,

On October 19, 2014, the Planning Commission conducted duly noticed public hearings at regularly scheduled meetings to consider the proposed Ordinance, introduced by Mayor Lee and Supervisor Sheehy that would amend the Planning Code to include land use regulations for various cannabis related activities. At the hearing the Planning Commission voted to approve the ordinance with modifications.

The Following are clerical amendments proposed by Staff that the Commission voted to add to the ordinance by a single vote:

1. Add Cannabis Retail to the list of Active Commercial uses in Table 145.4.
2. Change "Non-Retail Greenhouse or Plant Nursery" to "Industrial Agriculture" in Code Section 846.87, the SALI district zoning control table.
3. Delete the following sentence located on Page 11, lines 4-7 in Version 2 of the proposed ordinance:

Smoking on the premises of a Medical Cannabis Dispensary Use located within ~~1000~~600 feet of a School, public or private, ~~or a Public Facility, Community Facility, or Private Community Facility that primarily serves persons under 18 years of age~~ is not permitted.

4. Add the following text to the definition (Section 102) or location and operating conditions (Section 202.2(e)) for MCDs.

"Cannabis may be consumed on site pursuant to authorization by the City's Office of Cannabis and Department of Public Health, as applicable"

The Following amendments were proposed by the Commission and added with separate votes:

5. Increase the 600' buffer around Schools to 1,000 feet, +4 -2 (Koppel and Hillis against);

6. Replace the 300 foot clustering option with the "Orbit Option" outlined in in the staff report, +5 -1 (Hillis against); and
7. Allow Cannabis Retail and MCDs in NC-1 Districts in Supervisorial District 4, +5 -1 (Hillis against).

The proposed amendments are not defined as a project under CEQA Guidelines Section 15060(c) and 15378 because they do not result in a physical change in the environment.

Sponsors, please advise the City Attorney at your earliest convenience if you wish to incorporate the changes added by the Commission.

Please find attached documents relating to the actions of the Commission. If you have any questions or require further information please do not hesitate to contact me.

Sincerely,



Aaron D. Starr  
Manager of Legislative Affairs

cc:

Victoria Wong, Deputy City Attorney  
Bill Barnes, Aide to Supervisor Sheehy  
Mawuli Tugbenyoh, Liaison to the Board of Supervisors, Mayor's Office  
Erica Major, Office of the Clerk of the Board

Attachments :

Planning Commission Resolution  
Planning Department Executive Summary



# SAN FRANCISCO PLANNING DEPARTMENT

## Executive Summary Planning Code Text Amendment HEARING DATE: OCTOBER 19, 2017 90- DAY EXPIRATION DATE: JANUARY 1, 2018

1650 Mission St.  
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San Francisco,  
CA 94103-2479

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*Project Name:* Cannabis Regulations  
*Case Number:* 2017-010365PCA [Board File No. 171041]  
*Initiated by:* Mayor Lee and Supervisor Sheehy/ Re-Introduced October 3, 2017  
*Staff Contact:* Aaron Starr, Manager of Legislative Affairs  
*aaron.starr@sfgov.org, 415-558-6362*  
*Reviewed by:* Daniel A. Sider, AICP; Senior Advisor for Special Projects  
*dan.sider@sfgov.org; (415) 558-6697*  
*Recommendation:* Approval with Modifications

### PLANNING CODE AMENDMENT

Ordinance amending the Planning Code to 1) establish regulations for land uses associated with the adult use (i.e. nonmedical) cannabis industry, including Cannabis Retailers, cannabis delivery services, manufacture of cannabis products, cannabis cultivation, and cannabis testing; 2) modify existing regulations for Medical Cannabis Dispensaries to allow them in additional locations throughout the City; and 3) establish a process for the conversion of existing Medical Cannabis Dispensaries to Cannabis Retail establishments.

#### The Way It Is Now:

1. San Francisco Department of Public Health oversees the licensing and operations of Medical Cannabis Dispensaries (MCDs).
2. MCDs are currently prohibited in PDR, Eastern Neighborhoods Mixed Use, and South of Market Mixed-Use zoning districts; the Japantown, Pacific Avenue, and Folsom Street Neighborhood Commercial Districts (NCDs); and the Regional Commercial District.
3. In most Neighborhood Commercial Transit (NCT) Districts and NCDs, MCDs are allowed on the first floor subject to Mandatory Discretionary Review or Conditional Use (CU) authorization, depending on the zoning district; however, they are generally not allowed on the second floor.
4. MCDs must be located more than a 1,000 from a school or a youth-serving Public or Community Facility.
5. City law is silent on the retail sale of non-medical cannabis.
6. City law is silent on the commercial growing, manufacture, testing, or distribution of cannabis.
7. The Planning Code does not have a provision that allows for the conversion of MCD to a facility that sells adult use cannabis.
8. MCDs are not subject to Formula Retail Controls, but they are subject transparency requirements.
9. There is a limit of three MCDs in Supervisorial District 11.

**The Way It Would Be:**

1. The newly formed Office of Cannabis would regulate the cannabis industry in San Francisco, including MCDs and adult use cannabis facilities, by issuing licenses and setting operating conditions specific to the cannabis industry. The Department of Public Health would still perform its inspection and regulatory functions outside of licensing and the operating conditions of cannabis facilities.
2. MCDs would now be allowed in PDR, Eastern Neighborhoods Mixed Use, South of Market Mixed-Use zoning districts; the Japantown, Pacific Avenue, and Folsom Street NCDs; and the Regional Commercial District. In PDR Districts, MCDs would be subject to the size limits for other retail uses.
3. MCDs would be allowed on both the first and second floor in NC Districts, subject to either Mandatory Discretionary Review or CU authorization, deepening on what the current regulations are for the subject zoning district.
4. The 1000 foot buffer around sensitive uses would be reduced to 600 feet, which is the state standard. In addition, the definition of sensitive uses would be revised to only include Schools; however other sensitive uses would be considered as part of conditional use findings.
5. A new land use definition would be created, Cannabis Retail, which would allow the retail sale of cannabis and cannabis-related products for adult use, and may also include the sale or provision of cannabis for medicinal use and on-site consumption. Cannabis Retail establishments would be prohibited within 600 feet of a School (as defined by the Planning Code), and would not be permitted within 300 feet of another Cannabis Retail or MCD. Cannabis Retailers would be allowed as follows:
  - a. Residential (RH, RM, RTO) Districts: Prohibited.
  - b. Industrial (PDR) Districts: Allowed only in conjunction with a State Microbusiness License; 2/3 of the premises must be dedicated to cannabis-related PDR.
  - c. Neighborhood Commercial (NC) & Chinatown Districts: Allowed on 2nd floor and below with Conditional Use ("CU") excepting (1) a prohibition in the NC-1 and NCT-1 Districts and (2) a prohibition above the ground floor in the CR-NC District.
  - d. Residential-Commercial (RC) Districts: Permitted as of right on the ground floor; CU required above the ground floor.
  - e. Eastern Neighborhoods Districts: Neighborhood notice required, except that CU required in SPD and MUG Districts.
  - f. Community Business (C-2), Downtown (C-3; DTR) and SoMa Districts: Permitted as of right.
6. Existing PDR land uses would be amended to explicitly allow for cannabis related activity. In addition, Neighborhood Agriculture and Large Scale Urban Agriculture definitions would be amended to explicitly prohibit the growing of cannabis for commercial or personal use. Uses that would be amended to include cannabis commercial activity are as follows:
  - a. Industrial Agriculture (currently named Greenhouse) for the growing of cannabis. This use requires that cannabis be grown inside and limits the overall canopy to 22,000 sq. ft.
  - b. Light Manufacturing for the manufacturing of cannabis produced without the use of volatile organic compounds (State License Type 6);
  - c. Agricultural and Beverage Processing 2 for the manufacture of cannabis products using volatile organic compounds (State License Type 7);
  - d. Wholesale for the wholesale distribution of cannabis products (State License Type 11);
  - e. Laboratory for the testing of cannabis and cannabis products (State License Type 8);

- f. Parcel Delivery Service for retail cannabis delivery where there is no on site cannabis retail.
7. Section 190 would be added to the Planning Code, which would allow existing MCDs to convert to Cannabis Retail with only a change of use application. Also, existing MCDs that wish to convert to sell adult use cannabis would not be subject to the location restrictions for Cannabis Retail.
8. MCDs and Cannabis Retail would be subject to Formula Retail Controls and transparency requirements.
9. The limit on three MCDs in Supervisor District 11 would be removed from the Code.

## **BACKGROUND**

On October 9, 2015, Governor Brown signed into law the Medical Marijuana Regulation and Safety Act ("MMRSA"), effective January 1, 2016, which established a comprehensive state licensing and regulatory framework for the cultivation, manufacturing, testing, distribution, transportation, dispensing, and delivery of medicinal cannabis, and which recognized the authority of local jurisdictions to prohibit or impose additional restrictions on commercial activities relating to medicinal cannabis. MMRSA was later renamed the Medical Cannabis Regulation and Safety Act ("MCRSA").

On November 8, 2016, the voters of California approved Proposition 64, the Control, Regulate, and Tax Adult Use of Marijuana Act (AUMA), which decriminalized the nonmedicinal use of cannabis by adults 21 years of age and older, created a state regulatory, licensing, and taxation system for non-medicinal cannabis businesses, and reduced penalties for marijuana-related crimes. San Franciscans overwhelmingly approved of legalized adult use cannabis with 74.3% voting yes on Proposition 64.

On November 9, 2016, the Mayor issued Executive Directive 16-05, "Implementing Prop 64: Adult Use of Marijuana Act," directing the Department of Public Health and the Planning Department, in consultation with other departments, to move forward with legislation for the Board of Supervisors' consideration that would address land use, licensing, safety, and youth access issues related to adult use cannabis under Proposition 64. Pursuant to that Executive Directive, the City developed this comprehensive legislation that will establish a complete regulatory framework for a broad range of cannabis businesses, and that will identify where, and under what conditions, they may operate.

On June 27, 2017, Governor Brown signed into law the Medicinal and Adult-Use Cannabis Regulations and Safety Act (MAUCRSA), which reconciled MCRSA and Proposition 64, and established a unified state regulatory scheme for commercial activities relating to both medicinal and adult use cannabis. Under MAUCRSA, businesses that engage in commercial cannabis activities will be required to obtain a state cannabis license and comply with strict operating conditions. MAUCRSA requires that state agencies begin issuing state cannabis business licenses by January 1, 2018. Under MAUCRSA, local jurisdictions may adopt and enforce ordinances to further regulate cannabis businesses, including but not limited to zoning and permitting requirements.

## **ISSUES AND CONSIDERATIONS**

### **Office of Cannabis**

The Administrative Code establishes an Office of Cannabis (OOC) under the direction of the City Administrator, and authorizes the Director of the OOC to issue permits to cannabis-related businesses, and to collect permit application and annual license fees following the enactment of a subsequent ordinance establishing the amounts of those fees. The new office is responsible for developing and managing a permitting process for all cannabis-related businesses, dealing with complaints, providing policy analysis and development, and serving as a single point of contact for businesses, the public and state regulators. The offices' budgeted for its first fiscal year is \$700,000, which would include three positions and \$225,000 for web site development, public outreach and overhead. The office is expected to recover at least some of its expenses through permitting fees.

#### **First Year of Adult Use Cannabis Sales**

During 2018, only social equity applicants and businesses that have been operating in San Francisco prior to September of 2017 will qualify for a license from the OOC. Further, no permit will be issued until the City establishes an equity program. To that end, the City is in the process of developing an equity program that prioritizes communities that have been unfairly targeted by the war on drugs so that they can be the first to take advantage of legalization. A social equity report on which the equity program will be developed is expected on November 1 of this year.

There are around 40 approved MCDs in the city, all of which will be eligible to convert to Cannabis Retail the first year if they submit an application to the Planning Department prior to June 30, 2018. The number of non-retail uses operating in the City right now is harder to account for. Some businesses have already received planning approval for their operations, but are not registered as cannabis businesses. To ensure that the City captures all existing non-retail businesses, the OOC has opened up a registration process for existing non-retail businesses – those operating both with and without benefit or permit - which closes in late November. Only those non-retail businesses that have registered would be eligible for a license to operate in 2018.

#### **Non-Retail Cannabis-related Uses**

San Francisco already has a very robust regulatory structure for Production, Distribution and Repair (PDR) uses, which were minimally amended in the proposed ordinance to explicitly include cannabis related activities. A chart showing what uses are allowed in the various zoning districts is included in Exhibit C. The Ordinance also restricts cannabis cultivation to state license types that allow for indoor and/or mixed-light cultivation with up to 22,000 sq. ft. of canopy. This provision basically limits cannabis growing to indoor facilities and to medium size growing operation per the State's licensing categories.

#### **Cannabis Retail**

The proposed ordinance creates a new Retail Sales and Service use called Cannabis Retail, which allows for the sale of cannabis and cannabis-related products for adult use, and that may also include the sale of cannabis for medicinal use. The definition allows for cannabis to be consumed on-site; however only upon the authorization by the City's Office of Cannabis and Department of Public Health. Cannabis Retail is also included in the list of uses considered to be Formula Retail and Cannabis Retail will also be subject to the Planning Code's transparency requirements. The ordinance prohibits Cannabis Retail from being established within 600 of a School, and within 300 feet of an existing MCD or another Cannabis Retail establishment.

### Future of MCDs

The question of whether or not to keep the MCD land use definition in the Planning Code was internally debated and fully considered by Planning Staff. Staff wanted to balance the desire to avoid over complicating the land use categories for retail cannabis, while at the same time acknowledging that MCDs had the potential to persist as a discrete land use with unique – and likely less notable – externalities. The current legislative proposal maintains the separate land use category for medical cannabis at least until the City has a better understanding of how the cannabis industry will take shape. Staff's main reasons for maintaining the MCD definition include:

1. **Clear Conversion Process:** Keeping two distinct land uses provides a clear path for existing MCDs to convert to Cannabis Retail. If we do not keep MCDs as a separate land use, it's not clear how we could control for the conversion from an MCD to a Cannabis Retail use. Nor is it clear how we would treat those that decide not to convert to Cannabis Retail. The problem isn't insurmountable, but maintaining the MCD definition makes the conversion process more straightforward and easier to implement.
2. **Less Impactful Use:** Starting January 1, 2018, the rules for doctors that recommend cannabis will change in three significant ways: 1) The doctor recommending cannabis must be the patient's attending physician; 2) the doctor recommending cannabis cannot have a financial interest in a dispensary or be an employee of a dispensary; and 3) the doctor recommending cannabis has to perform a proper examination before recommending cannabis, lest issuance of the recommendation be deemed unprofessional conduct. Further, the law also has a provision directing the Medical Board of California to consult with the California Marijuana Research Program in order to develop and adopt medical guidelines for the appropriate administration and use of medical cannabis. Presumably, when these guidelines are adopted there will be a set list of medical conditions for which doctors can recommend cannabis. These changes are highly likely to significantly reduce the number of customers for conventional medical-only establishments, making them a less intensive land use. Cannabis Retail, on the other hand, will not only be used by medical users, but also by a range of adult users, both locals and tourists. Further, since Medical Cannabis Dispensaries are likely to be a less impactful land use, a less rigorous approval process was felt to be appropriate.
3. **Medical Cannabis Community.** An ongoing dialogue with those involved in the cannabis community, including through the City's Cannabis Legalization Task Force, suggests a desire to maintain the San Francisco's leading medical cannabis industry and culture. Local MCDs employ experts familiar with what types of cannabis are best for various ailments, have compassionate care programs that provide free cannabis to lower income patients, and provide cannabis products more oriented toward the medical market than the adult use market.
4. **The Unknown:** It is far from clear as to what the adult use cannabis market will look like and how it will impact the medical cannabis industry, or to fully understand its future interaction with our neighborhoods. Keeping the medical use allows the City to take a more measured approach. If, in a few years, it turns out that we no longer need a separate land use category, then the City can reexamine the need for two definitions.

### **“Buffering” Alternatives**

At the September 26, 2017 informational hearing, some Commissioners expressed a dissatisfaction with the proposed 300' minimum distance between various retail cannabis uses. In response, Staff has developed the following three alternatives to the proposed 300 foot buffering provision in the proposed ordinance:

**The “District Concentration” Option.** Rather than requiring a 300 foot radius around existing Cannabis Retail and MCDs, this option would examine the overall concentration of Cannabis Retailers and MCDs within a given Neighborhood Commercial District when deciding whether or not a new establishment should move forward. This option is similar to how the Department examines Restaurant and Formula Retail concentration; however those two options only look at the immediate 300 foot radius or ¼ mile radius to determine concentration, not the entire Neighborhood Commercial District.

For Restaurants, the concentration is not allowed to exceed 25 percent of the total commercial frontage within 300' of the subject property (and also located within the same zoning district). For Formal Retail, no specific concentration limit is established in the Code. The Department's review includes all parcels that are wholly or partially located within the 300-foot radius or quarter-mile radius. For each property, the total linear frontage of the lot facing a public right-of-way is divided by the number of storefronts. Those numbers are then used to calculate the percentage of the total linear frontage for Formula Retail and non-Formula Retail uses within the immediate area.

Staff has some concerns with this approach, the first being: What is the appropriate percentage for a neighborhood commercial district? The second is implementation. Some districts are very large (e.g. several miles long), while others are fairly small, encompassing only a few blocks. Evaluating the composition of an entire NCD every time there is a proposed MCD or Cannabis Retailer will require a significant amount of time and efforts – not just for City Staff but also for prospective applicants and concerned members of the public. Further, while the City's Zoning Maps present clear boundaries for neighborhood commercial district, members of the public fairly perceive neighborhoods to be less rigid and unencumbered by seemingly arbitrary lines on a map. It would also be difficult to apply to those zoning district that do not require CU authorization for cannabis businesses since this approach would require a level of analysis not typical for as-of-right permits.

**The “Clustering-As-Finding” Option.** This option would remove the mandatory buffering in neighborhoods that require CU authorization, and instead make the 300' buffer a finding as part of the CU evaluation process. In neighborhoods that do not require CU authorization, a retail cannabis business would be principally permitted unless it was within 300 feet of another retail cannabis business, in which case CU would be required. This option provides more flexibility for retail cannabis business in neighborhoods where CU authorization is required, and also helps ensure that neighborhoods where retail cannabis business are permitted as-of-right don't become over-concentrated. It's also fairly straightforward to implement. This criterion would be weighed against existing CU criteria in the Code along with other new CU criteria established by this ordinance.

**The “Orbit” Option.** This option would establish a more general, yet easily understood clustering rule, by allowing a new retail cannabis business only if there were no more than two other existing retail cannabis businesses within a 1,000 foot radius of the proposed site. In other

words, a maximum of three retail cannabis businesses would be permitted within a 1,000 foot radius. Two variants of this option exist, either (1) a “hard cap” that would prohibit more than three retail cannabis establishments within 1,000 feet or (2) a “soft cap” that would trigger CU, with clustering as a finding, if that trigger was met. As above, this latter option allows for more flexibility, while the former is a clearer bright-line regulation. The Orbit Option – or either variant – could theoretically be applied citywide or in certain Zoning Districts. The 1,000 foot radius and number of cannabis retailer could also be adjusted based on further analysis and research.

### On-site Consumption

At the September 26, 2017 informational hearing, some Commissioners expressed an interest in allowing at-least some level of on-site adult use cannabis consumption at Cannabis Retailers.

On-site consumption can include, but is not limited to, applying salves or balms, vaporizing or smoking the cannabis flower, or ingesting edibles made with cannabis extracts. As currently written, The Planning Code allows Cannabis Retailer and MCDs to have on-site consumption so long as they get authorization from the OOC and Department of Public Health, as applicable.

Currently, there are eight MCDs in the City that allow on-site vaporizing or smoking. The proposed Ordinance would limit onsite vaporizing or smoking to those eight existing MCDs, and should those MCDs convert to Cannabis Retail they would forfeit their permit to have on-site vaporizing or smoking. The intention, based on the Department of Public Health’s highly successful anti-tobacco campaign, is to maintain indoor air quality for the health of the establishment’s employees and customers. A concern has also been expressed regarding mixed messages with regards to smoking tobacco and smoking cannabis by allowing later, but prohibiting the former.

Department Staff has significant concerns that if the City fails to allow at least some on-site vaporizing or smoking, patrons will undoubtedly vaporize and smoke cannabis on streets, sidewalks, parks, plazas, and other public places. In these places, it is not only prohibited by state law, but where the likelihood of youth exposure to cannabis is dramatically higher. While the Department understands concerns about sending mixed messages, tobacco and cannabis are not analogous. One can smoke tobacco on the sidewalk if you are walking and at the curb if one is not. One can also smoke tobacco in a car, on an outdoor patio at a bar, and at various other places. However, state law categorically prohibits the smoking cannabis in public, leaving no place to consume the product legally for those who are not able to smoke cannabis within their home or for tourists. It is instructional to note that the city of Denver did not provide for a place to consume via smoking or vaporizing and subsequently amended their laws to allow for consumption areas upon an increase in unwanted public smoking of cannabis. Department Staff is concerned that not allowing on-site vaporizing or smoking will lead to the same issues that Denver experienced, and result in more people smoking cannabis in places that will impact a greater number of individuals, particularly youth.

### Accessory Use Provisions

The Planning Code allows for the accessory sale of cannabis products contingent upon the approval or the OOC; however accessory level sales are not contemplated to be allowed in the first few years of adult use cannabis sales. The Planning Department believes that allowing accessory level sales will reduce the need for cannabis-only businesses thought the city, and helps to normalize the sale of cannabis along the same lines as alcohol and tobacco sales. It also provides a way for small existing business that many not

have the funds to invest in an entirely new enterprise to benefit from this emerging industry. However, accessory cannabis sales are currently impractical both due to (1) the State's prohibition on the sale of alcohol and/or tobacco along with cannabis at the same premises and (2) the absence of nuanced controls necessary to ensure the sale of adult use cannabis as a genuinely subordinate and incidental accessory. The state prohibits cannabis sales in stores that also sell alcohol or tobacco, and requires that the premises be only open to adults 21 years or older.

## **RECOMMENDATION**

The Department recommends that the Commission *approve* the proposed Ordinance and adopt the attached Draft Resolution to that effect. Should the Commission wish to seek amendments to the proposed Ordinance, the foregoing discussion is intended to provide useful options to do so.

## **BASIS FOR RECOMMENDATION**

The Planning Department supports the proposed ordinance because it provides a strong and fair regulatory framework for non-retail and retail adult use cannabis sales, and the supporting PDR activities in San Francisco. The ordinance uses well established land use categories to regulate PDR activities, avoiding extra regulations on cannabis PDR uses. The proposed separation from sensitive uses and from other retail cannabis uses for new retail cannabis operations significantly increases the areas of the city that are allowed to have retail cannabis sales, while also directly and indirectly addressing concerns regarding overconcentration in certain neighborhoods.

## **REQUIRED COMMISSION ACTION**

The proposed Ordinance is before the Commission so that it may recommend adoption, rejection, or adoption with modifications to the Board of Supervisors.

## **IMPLEMENTATION**

The Department has determined that this Ordinance will impact our current implementation procedures; however the proposed changes can be implemented without increasing permit costs or review time.

## **ENVIRONMENTAL REVIEW**

The proposed amendments are not defined as a project under CEQA Guidelines Section 15060(c) and 15378 because they do not result in a physical change in the environment.

## **PUBLIC COMMENT**

The Planning Department has participated in hearings at the Small Business Commission, and the Health Commission. It has also been involved with various outreach meetings including meetings with the cannabis growers and manufacturer, and existing MCD operators. The Small Business Commission has not officially taken an action on the proposed ordinance, but was generally in support of the proposed

ordinance and appreciated the 300 foot buffering provision. The Health Commission has also not taken an official action on the ordinance, but expressed concern about allowing on-site consumption. It was also concerned that the proximity to mental health clinics to future retail cannabis operations, or the saturation of alcohol and tobacco establishments wasn't given consideration in the land use evaluation process. Members of the cannabis industry have indicated that they would like an easier path for conversion of existing MCD to Cannabis Retail, and to allow all existing MCD applicants the ability to obtain a license to operate from the OOC in 2018. As of the date of this report, the Department has not received a letter from the industry outlining their concerns over the proposed ordinance; however, we expect that one will come prior to the Planning Commission hearing.

<b>RECOMMENDATION:</b> <b>Approve the proposed Ordinance.</b>
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**Attachments:**

- Exhibit A:      Draft Planning Commission Resolution
- Exhibit B:      Board of Supervisors File No. 171041
- Exhibit C:      Matrix for Non-Retail Cannabis controls.
- Exhibit D:      Map showing the existing and proposed "Green Zone"
- Exhibit E:      Map showing the approval process for Cannabis Retail



# SAN FRANCISCO PLANNING DEPARTMENT

## Planning Commission Resolution No. 20029

HEARING DATE OCTOBER 19, 2017

1650 Mission St.  
Suite 400  
San Francisco,  
CA 94103-2479

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*Project Name:* Cannabis Regulations  
*Case Number:* 2017-010365PCA [Board File No. 171041]  
*Initiated by:* Mayor Lee and Supervisor Sheehy/ Re-Introduced October 3, 2017  
*Staff Contact:* Aaron Starr, Manager of Legislative Affairs  
[aaron.starr@sfgov.org](mailto:aaron.starr@sfgov.org); 415-558-6362  
*Reviewed by:* Daniel A. Sider, AICP; Senior Advisor for Special Projects  
[dan.sider@sfgov.org](mailto:dan.sider@sfgov.org); (415) 558-6697

APPROVING THE PROPOSED ORDINANCE THAT WOULD AMEND THE PLANNING CODE TO 1) REGULATE CANNABIS LAND USES, INCLUDING, AMONG OTHER THINGS, ADULT USE CANNABIS RETAIL, MEDICAL CANNABIS DISPENSARIES, DELIVERY-ONLY SERVICES, MANUFACTURE OF CANNABIS PRODUCTS, CANNABIS CULTIVATION, AND CANNABIS TESTING; 2) ALLOW MEDICAL CANNABIS DISPENSARIES IN ADDITIONAL ZONING DISTRICTS; 3) ESTABLISH A LAND USE PROCESS FOR THE CONVERSION OF EXISTING MEDICAL CANNABIS DISPENSARIES TO CANNABIS RETAIL ESTABLISHMENTS; 4) ESTABLISH LOCATION AND OPERATING CONDITIONS FOR CANNABIS USES; 5) REPEAL ORDINANCE NO. 186-17, WHICH LIMITED THE NUMBER OF MEDICAL CANNABIS DISPENSARIES IN SUPERVISORIAL DISTRICT 11; AND 6) DELETE SUPERSEDED PLANNING CODE PROVISIONS; AFFIRMING THE PLANNING DEPARTMENT'S DETERMINATION UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; AND MAKING FINDINGS OF CONSISTENCY WITH THE GENERAL PLAN, AND THE EIGHT PRIORITY POLICIES OF PLANNING CODE, SECTION 101.1, AND PUBLIC NECESSITY, CONVENIENCE, AND WELFARE FINDINGS PURSUANT TO PLANNING CODE, SECTION 302.

WHEREAS, on September 26, 2017 Mayor Lee and Supervisor Sheehy introduced a proposed Ordinance under Board of Supervisors (hereinafter "Board") File Number 171041, which would amend the Planning Code to 1) regulate cannabis land uses, including, among other things, adult use cannabis retail, Medical Cannabis Dispensaries, delivery-only services, manufacture of cannabis products, cannabis cultivation, and cannabis testing; 2) allow Medical Cannabis Dispensaries in additional zoning districts; 3) establish a land use process for the conversion of existing Medical Cannabis Dispensaries to Cannabis Retail establishments; 4) establish location and operating conditions for cannabis uses; 5) repeal Ordinance No. 186-17, which limited the number of medical cannabis dispensaries in Supervisorial District 11; and 6) delete superseded Planning Code provisions; and,

WHEREAS, The Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance on October 19, 2017; and,

WHEREAS, The Department determined that the proposed amendments are not defined as a project under CEQA Guidelines Section 15060(c) and 15378 because they do not result in a physical change in the environment; and

WHEREAS, the Planning Commission has heard and considered the testimony presented to it at the public hearing and has further considered written materials and oral testimony presented on behalf of Department staff and other interested parties; and

WHEREAS, all pertinent documents may be found in the files of the Department, as the custodian of records, at 1650 Mission Street, Suite 400, San Francisco; and

WHEREAS, the Planning Commission has reviewed the proposed Ordinance; and

MOVED, that the Planning Commission hereby approves with modifications the proposed ordinance. The Commission's proposed modifications include:

The Following are clerical amendments proposed by Staff that the Commission recommend be added to the ordinance by a single vote:

1. Add Cannabis Retail to the list of Active Commercial uses in Table 145.4.
2. Change "Non-Retail Greenhouse or Plant Nursery" to "Industrial Agriculture" in Code Section 846.87, the SALI district zoning control table.
3. Delete the following sentence located on Page 11, lines 4-7 in Version 2 of the proposed ordinance:

Smoking on the premises of a Medical Cannabis Dispensary Use located within ~~1000~~600 feet of a School, public or private, ~~or a Public Facility, Community Facility, or Private Community Facility that primarily serves persons under 18 years of age~~ is not permitted.

4. Add the following text to the definition (Section 102) or location and operating conditions (Section 202.2(e)) for MCDs.

"Cannabis may be consumed on site pursuant to authorization by the City's Office of Cannabis and Department of Public Health, as applicable"

The Following amendments were proposed by the Commission and added with separate votes:

5. Increase the 600' buffer around Schools to 1,000 feet, +4 -2 (Koppel and Hillis against);
6. Replace the 300 foot clustering option with the "Orbit Option" outlined in the staff report, +5 -1 (Hillis against); and
7. Allow Cannabis Retail and MCDs in NC-1 Districts in Supervisorial District 4, +5 -1 (Hillis against).

## FINDINGS

Having reviewed the materials identified in the preamble above, and having heard all testimony and arguments, this Commission finds, concludes, and determines as follows:

1. The Commission finds that the proposed ordinance because it provides a strong and fair regulatory framework for non-retail and retail adult use cannabis sales, and the supporting PDR activities, in San Francisco.
2. The Commission finds that the ordinance uses well established land use categories to regulate PDR activities, avoiding extra regulations on cannabis PDR uses.
3. The Commission Finds that the proposed separation from sensitive uses and from other retail cannabis uses for new retail cannabis operations significantly increases the areas of the city that are allowed to have retail cannabis sales, while also directly and indirectly addressing concerns regarding overconcentration in certain neighborhoods.
4. **General Plan Compliance.** The proposed Ordinance is consistent with the following Objectives and Policies of the General Plan:

## COMMERCE AND INDUSTRY ELEMENT

### OBJECTIVE 1

MANAGE ECONOMIC GROWTH AND CHANGE TO ENSURE ENHANCEMENT OF THE TOTAL CITY LIVING AND WORKING ENVIRONMENT.

#### Policy 1.3

Locate commercial and industrial activities according to a generalized commercial and industrial land use plan.

*The proposed ordinance locates commercial and industrial activities according existing zoning districts by utilizing well established PDR zoning categories for non-retail activities and by allowing retail cannabis in commercially zoned districts.*

### OBJECTIVE 3

PROVIDE EXPANDED EMPLOYMENT OPPORTUNITIES FOR CITY RESIDENTS, PARTICULARLY THE UNEMPLOYED AND ECONOMICALLY DISADVANTAGED.

#### Policy 3.1

Promote the attraction, retention and expansion of commercial and industrial firms which provide employment improvement opportunities for unskilled and semi-skilled workers.

#### Policy 3.4

Assist newly emerging economic activities.

*The proposed ordinance seeks to attract, retain and expand the newly emerging cannabis industry, which provides employment opportunities for unskilled and semi-skilled workers*

**OBJECTIVE 6**

**MAINTAIN AND STRENGTHEN VIABLE NEIGHBORHOOD COMMERCIAL AREAS  
EASILY ACCESSIBLE TO CITY RESIDENTS.**

**Policy 6.1**

Ensure and encourage the retention and provision of neighborhood-serving goods and services in the city's neighborhood commercial districts, while recognizing and encouraging diversity among the districts.

**Policy 6.2**

Promote economically vital neighborhood commercial districts which foster small business enterprises and entrepreneurship and which are responsive to economic and technological innovation in the marketplace and society.

*The proposed ordinance seeks to balance the need to accommodate the emerging cannabis retail industry, which includes small business enterprises and entrepreneurship with the need to preserve neighborhood-serving goods and services in the city's neighborhood commercial districts. It does this by creating buffering provisions around other similar uses and sensitive uses, effectively controlling the number of cannabis retail businesses that can locate within any one neighborhood commercial district.*

5. **Planning Code Section 101 Findings.** The proposed amendments to the Planning Code are consistent with the eight Priority Policies set forth in Section 101.1(b) of the Planning Code in that:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced;

*The proposed Ordinance would not have a negative effect on neighborhood serving retail uses and will not have a negative effect on opportunities for resident employment in and ownership of neighborhood-serving retail.*

2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods;

*The proposed Ordinance would not have a negative effect on housing or neighborhood character.*

3. That the City's supply of affordable housing be preserved and enhanced;

*The proposed Ordinance would not have an adverse effect on the City's supply of affordable housing.*

4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking;

*The proposed Ordinance would not result in commuter traffic impeding MUNI transit service or overburdening the streets or neighborhood parking.*

5. That a diverse economic base be maintained by protecting our industrial and service sectors

from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced;

*The proposed Ordinance would not cause displacement of the industrial or service sectors due to office development, and future opportunities for resident employment or ownership in these sectors would not be impaired.*

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake;

*The proposed Ordinance would not have an adverse effect on City's preparedness against injury and loss of life in an earthquake.*

7. That the landmarks and historic buildings be preserved;

*The proposed Ordinance would not have an adverse effect on the City's Landmarks and historic buildings.*

8. That our parks and open space and their access to sunlight and vistas be protected from development;

*The proposed Ordinance would not have an adverse effect on the City's parks and open space and their access to sunlight and vistas.*

6. **Planning Code Section 302 Findings.** The Planning Commission finds from the facts presented that the public necessity, convenience and general welfare require the proposed amendments to the Planning Code as set forth in Section 302.

NOW THEREFORE BE IT RESOLVED that the Commission hereby APPROVES the proposed Ordinance described in this Resolution.

I hereby certify that the foregoing Resolution was adopted by the Commission at its meeting on October 19, 2017.

  
Jonas F. Ionin  
Commission Secretary

AYES: Fong, Johnson, Koppel, Melgar, Richards

NOES: Hillis

ABSENT: Moore

ADOPTED: October 19, 2017

File No. 171041  
Received via email  
10/19/17

Member, Board of Supervisors  
District 8



City and County of San Francisco

**JEFF SHEEHY**

October 19, 2017

Honorable Members  
San Francisco Planning Commission  
1660 Mission Street  
San Francisco, CA 94103

Re: Proposition 64 Implementation  
File #171041

Dear Honorable Members of the Planning Commission:

Thank you for considering File #171041, an ordinance I am co-sponsoring to enact Planning Code amendments that implement Proposition 64 ("Prop. 64"), the Adult Use of Marijuana Act. I'm heartened by Planning's support for Medical Cannabis Dispensaries (MCDs) in appropriate locations and I look forward to your comments.

Before 1996, Californians with life-threatening illnesses faced an untenable choice: use cannabis for medical purposes and face potential prosecution and imprisonment. With the passage of Proposition 215, California made clear that medical cannabis would be available for those who need it. San Francisco allowed medical cannabis collectives for a decade based solely on that state measure and a Zoning Administrator determination. In 2006, the City established land use and operating standards for MCDs.

Ten years later, Californians adopted Prop. 64 to allow adult use of cannabis. Much like Prop. 215, the state has acted and now San Francisco must properly respond. I hope you will agree that building on our existing infrastructure provides the most efficient path to implementing the will of California voters.

Many key issues are addressed in a separate ordinance that outlines the operating procedures and permit authority of the Office of Cannabis (OOC). With respect to Planning Code amendments, this letter provides the Planning Commission with potential areas of amendment so you may consider them as part of your deliberations.

## Letter to the Planning Commission Regarding Cannabis Regulation

### **1. Conversion to Cannabis Retail: Expand Notice & Consolidate Appeals**

As introduced, an existing MCD that seeks to add adult cannabis could face five separate appeals. The issuance of a land use permit and an operating permit are separate acts that face different appeal tracks. Specifically, the building permit in Planning Code Section 190 could be appealed to the Board of Appeals and discretionary review could be filed with the Planning Commission. The operating permit could be appealed to the Board of Appeals. Both permits require determinations under the California Environmental Quality Act (CEQA). Those determinations can be appealed to the Board of Supervisors.

I expect amendments to expand neighborhood notification and simplify the appeals process. Specifically, the applicant would begin at the OOC then be referred to Planning for the building permit. If both final permits are issued concurrently, then appeals would be consolidated at the Board of Appeals and Board of Supervisors. I am also working with the City Attorney to exempt existing MCDs from discretionary review.

I also expect amendments to the operations ordinance that would expand public notice beyond Planning Code Section 311/312 requirements by removing them from the Planning Code and transferring them to OOC. Specifically, the OOC would be required to post the location for at least 30 days and mail written notification to occupants within 300 feet of the proposed location, with a requirement of translation into commonly spoken languages required by the Language Access Ordinance. We are also exploring other means to increase public participation, including voluntary pre-application meetings.

### **2. Conversion of MCDs to Cannabis Retail: Addressing Pipeline Applicants**

The legislation provides that any MCD with a valid Department of Public Health ("DPH") permit by the effective date of the legislation may use a streamlined process to add adult use. This creates uncertainty for other pipeline applicants. Some may have secured a land-use entitlement but have not finished the DPH permitting process. Others may be awaiting a hearing date, all while incurring rent on a retail location.

I expect amendments that would allow any applicant who submitted an application to DPH and remains active in the pipeline to utilize the accelerated timeline, provided they still meet the phase deadlines that would otherwise be applicable in Section 190.

### **3. Limits in the Southern Neighborhoods, including District 11**

The Board recently adopted Ordinance 186-17 (Safai) to establish an MCD limit in District 11. I support this limit because Supervisor Safai made a compelling case that policy choices to limit cannabis retailers in San Mateo County were negatively impacting southern neighborhoods. After discussing this with Planning, I am open to expanding this limit beyond District 11 to cover other southern neighborhoods facing similar impacts. I expect amendments that would reinstate the limit adopted in Ordinance 186-

Letter to the Planning Commission Regarding Cannabis Regulation

17 for MCDs and cannabis retailers and may extend this to a geographic area in the southern neighborhoods greater than District 11.

**4. Reducing Clustering Through the "Orbit" Option**

At the public hearing, some Commissioners noted that a 300 foot limit between MCDs may not be the best approach to address clustering. I understand that Planning will propose an "orbit" approach that looks at multiple locations within a larger land area (e.g. three in a 1,000 foot area). I am hopeful that the Commission will adopt a recommendation that provides greater nuance than the 300 foot limit and believe this alternative may be a better approach.

**5. Neighborhood Commercial Districts**

Finally, the Planning Code recognizes the unique nature of our Neighborhood Commercial Districts (NCDs). Some district supervisors may have unique conditions in their NCDs that could cause the Board to either relax or constrain placement of cannabis retail in their communities. I expect amendments in some neighborhood commercial districts based on these unique conditions.

Thank you for considering my views and for your own thoughtful deliberations on cannabis policy during this important time. I look forward to your recommendations. If I ever can be of assistance, please do not hesitate to contact me directly.

Sincerely,



JEFF SHEEHY

Supervisor for District 8

- CC: Members, Board of Supervisors
- Clerk, Board of Supervisors
- Nicole Elliott, Office of Cannabis

OFFICE OF THE MAYOR  
SAN FRANCISCO



EDWIN M. LEE  
MAYOR

BOARD OF SUPERVISORS  
SAN FRANCISCO

September 26, 2017

2017 SEP 26 PM 4:12

AK

Dear President Breed and San Francisco Residents:

We are proud to present to the Board of Supervisors the first draft of San Francisco's updated and comprehensive cannabis laws and regulations. While we have had medical cannabis in the City for some time, the passage of Proposition 64 obligates us to modernize and expand our regulatory infrastructure. With significant input from community members and stakeholders, we are confident that San Francisco will lead the way in creating a regulatory structure that is safe, sensible, and equitable.

The creation of this structure is an important and monumental undertaking for the City. This process will include challenges, but we are committed to developing sound policy that represents all of our communities. These ordinances are simply the beginning of an important City conversation.

In the weeks and months ahead, we look forward to working with the Board of Supervisors to improve these ordinances with broad feedback. We expect to revise the legislation to reflect public input. With your help, we will make San Francisco's cannabis laws strong and representative of our City's values.

We are guided by three key principles. San Francisco's cannabis laws should be:

1. **Safe:** Safe access and safe communities are our overriding objective. Whether for medicinal purposes or for personal use, we want to ensure the availability of safe products and to limit exposure to youth. Cannabis businesses should reflect neighborhood preferences and character, and promote public safety.
2. **Sensible:** We strive for straightforward rules that are clear and make sense for businesses, communities, and consumers.
3. **Equitable:** The decades-long war on drugs wreaked havoc on many communities of color, and we have a moral imperative to develop and employ equity principles that reinvest in our communities and provide economic opportunities to those who need them most.

Starting today, we ask for your collective participation. Please provide us formal comments at [officeofcannabis.sfgov.org](http://officeofcannabis.sfgov.org). Come to City Hall and provide public comment, engage in public meetings or host a forum with your neighborhood association. Help us start a civic conversation; the result will be better legislation that is reflective of our values as a City.

Thank you, and we look forward to hearing from you.

Edwin M. Lee, Mayor

Naomi Kelly, City Administrator

Nicole Elliott, Director, Office of Cannabis

Barbara Garcia, Director, Department of Public Health

John Rahaim, Director, Planning Department

October 26, 2017

San Francisco Board of Supervisors  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco, CA 94102

RE: Proposed Local Cannabis Ordinance Introduced September 26, 2017 – File Nos. 171041, 171042

Dear President Breed and Supervisors,

As members of the San Francisco Cannabis State Legalization Task Force, we have worked diligently for the last two years to present recommendations to the Board of Supervisors.

During the most recent October 18, 2017, Task Force meeting, the Task Force spent a considerable amount of time reviewing the proposed cannabis ordinance introduced on September 26, 2017 – “Local Ordinance.” We revisited what Task Force recommendations were included, what recommendations were excluded, and what recommendations did not need to be addressed with legislation.

We feel that some of our Year I and Year II recommendations still need to be addressed.

The Task Force respectfully submits the below comments regarding the Local Ordinance:

#### General

- **Local Leadership.** In general, San Francisco should provide local leadership for the cannabis industry in instances where State law is unclear or only limited information exists.

#### Consumption

- **Expansion of Adult Use Hospitality Venues.** The Task Force recommends that the Local Ordinance incorporate a general statement of intent to expand opportunities for cannabis use in hospitality venues, such as dining establishments. Implementation strategies for these venues should be developed in collaboration with key stakeholders, such as culinary and hospitality organizations.
- **Consumption Areas.** The Task Force requests that the City continue to explore and consider a land use designation for consumption lounges and establish guidelines to prevent cross-contamination.
- **Smoking/Vaping Locations.** The City should address the issue of equal opportunity for businesses by designating consumption lounges for smoking/vaping consistent with the creation of lounges for the consumption of edibles already contemplated within the Local Ordinance. This can be achieved by allowing applications for consumption lounge permits for smoking/vaping. The Local Ordinance should designate the locations where smoking/vaping can occur.

- **Cannabis Consumption in Parked Cars.** The City should consider enforcement of State law with respect to public cannabis consumption in vehicles (i.e. imposing fines, fees, and arrests) as a low priority.

### Land Use

- **Cannabis Retail Distance of 500 feet from Sensitive Uses.** The Task Force proposes a distance of 500 feet to align with San Francisco's current distance for existing tobacco retail permittees.
  - \* Note: The Task Force reached modified consensus on this issue. Discussion points and concerns related to proximity to sensitive uses were as follows:
    - A distance of 500 feet was proposed to align with San Francisco's current distance requirements for tobacco retail locations.<sup>1</sup> Some Task Force Members felt that 500 feet was too close of a distance to sensitive uses. Task Force Members also expressed concerns that distances less than the State standard of 600 feet would be contrary to public opinion and make cannabis retailers more susceptible to federal raids and business closures. One Task Force Member expressed concern that distances less than the current San Francisco requirement of 1,000 feet from schools are subject to mandatory minimum sentencing under Federal law, and prefers to keep the status quo of 1,000 feet rather than risk exposing retailers to additional liability of federal incarceration. Other Task Force Members supported a distance less than 500 feet, but agreed to move forward with the overall recommendation.
- **Sensitive Uses Proximity.** The Local Ordinance should include a statement that the City will consider exceptions (i.e. less than the currently proposed 600 feet) with respect to the distance new cannabis retailers can operate in proximity to sensitive uses in specific communities where appropriate, e.g. the Castro. \*Note: the above modified consensus points and concerns are also applicable to this recommendation.
- **Clustering.** The City should use the Conditional Use Authorization approval process in determining alternatives to the 300 foot clustering requirement outlined in the Local Ordinance. \*Note: The Task Force reached modified consensus on this issue, with one Task Force Member supporting a clearly defined clustering requirement rather than the use of Conditional Use Authorization in certain cases. One Task Force Member also felt that 300 feet was too close of a distance between cannabis retail locations.

### Permitting

- **Local Permitting - General.** The Task Force has recommended that the City consider a waiver of permitting requirements for cannabis smoking tents at special events, workforce permitting requirements that create uniform standards across businesses, a non-profit permitting framework, and delivery driver requirements. These issues are either unaddressed or partially

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<sup>1</sup> See San Francisco Health Code § 19H.4(f)(3).

addressed in the Local Ordinance. The Task Force therefore requests that the Local Ordinance reconsider these specific recommendations.

- **Nursery Permitting.** The Local Ordinance should define the nursery permitting structure and approve nursery permits rather than wait for the State to provide further clarity in this area.
- **Community Engagement as Part of Permitting and Land Use Approval Processes.** The Task Force supports the permitting and land use community engagement provisions as drafted.
- **Accessory Use.** The Local Ordinance does not contemplate accessory use permits at this time, and the Task Force supports an accelerated process for developing the accessory use permitting framework. \*Note: The Task Force reached modified consensus on the issue of expedited accessory use consideration, with general support of the accessory use concept. One Task Force Member did not want accessory use to be part of the immediate implementation plan for the City's cannabis legalization framework.
- **Agency Oversight.** The Task Force supports the City agency regulatory structure provisions as drafted.
- **Cannabis Event Permitting.** The Local Ordinance should include a process for cannabis event permitting.

#### Taxation

- **Tax Revenue Allocation Priorities and Data Collection.** The Task Force requests that the Office of Cannabis consider allocating potential tax revenue towards the City's local regulatory, policy, and programmatic goals, and prioritize the collection of appropriate data points to assess the impact of cannabis tax expenditures in achieving these goals. For reference, the Task Force's suggested allocation priorities include, but are not limited to: workforce development, entrepreneurial opportunity funds, education for students and youth, education and training for formerly incarcerated persons, and community-identified priorities.

#### Other

- **SFUSD Collaboration.** The Task Force recommendations specific to collaborating with the San Francisco Unified School District (SFUSD) were not legislated in the Local Ordinance. The Task Force therefore requests that the Local Ordinance contain a statement that references the intent to collaborate with SFUSD in the development of age-appropriate cannabis education in health education programs and builds upon the school district's existing educational model.
- **Public Safety.** The Task Force supports the public safety-related provisions of the ordinance as drafted.

Thank you for your consideration, and please feel free to contact us with any concerns, comments or questions. We look forward to working closely with you to ensure a safe environment for consumers, patients, and workers in San Francisco's regulated cannabis industry.

Sincerely,

Sara Payan, Seat #12 & Co-chair - [sara@sarapayan.com](mailto:sara@sarapayan.com)

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San Francisco Cannabis State Legalization Task Force

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Note: NL = Not Legislated

#	Recommendation	Included	Rationale	
<b>Recommendation Category: Public Safety and Social Environment (PSSE)</b>				
<b>Recommendation Sub-Category: Public Safety</b>				
Driving Under the Influence (DUI)	1	Local policy guidelines for driving under the influence should be developed that are based on behavior testing until science-based testing exists.	NL	
	2	San Francisco should provide technical assistance to California Highway Patrol (CHP) as they develop DUI protocols and standards. As part of this technical assistance, San Francisco should explore the use of cannabidiol (CBD) as an antidote to manage overconsumption, with the current naloxone program as a potential model.	NL	
	3	San Francisco should develop and implement a city-wide DUI public awareness campaign.	NL	DPH is in the process of crafting a public awareness campaign that will include education around driving under the influence, per the Mayor's request via the November 9, 2016 Executive Directive.
Neighborhood Safety	4	San Francisco should develop cannabis business operating standards to form part of the business permitting process. These standards would ensure that cannabis businesses are "good neighbors" to the communities in which they are located.	Yes	Good Neighborhood Policies are contemplated in the legislation and applicants are required to agree to them as part of the application process. The proposed standards are the following: (i) Provide to residential and commercial neighbors located within 50 feet of the Cannabis Business the name, phone number, and email address of an onsite community relations staff person who may be contacted concerning any problems associated with operation of the establishment; (ii) Maintain the Premises, adjacent sidewalk and/or alley, and associated parking areas in good condition at all times; (iii) Prohibit loitering in or around the Premises, and post notifications on the Premises advising persons of this prohibition.
	5	Cannabis businesses should be like any other business in San Francisco in appearance and manner: well-lit, clean, appropriate hours of operation, guidelines for security, etc.	Yes	Operating standards contemplated will require cannabis businesses to ensure their space and the space surrounding their establishment is secure, remains free of litter, and is lit in a manner that supports public safety.
San Francisco Police Department (SFPD)		Three top considerations for the San Francisco Police Department (SFPD) when it is developing its criminal enforcement and training strategies are:	NL	

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Enforcement and Training Priorities	6	a) Strategies must represent community sensitivities and be developed together with parents or an agent of family representation;	NL	
		b) Strategies should be informed by subject matter experts in all areas of the cannabis industry, and not simply police officers training and/or educating other police officers;	NL	
		c) The SFPD should collaborate with Child Protective Services to establish guidelines for determining the safety of a juvenile in the custody of an impaired adult.	NL	

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	# Recommendation	Included	Rationale
<b>Recommendation Sub-Category: Public Consumption</b>			
Meaning of the Word "public"	<p style="text-align: center;">7</p> <p>San Francisco should allow and create policy pathways for smoking cannabis in public places that become privatized. These pathways should follow rules set by the San Francisco Department of Public Health for tobacco use.</p>	No	<p>The California Health and Safety Code states that the smoking of cannabis or cannabis products is prohibited in any location where the smoking of tobacco is prohibited. San Francisco has been a leader in ensuring that everyone has the right to clean air and is not exposed to second hand smoke. San Francisco's policymakers have passed local ordinances that include the prohibition of smoking of tobacco or any other weed or plant products in public areas such as parks, recreation areas and at certain outdoor events. As with the smoking of tobacco, passive exposure to marijuana smoke among children, nonsmokers, and people who work in cannabis businesses is a concern, and the City is committed to maintaining its progressive clean air laws. Therefore, this legislation does not propose allowing smoking/vaping in public places, except at medical cannabis dispensaries that received a prior smoking-area designation from the Planning Department.</p>
	<p style="text-align: center;">8</p> <p>The smoking of cannabis should be allowed anywhere that tobacco smoking is allowed. Indoor venues must provide proper ventilation that addresses odor and smoke if smoking is allowed indoors.</p>	Partial	<p>Under California and San Francisco law, the smoking of tobacco is not allowed in any place of employment, with a limited number of exceptions. Under the proposed legislation, a permitted medical cannabis dispensary with a prior smoking-area designation from the Planning Department will be allowed to maintain its smoking/vaping onsite location for medical use only. Beyond that, smoking/vaping is not proposed to be allowed at other commercial cannabis locations in the City. Note also that the proposed legislation requires such dispensaries to meet ventilation guidelines that will be developed by the Health Department.</p>
	<p style="text-align: center;">9</p> <p>The San Francisco City Attorney should provide further legal guidance regarding consumption in public-private spaces, i.e. where, when and how it could be done in the City.</p>	No	<p>Further clarification is not being sought by the City on this issue at this time.</p>

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On-site Consumption per Proposition 64	10	San Francisco should allow on-site consumption at cannabis retail locations.	Partial	Under the proposed legislation, the City will allow on-site consumption of edible cannabis products. The Department of Public Health will issue a separate permit to cannabis retailers that wish to allow onsite consumption of edible products, and rules and regulations to that effect will be forthcoming. Note that under the proposed legislation, the definition of consumption does not include smoking/vaping. A permitted medical cannabis dispensary with a prior smoking-area designation from the Planning Department will be allowed to maintain its smoking/vaping onsite location for medical use only. Beyond that, smoking/vaping is not proposed to be allowed at other commercial cannabis locations in the City.
	11	San Francisco's on-site consumption requirements should not be stricter than those outlined in Proposition 64.	Partial	Under the law, The Department of Public Health will develop rules and regulations governing the on-site consumption permit. These rules and regulations will incorporate whatever consumption allowances the State will provide for in its emergency regulations, to be released in November, 2017.
Overconsumption and Encouraging Safe and Responsible use Across the City	12	San Francisco and the Department of Public Health should collaborate with the cannabis industry and the community to develop a health promotion strategy for preventing overconsumption and youth access.	Yes	The Department of Public Health is actively developing a public awareness campaign focused on driving under the influence and youth access and exposure. DPH will aim to include a variety of perspectives in developing and implementing this campaign.
<b>Recommendation Sub-Category: Youth Access and Exposure</b>				
Education	13	The San Francisco Unified School District (SFUSD) should be involved in developing age-appropriate cannabis education for San Francisco schools' health education program.	NL	
	14	The SFUSD has an existing educational model focusing on wellness centers and health-based classroom education that should be used as the foundational framework for age-appropriate cannabis education. This framework should be analyzed (via data review) to identify gaps and revitalize the curriculum to effectively educate schoolchildren about cannabis use.	NL	
	15	Proposition 64 funding for student-focused cannabis education programs should also capture children outside of the SFUSD system.	NL	

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	16	Proposition 64 funding for student-focused cannabis education programs should be distributed in a collaborative way across a variety of organizations, especially those that are already engaged in these issues. To ensure this, San Francisco should develop funding criteria for making grants.	NL	
	17	The State should vest decisions regarding student education implementation and funding criteria solely in the counties.	NL	
Preventing Sales to Minors	18	San Francisco should conduct research regarding access for minors in the illicit market after the passage of Proposition 215 and in other states that have legalized cannabis for adult use in order to better understand how minors may access cannabis after adult use is legalized in California.	NL	The Health Department is conducting a health impact assessment that draws together evidence from multiple sources to better understand the potential health impacts from legalization in San Francisco, especially with regard to youth access and exposure. The Health Department will continue to collaborate with research experts to monitor the impact of cannabis legalization on minors
Advertising	19	The regulation of other industries, such as alcohol and tobacco industries, should serve as a model for monitoring the effect of advertising on minors.	Yes	State cannabis related advertising restrictions prohibit cannabis advertising within 1,000 feet of schools, playgrounds, youth centers, or day care centers. State law also prohibits advertising to occur in a manner intended to encourage persons under 21 years of age to consume cannabis or cannabis products. The City will work with the state, regional and local partners to develop any necessary and appropriate policies regarding monitoring of advertising to minors.
	20	The San Francisco City Attorney should conduct research regarding the free speech limits to regulating cannabis advertising at the local level.	NL	
	21	San Francisco should conduct research to learn more about the strategies other adult use legalization states have used to regulate advertising to protect youth.	NL	
	22	San Francisco's advertising regulating bodies must do continuous forecasting to appropriately guard against "too much cannabis advertising" and be agile in adapting to rapidly emerging social trends that could increase exposure to youth.	NL	The City will work with the state, regional and local partners, including local agencies that provide access to advertising opportunities, to develop any necessary and appropriate policies regarding monitoring of advertising to minors.

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Criminal Diversion and Decriminalization Options for Youth	23	It is unlikely that, even with the most robust cannabis education programs for youth, there will be a zero percent usage rate among minors in San Francisco - they may continue to consume and/or sell in schools and other places. In light of that, San Francisco schools should take a reality and science-based disciplinary approach and rely on harm reduction principles to manage such situations. For example, for minors who commit cannabis-related offenses while at school, suspension and expulsion should not be the default tools used by schools to discipline students.	NL	
Youth Protection	24	San Francisco Unified School District should identify and collaborate with key stakeholders to explore alternatives to expulsion for youth facing disciplinary action for cannabis.	NL	
	25	San Francisco should develop policies to protect youth, e.g. develop clearly labeled packaging requirements to prevent accidental cannabis consumption by youth.	Yes	The legislation mirrors state requirements that all items sold must be in a child resistant container and placed in an opaque package when transported off a permitted premises.
<b>Recommendation Sub-Category: Tourism/Hospitality</b>				
San Francisco Cannabis Culture		San Francisco should collaborate with stakeholders to develop policies that achieve an appropriate balance between discretion and visibility of adult use cannabis culture. Along these lines, the City should create pathways that allow tourists to access adult use cannabis products and legal consumption spaces while preventing undesired exposure for those who prefer limited interaction with the		
	26	a) Allow cannabis consumption indoors to prevent unintended exposure	Yes	Under the proposed legislation, the Department of Public Health will issue separate permits to cannabis retailers that wish to allow onsite consumption of edible cannabis products, and rules and regulations to that effect will be forthcoming. Tourists would be able to access such spaces for consumption purposes. A permitted medical cannabis dispensary with a prior smoking-area designation from the Planning Department will be allowed to maintain its smoking/vaping onsite location for medical use only. Beyond that, smoking/vaping is not proposed to be allowed at other commercial cannabis locations in the City.
		b) Limit visibility of consumption in adult use retail storefront locations to prevent exposure from the street	Yes	The legislation allows for consumption of cannabis at retail locations that obtain an onsite consumption permit from DPH, and such consumption locations may not be visible from any public place or non-age restricted area.

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		c) Collaborate with tourism/hospitality stakeholders to provide tourists with educational materials and information about safe access and consumption of adult use cannabis.	Yes	The legislation requires distribution of a Responsible Consumption Fact Sheet at the point of sale, the content of which will be created by DPH. Moreover, the Office of Cannabis is working with SF Travel and the Chamber to develop information for tourism/hospitality to remain educated on the status of adult-use cannabis as well as responsible consumption, etc.
	27	the hospitality and tourism industry to develop pathways for lodging establishments to become "cannabis-friendly," thereby providing a legal consumption space for tourists . without access to a private residence.	No	This legislation does not create a pathway for the Department of Public Health to permit consumption in any space other than cannabis retail.
	28	There is a notable desire within the culinary community to incorporate adult use cannabis in dining options/opportunities, including the use of cannabis as a meal ingredient and the establishment of food/cannabis pairing options. San Francisco should collaborate with key stakeholders, such as culinary and hospitality organizations, to develop strategies for increasing these opportunities for restaurants and other food establishments. Strategies could include:		
		a) Developing, proposing and pursuing a state legislative approach that would create an exemption for these types of culinary experiences.	NL	Noted, and will review with the Mayor's Office to inform the City's 2018 state legislative agenda.
		b) Development of a patron notification process for any food establishment offering these opportunities	NL	
		c) Development of mechanisms to determine the appropriate distribution of cannabis-friendly dining venues throughout the City.	NL	
Tourist and Resident Experiences		San Francisco should collaborate with key stakeholders, such as the Department of Public Health and tourism/hospitality organizations, to develop educational materials for tourists and residents that:		

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29	a) promote safe cannabis consumption	Yes	The legislation requires distribution of a Fact Sheet related to safe consumption by retailers at the point of sale, the content of which will be created by DPH. DPH is also in the process of developing and implementing a public awareness campaign. The Office of Cannabis is also working with SF Travel and the Chamber to develop information for tourism/hospitality entities to remain educated on the status of adult-use cannabis as well as responsible consumption, etc.
	b) provide information on different product types and their physiological effects, and	Yes	The legislation requires distribution of a Fact Sheet related to safe consumption by retailers at the point of sale, the content of which will be created by DPH. DPH is also in the process of developing and implementing a public awareness campaign. The Office of Cannabis is also working with SF Travel and the Chamber to develop information for tourism/hospitality entities to remain educated on the status of adult-use cannabis as well as responsible consumption, etc.
	c) outline strategies to identify and manage overconsumption.	Yes	The legislation requires distribution of a Fact Sheet related to safe consumption by retailers at the point of sale, the content of which will be created by DPH. DPH is also in the process of developing and implementing a public awareness campaign. The Office of Cannabis is also working with SF Travel and the Chamber to develop information for tourism/hospitality entities to remain educated on the status of adult-use cannabis as well as responsible consumption, etc.
	The educational materials should be made available in various languages and formats (e.g. websites, brochures, signage, mobile applications, etc.), and distributed where adult use cannabis is allowed to be consumed and/or purchased, such as cannabis retail locations.	Yes	While DPH is providing the content for the required Responsible Consumption Fact Sheet, the City can translate this and can have it available in multiple languages for distribution at the point of sale and on the Office of Cannabis website. A general FAQ sheet will also be translated into all languages mandated through the Language Access Ordinance.
30	San Francisco, in collaboration with key City Agencies and stakeholders, should develop educational materials and trainings for cannabis retail licensees, their employees, and cannabis business license applicants on serving cannabis and cannabis products safely, responsibly, and legally. The Licensee Education on Alcohol and Drugs (LEAD) Program could serve as a model for this.	Yes	While LEAD is a good model to provide baseline education for employees regarding the laws and regulations they are required to be aware of and to follow, the City is not aware of existing education related to retail cannabis service. The Office of Cannabis would be happy to partner with city agencies and other stakeholders to identify models and to ultimately ensure appropriate training occurs so that employers and employees understand best practices related to responsible service of cannabis and cannabis products.

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<b>Recommendation Category: Land Use and Zoning (005)</b>			
#	Recommendation		
<b>Recommendation Sub-Category: Land Use</b>			
Non-Retail Uses	1	San Francisco should allow non-retail adult use cannabis uses (i.e. cultivation, manufacturing, distribution) and utilize the existing Planning Code framework to establish land use controls for those uses.	Yes The legislation contemplates non-retail permits for cultivation, manufacturing, testing and distribution and incorporates analogous land use controls for these activities.
	2	The existing Planning Code framework already addresses distance to sensitive uses for non-retail businesses. Consistent with current regulations for non-retail medical cannabis uses, non-retail adult use cannabis uses should therefore be exempt from distance requirements for sensitive uses (e.g. schools, youth centers, etc.).	Yes The legislation does not apply sensitive use controls to all self-contained/totally enclosed permit types: cultivation, manufacturing, testing, distribution and nonstorefront retail.
Retail Uses	3	San Francisco should develop meaningful qualitative findings for the Planning Commission and/or other commission(s) to use when reviewing adult use retail applications.	Yes Specifically, the following text is included: "With respect to any application for the establishment of a new Cannabis Retail Use, in addition to the criteria set forth in subsections (c) and (d) above, the Commission shall consider the geographic distribution of Cannabis Retail Uses throughout the City, the balance of other goods and services available within the general proximity of the proposed Cannabis Retail Use, any increase in youth access and exposure to cannabis at nearby facilities that primarily serve youth, and any proposed measures to counterbalance any such increase."
	4	San Francisco should reduce the distance new cannabis retailers can operate in proximity to sensitive uses to one that is less than the State- required 600 feet.	Partial The required minimum distance would be 600', which is 400' less than presently required for MCDs. The ordinance reduces proximity to some sensitive uses.
		San Francisco should also measure this distance with a "path of travel" approach rather than a straight line, parcel to parcel measurement.	No Straight-line measurement would continue to be used; other methodologies are far too ambiguous and would present uncertainty and controversy for cannabis retailers and neighbors alike.
		San Francisco should develop reasonable quantitative standards to regulate the location of, and permitting process for, adult use retail locations in San Francisco. These standards should include, but are not limited to:	

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5	a) Strategies to facilitate meetings between the applicant and neighboring community prior to the Planning Commission hearing and/or application process to address neighborhood concerns	Yes	The existing Pre-Application Requirements would apply to all MCDs in NC Districts
	b) Strategies to prevent clustering (as discussed below)	Yes	A 300' clustering requirement would be created
	c) Considerations for proximity to sensitive uses (as discussed below)	Yes	A clear 600' minimum requirement only from schools would be established
6	San Francisco should further define and/or refine definitions of "sensitive uses" and expand locations in which new cannabis retailers could operate, where appropriate.	Yes	As above, sensitive uses would be refined to only include schools and the present 1,000' minimum separation would be reduced to 600', thereby allowing a greater range of geography in which cannabis businesses could seek permission to operate.
7	San Francisco should consider varying approval processes (e.g. neighborhood notice only; notice plus mandatory Discretionary Review hearing; notice plus Conditional Use Authorization; etc.) for different zoning districts, with more rigorous review processes in Neighborhood Commercial Districts or other locations which present potential land use conflicts and less rigorous processes in other districts, such as Downtown or Industrial districts.	Yes	NC Districts would generally require CU; Mixed-Use Districts would generally require neighborhood notice; Downtown Districts would generally be as-of-right.
8	San Francisco should develop policies to prevent clustering of adult use cannabis retailers. Strategies may include:		
	a) Use of "buffer zones" around other adult use retail locations. The distance of these buffer zones should balance both community concerns and business interests, with the aim of preventing too high a concentration of retail locations in a given district while also encouraging healthy competition.	Yes	A cannabis businesses could not locate within 300' of another such business.
	b) Stricter clustering provisions in Neighborhood Commercial Districts to balance neighborhood concerns, and less strict clustering requirements in other districts, such as Downtown or Industrial districts.	Partial	While the minimum clustering distance is the same throughout the City, CU criteria applicable in NC districts require that the Commission consider additional adjacencies and other factors such that a higher level of scrutiny would apply.

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	9	San Francisco should include adult use cannabis retail businesses in existing Formula Retail rules. Note: Formula retail rules state that if an establishment has eleven or more retail locations worldwide, it is subject to a more stringent review and authorization process.	Yes	In the proposed ordinance, Cannabis Retail and MCDs are subject to Formula Retail controls.
	10	San Francisco should allow retail locations in areas other than the ground floor, such as spaces located at basement level, second floor or higher.	Yes	In areas with floor-by-floor zoning controls, cannabis businesses would be allowed on the basement, ground, and 2nd levels. In other areas where allowed, cannabis businesses would be allowed on all levels.
	11	San Francisco should develop a mechanism to prioritize the re-permitting of medical cannabis business operators who were shut down by the federal government or lost their original permit due to sale of building and loss of lease.	Yes	The proposed legislation prioritizes applications from operators who were in good standing with the City but were forced to close due to federal intervention/enforcement.
	12	San Francisco should align regulations for adult use cannabis retail signage on store fronts with regulations for other retail businesses.	Yes	Specific cannabis retail signage provisions are not proposed in the Planning Code changes.
MCD and Adult Use Retail Zoning Approval Processes	13	Medical cannabis dispensaries have more stringent ADA requirements to increase access for patients, which may not be necessary for adult use retailers. Therefore, adult use cannabis retailers, as distinct from medical use cannabis retailers, should not be subject to the heightened ADA requirements that currently apply to MCDs.	Partial	Retailers would be required to retain medical as a use, therefore, their ADA requirements remain just as stringent as those of MCDs.
	14	San Francisco should craft a reasonable process for current medical cannabis dispensaries to transition into the adult use market. A "transition" would include a medical dispensary adding adult use products or a medical dispensary switching to an adult use business model. Such "grandfathered" medical cannabis businesses should be exempt from any new, more restrictive land use provisions that may be applicable to adult use retail businesses.	Yes	The proposed land use controls do provide a way for existing MCD to convert to CRs. The provision exempts existing MCDs from more restrictive clustering provisions, and exempts them from obtaining Conditional Use Authorization.

**Recommendation Sub-Category: Social Justice/Workforce Development**

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Successful Workforce	15	San Francisco should collaborate with San Francisco City College, San Francisco Unified School District, and other workforce development organizations and key stakeholders, to develop new or build upon existing training and apprenticeship programs as workforce pathways for individuals to participate in all aspects of the cannabis industry (i.e. cultivation, laboratory testing, manufacturing, retail, etc.). These programs should increase opportunities for individuals to enter the cannabis industry, but also be part of a broader workforce strategy to increase job opportunities in	NL	San Francisco Workforce does this for other sectors and will lead initiatives to incorporate cannabis occupations into this approach. Once certification and licensing standards for employees are established, workforce will work to prepare people towards achieving industry-recognized credentials.
	16	San Francisco should ensure that those with a criminal justice history are not automatically barred from job opportunities within the cannabis industry, and that license holders are incentivized to hire people with a criminal justice history to the extent possible.	Yes	The legislation does not contemplate stricter eligibility requirements than the state, notably around conviction history review. The legislation directs the Office of Cannabis to make every effort to coordinate conviction history review with the state so both local and state eligibility is defined at the beginning of the permitting process. Also, by implementing First Source standards, businesses will have direct access to a pipeline of qualified but oftentimes disadvantaged candidates that include people whom have interacted with the criminal justice system.
	17	San Francisco should create incentives (rather than mandates) for cannabis businesses to hire local residents and individuals from communities affected by mass incarceration. The City should also create hiring preference policies for residents who have moved out of the City due to the high cost of living.	Yes	The legislation contemplates requiring participation in the First Source Hiring Program for all permanent permit holders, meaning businesses would post any new entry-level positions with San Francisco's workforce system before posting those positions publicly (i.e. their website, linked in, craigslist, monster, etc.). As a good faith effort (as opposed to a mandate) First Source ensures that participating businesses consider qualified San Francisco residents whom have sought out workforce services before they begin recruiting for candidates through more traditional hiring practices that may lead to under representation by low-income or disadvantaged San Franciscans. First source has proven to be a valuable tool for local businesses in gaining access to a screened pool of qualified candidates for entry-level positions.
	18	San Francisco should lower financial barriers to enter the cannabis industry by collaborating with workforce development organizations to provide high quality, free or low-cost cannabis workforce trainings, which should include both online and in-person modalities.	Yes	As mentioned earlier, San Francisco Workforce does do this for other sectors and will incorporate cannabis occupations into this approach.

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19	The cannabis industry is a dynamic field, and as such, San Francisco should collaborate with workforce development organizations to provide continuing education to maintain a well-trained, competent workforce and assure patient/consumer safety as new technologies and products emerge.	Yes	As mentioned earlier, San Francisco Workforce does do this for other sectors and will incorporate cannabis occupations into this approach.
20	San Francisco should create job opportunities and mechanisms to educate, train, and hire formerly incarcerated persons, transitional age youth (age 18-21), and young adults (age 21-26). The City's current process for hiring formerly incarcerated persons could serve as a model.	Partial	While persons under the age of 21 are not eligible to be employed by a commercial cannabis businesses, the San Francisco workforce system includes a Provider exclusively dedicated to formerly incarcerated participants and their unique hiring needs. In addition both our Adult and Young Adult programs see a disproportionate number of participants with criminal backgrounds. These tend to be the people that access workforce services because of the level of difficulty they face when trying to find employment. The workforce system is designed to offer education and training pathways for its participants to qualify for demand occupations. First Source is a proven model for increasing access to job opportunities by participants in the workforce system
21	San Francisco should work with key stakeholders to develop mechanisms to publicize job opportunities and draw diverse candidates to the cannabis workforce, such as job fairs, public education campaigns, or other pipelines.	NL	The workforce system hosts job fairs regularly and can easily incorporate cannabis employers and opportunities. OEWD's business services team can support communications strategies to increase awareness of the opportunities the industry creates.
22	San Francisco should ensure that existing workforce policies and protections for wage and benefit rights are extended to the cannabis industry workforce, such as connecting worker rights protections to the permitting process.	Yes	Operators will be required to comply with all local and state safety, wage and labor ordinances. Revisions to the legislation will contemplate including a detailed description of how the applicant will meet all state and local laws related to worker rights and protections.
23	Post-legalization, there will be a need for lab technicians with the capacity for testing cannabis products, and San Francisco should invest in this capability.	NL	This could likely align with the City's existing health care sector trainings. Once certification and licensing standards for employees are established, workforce will work to prepare people towards achieving industry-recognized credentials.

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Entrepreneurship Opportunities		San Francisco should engage workforce development organizations, community-based organizations, community members, and other key stakeholders to develop strategies to reduce economic barriers for people of color, women, and formerly incarcerated persons to enter the cannabis industry as entrepreneurs. Strategies could include:		<p>The legislation pending before the Board of Supervisors proposes that no applications for permanent commercial cannabis activity be made available until an Equity Program has been established. This program is intended to encourage a more equitable and inclusive local industry; and it will be developed and informed by an Equity Access Report due to the Board of Supervisors and the Mayor by November 1, 2017.</p> <p>The Office of Cannabis is working on the Equity Report with the Human Rights Commission and the Controller's Office. The report will present available data on disparities in the cannabis industry based on race, income, economic status, gender, disability, sexual orientation, gender identity, and HIV/AIDS status. It will also include recommendations regarding policy options that could (A) foster equitable access to participation in the industry, including promotion of ownership and stable employment opportunities in the industry (B) invest City tax revenues in economic infrastructure for communities that have historically been disenfranchised, (C) mitigate the adverse effects of drug enforcement policies that have disproportionately impacted those communities, and (D) prioritize individuals who have been previously arrested or convicted for marijuana-related offenses.</p>
	24	a) Consider a prioritized permitting process to help operators reduce initial start-up costs (e.g. subsidized rent while undergoing permitting process)	Partial	The legislation does not currently contemplate reallocation of existing funding for the purpose of subsidizing rent. However, the legislation contemplates giving priority processing to Equity Applicants, a category to be defined by the City this fall. Additional policies to support equity operators will be further defined during the development of the proposed Equity Program.
		b) Creation of grants or other funding opportunities to assist people of color, women, and formerly incarcerated persons in achieving business ownership	No	This legislation does not currently contemplate the reallocation of existing funding to assist people of color, women, and formerly incarcerated persons from achieving ownership, however, this will be one area the City will seek to address through the creation of an Equity Program this fall.
		c) Equity licensing	Yes	This legislation contemplates only allowing eligible candidates access to applications for a permanent permit to operate once an Equity Program is established. At the time applications are opened, it is proposed that equity applicants receive priority review for permit processing.

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		d) Subsidized permitting and licensing fees	Partial	The Equity Program contemplated includes priority permit processing and technical assistance to applicants who meet Equity Criteria. Subsidized permitting and licensing fees will be contemplated during the development of the Equity Program and may be reviewed when the permit and license fee legislation is before the Board of Supervisors this fall.
		e) Use of existing small business support structures and programs as models, such as the Mission Economic Development Agency (MEDA), Minority-owned Business Enterprise (MBE), Women-owned Business Enterprise (WBE) programs, and others.	NL	The Office of Economic and Workforce Development will do a survey of all of small business support structures and programs, and this survey should be able to identify which programs cannabis businesses are eligible for today and where there may be any missing pieces. OEWD can then work with the City and State to identify potential funding sources for additional programming that may be needed.
	25	Due to federal cannabis prohibition, cannabis business owners cannot easily access banking services, and therefore, must operate on a largely cash-only basis. Thus, business ownership is limited to entrepreneurs with access to capital. San Francisco should therefore advocate for a change in federal prohibition policy and explore opportunities to use City funding and/or local credit unions to provide banking	NL	While the federal priorities for the Office of Cannabis will reflect advocacy around changes to federal prohibition to align with state and local law, this legislation does specifically speak to policies related to allowing for city funding for banking services.
Proposition 64 Community Reinvestment Grants	26	San Francisco should apply for Proposition 64 Community Reinvestment Grants and collaborate with key stakeholders to allocate funding to programs that benefit the communities targeted by the Proposition 64 grant funding. Program priority areas could include: <ul style="list-style-type: none"> <li>• the educational system</li> <li>• childcare subsidies</li> <li>• services for formerly incarcerated persons and other communities affected by cannabis prohibition</li> <li>• housing</li> <li>• job creation</li> <li>• behavioral health services</li> <li>• criminal record expungement</li> </ul>	NL	The City has engaged with the State on all funding opportunities and will continue to proactively advocate for funding formula and compete for allocations that benefit San Francisco programs and communities.

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	#	Recommendation	Included	Rationale
	27	San Francisco should encourage cannabis businesses to invest in community benefit agreements that allocate resources to community.	Yes	The legislation proposes requiring a community benefits agreement from all commercial cannabis businesses, which at a minimum requires participation in the City's First Source Program. The legislation also proposes prioritizing permit processing based on the following: (1) Applications from Equity Applicants; (2) Applications that, if awarded a permit, would contribute to the continued access to Medicinal Cannabis for individuals who qualify to use Medicinal Cannabis under California Health & Safety Code Section 11362.5; (3) Applications from Applicants that were operating a Medical Cannabis Dispensary in compliance with the Compassionate Use Act prior to September 1, 2016; (4) Applications that demonstrate a commitment on the part of the Applicant to provide benefits to the surrounding community, including but not limited to workforce opportunities and community benefits contributions; and (5) Applications that, if awarded a permit, would provide for the continued employment of persons in the Cannabis industry.
Social Justice	28	San Francisco should include cultural competency trainings as part of the cannabis workforce development strategy.	NL	While the overall workforce strategy is not legislated through these ordinances, the City can review ways to provide appropriate trainings to employees. The Office of Cannabis seeks to better understand if there is/are a specific cultural need(s) that the Task Force seeks to address through this recommendation.
	29	San Francisco should develop pathways, such as an amnesty program, to encourage existing businesses to transition from the illicit to legal market.	Yes	The City is facilitating a registration process for existing medicinal cannabis businesses not currently permitted under Article 33 of the Health Code. This registration process allows San Francisco cannabis businesses to provide the City with information including: Business Registration Certificate, proof to occupy, location, verifiable date of operation, etc. IF businesses have this information and they are conforming to the Planning Code, the business will be subject to an inspection. If the business passes the inspection and provides the City with all necessary information, the business will be eligible for a temporary permit to operate their medical cannabis business. This temporary permit will authorize them to seek a temporary license from the state beginning Jan 1. 2018.

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#	Recommendation	Included	Rationale
30	San Francisco and the San Francisco Police Department should collaborate with community policing and diversion programs to educate businesses on the transition from the illicit to legal market.	NL	
31	The San Francisco District Attorney and Public Defenders Offices should work to streamline the record expungement and resentencing process for individuals with eligible previous convictions as outlined in the Proposition 64.	NL	

Recommendation Category: Regulation and City Agency Framework (RCAP)

**Recommendation Sub-Category: Licensing**

Licensing - Local Industry Licenses	1	San Francisco should develop a local adult use cannabis licensing system that aligns and builds upon the State license types and structure.	Partial	While the proposed legislation offers many types of permits, it does not allow for all activities allowed by the state such as nurseries and outdoor agriculture. All local applicants, except retail applicants, are not required to apply for an "M-Type" or and "A-Type" permit (although they will be required by the state)
	2	San Francisco should consider creation of new license types, in addition to the State-defined license types, to accommodate the diverse businesses within the adult use cannabis industry in the City. Any newly created local license types should be shared with the State and may include the following: <ul style="list-style-type: none"> <li>• New category: Manufacturing 6B Special baking/cooking license</li> <li>• New category: Consumption lounge</li> <li>• New category: Events (e.g. commercial events and farmers' markets, etc.)</li> </ul> The City should also explore the possibility for one-day event permits.	No	The legislation only contemplates permit types that align with existing state license types established by MAUCRSA at this time. Manufacturing is allowed, and consumption will be allowed at retail locations, under certain conditions. Special event permits are not contemplated in this legislation.
	3	San Francisco should support opportunities for existing businesses to participate in the cannabis industry by allowing for dual (i.e. the ability to sell both non-cannabis & cannabis products) licensing opportunities.	Yes	The legislation allows cultivators, manufacturers and distributors the opportunity to conduct medicinal and adult use related activities on their premises. The legislation requires retailers to either conduct only medical, or adult-use and medical activities on their premises. No solely adult-use retail activity is permitted under the proposed legislation.

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	#	Recommendation	Included	Rationale
	4	In order to provide a consumption space, San Francisco should consider waiving licensing requirements for smoking tents at special events where there is no cannabis distribution.	No	Similar to DPH's approach to onsite consumption at retail locations, San Francisco has been a leader in ensuring that everyone has the right to clean air and is not exposed to second hand smoke. Because the City is committed to maintaining its progressive clean air laws, this legislation does not contemplate permitting smoking tents at special events.
	5	Proposition 64 includes a Type 7 = Manufacture 2 license for sites that manufacture cannabis products using volatile solvents. In planning for these uses, San Francisco should use the Planning Department's zoning map for volatile manufacturing and only issue Type 7 = Manufacturer 2 licenses in these permitted areas.	Yes	This legislation proposes zoning volatile solvent manufacturing only in locations where such activity would be allowed in an analogous use, such as in PDR-1-G, PBR-1-D, and PDR-2.
Licensing - Local Workforce Licensing	6	San Francisco should consider workforce licensing requirements that create uniform standards across businesses. The City should work with relevant stakeholders to identify appropriate training requirements that achieve a balance between creating minimum standards that do not also create a barrier to entering the industry. The City should consider various job training formats (e.g. on-the-job training, apprenticeship certification, continuing education, shadow programs at dispensaries, etc.) and leverage existing programs to develop and implement adult use cannabis workforce education and training. The following entities could be involved in this effort: <ul style="list-style-type: none"> <li>• Office of Small Business</li> <li>• City College of San Francisco and other community colleges</li> <li>• San Francisco Unified School District</li> <li>• Charter or private schools</li> <li>• Unions</li> <li>• Oaksterdam University</li> <li>• Patient Focused Certification Program – Americans for Safe Access</li> </ul>	NL	Professional licenses are generally implemented at the state level, and because this is statewide activity, the City believes this should remain a state responsibility. With that said, the creation of standardized licensing requirements for workforce would allow individuals to train for clearly identified skills that meet the needs of the employer making them more successful at gaining employment. It is important that these standards be universal across geographies, ensuring that the worker has a broad market place for their skills and allowing them to find the best fit for themselves. The Office of Economic and Workforce Development and their workforce providers ensure that all trainings they provide give participants the skills they need for licensure (for example guard cards for security guards).  The Office of Economic and Workforce Development as well as the Office of Cannabis can plan to participate in discussions for license establishment at the state level to ensure that such standards meet the needs of both our workforce and businesses. The City can then implement such standards within OEWD/partner trainings to ensure that the workforce participants are able to get the licenses needed to move into the workforce.

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	#	Recommendation	Included	Rationale
Licensing - Non-Profit Licenses	7	San Francisco should encourage the non-profit model and make non-profit licenses available for cannabis organizations that provide compassion programs and supportive services.	Partial	While the City is not creating non-profit specific permits for 2018 (as defined by MAUCRSA) the City is contemplating an allowance for compassion programs, with certain restrictions, so that low income patients are able to continue to access medical cannabis at reduced cost. A report to that effect will be released by the Office of Cannabis in consultation with the Department of Public Health, and Controller's Office on November 1, 2017.
Deliveries	8	San Francisco should consider a local license that would allow for adult use mobile delivery/retail services without the brick and mortar retail requirement. Adult use cannabis retailers that possess a delivery-only license should have a hub, or centralized location, to process orders. In-home cannabis businesses could have impacts on residential neighborhoods, so these hubs should be in non-residential or live/work commercial zoning locations.	Yes	The legislation proposes permits for nonstorefront retail delivery. Zoning for this activity will mirror zoning requirements for distribution activity.
	9	Delivery drivers will need proof of authority to fill delivery orders. The driver should possess an order manifest that includes patient name, order date, delivery date, business name, items ordered, and order time. However, delivery address should not be included, as inclusion of this information may pose a safety risk to consumers.	Partial	Delivery drivers will be required to carry a manifest for each order. It is contemplated that the manifest will include: 1) Permit name and number, 2) Name of purchaser and date of birth, 3) date and time order was placed, 4) a description of the product ordered and amount, and 5) delivery address. These requirements have been contemplated in order to meet state regulations related to delivery. To-date, MAUCRSA requires delivery personnel to carry a physical copy of the delivery request requires the delivery personnel to make it available upon request of the licensing authority and law enforcement officers, however, the City expects that mandatory manifest information will be further clarified in the State's emergency regulations. To discourage "mobile delivery" the City is requiring each order have a specific destination prior to departure from the nonstorefront retail delivery location.
	10	San Francisco should allow permitted medical cannabis dispensaries that currently operate delivery services to continue to provide deliveries.	Yes	The legislation proposes requiring all retail permit holders to meet certain application requirements and operating standards to be eligible to deliver. If the retailer meets these requirements they may continue to deliver cannabis.
	11	Delivery drivers should receive appropriate training to minimize potential safety risks.	Yes	The legislation proposes requiring all retail permit holders to seek authorization to deliver, and as a part of their applications, retail/delivery will be required to sign a statement affirming that they will provide training to all employees concerning the laws governing sales and delivery, and to attend that the operator will take steps to ensure the personal safety of their employees.

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	#	Recommendation	Included	Rationale
MCDs and Adult Use Market Participation	12	San Francisco should allow cannabis retailers to participate in both the medical cannabis and adult use cannabis markets.	Yes	The legislation proposes requiring all retailers to maintain their medical use while allowing them to add adult use to their location.
	13	The licensing process for medical cannabis dispensaries should not be more restrictive than that for adult use retail licensees.	Yes	As proposed, MCDs would be permitted as of right in all commercial zoning districts, but require a Mandatory DR or CU, depending on the district, in Neighborhood Commercial Districts.
	14	San Francisco should consider creating a licensing priority for current medical cannabis dispensary operators in operation as of, or prior to, September 1, 2016, to apply for adult use cannabis licenses. This aligns with Proposition 64's existing licensing priority provision.	Yes	The legislation states: In reviewing applications for Cannabis Business permits, the Director shall give priority to: (1) Applications from Equity Applicants; <b>(2) Applications from Applicants that were operating a Medical Cannabis Dispensary in compliance with the Compassionate Use Act prior to September 1, 2016;</b> (3) Applications that demonstrate a commitment on the part of the Applicant to provide benefits to the surrounding community, including but not limited to workforce opportunities and community benefits contributions; and (4) Applications submitted by all other Applicants.
<b>Recommendation Sub-Category: Taxation and Revenue</b>				
Taxation	15	Proposition 64 establishes State adult use cannabis taxes. To complement the State's taxation system, San Francisco should consider establishing local cannabis taxes to generate revenue that may be allocated to local cannabis legalization priorities not already funded through state taxes or other funding mechanisms.	NL	The Mayor issued Executive Directive 16-05 on November 9, 2016, that directed his Budget Director to consult with the Controller, Treasurer and Tax Collector, and other stakeholders to propose taxation and permitting fees related to the production and distribution of cannabis products. He also asked staff to consult with other American jurisdictions that allow for non-medical cannabis use to survey their taxation and fee methods, to incorporate lessons learned. This cannabis tax working group will make recommendations for a local ballot measure to tax commercial cannabis activity. These conversations have just begun.
	16	If San Francisco decides to implement local adult use cannabis taxes, the City should consider up to a 1% excise tax or gross receipt tax. The State will impose a 15% excise tax on adult use cannabis. Therefore, the local excise tax should not exceed 1%, to prevent consumers from purchasing from the illicit market due to taxes that are perceived to be too high.	NL	While a specific percentage has not been settled on, the City seeks to ensure a rate that does not shift businesses and consumers back to the illicit market

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	#	Recommendation	Included	Rationale
	17	Given that the cannabis industry currently operates primarily on a cash-only basis, San Francisco's Office of the Treasurer should create a mechanism to collect local adult use cannabis taxes.	NL	The Office of the Treasurer and Tax Collector is experienced in receiving and handling cash.
Revenue Allocation Priorities	18	San Francisco should consider allocating some potential State and local adult use cannabis tax revenue towards the City's local regulatory, policy, and programmatic goals with respect to cannabis legalization. Allocation priorities include, but are not limited to: <ul style="list-style-type: none"> <li>• Workforce development</li> <li>• Entrepreneurial opportunity fund</li> <li>• Education for students and youth</li> <li>• Education and training for formerly incarcerated persons</li> <li>• Community-identified priorities (e.g. community benefit agreements)</li> </ul>	NL	While not legislated, the Equity Report requested by the Board of Supervisors will contain some recommendations related to the possible investment of City tax revenues in economic infrastructure for communities that have historically been disenfranchised. The Office of Cannabis, Human Rights Commission and Controller will contemplate this recommendation when drafting the report and requisite recommendations.
Data Collection	19	San Francisco should use an evidence-based approach to inform future adult use cannabis policies and legislation. The City should engage key stakeholders to identify and collect appropriate data points to assess the impact of cannabis legalization.	NL	Data collection is not currently contemplated in this legislation, however, the Office of Cannabis is working to define methods of data collection and scope, and will incorporate this collection plan into their 2018 work plan. The Office will seek to use data to inform future policy recommendations for the Mayor and Board of Supervisors.
<b>Recommendation Sub-Category: Agency Oversight</b>				
Local Regulatory and Regulatory Oversight Structure	20	In developing an appropriate local regulatory and regulatory oversight structure for adult use cannabis, San Francisco should consider the following characteristics to ensure success for the entities responsible for regulation: <ul style="list-style-type: none"> <li>• Responsive</li> <li>• Timely</li> <li>• Accountable</li> <li>• Strong leadership</li> <li>• Transparent</li> <li>• Promote certainty in process</li> <li>• Multi-agency collaborative model</li> </ul>	Yes	The role of the Office of Cannabis is to implement the regulatory and permitting policies crafted by the Mayor and Board of Supervisors, and to track and analyze data to inform future policymaking related to cannabis activity. This legislation provides a transparent structure that allows for appeals of Director decisions to a third party hearing officer and then to the Board of Appeals for instances such as permit issuance, suspension and revocation of permits.

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	#	Recommendation	Included	Rationale
	21	<p>San Francisco should consider new and/or existing regulatory and regulatory oversight structures for adult use cannabis regulation. Options would include the following:</p> <ul style="list-style-type: none"> <li>• Option 1: Standalone agency with its own staff and commission</li> <li>• Option 2: Standalone agency with its own staff, no commission</li> <li>• Option 3: Part of an existing agency or agencies</li> </ul> <p>Note: Task Force further developed this recommendation in Year II - please see "Other" tab for more information.</p>	NL	<p>In the summer of 2017, the Board of Supervisors and the Mayor established an Office of Cannabis (OOC) under the direction of the City Administrator. This office is authorized to have three positions including the Director.</p>
Local Agency Collaboration	22	<p>San Francisco should anticipate that numerous City agencies will have a role in adult use cannabis regulation. City agencies that may play a role in adult use cannabis regulation include, but are not limited to the: Department of Public Health, Police Department, Planning Department, Fire Department, Tax Collector's Office, Department of Building Inspection, San Francisco Municipal Transportation Authority, and Department of Public Works. The cannabis regulatory role of each agency should be distinct and not overlap.</p>	Yes	<p>In the legislation, these departments are called "referring departments" and each department maintains existing permitting and inspecting responsibilities (except for the proposed sunset of DPH's final permitting role under Article 33)</p>
Track and Trace	23	<p>Proposition 64 establishes a State-level track and trace monitoring system to track cannabis from seed to sale. This State system is sufficient for local cannabis tracking within San Francisco.</p>	Yes	<p>Each operator will be required to comply with track and trace. The City has engaged the CDFA in their development of the system to request participation in the user outreach and development. The goal is to make this a useful tool for not just the state, but also appropriate agencies in San Francisco.</p>

# **Year II Recommendations**

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#	Recommendation	Include	Rationale
Year II Recommendations: Non-Retail Licensing			
<b>Recommendation Sub-Category: Technical</b>			
Non-Retail Licensing Elements - General	1	San Francisco should make local permits for non-retail businesses available for all MCRSA and AUMA license categories and microbusinesses. San Francisco should not license large cultivation through State permit 3 or permit 5.	Partial San Francisco is proposing to make indoor cultivation permits available for operations with up to 22,000 square feet of canopy. The legislator also proposes to allow for volatile and non-volatile manufacturing, distribution, microbusiness, and testing. The legislation does not propose a nursery permit due to the little information provided by the state related to this activity, however, it may contemplate this permit in the future, and after the state issues emergency regulations associated with this business activity.
	2	<p>In addition to the State-defined license types, the following local license types should be created:</p> <ul style="list-style-type: none"> <li>• New category: Virtual dispensary (i.e. physical location used for delivery with no walk-in retail)</li> <li>• New category: Manufacturing 6B Special baking/cooking license</li> <li>• New category: Consumption lounge, bring your own product (entertainment, restaurants, yoga studio, gym)</li> <li>• New Category: Temporary Events, Cannabis Cup/Cultural Events, and Farmers Market examples</li> </ul> <p>The above licenses would not include retail activity, except in the case of microbusinesses.</p> <p>*Note: Manufacturing 6B, consumption lounge and events with retail activity to be addressed later under retail licensing topic area.</p>	Partial While the legislation contemplates nonstorefront retail delivery and manufacturing permits, it does not contemplate a stand-alone baking permit, nor does it contemplate permits for standalone consumption lounges and special events. Much of this has to do with concerns related to environmental health, as well as state restrictions on where cannabis may be consumed.

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#	Recommendation	Include	Rationale
	Consumption lounges and temporary events should be allowed in San Francisco. The City should look into whether a license is necessary in these cases.	Partial	The proposed legislation does not allow for temporary events. It does allow for consumption spaces/lounges at permitted cannabis retail locations.
3	San Francisco should issue standalone permits for non-retail businesses; meaning no previous affiliation with medical cannabis dispensaries would be required as part of the licensing process.	Yes	We are not requiring proof of being affiliated with an existing MCD as an eligibility requirement for non-retail and delivery permit applicants.
4	The non-retail permitting process in San Francisco should be streamlined and efficient.	Yes	The Office of Cannabis is partnering with the California College of the Arts DBMA students as well as alumni to process mapping the existing application process with an eye towards streamlining and for the development of the final application system.
5	In the non-retail permitting process, existing permit holders in good standing or those who have been displaced as a result of federal intervention should receive priority processing and licensing status in the City and County of San Francisco. This recommendation should not conflict with Social Justice prioritized permitting processing recommendations.	Yes	The legislation contemplates giving retailers who were operating in good standing post 1996 and were forced to close due to federal intervention access to applications in phase I/2018.
6	San Francisco should respond to all State inquiries regarding local permits in a timely manner.	NL	While not legislated, the Office of Cannabis intends to work closely with our state counterparts on all processes related to local permit and state licensing approvals, including criminal history and over concentration review.
7	Security and Federal Government: Local Licensing agencies should do everything within their legal power to prevent disclosure of sensitive business and personal information to federal agencies. To reduce the risk of theft, local licensing agencies should keep non-retail facility physical addresses discreet, with mailing addresses as an appropriate way of providing information.	NL	The City intends to protect information related to operations of San Francisco based operators in good standing from federal enforcement to the extend allowed by law.

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	#	Recommendation	Include	Rationale
Non-Retail Licensing Elements - Licensing Requirements	8	<p>Existing local and State laws and regulations cover many of the desired requirements for non-retail cannabis businesses. As such, the requirements for non-retail licensing should align with these local and State laws and regulations, including:</p> <ul style="list-style-type: none"> <li>• Board of Equalization (BOE) Sellers permit requirements</li> <li>• Articles of Incorporation</li> <li>• Labor laws</li> <li>• Occupational Safety and Health Administration (OSHA) standards</li> </ul>	Yes	<p>Local operating standards for all cannabis businesses, including non-retail, will require applicants to share with the City all information they share with the state for a state license. The Office of Cannabis will also use the operating standards defined by the state through emergency regulation as the City's baseline operating standards.</p>
	9	<p>Non-retail license applicants should be required to provide the following supporting documentation to the City of San Francisco, as part of the licensing process, depending on the nature of the activity:</p> <ul style="list-style-type: none"> <li>• Hazardous materials and waste storage plan</li> <li>• State nursery program inspection</li> <li>• Building inspections from the Department of Building Inspection (DBI)</li> <li>• Fire Department documentation</li> <li>• Documentation of alignment with Agricultural Department best practices</li> <li>• Security plans</li> </ul>	Yes	<p>All of these recommendations are encompassed in the proposed application requirements except the "State nursery inspection program" suggestion. The legislation does not propose a nursery permit.</p>
	10	<p>An annual inspection and a review of documents by a licensing agent should be required for non-retail license renewal. The inspection and document review should ensure compliance with State and local regulations and good standing with the Board of Equalization (BOE).</p>	Yes	<p>Operators will be required to have an annual inspection, and they will also be required to update all information on file in their application prior to renewing the permit to operate.</p>
	11	<p>San Francisco should issue local non-retail licenses to the operator, and take steps to ensure that licenses are portable.</p>	Partial	<p>Permits will be issued to the permittee. Permits for cannabis activity are tied to a permittee, location, and ownership structure (to an extent).</p>

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	#	Recommendation	Include	Rationale
Dual Medical and Adult Cannabis Licensing	12	San Francisco should not make a distinction between medical and adult use permitting for non-retail businesses.	Yes	For all non-retail permits, we did not include a distinction for adult-use vs. medical use.
Personal Cultivation	13	Personal, noncommercial cultivation should not require a license in San Francisco.	Yes	These ordinances do not create personal cultivation permits.
<b>Recommendation Sub-Category: Social Justice</b>				
Strategies	14	San Francisco should engage community members in the target populations (people of color, women, transitional-age youth ages 21-24, and formerly incarcerated persons), workforce development organizations, community-based organizations, and other key stakeholders to develop strategies to reduce economic barriers to enter the cannabis industry as workforce or entrepreneurs.	Yes	<p>applications for permanent commercial cannabis activity be made available until an Equity Program has been established. This program is intended to encourage a more equitable and inclusive local industry; and it will be developed and informed by an Equity Access Report due to the Board of Supervisors and the Mayor by November 1, 2017.</p> <p>The Office of Cannabis is working on the Equity Report with the Human Rights Commission and the Controller's Office. The report will present available data on disparities in the cannabis industry based on race, income, economic status, gender, disability, sexual orientation, gender identity, and HIV/AIDS status. It will also include recommendations regarding policy options that could (A) foster equitable access to participation in the industry, including promotion of ownership and stable employment opportunities in the industry (B) invest City tax revenues in economic infrastructure for communities that have historically been disenfranchised, (C) mitigate the adverse effects of drug enforcement policies that have disproportionately impacted those communities, and (D) prioritize individuals who have been previously arrested or convicted for marijuana-related offenses.</p>

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#	Recommendation	Include	Rationale
15	<p>San Francisco should prioritize the following strategies for development:</p> <p>a) A prioritized permitting process to help operators in the target populations reduce initial start-up costs (e.g. subsidized rent while undergoing permitting process). Existing businesses should be prioritized first, followed by operators in the target population. If the cannabis regulatory agency places a cap on the number of licenses, this prioritization model should be revisited.</p> <p>b) An equity licensing program, which would include:</p> <ul style="list-style-type: none"> <li>• Entrepreneurship grants and other funding opportunities to assist people of color, women, and formerly incarcerated persons in achieving business ownership (funded by cannabis taxes)</li> <li>• Subsidized permitting and license fees</li> <li>• Access to small business support programs and incubator services, such as the</li> </ul> <p><i>Mission Economic Development Agency (MEDA), SCORE, Minority</i></p>	Partial	<p>a) The proposed legislation prioritizes Equity applicants and then existing businesses, notably those who have been in operation prior to September 1, 2016. This is to allow Equity applicants to keep pace with the evolution of the industry. Naturally, existing businesses are established and may have more capacity to evolve at a pace that Equity applicants may not, and that is one reason why Equity applicants were prioritized first. b) Funding opportunities, subsidized fees and access to additional services may all be contemplated in the creation of the program. The only component contemplated in this legislation, other than the priority review and processing, is technical assistance. Additional strategies may be contemplated during the development of the Equity Program.</p>

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	#	Recommendation	Include	Rationale
Stakeholders	16	San Francisco should provide a clear, transparent pathway and process for businesses to acquire non-retail licenses, and existing businesses should be allowed to operate for a period of one year	Yes	Temporary permits are being offered for non-retail and delivery. These are eligible for 90 day extensions through the end of 2018.
	17	San Francisco should ensure local regulatory agencies' non-cooperation with federal law enforcement authorities via a San Francisco local ordinance. Additionally, the Board of Supervisors should endorse AB 1578 or analogous state legislation for California State law enforcement non-cooperation with federal law enforcement authorities.	No	Non-cooperation is not specifically called out in this legislation, and the 2017 legislative session has concluded. During the session, AB 1578 was ordered inactive.
	18	The following entities could be involved in the aforementioned social justice-focused efforts: <ul style="list-style-type: none"> <li>• Neighborhood associations</li> <li>• Community business support programs (e.g., MEDA) and other local business associations</li> <li>• City College of San Francisco</li> <li>• Potential and current cannabis employees and entrepreneurs, including formerly incarcerated people, women, and people of color</li> <li>• Landlords</li> <li>• Office of Economic and Workforce Development (OEWD)</li> </ul>	NL	The City will continue to seek input and collaboration from a broad array of stakeholders as we develop our policies, including those related to social justice. While not specifically included in this legislation, this in no way precludes the City from engaging with these entities in the future.
<b>Recommendation Sub-Category: Community Engagement</b>				
Strategies	19	San Francisco should develop cannabis non-retail business operating standards to form part of the non-retail business permitting process. These standards should ensure that cannabis businesses are "good neighbors" to the communities in which they are located. These standards should be enforced meaningfully by regulatory agencies in a non-discretionary manner (e.g., standard set of rules and consequences, such as citations or notices of violation if rules are broken).	Yes	Good Neighborhood Policies are contemplated in the legislation and applicants are required to agree to them as part of the application process. The proposed standards are the following: (i) Provide to residential and commercial neighbors located within 50 feet of the Cannabis Business the name, phone number, and email address of an onsite community relations staff person who may be contacted concerning any problems associated with operation of the establishment; (ii) Maintain the Premises, adjacent sidewalk and/or alley, and associated parking areas in good condition at all times; (iii) Prohibit loitering in or around the Premises, and post notifications on the Premises advising persons of this prohibition. Notice of Violation + permit suspension and revocation (+ appeals pathways) are contemplated in the legislation to ensure accountability of permit conditions such as these.
	20	Cannabis non-retail businesses, when located within 300 feet of a Residential or Neighborhood Commercial Zoning District, must conduct a pre-application meeting as part of the licensing process and notify all residents within 300 feet. The licensing entity would oversee this process.	No	While this is not contemplated in the legislation, the Office of Cannabis is considering amendments to incorporate more community outreach as part of the application process.

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	#	Recommendation	Include	Rationale
	21	The regulatory agency or agencies overseeing the cannabis industry should make cannabis business regulations clear and accessible to the general public so that the public is informed and aware of the regulations.	Yes	The Office of Cannabis has a website and will seek to use it as a platform to disclose all appropriate regulatory information to the public to ensure full transparency and knowledge of the regulations governing the industry. The website currently houses the draft legislation and provides a platform for comment from members of the public, etc. and provides a place for members of the public to comment regarding how the website can be a better tool for their use.
	22	All employees of non-retail cannabis businesses should receive regulatory compliance training within six months of hiring similar to California Alcohol and Beverage Control LEAD training.	NL	As mentioned for this recommendation in Year I, we are not aware of a model for CA cannabis regulatory compliance training, similar to LEAD. With that said, the Office of Cannabis would be happy to partner with city agencies and other stakeholders to identify models and to ultimately ensure appropriate training occurs so that employers and employees understand best practices related to responsible service of cannabis and cannabis products.
	23	For the sake of public safety, non-retail businesses should not aim to draw unnecessary attention to themselves through signage.	Yes	Specific cannabis retail signage provisions are not proposed in the Planning Code changes.
Stakeholders	24	The following entities are stakeholders in the City's community engagement efforts for non-retail: <ul style="list-style-type: none"> <li>• Businesses</li> <li>• Residents</li> <li>• San Francisco Department of Public Health</li> <li>• San Francisco Police Department</li> <li>• San Francisco Fire Department</li> <li>• San Francisco Unified School District</li> <li>• Office of Economic and Workforce Development (OEWD)</li> <li>• Office of Small Business</li> <li>• Other San Francisco City agencies/departments and potential overarching cannabis regulatory agency</li> </ul>	NL	The City, through the Office of Cannabis, has been engaging many of these stakeholders to assist with the development of: registration inspection standards, components of the local regulatory structure, and policy options to address the future needs of San Francisco with the implementation of commercial cannabis activity in 2018.
Tourism and Hospitality	25	San Francisco should create a certification program for non-retail tour companies in alignment with existing tour bus regulations. Regulations and clear enforcement processes should be established for bus size, bus drivers, and smoking in vehicles, and to mitigate traffic congestion, safety concerns, noise, odors, and waste as a result of tours. Regulations should also set an upper limit on the number of visitors and tour frequency in order to maintain the non-retail nature of the facility.	Partial	The legislation contemplates allowing for tours of certain facilities in 2019, but only after policies are established that address policy priorities such as those outlined here: mitigating neighborhood impacts, address potential congestion and parking impacts, etc.

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	#	Recommendation	Include	Rationale
	26	Public safety education (e.g., regarding specific regulations) should be required for tour companies. Tour companies should be required to distribute cannabis education materials to patrons as part of the tour.	NL	See above.
	27	Tour companies should be required to designate a community liaison to address concerns and respond to community inquiries.	NL	See above.
Youth Access and Exposure	28	Non-retail cannabis-related waste material should be stored and disposed of securely in order to prevent diversion to youth.	Yes	The legislation requires a waste disposal plan from all operators, and requires trash to be contained and disposed of pursuant to garbage and recycling receptacle guidelines to be developed by DPW. This will include locking receptacles.

Year II Recommendation: Land Use

**Recommendation Sub-Category: Cross-Cutting - Technical and Community Engagement**

Land Use Types	Recommendation	Include	Rationale
1	San Francisco should allow sales of cannabis products as an accessory use (i.e. where the selling of cannabis is not the location's primary use), develop regulations to specify how cannabis products should be separated from non-cannabis products and how accessory levels of cannabis product should be defined, and develop mechanisms to enforce these regulations. Options for regulating the sale of cannabis as an accessory use could include: a. Limiting the type of cannabis products sold to pre-packaged cannabis products only b. Restricting cannabis products to an area of a business where minors are prohibited c. Enclosing cannabis products in a locked box that an employee would unlock upon request	Partial	While the Planning Code legislation allows for accessory use, it defers that option to the creation of an Accessory Use permit from the Office of Cannabis. This permit type is not being offered at this time, however, once the City better understands state regulations associated to accessory use activity, we will begin to have more focused conversations related to accessory use - policies to regulate, inappropriate vs. appropriate accessory use locations, etc - in an effort to create a pathway for the thoughtful implementation and regulation of accessory use retail in the future.

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	# Recommendation	Include	Rationale
Land Use Landscape	2 To create a desired mix of businesses and limit displacement of other land use types (e.g., other businesses and housing), San Francisco should: a. Expand locations where new cannabis businesses could operate to include all zoning districts where their conventional equivalents are allowed to operate. b. Establish a buffering distance between primary cannabis retail businesses. c. Allow cannabis business that are in compliance with requirements "as of right" in specifically zoned areas. d. Add cannabis retailers to the formula retail list.	Yes	a. We allow Cannabis Retail in all zoning districts that allow commercial activity, except for NC-1 zoning Districts. Only retail operations with a microbusiness licenses can operate in PDR districts. b. the ordinance established a 300' buffer around cannabis businesses. c. In most commercial districts cannabis retail will be allowed as-of-right, the notable exception being NC Districts. For non-retail, most of the cannabis activities are allowed as of right. d. In the proposed ordinance, Cannabis Retail and MCRs are subject to Formula Retail controls.
	3 Cannabis businesses should be subject to review by an appropriate agency to determine the conditions the business would need to comply with.	Yes	Businesses will be subject to review by multiple referring agencies to determine conditions of their permits. These agencies include DPH, SFFD, SFPD, and OOC.
	4 San Francisco should also measure this distance with a "path of travel" approach rather than a straight line, parcel to parcel measurement. "Path of travel" is defined as the shortest legal distance travelled on foot from the doorway of the business.	No	The legislation proposes to continue to use straight-line measurement; other methodologies are far too ambiguous and would present uncertainty and controversy for cannabis retailers and neighbors alike.
	5 San Francisco should reduce the distance new cannabis retailers can operate in proximity to sensitive uses to 500 feet. Existing MCDs in good standing would be grandfathered, and not be subject to new distance requirements when applying for adult use licenses.  Note: The Task Force reached modified consensus on a distance of 500 feet from sensitive uses. Discussion points and concerns related to proximity to sensitive uses were as follows: <ul style="list-style-type: none"> <li>• A distance of 500 feet was proposed to align with San Francisco's current distance requirements for tobacco.</li> <li>• Some Task Force members expressed concerns that distances less than the State standard of 600 feet would be contrary to public opinion, and cannabis retailers may be more susceptible to federal raids, business closures, and mandatory sentencing, i.e. harsher sentencing for sale of cannabis within school zones.</li> <li>• Some Task Force members supported a distance less than 500 feet, but agreed to move forward with the aforementioned</li> </ul>	Partial	The required minimum distance would be 600', which is 400' less than presently required for MCDs. The ordinance reduces proximity to some sensitive uses. As proposed, existing operating MCDs' locations are grandfathered.

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#	Recommendation	Include	Rationale
6	San Francisco should protect cannabis retailers and other license holders in good standing from the impacts of future sensitive uses that may locate nearby. This means that if a new sensitive use opens within the defined radius of an existing cannabis business, the existing cannabis business should be allowed to continue operation.	Yes	Existing laws cover this already.
7	Businesses that sell cannabis as an accessory use should undergo a different land use approval process as compared to non-accessory uses.	NL	This is not contemplated in the legislation at this time, however, it will be addressed legislatively at the time if/when accessory use permits are made available.
8	Existing cannabis businesses should undergo a less restrictive land use approval process as compared to new businesses.		The proposed ordinance includes a provision that allows existing MCDs to convert to Cannabis Retail without CU authorization, or being subject to the new location restrictions. Existing non-retail businesses should not need to receive new land use entitlements as long as they already have them. Those non-retail businesses that operated without the benefit of a permit will have to establish the use at the site, which may require a change of use application or CU authorization.
<b>Recommendation Sub-Category: Technical</b>			
Land Use Types	<p>San Francisco should establish a cannabis 'restaurant/food' license, with guidelines to prevent cross contamination. Examples of possible guidelines:</p> <p>9 a. Restaurant Infusions Onsite: Required Patron Notification of cannabis products, Chef-prepared onsite for retail sale</p> <p>b. Bakery Prepared onsite retail &amp; wholesale sales</p> <p>c. Commercial Kitchen to permit infusions (e.g., baking with non-volatile substances)</p> <p>d. Accessory Use Permit: Existing small business seeking to add retail cannabis products, specific Land Use approval not required, assuming zoning is appropriate.</p>	No	<p>a) Not clear that this activity is currently allowed - the state current prohibits the manufacture of any product considered a potentially hazardous food. Edible cannabis is also not allowed to provide more than 10 milligrams of THC per serving and distribution must be uniform. Finally product must be labeled and packaged in final form before sale. b) &amp; c) Same as above. If the final product needs time temperature controls to maintain its quality and safety then it is not eligible for development and consumption. e) The City believes the state needs to provide more guidance re: accessory use, and then further conversations need to occur related to appropriate location and controls for this type of activity before permitting this activity.</p>
10	San Francisco should consider a land use designation for consumption lounge.	Partial	The legislation contemplates allowing for retailers to have consumption lounges on their premises with DPH approval. The existing 8 onsite consumption lounges for smoking/vaping would be eligible to remain if the retailer maintains their medical activity and does not add adult-use activity to their permit. Adult-use and medical consumption that is non-smoking/non-vaping could be allowed on the premises of permitted retail locations subject to certain conditions applied by DPH.

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	#	Recommendation	Include	Rationale
Land Use Landscape	11	In determining the proper distribution of cannabis businesses across the City, the main goal is ensuring even distribution and access throughout the city.	Yes	While this ordinance was drafted to allow a more even distribution of retail cannabis businesses across the City, San Francisco's industrial lands are clustered on the eastern side of the city; therefore most non-retail businesses is proposed to be located on the eastern side of the City.
Zoning Application Standards	12	San Francisco should allow existing permitted medical cannabis businesses and cannabis businesses that have been closed (as long as they closed in good standing) to have priority consideration in the adult use approval process.	Yes	The proposed legislation prioritizes applications from operators who were in good standing with the City but were forced to close due to federal intervention/enforcement.
<b>Recommendation Sub-Category: Community Engagement</b>				
Application Process	13	Community engagement must be a part of the application review process for cannabis businesses. Policies related to how community engagement is implemented are the charge of the oversight body.	NL	"NL" because this recommendation is unclear in the context of today. This ordinance does not contemplate any new public engagement requirements at this time, however, this may be addressed through future amendments of the ordinances.
	14	There should be a clear application and a clear process based on best practices for cannabis permits and/or licenses. This means that there should be a community engagement process as a minimum standard for both medical and adult use.	Partial	The Office of Cannabis seeks to create a clear and transparent application process. Planning pre-application requirements would apply to all MCDs in NC districts, and the Office of Cannabis is contemplating amendments that would increase community engagement prior to permit approval and issuance.
	15	The zoning application process for cannabis businesses should require documentation of community engagement activities and maximize opportunities for community engagement early on in the process that are as inclusive as possible.	No	The ordinance does not add any new public engagement requirements for cannabis businesses, however, community engagement requirements are being contemplated for inclusion in the ordinance through future amendments.
	16	Different thresholds and expectations should be established for the level of community engagement and review process required for different types of land uses, e.g., a stand-alone cannabis retail store may require more community engagement than a grow house without a public-facing component.	No	The ordinance does not add any new public engagement requirements for cannabis businesses, however, community engagement requirements are being contemplated for inclusion in the ordinance through future amendments.
	17	The application criteria and standards should be applied consistently across businesses and should include mechanisms to ensure accountability and include a high level of transparency.	Yes	The legislation contemplates application requirements and operating standards that will be required of every operator, and then additional standards based on activity type, to ensure thorough and thoughtful regulation of all activities. All criteria and standards will be made public. The legislation proposes inspections to ensure accountability.

**Year II Recommendations: Retail Licensing**

**Recommendation Sub-Category: Technical**

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	#	Recommendation	Include	Rationale
Retail Licensing Elements	1	San Francisco should make local permits for retail businesses available for all MCRSA and AUMA license categories and microbusinesses.	Partial	While the proposed legislation offers many types of permits, it does not allow for all activities allowed by the state such as nurseries and outdoor agriculture. All local applicants, except retail applicants, are not required to apply for an "M-Type" or and "A-Type" permit (although they will be required by the state)
	2	In addition to the State-defined license types, the following local license types should be created: <ul style="list-style-type: none"> <li>• New category: Manufacturing 6B Special baking/cooking license</li> <li>• New category: Virtual dispensary (i.e. physical location used for delivery with no walk-in retail)</li> <li>• New category: Consumption lounge, bring your own product (entertainment, restaurants, yoga studio, gym)</li> <li>• New Category: Temporary Events, Cannabis Cup/Cultural Events, and Farmers Market examples</li> </ul>	No	The legislation only contemplates permit types that align with existing state license types established by MAUCRSA. This legislation does not propose a stand-alone consumption permit, does not allow for temporary event permits, and does not contemplate a virtual dispensary at this time (public access to nonstorefront retail is not allowed under this proposal).
	3	The retail permitting process in San Francisco should be streamlined and efficient.	Yes	The Office of Cannabis is partnering with the California College of the Arts DBMA students as well as alumni to process mapping the existing application process with an eye towards streamlining and application platform development.
	4	In the retail permitting process, existing permit holders in good standing or those who have been displaced as a result of federal intervention should receive priority processing and licensing status in the City and County of San Francisco. This recommendation should not conflict with Social Justice prioritized permitting processing recommendations.	Yes	The proposed legislation prioritizes applications from operators who were in good standing with the City but were forced to close due to federal intervention/enforcement.
	5	San Francisco should respond to all State inquiries regarding local permits in a timely manner.	Yes	While not legislated, the Office of Cannabis intends to work closely with our state counterparts on all processes related to local permit and state licensing approvals, including criminal history and over concentration review.
	6	San Francisco should develop meaningful qualitative findings for the Planning Commission and/or other commission(s) to use when reviewing adult use retail applications.	Yes	Specifically, the following text is included: "With respect to any application for the establishment of a new Cannabis Retail Use, in addition to the criteria set forth in subsections (c) and (d) above, the Commission shall consider the geographic distribution of Cannabis Retail Uses throughout the City, the balance of other goods and services available within the general proximity of the proposed Cannabis Retail Use, any increase in youth access and exposure to cannabis at nearby facilities that primarily serve youth, and any proposed measures to counterbalance any such increase."

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#	Recommendation	Include	Rationale
7	<p>San Francisco should develop policies to prevent clustering of adult use cannabis retailers.            Strategies may include:</p> <ul style="list-style-type: none"> <li>• Use of “buffer zones” around other adult use retail locations. The distance of these buffer zones should balance both community concerns and business interests, with the aim of preventing too high a concentration of retail locations in a given district while also encouraging healthy competition.</li> <li>• Stricter clustering provisions in Neighborhood Commercial Districts to balance neighborhood concerns, and less strict clustering requirements in other districts, such as Downtown or Industrial districts.</li> </ul>	Yes	<p>The legislation proposes cannabis retailers may not locate within 300’ of another such business. While the minimum clustering distance is the same throughout the City, CU criteria applicable in NC districts require that the Commission consider additional adjacencies and other factors such that a higher level of scrutiny would apply.</p>
8	<p>San Francisco should include adult use cannabis retail businesses in existing Formula Retail rules. Note: Formula retail rules state that if an establishment has eleven or more retail locations worldwide, it is subject to a more stringent review and authorization process.</p>		<p>Formula retail rules would apply to cannabis retailer and medical cannabis retail permits.</p>
9	<p>San Francisco should craft a reasonable process for current medical cannabis dispensaries to transition into the adult use market. A “transition” would include a medical dispensary adding adult use products or a medical dispensary switching to an adult use business model. Such “grandfathered” medical cannabis businesses should be exempt from any new, more restrictive land use provisions that may be applicable to adult use retail businesses.</p>	Yes	<p>The proposed land use controls do provide a way for existing MCD to convert to CRs. The provision exempts existing MCDs from more restrictive clustering provisions, and exempts them from obtaining Conditional Use Authorization.</p>
10	<p>San Francisco should allow cannabis retailers to participate in both the medical cannabis and adult use cannabis markets. The licensing process should include a review of the cannabis retailer’s history (e.g. complaints and violations), possible proximity concerns, public review, traffic study, and a business plan that includes traffic/customer flow management.</p>		<p>The legislation proposes requiring retailers to maintain their medical use, but allows them to add adult-use to their activity. The licensing process, as proposed, would allow for a review of the retailer’s history, business plan; community concerns, etc. as part of the permitting process.</p>
11	<p>San Francisco should not create a separate retail permit for nurseries.</p>	No	<p>The legislation does not currently contemplate nursery permits, however, that is something the City can allow for in the future. It wasn’t incorporated at the time of drafting due to lack of clarification around proposed state regulations associated to nursery facilities.</p>

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	#	Recommendation	Include	Rationale
Retail Licensing Elements - Licensing Requirements	12	San Francisco should not make a distinction between medical and adult use permitting for retail businesses.	Yes	As contemplated, retailers would be required to have both types of activity on the premises, or they would be allowed to retain only their medical activity. This was done to ensure we always have a market for medical cannabis patients.
	13	Existing local and State laws and regulations cover many of the desired requirements for retail cannabis businesses. As such, the requirements for retail licensing should align with these local and State laws and regulations, including: <ul style="list-style-type: none"> <li>• Board of Equalization (BOE) Sellers permit requirements</li> <li>• Articles of Incorporation</li> <li>• Labor laws</li> <li>• Occupational Safety and Health Administration (OSHA) standards</li> </ul>	Yes	All state regulations will be incorporated into City regulation, and will form the baseline standard for all cannabis operations in San Francisco. Any additional regulations put forward by the City will reflect the City's values.
	14	Retail license applicants should be required to provide the following supporting documentation to the City of San Francisco, as part of the licensing process, depending on the nature of the of the activity: <ul style="list-style-type: none"> <li>• Hazardous materials and waste storage plan</li> <li>• State nursery program inspection</li> <li>• Building inspections from the Department of Building Inspection (DBI)</li> <li>• Fire Department documentation</li> <li>• Documentation of alignment with Agricultural Department best practices</li> <li>• Security plans</li> <li>• Weights &amp; Measures</li> </ul>	Yes	The legislation contemplates requiring applicants to submit the following plants and information with their applications: Waste St
	15	An annual inspection and a review of documents by a licensing agent should be required for retail license renewal. The inspection and document review should ensure compliance with State and local regulations and good standing with the Board of Equalization (BOE) or Office of the Treasurer and Tax Collector.		A permit holder will be required to maintain their standing with the state in order to maintain their local permit. In order for an permit holder to receive license renewal, the operator will be required to maintain compliance with all local and state permit conditions, and update their file regularly.
	16	San Francisco should issue local retail licenses to the operator for a particular location.	Yes	Permit are tied to locations and to ownership structure.

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	#	Recommendation	Include	Rationale
On-Site Consumption	17	San Francisco should allow and create pathways for smoking cannabis in public places that become privatized. These pathways should follow rules similar to alcohol consumption at special events for adults age 21+ and medical card holders age 18+.		The California Health and Safety Code states that the smoking of cannabis or cannabis products is prohibited in a location where smoking tobacco is prohibited. San Francisco has been a leader in ensuring that everyone has the right to clean air and is not exposed to second hand smoke. San Francisco's policymakers have passed local ordinances that include the prohibition of smoking of tobacco or any other weed or plant products in public areas such as parks, recreation areas and at certain outdoor events. As with the smoking of tobacco, passive exposure to marijuana smoke among children, nonsmokers, and people who work in cannabis businesses is a concern, and the City is committed to maintaining its progressive clean air laws. Therefore, this legislation does not propose allowing smoking/vaping in public places, except at medical cannabis dispensaries that received a prior smoking-area designation from the Planning Department.
	18	The San Francisco City Attorney should provide further legal guidance regarding consumption in public-private spaces, i.e., where, when and how it could be done in the City.	Partial	Further clarification is not being sought by the City at this time except for clarifying purposes.
	19	San Francisco should allow on-site consumption at cannabis retail locations and these locations must include proper ventilation systems.	Partial	Smoking/vaping consumption is proposed to remain at the existing medical cannabis dispensary onsite smoking locations for medical use only. Those locations must maintain their current ventilation systems and incorporate any additional standards DPH deems appropriate. Consumption that is non-smoking/non-vaping will be allowed at any retailer that receives a sub-permit from DPH for consumption related activities.
	20	On-site consumption should include nightclubs, bars, cafes; hotel roof-tops; outside spaces at buildings; music festivals/parks (e.g., Hippie Hill); private club/outdoor garden; adult-one spaces in public parks; temporarily privatizing public spaces through permitted activities.	No	Per MAUCRSA, consumption must be restricted to areas where people are 21 or older, it may not be visible from any public place or non-age restricted area, and tobacco and alcohol are not allowed on the premises. San Francisco has been a leader in ensuring that everyone has the right to clean air and is not exposed to second hand smoke. Because the City is committed to maintaining its progressive clean air laws, this legislation does not contemplate permitting consumption (including smoking and vaping) in public places, including at special events.
	21	San Francisco's on-site consumption requirements should not be stricter than those outlined in state cannabis laws.	No	Under the law, The Department of Public Health will develop rules and regulations governing the on-site consumption permit. These rules and regulations will incorporate whatever consumption allowances the State will provide for in its emergency regulations, to be released in November, 2017.

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	#	Recommendation	Include	Rationale
Non-Profit Licensing	22	San Francisco should encourage the non-profit model and make non-profit license available for cannabis organizations that provide compassion programs and supportive services.	Partial	The Office of Cannabis, in consultation with the Department of Public Health and the Controller, is in the process of developing a report and recommendations for providing continued access to medical cannabis at an affordable cost. The report will be released on November 1, 2017.
	23	San Francisco should provide incentives (e.g. tax and licensing incentives) to cannabis organizations that provide compassion programs and supportive services.	No	This is not currently contemplated in the legislation, however, this is something that can be reviewed after or upon the creation of a compassion program.
Tourism and Hospitality	24	<p>policies that achieve an appropriate balance between discretion and visibility of adult use cannabis culture. Along these lines, the City should create pathways that allow tourists to access adult use cannabis products and legal consumption spaces while preventing undesired exposure for those who prefer limited interaction with the cannabis industry. Strategies could include the following:</p> <ul style="list-style-type: none"> <li>• Allow cannabis consumption indoors to prevent unintended exposure</li> <li>• Limit visibility of consumption in adult use retail storefront locations to prevent exposure from the street while complying with existing Planning code requirements for active store front uses</li> <li>• Collaborate with tourism/hospitality stakeholders to provide tourists with educational materials and information about safe access and consumption of adult use Security plans</li> </ul>	Yes	Under the proposed legislation, the Department of Public Health will issue separate permits to cannabis retailers that wish to allow onsite consumption of edible cannabis products, and rules and regulations to that effect will be forthcoming. Tourists would be able to access such spaces for consumption purposes. A permitted medical cannabis dispensary with a prior smoking-area designation from the Planning Department will be allowed to maintain its smoking/vaping onsite location for medical use only. Beyond that, smoking/vaping is not proposed to be allowed at other commercial cannabis locations in the City. The legislation allows for consumption of cannabis at retail locations that obtain an onsite consumption permit from DPH, and such consumption locations may not be visible from any public place or non-age restricted area. The legislation requires distribution of a Responsible Consumption Fact Sheet at the point of sale, the content of which will be created by DPH. Moreover, the Office of Cannabis is working with SF Travel and the Chamber to develop information for tourism/hospitality to remain educated on the status of adult-use cannabis as well as responsible consumption, etc.
	25	San Francisco should allow cannabis retail locations in San Francisco to give tours of their facilities to the public.	Yes	The legislation contemplates allowing tours of certain facilities in 2019, but only after policies are established that address policy priorities such as those previously outlined by the Task Force: mitigating neighborhood impacts, addressing potential congestion and parking impacts, etc.
<b>Recommendation Sub-Category: Social Justice</b>				

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	#	Recommendation	Include	Rationale
Strategies	26	San Francisco should engage community members in the target populations (people of color and formerly incarcerated persons; and within these groups prioritize women, transitional-age youth ages 21-24, and LGBTQ people) along with workforce development organizations, community-based organizations, and other key stakeholders to develop strategies to reduce economic barriers to enter the cannabis industry as workforce or entrepreneurs.		
	27	San Francisco should reduce annual permitting fees according to the percentage employment of target populations (25% off for 25% employment of target populations, 50% for 50% employment of target populations)	NL	This could be contemplated during the creation of an Equity Program.
	28	San Francisco should prioritize the following strategies for development: a) A prioritized permitting process to help operators in the target populations reduce initial start-up costs (e.g. subsidized rent while undergoing permitting process). Existing businesses should be prioritized first, followed by operators in the target population, and previously licensed businesses closed by actions of the Department of Justice. If the cannabis regulatory agency places a cap on the number of licenses, this prioritization model should be revisited. b) An equity licensing program, which would include: • Entrepreneurship grants and other funding opportunities to assist people of color, women, and formerly incarcerated persons in achieving business ownership (funded by cannabis taxes) • Subsidized permitting and license fees • Access to small business support programs and incubator services, such as the Mission Economic Development Agency (MEDA), SCORE, Minority-owned	NL	This could be contemplated during the creation of an Equity Program.
	29	San Francisco should provide a clear, transparent pathway and process for businesses to acquire retail licenses, and existing businesses should be allowed to operate for a period of one year while a permit application is in process, including issuing a city licensing compliance process guide, integrated into the SF business portal.	Yes	Temporary permits are being offered for non-retail and delivery. These are eligible for 90 day extensions through the end of 2018.

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	#	Recommendation	Include	Rationale
Stakeholders	30	San Francisco should ensure local regulatory agencies' non-cooperation with federal law enforcement authorities via a San Francisco local ordinance. Additionally, the Board of Supervisors should endorse AB 1578 or analogous state legislation for California State law enforcement non-cooperation with federal law enforcement authorities.	NL	This is not currently contemplated in this legislation. The city intends to
	31	The following entities could be involved in the aforementioned social justice-focused efforts: <ul style="list-style-type: none"> <li>• Neighborhood associations</li> <li>• Community business support programs (e.g., MEDA) and other local business associations</li> <li>• City College of San Francisco</li> <li>• Potential and current cannabis employees and entrepreneurs, including formerly incarcerated people, women, and people of color</li> <li>• Landlords</li> <li>• Office of Economic and Workforce Development (OEWD)</li> </ul>	NL	The City will continue to seek input and collaboration from a broad array of stakeholders as we develop our policies, including those related to social justice. While not specifically included in this legislation, this in no way precludes the City from engaging with these entities in the future.
<b>Recommendation Sub-Category: Community Engagement</b>				
Strategies	32	San Francisco should develop cannabis retail business operating standards to form part of the retail business permitting process. These standards should ensure that cannabis businesses are "good neighbors" to the communities in which they are located. These standards should be enforced meaningfully by regulatory agencies in a non-discretionary manner (e.g., standard set of rules and consequences, such as citations or notices of violation if rules are broken).*(Reflects Year 1 PSSE recommendation 4.)	Yes	Good Neighborhood Policies are contemplated in the legislation and applicants are required to agree to them as part of the application process. The proposed standards are the following: (i) Provide to residential and commercial neighbors located within 50 feet of the Cannabis Business the name, phone number, and email address of an onsite community relations staff person who may be contacted concerning any problems associated with operation of the establishment; (ii) Maintain the Premises, adjacent sidewalk and/or alley, and associated parking areas in good condition at all times; (iii) Prohibit loitering in or around the Premises, and post notifications on the Premises advising persons of this prohibition. Notice of Violation + permit suspension and revocation (+ appeals pathways) are contemplated in the legislation to ensure accountability of permit conditions such as these.
	33	The regulatory agency or agencies overseeing the cannabis industry should make cannabis business regulations clear and accessible to the general public so that the public is informed and aware of the regulations.	Yes	The Office of Cannabis has a website and will seek to use it as a platform to disclose all appropriate regulatory information to the public to ensure full transparency and knowledge of the regulations governing the industry. The website currently houses the draft legislation and provides a platform for comment from members of the public, etc. and provides a place for members of the public to comment regarding how the website can be a better tool for their use.

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	#	Recommendation	Include	Rationale
	34	All employees of retail cannabis businesses should receive regulatory compliance training within six months of hiring similar to California Alcohol and Beverage Control LEAD training.	No	As mentioned for this recommendation in Year I, there is no known model for cannabis regulatory compliance training, similar to LEAD. With that said, the Office of Cannabis would be happy to partner with city agencies and other stakeholders to identify models and to ultimately ensure appropriate training occurs so that employers and employees understand best practices related to responsible service of cannabis and cannabis products.
	35	Community complaints and hearings for licensing and land use issues should be managed by the Office of Cannabis, and priority for hearings should be given to local residents.	Partial	The City's charter places the responsibility for land use decision on the Planning Commission; therefore the ordinance places land use decision for cannabis business with the Planning Commission. Licensing for individual cannabis businesses will be handled by the Office of Cannabis. The Office of Cannabis will track the process for applicants to be permitted/licenses, however the Planning Department will decide timing for hearings based on established practices. The Office of Cannabis will also manage complaints related to permit holder activity where appropriate.
Stakeholders	36	<p>The following entities are stakeholders in the City's community engagement efforts for retail:</p> <ul style="list-style-type: none"> <li>• Businesses</li> <li>• Residents</li> <li>• San Francisco Department of Public Health</li> <li>• San Francisco Police Department</li> <li>• San Francisco Fire Department</li> <li>• San Francisco Unified School District</li> <li>• Office of Economic and Workforce Development (OEWD)</li> <li>• Office of Small Business</li> <li>• Other San Francisco City agencies/departments and potential overarching cannabis regulatory agency</li> </ul>	NL	The City will continue to seek input and collaboration from a broad array of stakeholders as we develop our policies.

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	# Recommendation	Include	Rationale
Tourism and Hospitality	<p>37 There is a notable desire within the culinary community to incorporate adult use cannabis in dining options/opportunities, including the use of cannabis as a meal ingredient and the establishment of food/cannabis pairing options. San Francisco should collaborate with key stakeholders, such as culinary and hospitality organizations, to develop strategies for increasing these opportunities for restaurants and other food establishments. Strategies could include:</p> <ul style="list-style-type: none"> <li>• Developing, proposing and pursuing a state legislative approach that would create an exemption for these types of culinary experiences.</li> <li>• Development of a patron notification process for any food establishment offering these opportunities.</li> <li>• Development of mechanisms to determine the appropriate distribution of cannabis friendly dining venues throughout the City.</li> </ul>	NL	Noted, and will review with the Mayor's Office to inform the City's 2018 state legislative agenda.
	<p>38 San Francisco should allow cannabis consumption in parked cars (i.e., do not impose arrests, fines, or fees for cannabis consumption in parked cars.)</p>	NL	It is a violation of State law to consume cannabis in a public place, including a vehicle, to possess an open container or open package of cannabis/product in a vehicle, and to operate a vehicle while under the influence.
	<p>39 San Francisco should create a certification program for retail tour businesses in alignment with existing regulations (e.g., for tour busses). Regulations and clear enforcement processes should be established for bus size, bus drivers, and smoking in vehicles, and to mitigate traffic congestion, safety concerns, noise, odors, and waste</p>	NL	To contemplate in 2018.
	<p>40 Public safety education (e.g., regarding specific regulations) should be required for tour companies. Tour companies should be required to distribute cannabis education materials to patrons as part of the</p>	NL	To contemplate in 2018.
	<p>41 Tour companies should be required to designate a community liaison to address concerns and respond to community inquiries.</p>	NL	To contemplate in 2018.

San Francisco Cannabis State Legalization Task Force  
 Year II Recommendations  
 Office of Cannabis Inventory Document - 10/16/2017

	#	Recommendation	Include	Rationale
Youth Access and Exposure	42	San Francisco should collaborate with stakeholders to develop policies that achieve an appropriate balance between discretion and visibility of adult use cannabis culture. Along these lines, the City should create pathways that allow tourists to access adult use cannabis products and legal consumption spaces while preventing undesired exposure for those who prefer limited interaction with the cannabis industry. Strategies could include the following: <ul style="list-style-type: none"> <li>• Allow cannabis consumption indoors to prevent unintended exposure</li> <li>• Limit visibility of consumption in adult use retail storefront locations to prevent exposure from the street.</li> </ul>	Partial	Under the proposed legislation, the Department of Public Health will issue separate permits to cannabis retailers that wish to allow onsite consumption of edible cannabis products, and rules and regulations to that effect will be forthcoming. Tourists would be able to access such spaces for consumption purposes. A permitted medical cannabis dispensary with a prior smoking-area designation from the Planning Department will be allowed to maintain its smoking/vaping onsite location for medical use only. Consumption locations may not be visible from any public place or non-age restricted area.
	43	Retail tour access should be restricted to people ages 21 and over or in possession of a valid medical cannabis recommendation.	NL	This will be something contemplate during the creation of policies regulating tour activity. Under the proposed legislation, tours may be allowed at certain facilities as early as 2019.
	44	Retail cannabis-related waste material should be stored and disposed of securely in order to prevent diversion to youth.	Yes	The legislation requires a waste disposal plan from all operators, and requires trash to be contained and disposed of pursuant to garbage and recycling receptacle guidelines to be developed by DPW. This will include, at a minimum, a requirement that any waste be stored in locked receptacles prior to pickup.

San Francisco Cannabis State Legalization Task Force  
Year II Recommendations - Other  
Office of Cannabis Inventory Document - 10/16/2017

Recommendation	Included	Rationale
<b>Year II Recommendation - Agency Oversight</b>		
In terms of a cannabis regulatory oversight structure, San Francisco should establish a standalone agency, with two options for managing the dispute resolution process: (1) a Commission or (2) hearing officer. Note: this recommendation builds upon Year I Regulation and City Agency Oversight Recommendation #21.	Yes	The legislative contemplates the creation of a hearing officer, or ALJ. This officer will serve as the first step of appeals of Director's decisions related to permit suspension and/or revocation.



Flie No. 171041  
Received via email  
10/19/17

October 18, 2017

Mayor Edwin M. Lee  
1 Dr. Carlton B. Goodlett Place  
City Hall, Room 200  
San Francisco, CA 94102

San Francisco Board of Supervisors  
1 Dr. Carlton B. Goodlett Place  
City Hall, Room 244  
San Francisco, CA 94102

San Francisco Planning Commission  
1650 Mission Street, Suite 400  
San Francisco, CA 94103

Nicole Elliott, Director  
San Francisco Office of Cannabis  
1 Dr. Carlton B. Goodlett Place  
City Hall  
San Francisco, CA 94102

**BOARD  
OF DIRECTORS**

- Ben Bleiman  
Co-Chair
- Duncan Ley  
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Director
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Director
- Steven Lee  
Director
- Jeremy Stegel  
Executive Director
- John Hinman  
General Counsel

Subject: **Draft Ordinances on Cannabis**

Dear Mayor Lee, Director Elliot, Supervisors, and Planning Commissioners,

The California Music and Culture Association (“CMAC”) advocates for nightlife, the arts, and responsible social consumption of cannabis in San Francisco. As a trade organization based in San Francisco and made up venue owners and operators, many of whom have been actively watching the City’s efforts to regulate adult use cannabis sales and consumption, CMAC would like to raise a number of concerns its members have with the draft cannabis ordinances.

**1. Consumption Limitations**

The draft ordinances make it very difficult to safely consume cannabis in San Francisco. It is already illegal to smoke in parks, on most sidewalks, in a car, and in many apartments. San Francisco’s many public housing residents, some of the City’s most vulnerable citizens, are not allowed to consume in their homes by federal law. Tourists to San Francisco are foreclosed from consuming in their hotels and in public spaces.

In the ordinances’ draft form, only currently-operating medical cannabis dispensaries that have previously received authorization for on-site consumption will be permitted to allow on-site consumption. This, plus the requirement that all consumption take place in areas that are not visible to the public means that cannabis is still being relegated to dark back rooms. **If San Francisco is going to embrace the cannabis industry, these consumption restrictions will stand firmly in the way of normalization.**

Absent more permitted locations for consumption, San Francisco residents and visitors will either consume in public, or be forced to hide in their homes. If San Francisco is committed to being a destination for responsible consumption of regulated cannabis, those that wish to partake should not have to struggle to find a place to do so.

CMAC is not calling for consumption in public, as that will only exacerbate concerns about youth exposure and likely perpetuate the disproportionate police enforcement against people of color. Rather, CMAC hopes that San Francisco can instead establish rational regulations that will begin to remove the stigma that surrounds cannabis consumption. Possible avenues would be loosening the restrictions on where cannabis can be consumed on licensed premises, or the creation of a consumption-only permit for businesses that do not sell cannabis but operate the types of establishments that cater to

PO Box 77406  
San Francisco, CA  
94107

[info@CMACsf.org](mailto:info@CMACsf.org)  
[www.CMACsf.org](http://www.CMACsf.org)

consumers who might be interested in consuming cannabis on-site. Denver's pilot program is a potential route. CMAC is eager to play an active role in helping determine the best path forward for San Francisco. **Without more consumption lounges or accessory use consumption permits, legalization will be illusory at best.**

2. Adult Use Permits in place in time for Canna-tourism

January 1, 2018 is fast approaching, and with it, millions of tourists to San Francisco are going to be expecting convenient access to legal adult-use cannabis. With no clear guidance on when adult-use permits will be issued, and the requirement that a business be an already-operating medical retailer prior to applying for an adult-use permit, San Francisco is poised to start the year with no licensed adult-use retailers. **Instead of leading California's regulated cannabis industry, San Francisco will instead be viewed as a restrictive and unwelcoming city, and will push investment, tax, and tourism dollars elsewhere.**

CMAC is also concerned that without sufficient licensed adult-use cannabis retailers, tourists who travel to San Francisco expecting to purchase (and consume) cannabis will simply look elsewhere. This means that the black market, the segment of the industry that regulation is striving to abolish, will instead thrive. San Francisco should have a clear plan to ensure that come January 1, 2018, consumers will have safe and regulated options for adult-use cannabis. **CMAC would recommend the creation of a temporary adult-use permit for currently-operating medical cannabis retailers.** A temporary permit such as this would not guarantee permanent privileges, but would guarantee that San Francisco will be in the position to support a safe, regulated adult-use market from the outset.

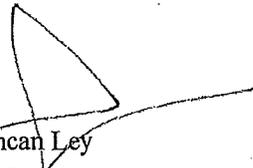
We are eager to work with you to refine the proposed cannabis regulations and prepare San Francisco for what will hopefully be a positive addition to the economy and culture of this great city.

Thank you for your leadership in supporting San Francisco's neighborhoods and small businesses.

Very truly yours,



Ben Bleiman  
Co-Chair  
CMAC



Duncan Ley  
Co-Chair  
CMAC

Co-signing organizations:

**GOLDEN GATE  
RESTAURANT  
ASSOCIATION**  
est. 1936

Gwyneth Borden, Executive Director



SAN  
FRANCISCO  
CHAMBER OF  
COMMERCE

October 30, 2017

The Honorable London Breed  
President, Board of Supervisors  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco, CA 94102

RE: Cannabis Regulations, Board of Supervisors File Numbers 171041 and 171042

Dear President Breed:

The San Francisco Chamber of Commerce, San Francisco Travel Association, the Council of District Merchants Associations and Golden Gate Restaurant Association are writing to urge the Board of Supervisors to consider a number of issues arising out of the current drafts of both the Planning Code and Police Code amendments regarding the regulation of adult-use cannabis.

While we recognize the huge effort that has gone into the draft legislation and, until very recently, a lack of timely and clear direction from the State of California, we believe the legislation as drafted is problematic for existing local cannabis businesses, unnecessarily delays reasonable access to cannabis for adult use and will not meet the expectations of the influx of visitors to the city seeking cannabis. As was stated in a recent letter to the Planning Commission by the California Music and Culture Association (CMAC); "San Francisco should have a clear plan to ensure that come January 1, 2018, consumers will have safe and regulated options for adult-use cannabis."

We urge the Board of Supervisors to recommend the following changes to the draft legislation:

- 1) Any transition provisions impacting current medical dispensary permits should be drafted to ensure that the issuance of temporary permits is a ministerial and not discretionary action by city government. To do otherwise, puts at risk the continued operation of lawfully operating businesses.
- 2) Zoning laws must recognize that much of the cannabis industry is comprised of small businesses, operating "below the radar" in locations that current ordinances or the draft legislation do not authorize for such uses. These "cottage businesses" may actually co-exist in some, if not all neighborhoods, and the Commission should urge the City to consider a "non-conforming use" process for these locations.
- 3) New permits under the yet to be drafted equity program, should include the right of existing small cannabis businesses to apply for such permits.
- 4) Rather than prohibiting existing medical cannabis dispensaries from selling adult-use cannabis in January of 2018, the draft legislation should specifically allow such businesses to receive a temporary business permit to sell cannabis products as anticipated under Proposition 64. These handful of local businesses should be encouraged to meet the demand for what will be a legal product next year.

- 5) Reasonable "Green Zones" where cannabis retailers can conduct business is critical if we are to reduce clustering of these businesses. Excluding locations within 600 feet from a school, as set forth in the draft ordinance, is reasonable and should not be increased.
- 6) While the buffering of cannabis retail uses to minimize impacts in neighborhood commercial districts is an appropriate legislative objective, using a 300-foot radius standard may not be the best solution. The "orbit option" set forth in the Planning Commission staff report and supported by that Commission is worthy of serious consideration by the Board of Supervisors.
- 7) The draft legislation makes consumption, especially by visitors, almost impossible. Again, as was pointed out in the CMAC letter, the city needs to loosen restrictions on consumption at licensed premises and create a consumption-only and special event permit. In addition, accessory use permits must be developed both for sale and consumption of cannabis. What we do not want is an ordinance that results, for lack of other options, in an increase in cannabis smoking on public sidewalks, parks and plazas. The City of Denver enacted a consumption pilot program ordinance that the Board of Supervisors should consider as a model for San Francisco.
- 8) The draft legislation restricts the delivery of cannabis to businesses that are only located within San Francisco. On our initial read, this restriction may violate the commerce clause of the U.S. Constitution. Additionally, if followed by other communities, it may prevent San Francisco-based businesses from delivering into adjacent cities and counties, which is a disservice to our local businesses. It appears that the solution is permitting and business licensing, not a ban.

The San Francisco business community looks forward to working with the Commission, the Board of Supervisors, city departments and the cannabis industry to insure we meet the expectations of our residents and visitors for the safe, lawful and timely implementation of state law for the adult use of cannabis and establishment of related businesses in San Francisco.

Sincerely,



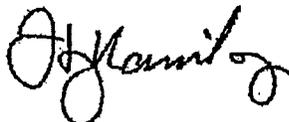
Jim Lazarus  
San Francisco Chamber of Commerce



Cassandra Costello  
San Francisco Travel Association



Gwyneth Borden  
Golden Gate Restaurant Association



Henry Karnilowicz  
San Francisco Council of District Merchants Associations

cc. Clerk of the Board of Supervisors, to be distributed to all Supervisors; Mayor Lee, Nicole Elliott

File No. 171041  
Received via email  
10/19/17



October 18, 2017

Mr. Rich Hills  
President, San Francisco Planning Commission  
1650 Mission Street, Suite 400  
San Francisco, CA 94103

RE: Cannabis Regulations 2017-010365PCA

Dear President Hills:

The San Francisco Chamber of Commerce, representing over 2,500 local businesses from throughout the city, is writing to urge the Planning Commission to consider a number of issues arising out of the current drafts of both the Planning Code and Police Code amendments regarding the regulation of adult-use cannabis.

While we recognize the huge effort that has gone into the draft legislation and, until very recently, a lack of timely and clear direction from the State of California, the Chamber believes the legislation as drafted is problematic for existing local cannabis businesses, unnecessarily delays reasonable access to cannabis for adult use and will not meet the expectations of the influx of visitors to the city seeking cannabis. As was stated in a recent letter to the Commission by the California Music and Culture Association (CMAC); "San Francisco should have a clear plan to ensure that come January 1, 2018, consumers will have safe and regulated options for adult-use cannabis."

We urge the Planning Commission to recommend the following changes to the draft legislation:

- 1) Any transition provisions impacting current medical dispensary permits should be drafted to ensure that the issuance of temporary permits is a ministerial and not discretionary action by city government. To do otherwise, puts at risk the continued operation of lawfully operating businesses.
- 2) Zoning laws must recognize that much of the cannabis industry is comprised of small businesses, operating "below the radar" in locations that current ordinances or the draft legislation do not authorize for such uses. These "cottage businesses" may actually co-exist in some, if not all neighborhoods, and the Planning Commission should consider a "non-conforming use" process for these locations.

- 3) New permits under the yet to be drafted equity program, should include the right of existing small businesses to apply for such permits.
- 4) Rather than prohibiting existing medical cannabis dispensaries from selling adult-use cannabis in January of 2018, the draft legislation should specifically allow such businesses to receive a temporary business permit to sell cannabis products as anticipated under Proposition 64. These handful of local businesses should be encouraged to meet the demand for what will be a legal product next year.
- 5) While the buffering of cannabis retail uses to minimize impacts in neighborhood commercial districts is an appropriate legislative objective, using a 300 foot radius standard may not be the best solution. Your staff has recommended a number of alternative mechanisms. The "orbit option" set forth in the staff report is worthy of serious consideration by the Commission and Board of Supervisors.
- 6) The draft legislation makes consumption, especially by visitors, almost impossible. Again, as was pointed out in the CMAC letter of October 16, the city needs to loosen restrictions on consumption at licensed premises and create a consumption-only and special event permit. In addition, accessory use permits must be developed both for sale and consumption of cannabis.
- 7) The draft legislation restricts the delivery of cannabis to businesses that are only located within San Francisco. On our initial read, this restriction may violate the commerce clause of the U.S. Constitution. Additionally, if followed by other communities, it may prevent San Francisco-based businesses from delivering into adjacent cities and counties, which is a disservice to our local businesses. It appears that the solution is permitting and business licensing, not a ban.

The San Francisco Chamber of Commerce looks forward to working with the Commission, the Board of Supervisors, city departments and the cannabis industry to insure we meet the expectations of our residents and visitors for the safe, lawful and timely implementation of state law for the adult use of cannabis and establishment of related businesses in San Francisco.

Sincerely,



Jim Lazarus  
Senior Vice President of Public Policy

cc. Each member of the Planning Commission, clerk of the Board of Supervisors, to be distributed to all Supervisors, Mayor Ed Lee, Nicole Elliott

171041 | 171042

**From:** Jewel Zimmer <jewel@cocoacollectionsf.com>  
**Sent:** Saturday, October 21, 2017 3:56 PM  
**To:** Mahajan, Menaka (ECN); SBC (ECN); Office of Cannabis (ADM); Somera, Alisa (BOS); Major, Erica (BOS); Breed, London (BOS); Peskin, Aaron (BOS); Kim, Jane (BOS); Fewer, Sandra (BOS); Sheehy, Jeff (BOS); Yee, Norman (BOS); Tang, Katy (BOS); Ronen, Hillary; Safai, Ahsha (BOS); Cohen, Malia (BOS); Farrell, Mark (BOS)  
**Subject:** Public comment regarding Proposed Cannabis Ordinances, BOS File Nos. 171041 and 171042

Dear Office of Cannabis, Small Business Commission, and Board of Supervisors,

My Name is Jewel Zimmer and I own a boutique chocolate company in here in SF. <http://cocoacollectionsf.com/artisan> In the past 18 months I have been working to transition my company into the cannabis world by doing diligent amounts research, having intellectual conversations with analytical labs, chemists, formulators, medical experts, Co2 extractors, farmers and potential delivery partners. As well as, establishing articles, Tax ID, sellers permit and investing extensive amounts of time and money into trying to make the most responsible legal and financial decisions possible to launch in this emerging market. I made the decision not to take on a lease before I understood exactly what would be asked of me as a manufacturer to comply with the city of San Francisco's new regulations. Now that I know what is expected of me, I am in a compromised position to register because I did not secure a zoned location before September 26 2017.

I am writing you today to formally acknowledge that I agree with the Small Business commission's suggested 2 step registration process.

**Step 1:** ALL existing businesses register and show they were in operation. Reduce amount of information required for registration to be only proof of existence by 9/26. This mirrors Oakland's process, which does not require a location (that requirement is considered a barrier to entry).

**Step 2:** Offer a provisional temporary permit to allow nonconforming businesses to move toward compliance.

I ask that you take these suggestions seriously, as my future as a small cannabis business in San Francisco is dependent upon being able to register and work my way towards compliance with a zoned permitted location. I also ask that you consider shared kitchen spaces for manufacturers. This mirrors the current bay area food provenders and how we work collectively to help leverage one another.

Thank you for your time.

In partnership,

Jewel Zimmer

Jewel Zimmer  
San Francisco Ca 94102  
415-305-8421  
[www.cocoacollectionsf.com](http://www.cocoacollectionsf.com)  
[www.juna-world.com](http://www.juna-world.com) (coming soon)

171041 / 171042

**From:** Flour Child Collective <hello@flourchild.org>  
**Sent:** Saturday, October 21, 2017 4:32 PM  
**To:** Mahajan, Menaka (ECN); SBC (ECN); Office of Cannabis (ADM); Somera, Alisa (BOS); Major, Erica (BOS); Breed, London (BOS); Peskin, Aaron (BOS); Kim, Jane (BOS); Fewer, Sandra (BOS); Sheehy, Jeff (BOS); Yee, Norman (BOS); Tang, Katy (BOS); Ronen, Hillary; Safai, Ahsha (BOS); Cohen, Malia (BOS); Farrell, Mark (BOS)  
**Subject:** Public comment regarding Proposed Cannabis Ordinances, BOS File Nos. 171041 and 171042" in the subject line

Dear Small Business Commission, Office of Cannabis, and Board of Supervisors,

My name is Stephany Gocobachi, I am a native of San Francisco and a member of the SF cannabis community, and I agree with the Small Business Commission's suggested 2 step registration process.

**Step 1:** *ALL existing businesses register and show they were in operation. Reduce amount of information required for registration to be only proof of existence by 9/26.* This mirrors Oakland's process, which does not require a location (that requirement is considered a barrier to entry).

Many producers are currently running cottage operations, out of their homes, as per Article 33. We have been waiting on the City's regulations to see what the next move is. For a small business, it isn't affordable to rent and build out a space until zoning is finalized, so many of us have been waiting to see what is going to happen before making a move. We started looking for space this year, and found one in the Dogpatch we loved that seemed like it would be a perfect fit- when we spoke with a lawyer about it, he basically told us that it would probably be ok but there was no guarantee- so we held off until there was more information. Alas, it would have been perfect, but we couldn't afford to build out a space and have it turn out to be in the wrong zone.

Many of those working from home kitchens are afraid to come forward and state they are doing business as such, for fear of their landlord being contacted for an inspection and losing housing, or being slapped with fines and fees. Many of us have been waiting on manufacturing regulations to know what to do next, and don't plan on continuing to work from home for long (and for some with growing businesses, can't). Please consider some sort of grace period for cottage manufacturers to get up to speed, and a reasonable pathway to get there.

**Step 2:** *Offer a provisional temporary permit to allow nonconforming businesses to move toward compliance. With the condition that we will find a properly zoned location by a certain date.*

*Additionally, it should be possible to share a space/address with other manufacturers or other cannabis businesses, with each business holding their own permits but sharing use of a DPH-approved & permitted space.* It should mirror the food industry with many caterers or food producers sharing rental space in the same kitchen. Many small businesses don't need a large space, or can't afford one. Without this option- especially in the real estate market of San Francisco- there is no pathway for small businesses to grow. Small, artisan manufacturing would die. This is the backbone of the industry, and always has been. In terms of safety as well, it would be beneficial to have multiple business sharing in one location. The dispensaries and patients

of San Francisco currently rely on these small producers heavily- without us, there won't be any quality products on the shelves. As tiny businesses, it's extremely difficult to go from being compliant in the current climate to making such a fast jump into such a vastly different one. This way, we could band together and come up to compliance collectively, and give small businesses a chance in this new environment.

Thank you for your time, hard work and your consideration.

Best,  
Stephany Gocobachi  
Founder, Flour Child  
m. 415.251.3541  
[www.flourchild.org](http://www.flourchild.org)

171041 | 171042

**From:** Sharon Krinsky <sharon@societyjane.com>  
**Sent:** Saturday, October 21, 2017 5:21 PM  
**To:** Mahajan, Menaka (ECN); SBC (ECN); Office of Cannabis (ADM); Somera, Alisa (BOS); Major, Erica (BOS); Breed, London (BOS); Farrell, Mark (BOS); Kim, Jane (BOS); Fewer, Sandra (BOS); Tang, Katy (BOS); Ronen, Hillary; Yee, Norman (BOS); Safai, Ahsha (BOS); Cohen, Malia (BOS); Peskin, Aaron (BOS); Sheehy, Jeff (BOS)  
**Subject:** Public comment regarding Proposed Cannabis Ordinances, BOS File Nos. 171041 and 171042

Dear Small Business Commission, Office of Cannabis and Board of Supervisors,

My name is Sharon Krinsky and I am CEO and Founder of Hassell Girls, Inc. (DBA Society Jane), a Proposition 215 Medical Cannabis Collective and delivery service in San Francisco. We have been incorporated and conducting business since December of 2015 and are hoping to continue operating once the new regulations for cannabis businesses go into effect.

I am writing to lend my support and agreement to the Small Business Commission's suggested two-step registration process as outlined below:

**Step 1:** *ALL existing businesses register and show they were in operation. Reduce amount of information required for registration to be only proof of existence by 9/26. This mirrors Oakland's process, which does not require a location (that requirement is considered a barrier to entry).*

**Step 2:** *Offer a provisional temporary permit to allow nonconforming businesses to move toward compliance.*

*Additionally,*

*It should be possible to share a space/address with other manufacturers or other cannabis businesses. It should mirror the food industry with many caterers or food producers sharing rental space in the same kitchen. The rental market in SF is, as you know, prohibitively expensive, and I am not even breaking even yet as it is.*

There has to be a way to help small businesses make it work. I will do whatever I can to help, but we can't succeed without you and your level-headed and common-sense guidance.

Not only is Society Jane my livelihood, it is also a lifeline for many patients seeking relief from debilitating pain and chronic health issues. If I am not able to register and obtain a license for Society Jane, the health and well-being of our members is at risk.

I will be attending Monday's meeting at 2:30 pm at City Hall in Room 400 to show my support for the Small Business Commission's suggested registration process. I hope you will join me in lending your support as well.

Sincerely,

Sharon Krinsky

Sharon Krinsky, Founder | CEO  
**SOCIETY JANE**™  
[www.societyjane.com](http://www.societyjane.com)

171041 | 171042

**From:** bridget may <bridget@littlegreenbee.net>  
**Sent:** Saturday, October 21, 2017 10:57 PM  
**To:** Mahajan, Menaka (ECN); SBC (ECN); Office of Cannabis (ADM); Somera, Alisa (BOS); Major, Erica (BOS); Breed, London (BOS); Peskin, Aaron (BOS); Kim, Jane (BOS); Fewer, Sandra (BOS); Sheehy, Jeff (BOS); Yee, Norman (BOS); Tang, Katy (BOS); Ronen, Hillary; Safai, Ahsha (BOS); Cohen, Malia (BOS); Farrell, Mark (BOS)  
**Subject:** Public comment regarding Proposed Cannabis Ordinances, BOS File Nos. 171041 and 171042" in the subject line

Dear Office of Cannabis, Small Business Commission, and Board of Supervisors,

My Name is Bridget May and I run a small cannabis topicals company in San Francisco called Little Green Bee. I make massage oil for localized pain and skin ailments as well as cosmetics such as eye cream and serum. Here is my website:

<http://www.littlegreenbee.net/>

I have been incorporated since 2015 and am part of the supply chain to several delivery-only dispensaries including Sava and FoggyDaze:

<https://www.getsava.com/>    <https://foggydazedelivery.com/>

My background is in botany and chemistry, and I continue to work in the biotech industry as an analytical chemist to help pay my rent in San Francisco. I planned to devote myself full time to my business as soon as I was certain that I would be allowed to continue under the new regulations. I have all the requirements for doing business in the City and County of San Francisco (and California), such as business registration, seller's permit, and corporate meetings and bylaws. I have established an EIN with the IRS and I have been paying taxes since I began. However, I am currently working out of my home under cottage laws which I now know will not be legal come January of 2018. With the new regulations I find myself in a compromised position to register for a local permit because I did not secure a zoned location before September 26 2017.

I am writing to lend my support for the creation of a two-step registration process as outlined below so that I, like many others in my position, will have a path forward and the ability to remain in business under the new regulations.

Step 1: ALL existing businesses register and show they were in operation. Reduce amount of information required for registration to be only proof of existence by 26SEP2017. This mirrors Oakland's process, which does not require a location (this requirement is considered a barrier to entry).

Step 2: Offer a provisional temporary permit to allow nonconforming businesses to move toward compliance.

Also, make it possible to share a space or address with other manufacturers or other cannabis businesses. It should mirror the food industry with many caterers or food producers sharing rental space in the same kitchen, creating a collective/co-op shared kitchen and community space, in which each producer or business is individually permitted but shares a commissary space or central hub. The rental market in SF is, as you know, *prohibitively* expensive, and I am not even breaking even yet as it is. There has to be a way to help small businesses make it work!

I ask that you take these suggestions seriously, as my future as a small cannabis business in San Francisco is dependent upon being able to register and work my way towards compliance with a zoned permitted location.

Thank you for your thoughtful consideration,

Bridget  
Little Green Bee  
(415) 652-1335

171041 / 171042

**From:** David Rothenberg <dave@mightyfoods.co>  
**Sent:** Sunday, October 22, 2017 12:29 PM  
**To:** Mahajan, Menaka (ECN); SBC (ECN); Somera, Alisa (BOS); Major, Erica (BOS); Breed, London (BOS); Peskin, Aaron (BOS); Kim, Jane (BOS); Fewer, Sandra (BOS); Sheehy, Jeff (BOS); Yee, Norman (BOS); Tang, Katy (BOS); Ronen, Hillary; Safai, Ahsha (BOS); Cohen, Malia (BOS); Farrell, Mark (BOS)  
**Subject:** Public comment regarding Proposed Cannabis Ordinances, BOS File Nos. 171041 and 171042

Dear Small Business Commission, Office of Cannabis, and Board of Supervisors,

My name is David Rothenberg. I'm Founder and CEO of a nutraceuticals startup Called Mighty Health Co that makes dietary supplements with very low doses of cannabis.

I'm writing this email to advocate for the staff suggestions from the Small Business commission's 2 step registration process for cannabis companies:

**Step 1:** ALL existing businesses register and show they were in operation. Reduce amount of information required for registration to be only proof of existence by 9/26. This mirrors Oakland's process, which does not require a location (that requirement is considered a barrier to entry).

**Step 2:** Offer a provisional temporary permit to allow nonconforming businesses to move toward compliance.

Additionally, It should be possible to share a space/address with other manufacturers or other cannabis businesses. It should mirror the food industry with many caterers or food producers sharing rental space in the same kitchen.

Many of us hope to help consumers discover new health and wellness options in the legal cannabis market. There has to be a way to help small businesses make it work in San Francisco.

Thank you for your consideration.

Sincerely,  
Dave Rothenberg  
Mighty Health Co.  
cell: 650-861-1357

171041 / 171042

**From:** Clayton Coker <clayton@somatik.us>  
**Sent:** Sunday, October 22, 2017 1:31 PM  
**To:** Somera, Alisa (BOS); Major, Erica (BOS); Mahajan, Menaka (ECN); Office of Cannabis (ADM); SBC (ECN)  
**Cc:** Peskin, Aaron (BOS); Safai, Ahsha (BOS); Ronen, Hillary; Kim, Jane (BOS); Sheehy, Jeff (BOS); Tang, Katy (BOS); Breed, London (BOS); Cohen, Malia (BOS); Farrell, Mark (BOS); Yee, Norman (BOS)  
**Subject:** Public comment regarding Proposed Cannabis Ordinances, BOS File Nos. 171041 and 171042

Dear Small Business Commission, Office of Cannabis, and Board of Supervisors,

I'm Clayton Coker of Somatik, a local Cannabis business in San Francisco. I am writing in support of the two-step registration process suggestion outlined in the Office of Small Business staff report. Here's an example of our suggested process:

**Step 1:** ALL existing businesses register and show they were in operation. Reduce amount of information required for registration to be only proof of existence by 9/26. This mirrors Oakland's process, which does not require a location (that requirement is considered a barrier to entry).

**Step 2:** Offer a provisional temporary permit to allow nonconforming businesses to move toward compliance.

Additionally, It should be possible to share a space/address with other manufacturers or other cannabis businesses. It should mirror the food industry with many caterers or food producers sharing rental space in the same kitchen.

The rental market in SF can be prohibitively expensive, and we are a new, not yet profitable business and we're excited to be a permitted

cannabis business helping to diversify San Francisco's economy, and preserve a wide range of business types and sizes. We need your help to ensure small businesses can not only survive, but thrive in San Francisco.

Sincerely  
Clayton Coker  
Somatik Inc.

171041 | 171042

**From:** Chris Schroeder (Somatik) <chris@somatik.us>  
**Sent:** Sunday, October 22, 2017 1:37 PM  
**To:** Clayton Coker; Somera, Alisa (BOS); Major, Erica (BOS); Mahajan, Menaka (ECN); Office of Cannabis (ADM); SBC (ECN)  
**Cc:** Peskin, Aaron (BOS); Safai, Ahsha (BOS); Ronen, Hillary; Kim, Jane (BOS); Sheehy, Jeff (BOS); Tang, Katy (BOS); Breed, London (BOS); Cohen, Malia (BOS); Farrell, Mark (BOS); Yee, Norman (BOS)  
**Subject:** Public comment regarding Proposed Cannabis Ordinances, BOS File Nos. 171041 and 171042

Heya Small Business Commission, Office of Cannabis, and Board of Supervisors,

My name is Chris Schroeder, the founder of Somatik, a local Cannabis business in San Francisco. We are members of SF Made and advocates of a diverse SF economy. Thank you so much for your willingness to help usher legal cannabis businesses into San Francisco — we couldn't do it without your support.

I'm writing to support a two-step registration process as outlined in the Office of Small Business staff report. Here's an example of our suggested process:

**Step 1:** ALL existing businesses register and show they were in operation. Reduce amount of information required for registration to be only proof of existence by 9/26. This mirrors Oakland's process, which does not require a location (that requirement is considered a barrier to entry).

**Step 2:** Offer a provisional temporary permit to allow nonconforming businesses to move toward compliance.

We also hope it will be possible to share a space/address with other manufacturers or other cannabis businesses. The cannabis industry should mirror the food industry where caterers and food producers can share rental space in the same kitchen.

The real estate market in SF can be prohibitively expensive to. Small business. We are a new, not yet profitable business and we're excited to be a permitted cannabis business helping to diversify San Francisco's economy. We need your help to ensure small businesses can not only survive, but thrive in San Francisco. Thank you for your time. I'll see some of you at tomorrow's SBC meeting.

Sincerely  
Chris Schroeder

Somatik Inc.  
[www.somatik.us](http://www.somatik.us)

--

-Chris Schroeder

Founder, Somatik Inc.  
[www.somatik.us](http://www.somatik.us)  
415-342-3565

171041 / 171042

**From:** jmeds1@yahoo.com  
**Sent:** Sunday, October 22, 2017 1:44 PM  
**To:** Breed, London (BOS); Peskin, Aaron (BOS); Kim, Jane (BOS); Sheehy, Jeff (BOS); Yee, Norman (BOS); Tang, Katy (BOS); Ronen, Hillary; Safai, Ahsha (BOS); Cohen, Malia (BOS); Farrell, Mark (BOS); Major, Erica (BOS); Office of Cannabis (ADM); Somera, Alisa (BOS); Somera, Alisa (BOS); SBC (ECN); Mahajan, Menaka (ECN)  
**Subject:** Public comment regarding Proposed Cannabis Ordinances, BOS File Nos. 171041 and 171042

*Dear Small Business Commission, Office of Cannabis, and Board of Supervisors,*

*My name is Jeffrey and*

*I am writing in support of the two-step registration process suggestion outlined in the Office of Small Business staff report.*

**Step 1:** *ALL existing businesses register and show they were in operation. Reduce amount of information required for registration to be only proof of existence by 9/26. This mirrors Oakland's process, which does not require a location (that requirement is considered a barrier to entry).*

**Step 2:** *Offer a provisional temporary permit to allow nonconforming businesses to move toward compliance.*

*Additionally,*

*It should be possible to share a space/address with other manufacturers or other cannabis businesses. It should mirror the food industry with many caterers or food producers sharing rental space in the same kitchen. The rental market in SF is, as you know, prohibitively expensive, and I am not even breaking even yet as it is. There has to be a way to help small businesses make it work.*

*Sincerely*

*Jeffrey Kolsky  
Director J MEDS*

171041 | 171042

**From:** MoonMan's Mistress <moonmansmistress@gmail.com>  
**Sent:** Sunday, October 22, 2017 2:02 PM  
**To:** Mahajan, Menaka (ECN); SBC (ECN); Office of Cannabis (ADM); alisasomera@sfgov.org; Major, Erica (BOS); Breed, London (BOS); Peskin, Aaron (BOS); Kim, Jane (BOS); Fewer, Sandra (BOS); Sheehy, Jeff (BOS); Yee, Norman (BOS); Tang, Katy (BOS); hillary.ronen@sfgv.org; Safai, Ahsha (BOS); Cohen, Malia (BOS); Farrell, Mark (BOS)  
**Subject:** Public comment regarding Proposed Cannabis Ordinances, BOS File Nos. 171041 and 171042

Dear Small Business Commission, Office of Cannabis, and Board of Supervisors,

My name is Jamel Ramiro and Liz Rudner, Co-Founders of MoonMan's Mistress, an edible manufacturer based out of San Francisco and we agree with the Small Business commission's suggested 2 step registration process.

**Step 1:** ALL existing businesses register and show they were in operation. Reduce amount of information required for registration to be only proof of existence by 9/26. This mirrors Oakland's process, which does not require a location (that requirement is considered a barrier to entry).

**Step 2:** Offer a provisional temporary permit to allow nonconforming businesses to move toward compliance. Additionally,

It should be possible to share a space/address with other manufacturers or other cannabis businesses. It should mirror the food industry with many caterers or food producers sharing rental space in the same kitchen. The rental market in SF is, as you know, prohibitively expensive, and I am not even breaking even yet as it is. There has to be a way to help small businesses make it work.

We truly appreciate your consideration and support as a very small business in this industry doing it's best to stay compliant with all the rules and regulations. Thank you.

Sincerely,

Jamel Ramiro & Liz Rudner  
Co-Founders, MoonMan's Mistress  
[www.moonmansmistress.com](http://www.moonmansmistress.com)

--  
[www.moonmansmistress.com](http://www.moonmansmistress.com)  
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BOARD of SUPERVISORS



City Hall  
Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

October 4, 2017

File No. 171041-2

Lisa Gibson  
Acting Environmental Review Officer  
Planning Department  
1650 Mission Street, Ste. 400  
San Francisco, CA 94103

Dear Ms. Gibson:

On October 3, 2017, Mayor Lee introduced the following substitute legislation:

**File No. 171041-2**

**Ordinance amending the Planning Code to 1) regulate cannabis land uses, including, among other things, adult use cannabis retail, Medical Cannabis Dispensaries, delivery-only services, manufacture of cannabis products, cannabis cultivation, and cannabis testing; 2) allow Medical Cannabis Dispensaries in additional zoning districts; 3) establish a land use process for the conversion of existing Medical Cannabis Dispensaries to Cannabis Retail establishments; 4) establish location and operating conditions for cannabis uses; 5) repeal Ordinance No. 186-17, which limited the number of medical cannabis dispensaries in Supervisorial District 11; and 6) delete superseded Planning Code provisions; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1, and public necessity, convenience and welfare findings pursuant to Planning Code, Section 302.**

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

A handwritten signature in cursive script, appearing to read "Erica Major".

By: Erica Major, Assistant Clerk  
Land Use and Transportation Committee

Attachment

c: Joy Navarrete, Environmental Planning  
Laura Lynch, Environmental Planning

BOARD of SUPERVISORS



City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

October 4, 2017

Planning Commission  
Attn: Jonas Ionin  
1650 Mission Street, Ste. 400  
San Francisco, CA 94103

Dear Commissioners:

On October 3, 2017, Mayor Lee introduced the following substitute legislation:

**File No. 171041-2**

**Ordinance amending the Planning Code to 1) regulate cannabis land uses, including, among other things, adult use cannabis retail, Medical Cannabis Dispensaries, delivery-only services, manufacture of cannabis products, cannabis cultivation, and cannabis testing; 2) allow Medical Cannabis Dispensaries in additional zoning districts; 3) establish a land use process for the conversion of existing Medical Cannabis Dispensaries to Cannabis Retail establishments; 4) establish location and operating conditions for cannabis uses; 5) repeal Ordinance No. 186-17, which limited the number of medical cannabis dispensaries in Supervisorial District 11; and 6) delete superseded Planning Code provisions; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1, and public necessity, convenience and welfare findings pursuant to Planning Code, Section 302.**

The proposed ordinance is being transmitted pursuant to Planning Code, Section 302(b), for public hearing and recommendation. The ordinance is pending before the Land Use and Transportation Committee and will be scheduled for hearing upon receipt of your response.

Angela Calvillo, Clerk of the Board

A handwritten signature in cursive script, appearing to read "Erica Major".

By: Erica Major, Assistant Clerk  
Land Use and Transportation Committee

c: John Rahaim, Director of Planning  
Aaron Starr, Manager of Legislative Affairs  
Scott Sanchez, Zoning Administrator  
Lisa Gibson, Acting Environmental Review Officer  
AnMarie Rodgers, Senior Policy Advisor  
Joy Navarrete, Environmental Planning  
Laura Lynch, Environmental Planning

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TDD/TTY No. 554-5227

## MEMORANDUM

TO: Nicole Elliott, Director, Office of Cannabis  
Barbara A. Garcia, Director, Department of Public Health  
William Scott, Police Chief, Police Department  
Phil Ginsburg, General Manager, Recreation and Parks Department  
Dr. Vincent Matthews, Superintendent, San Francisco Unified School District

FROM: Erica Major, Assistant Clerk, Land Use and Transportation Committee

DATE: October 4, 2017

SUBJECT: SUBSTITUTE LEGISLATION

---

The Board of Supervisors' Land Use and Transportation Committee has received the following substitute legislation, introduced by Mayor Lee on October 3, 2017:

**File No. 171041-2**

**Ordinance amending the Planning Code to 1) regulate cannabis land uses, including, among other things, adult use cannabis retail, Medical Cannabis Dispensaries, delivery-only services, manufacture of cannabis products, cannabis cultivation, and cannabis testing; 2) allow Medical Cannabis Dispensaries in additional zoning districts; 3) establish a land use process for the conversion of existing Medical Cannabis Dispensaries to Cannabis Retail establishments; 4) establish location and operating conditions for cannabis uses; 5) repeal Ordinance No. 186-17, which limited the number of medical cannabis dispensaries in Supervisorial District 11; and 6) delete superseded Planning Code provisions; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1, and public necessity, convenience and welfare findings pursuant to Planning Code, Section 302.**

If you have comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: [erica.major@sfgov.org](mailto:erica.major@sfgov.org).

c: Greg Wagner, Department of Public Health  
Colleen Chawla, Department of Public Health  
Rowena Carr, Police Department  
Kristine Demafeliz, Police Department  
Sarah Madland, Recreation and Parks Department  
Viva Mogi, San Francisco Unified School District  
Esther Casco, San Francisco Unified School District  
Danielle Houck, San Francisco Unified School District

BOARD of SUPERVISORS



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San Francisco 94102-4689  
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Fax No. 554-5163  
TDD/TTY No. 554-5227

## MEMORANDUM

TO: Nicole Elliott, Director, Office of Cannabis  
Barbara A. Garcia, Director, Department of Public Health  
William Scott, Police Chief, Police Department  
Phil Ginsburg, General Manager, Recreation and Parks Department  
Dr. Vincent Matthews, Superintendent, San Francisco Unified School District

FROM: Erica Major, Assistant Clerk, Land Use and Transportation Committee

DATE: October 2, 2017

SUBJECT: LEGISLATION INTRODUCED

---

The Board of Supervisors' Land Use and Transportation Committee has received the following proposed legislation, introduced by Mayor Lee on September 26, 2017:

**File No. 171041**

**Ordinance amending the Planning Code to 1) regulate cannabis land uses, including, among other things, adult use cannabis retail, Medical Cannabis Dispensaries, delivery-only services, manufacture of cannabis products, cannabis cultivation, and cannabis testing; 2) allow Medical Cannabis Dispensaries in additional zoning districts; 3) establish a land use process for the conversion of existing Medical Cannabis Dispensaries to Cannabis Retail establishments; 4) establish location and operating conditions for cannabis uses; 5) repeal Ordinance No. 186-17, which limited the number of medical cannabis dispensaries in Supervisorial District 11; and 6) delete superseded Planning Code provisions; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1, and public necessity, convenience and welfare findings pursuant to Planning Code, Section 302.**

If you have comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: [erica.major@sfgov.org](mailto:erica.major@sfgov.org).

c: Greg Wagner, Department of Public Health  
Colleen Chawla, Department of Public Health  
Rowena Carr, Police Department  
Kristine Demafeliz, Police Department  
Sarah Madland, Recreation and Parks Department  
Viva Mogi, San Francisco Unified School District  
Esther Casco, San Francisco Unified School District  
Danielle Houck, San Francisco Unified School District

BOARD of SUPERVISORS



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Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

# MEMORANDUM

TO: Regina Dick-Endrizzi, Director  
Small Business Commission, City Hall, Room 448

FROM: Erica Major, Assistant Clerk  
Land Use and Transportation Committee

DATE: October 2, 2017

SUBJECT: REFERRAL FROM BOARD OF SUPERVISORS  
Land Use and Transportation Committee

The Board of Supervisors' Land Use and Transportation Committee has received the following legislation, which is being referred to the Small Business Commission for comment and recommendation. The Commission may provide any response it deems appropriate within 12 days from the date of this referral.

**File No. 171041**

Ordinance amending the Planning Code to 1) regulate cannabis land uses, including, among other things, adult use cannabis retail, Medical Cannabis Dispensaries, delivery-only services, manufacture of cannabis products, cannabis cultivation, and cannabis testing; 2) allow Medical Cannabis Dispensaries in additional zoning districts; 3) establish a land use process for the conversion of existing Medical Cannabis Dispensaries to Cannabis Retail establishments; 4) establish location and operating conditions for cannabis uses; 5) repeal Ordinance No. 186-17, which limited the number of medical cannabis dispensaries in Supervisorial District 11; and 6) delete superseded Planning Code provisions; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1, and public necessity, convenience and welfare findings pursuant to Planning Code, Section 302.

Please return this cover sheet with the Commission's response to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

\*\*\*\*\*

RESPONSE FROM SMALL BUSINESS COMMISSION - Date: \_\_\_\_\_

No Comment

Recommendation Attached

\_\_\_\_\_  
Chairperson, Small Business Commission

c: Menaka Mahajan, Small Business Commission

BOARD of SUPERVISORS



City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

October 2, 2017

Planning Commission  
Attn: Jonas Ionin  
1650 Mission Street, Ste. 400  
San Francisco, CA 94103

Dear Commissioners:

On September 26, 2017, Mayor Lee introduced the following legislation:

**File No. 171041**

**Ordinance amending the Planning Code to 1) regulate cannabis land uses, including, among other things, adult use cannabis retail, Medical Cannabis Dispensaries, delivery-only services, manufacture of cannabis products, cannabis cultivation, and cannabis testing; 2) allow Medical Cannabis Dispensaries in additional zoning districts; 3) establish a land use process for the conversion of existing Medical Cannabis Dispensaries to Cannabis Retail establishments; 4) establish location and operating conditions for cannabis uses; 5) repeal Ordinance No. 186-17, which limited the number of medical cannabis dispensaries in Supervisorial District 11; and 6) delete superseded Planning Code provisions; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1, and public necessity, convenience and welfare findings pursuant to Planning Code, Section 302.**

The proposed ordinance is being transmitted pursuant to Planning Code, Section 302(b), for public hearing and recommendation. The ordinance is pending before the Land Use and Transportation Committee and will be scheduled for hearing upon receipt of your response.

Angela Calvillo, Clerk of the Board

A handwritten signature in cursive script, appearing to read "Erica Major".

By: Erica Major, Assistant Clerk  
Land Use and Transportation Committee

c: John Rahaim, Director of Planning  
Aaron Starr, Manager of Legislative Affairs  
Scott Sanchez, Zoning Administrator  
Lisa Gibson, Acting Environmental Review Officer  
AnMarie Rodgers, Senior Policy Advisor  
Joy Navarrete, Environmental Planning  
Laura Lynch, Environmental Planning

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October 2, 2017

Planning Commission  
Attn: Jonas Ionin  
1650 Mission Street, Ste. 400  
San Francisco, CA 94103

Dear Commissioners:

On September 26, 2017, Mayor Lee introduced the following legislation:

**File No. 171041**

**Ordinance amending the Planning Code to 1) regulate cannabis land uses, including, among other things, adult use cannabis retail, Medical Cannabis Dispensaries, delivery-only services, manufacture of cannabis products, cannabis cultivation, and cannabis testing; 2) allow Medical Cannabis Dispensaries in additional zoning districts; 3) establish a land use process for the conversion of existing Medical Cannabis Dispensaries to Cannabis Retail establishments; 4) establish location and operating conditions for cannabis uses; 5) repeal Ordinance No. 186-17, which limited the number of medical cannabis dispensaries in Supervisorial District 11; and 6) delete superseded Planning Code provisions; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1, and public necessity, convenience and welfare findings pursuant to Planning Code, Section 302.**

The proposed ordinance is being transmitted pursuant to Planning Code, Section 302(b), for public hearing and recommendation. The ordinance is pending before the Land Use and Transportation Committee and will be scheduled for hearing upon receipt of your response.

Angela Calvillo, Clerk of the Board

A handwritten signature in cursive script, appearing to read "Erica Major".

By: Erica Major, Assistant Clerk  
Land Use and Transportation Committee

c: John Rahaim, Director of Planning  
Aaron Starr, Manager of Legislative Affairs  
Scott Sanchez, Zoning Administrator  
Lisa Gibson, Acting Environmental Review Officer  
AnMarie Rodgers, Senior Policy Advisor  
Joy Navarrete, Environmental Planning  
Laura Lynch, Environmental Planning

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TDD/TTY No. 554-5227

October 2, 2017

File No. 171041

Lisa Gibson  
Acting Environmental Review Officer  
Planning Department  
1650 Mission Street, Ste. 400  
San Francisco, CA 94103

Dear Ms. Gibson:

On September 26, 2017, Mayor Lee introduced the following proposed legislation:

**File No. 171041**

**Ordinance amending the Planning Code to 1) regulate cannabis land uses, including, among other things, adult use cannabis retail, Medical Cannabis Dispensaries, delivery-only services, manufacture of cannabis products, cannabis cultivation, and cannabis testing; 2) allow Medical Cannabis Dispensaries in additional zoning districts; 3) establish a land use process for the conversion of existing Medical Cannabis Dispensaries to Cannabis Retail establishments; 4) establish location and operating conditions for cannabis uses; 5) repeal Ordinance No. 186-17, which limited the number of medical cannabis dispensaries in Supervisorial District 11; and 6) delete superseded Planning Code provisions; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1, and public necessity, convenience and welfare findings pursuant to Planning Code, Section 302.**

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

A handwritten signature in cursive script, appearing to read "Erica Major".

By: Erica Major, Assistant Clerk  
Land Use and Transportation Committee

c: Joy Navarrete, Environmental Planning  
Laura Lynch, Environmental Planning

OFFICE OF THE MAYOR  
SAN FRANCISCO



EDWIN M. LEE

TO: Angela Calvillo, Clerk of the Board of Supervisors  
FROM: *EW* Mayor Edwin M. Lee *[Signature]*  
RE: Substitute Ordinance – File 171041 - Planning Code - Cannabis  
Regulation  
DATE: October 3, 2017

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Attached for introduction to the Board of Supervisors is a substitute ordinance amending the Planning Code to 1) regulate cannabis land uses, including, among other things, adult use cannabis retail, Medical Cannabis Dispensaries, delivery-only services, manufacture of cannabis products, cannabis cultivation, and cannabis testing; 2) allow Medical Cannabis Dispensaries in additional zoning districts; 3) establish a land use process for the conversion of existing Medical Cannabis Dispensaries to Cannabis Retail establishments; 4) establish location and operating conditions for cannabis uses; 5) repeal Ordinance No. 186-17, which limited the number of medical cannabis dispensaries in Supervisorial District 11; and 6) delete superseded Planning Code provisions; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan and the eight priority policies of Planning Code, Section 101.1, and public necessity, convenience, and welfare findings pursuant to Planning Code, Section 302.

Please note that this legislation is co-sponsored by Supervisor Sheehy.

Should you have any questions, please contact Mawuli Tugbenyoh (415) 554-5168.

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO  
2017 OCT -3 PM 2:55  
*[Signature]*

OFFICE OF THE MAYOR  
SAN FRANCISCO



EDWIN M. LEE  
BOARD OF SUPERVISORS  
2017 SEP 26 PM 4:13  
AK

TO: Angela Calvillo, Clerk of the Board of Supervisors  
FROM: Mayor Edwin M. Lee  
RE: Planning Code - Cannabis Regulation  
DATE: September 26, 2017

Attached for introduction to the Board of Supervisors is an ordinance amending the Planning Code to 1) regulate cannabis land uses, including, among other things, adult use cannabis retail, Medical Cannabis Dispensaries, delivery-only services, manufacture of cannabis products, cannabis cultivation, and cannabis testing; 2) allow Medical Cannabis Dispensaries in additional zoning districts; 3) establish a land use process for the conversion of existing Medical Cannabis Dispensaries to Cannabis Retail establishments; 4) establish location and operating conditions for cannabis uses; 5) repeal Ordinance No. 186-17, which limited the number of medical cannabis dispensaries in Supervisorial District 11; and 6) delete superseded Planning Code provisions; and affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan and the eight priority policies of Planning Code, Section 101.1, and public necessity, convenience and welfare findings pursuant to Planning Code, Section 302.

I respectfully request that this item be heard in Land Use Committee.

Please note that this legislation is co-sponsored by Supervisor Sheehy.

Should you have any questions, please contact Mawuli Tugbenyoh (415) 554-5168.