City of SACRAMENTO

Cannabis Study & Title 17 Amendments

September 19, 2024

Virtual Webinar #2

Agenda & Meeting Format

1. Background
2. City Council Policy Direction
   - Analysis & Preliminary Recommendations
   - Survey Questions
3. Project Timeline & Updates
4. Q&A

- If you have questions during the presentation, ask it in the Q&A tab!
- You can ask questions anomalously
- Not going to discuss Consumption Lounges

Background – How We Got Here

- Council directed study preparation in 2021
- Study purpose:
  - Evaluate City's cannabis program
  - Track industry evolution
  - Guide future cannabis policy

- Study completed in 2022
- Findings on cannabis businesses:
  - Do not negatively impact surrounding uses
  - Do not increase crime
  - Are good neighbors

Policy Direction

1. Review cannabis zoning regulation purpose(s)
2. Consider additional zones for dispensaries in RMX & C-3 zones
3. Consider additional zones for nonvolatile manufacturing
4. Reevaluate sensitive use buffers
5. Evaluate mixed-light facilities
6. Consider cannabis R&D uses & zones
7. Remove distribution from district-based cap

Policy Direction Point #1

Review current cannabis business zoning to determine if they continue to serve the purpose for which they were adopted

Issues

- Most cannabis land uses require CUP
- CUP purpose = land uses "that are known to have a distinct impact on the area" and which "are capable of creating special problems"
- CUPs = $7,000-$14,000, 4-9 months to process
- Public discourse on CUP applications:
  - Cannabis should not be legal / is harmful / leads to crime
  - Excessive regulations inhibits repair to harm from past practices

Land Use Permitting Options

By-Right	Administrative Permit	Conditional Use Permit
• No application • No cost • Business license	• Ministerial • Objective standards • Staff level review • Low cost: $500-$1,200 • 1 to 2-months	• Discretionary • Objective standards + ad hoc requirements • PDC or ZA Review • High cost: $7 to $14k • 4 to 9-months

Existing Cannabis Permit Requirements

Existing Land Use Permit Requirements for Cannabis Businesses						
	Dispensary	Cultivation	Distribution	Nonvolatile Manufacturing	Volatile Manufacturing	Testing
By-Right/No Permit			✓ 1	✓ 2		✓
Ministerial Permit						
Discretionary Permit	✓	✓	✓	✓ 3	✓	

1. Type-S and Type-T distribution licenses allowed by-right.
2. Packaging, labeling, and infusion uses allowed by-right.
3. Nonvolatile extraction subject to CUP.

Recommended Cannabis Permit Requirements

Recommended Land Use Permit Requirements for Cannabis Businesses						
	Dispensary	Cultivation	Distribution	Nonvolatile Manufacturing	Volatile Manufacturing	Testing
By-Right/No Permit						
Ministerial Permit	✓	✓	✓	✓	✓	✓
Discretionary Permit						

Rationale

- Admin Permit aligns w/ known impacts of land use
  - No distinct impacts
  - Not capable of creating special problems
- Permit verifies compliance w/ standards
- Other business standards still required (i.e., odor control & Security Plans)

Results of permit type change:

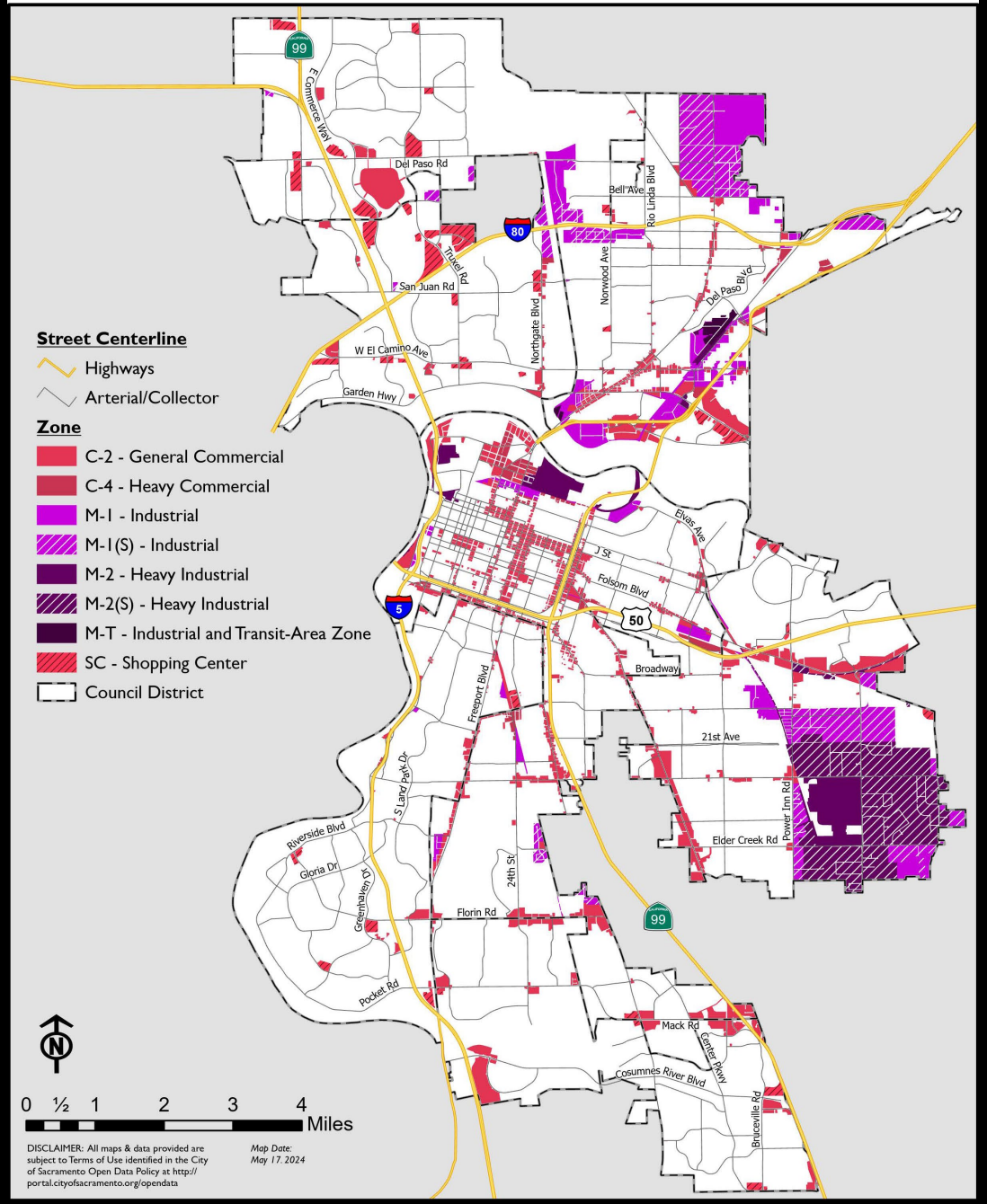
- Permitting risk is removed
- Permit application fees are ~10% of current cost
- Permit review timeframe is ~25% of current average processing time

Survey Questions

Policy Direction Point #2

Consider additional zones for dispensaries & allowing storefront dispensaries in RMX and C-3

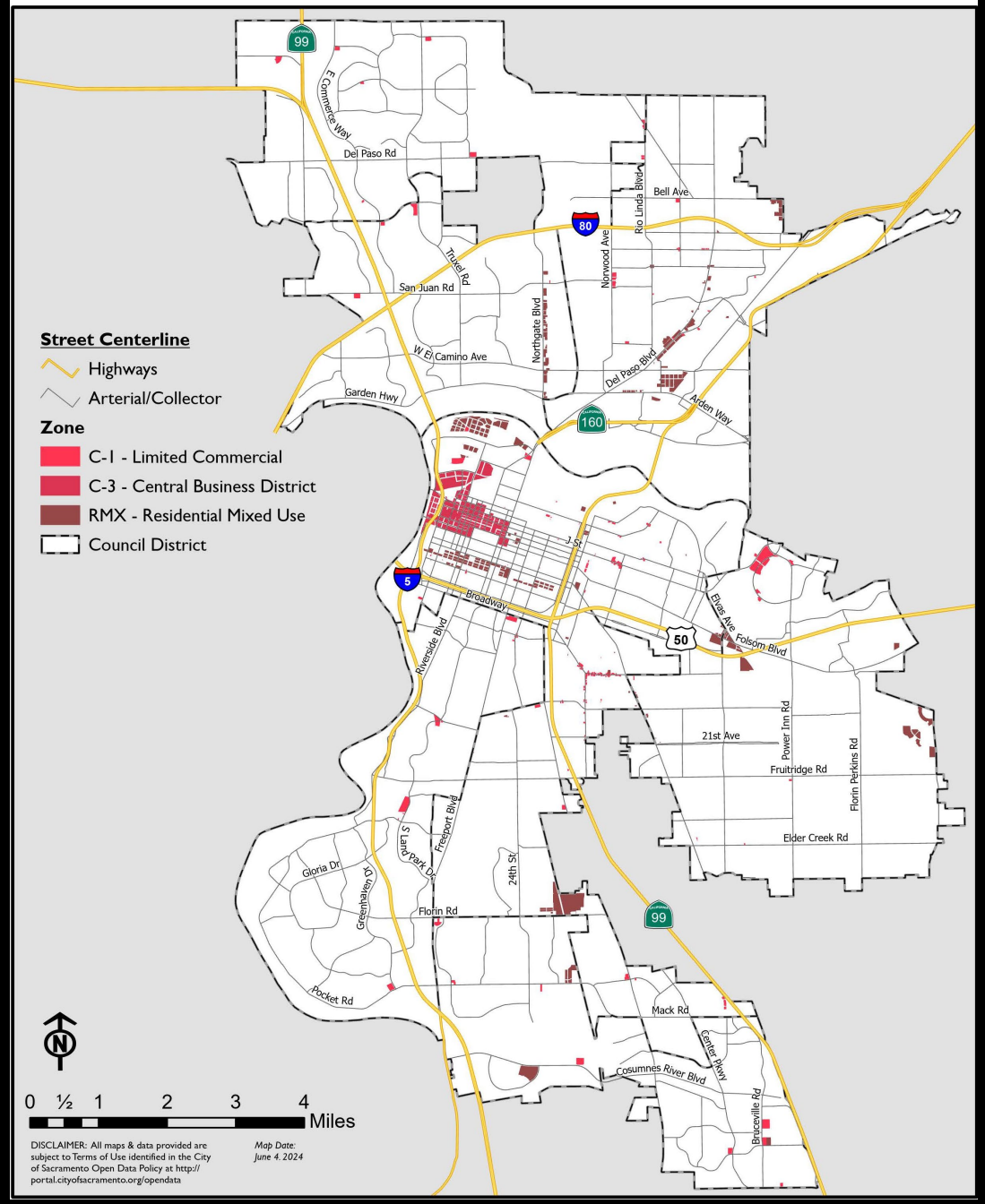
Zoning | SC, C-2, C-4, M-1, M-1(S), M-2, M-2(S), M-T



Available Zoning Districts

Residential Mixed Use	Commercial, Office, and Mixed Use	Not Recommend for Consideration
• RMX • RO	• OB • EC • C-1 • C-3	• Agricultural zones • Residential zones • Industrial zones • Miscellaneous zones

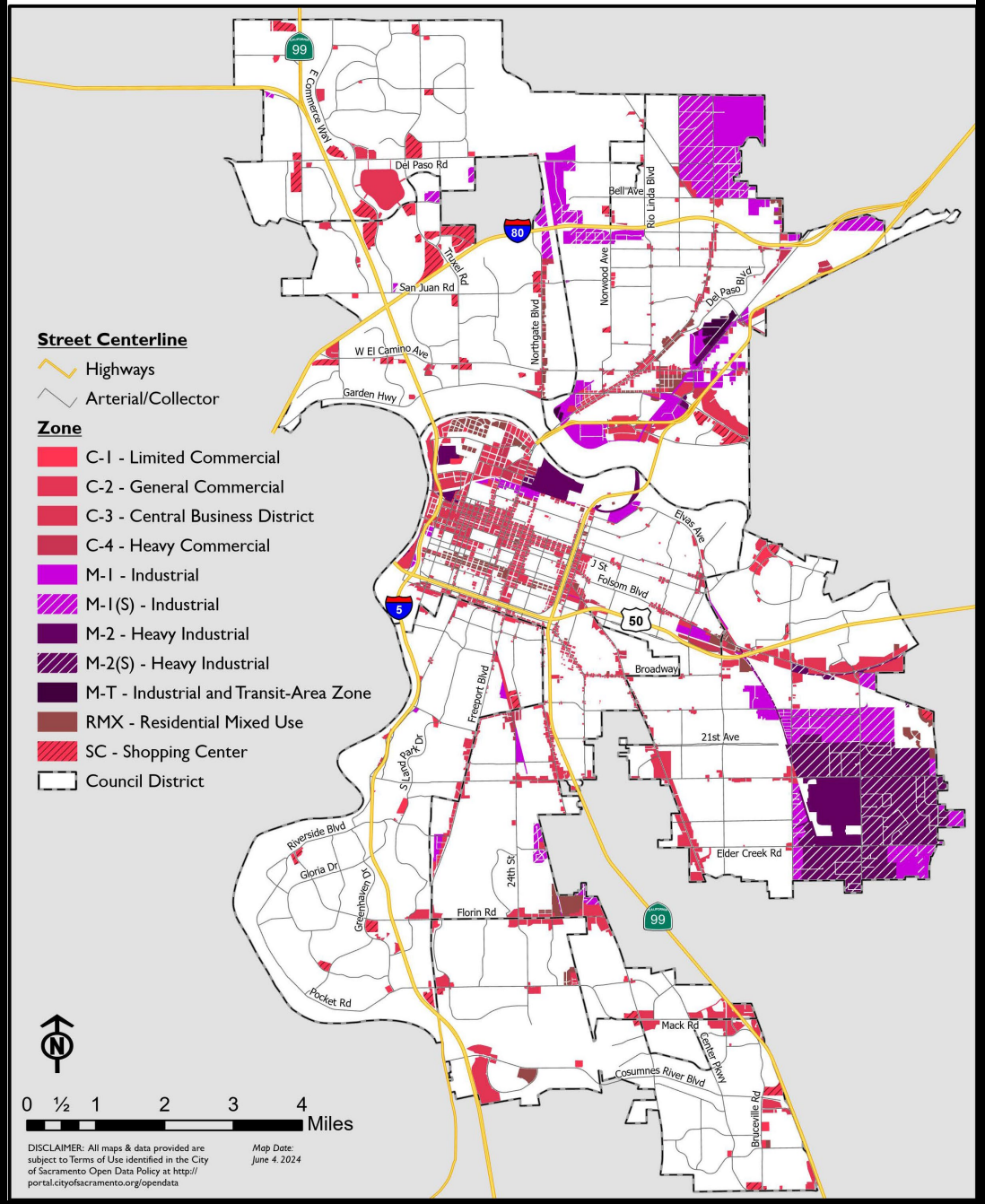
Zoning | RMX, C-1, C-3



DISCLAIMER: All maps & data provided are subject to Terms of Use identified in the City of Sacramento Open Data Policy at http://portal.cityofsacramento.org/opendata

Map Date: June 4, 2024

Zoning | RMX, SC, C-1, C-2, C-3, C-4, M-1, M-1(S), M-2, M-2(S), M-T

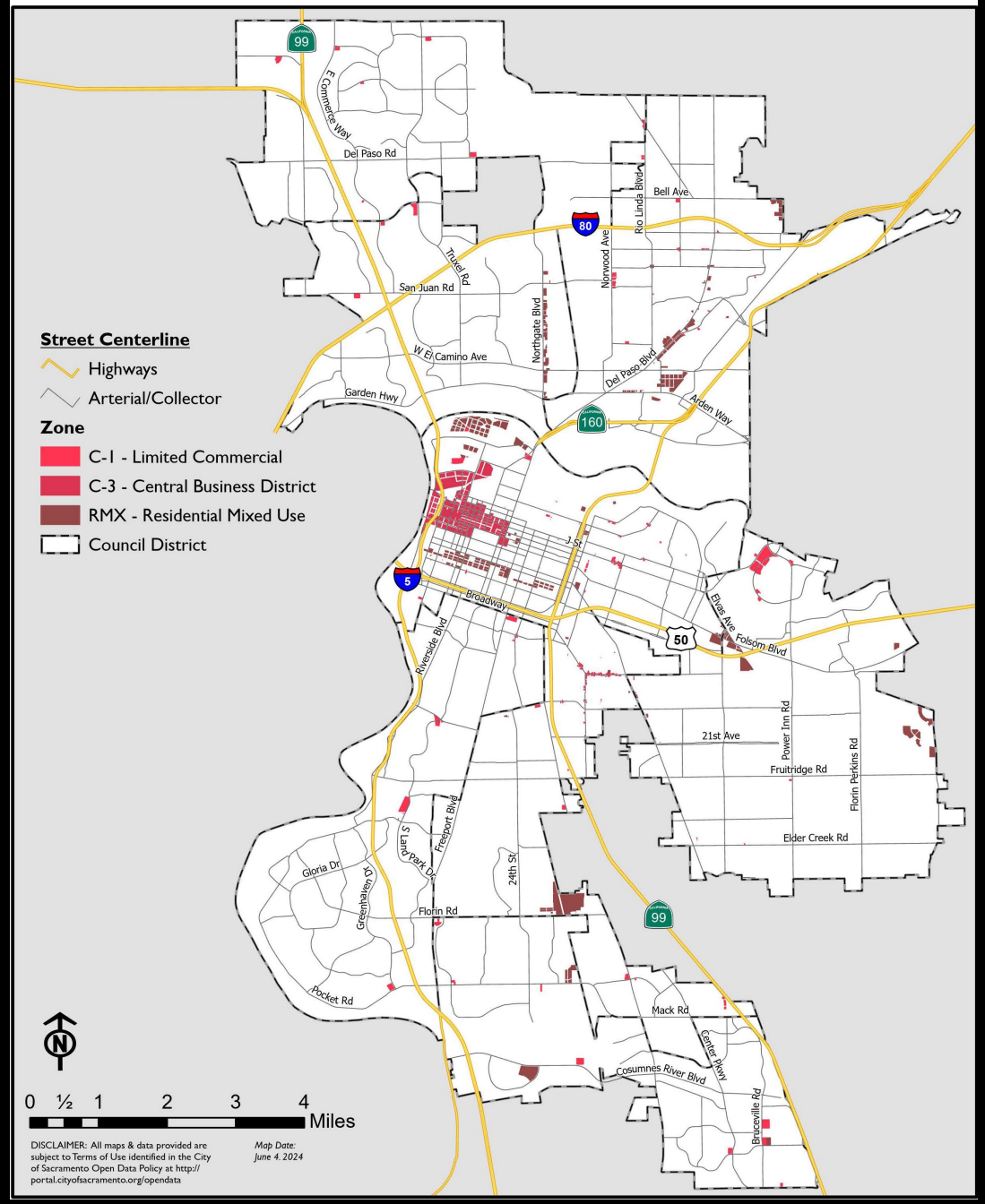


Rationale

- Small but focused increase
  - More opportunities outside of industrial areas
  - Negligible increase outside of central city
- Walkable areas (i.e., central city)
- Areas near transit (i.e., south)

Survey Questions

Zoning | RMX, C-1, C-3



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Map Date: June 4, 2024

Recommended Delivery-Only Zones

- No additional zones

Rationale:

- Industrial areas suited for operational needs
  - ~30% located in commercial zones
- Allowed in most industrial zones
- Benefit from other recommendations

Policy Direction Point #4

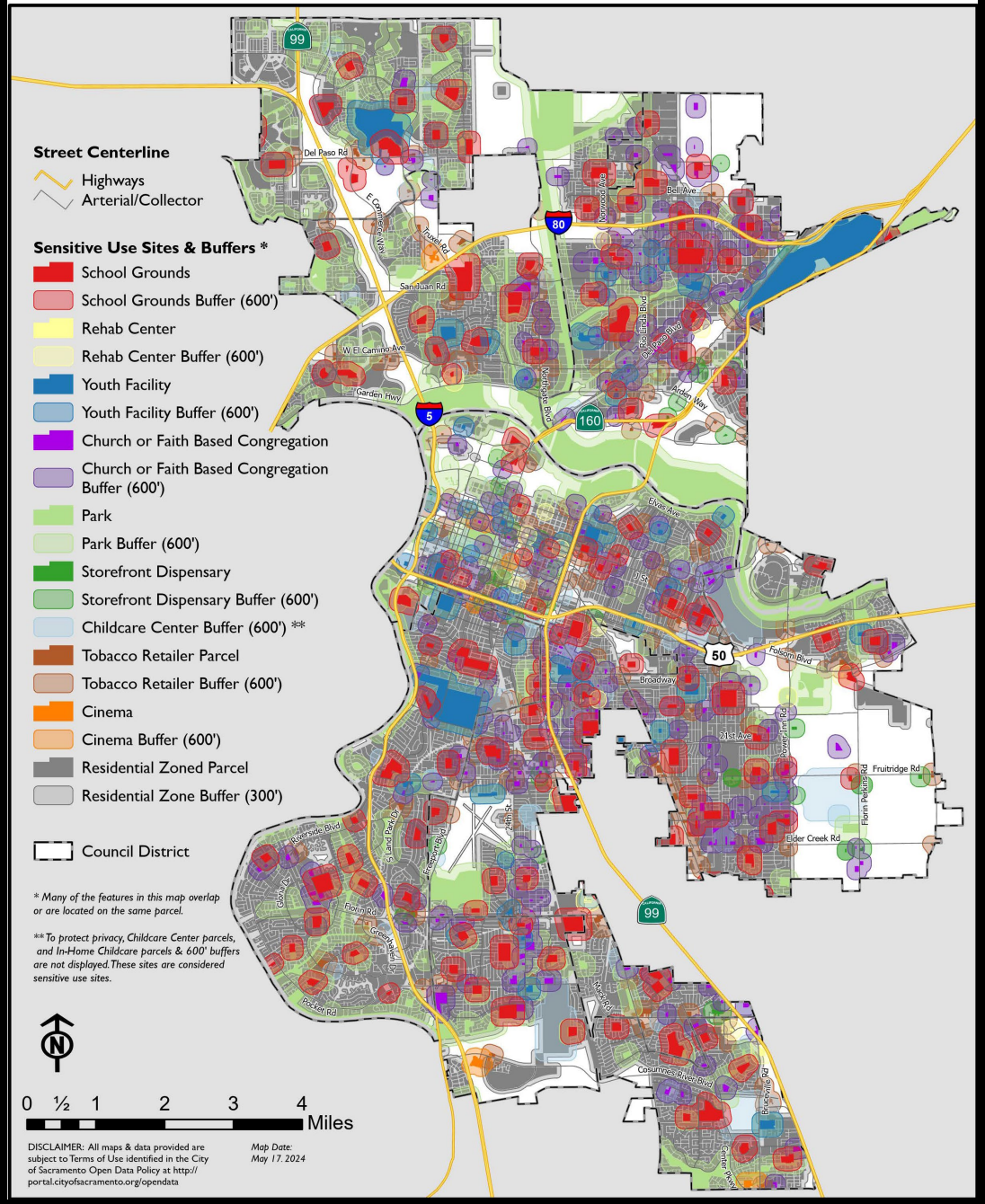
Consider limiting cannabis sensitive uses to schools, youth-oriented facilities, drug and treatment centers, faith-based institutions, and neighborhood and community parks

Issues

- No studies on “sensitive uses”
  - What is a sensitive use?
- State default = school, daycare, & “youth center”
- Best practices of other cities vary largely
  - Most common = schools, parks, & youth uses

- Current regs = 92% of cannabis zones w/in buffer
- Can locate w/in buffer w/ PDC approval
  - 82% of storefront w/in buffer
- Some sensitive uses = hard to track/verify some uses

Sensitive Use Sites & Buffers



Current Sensitive Uses

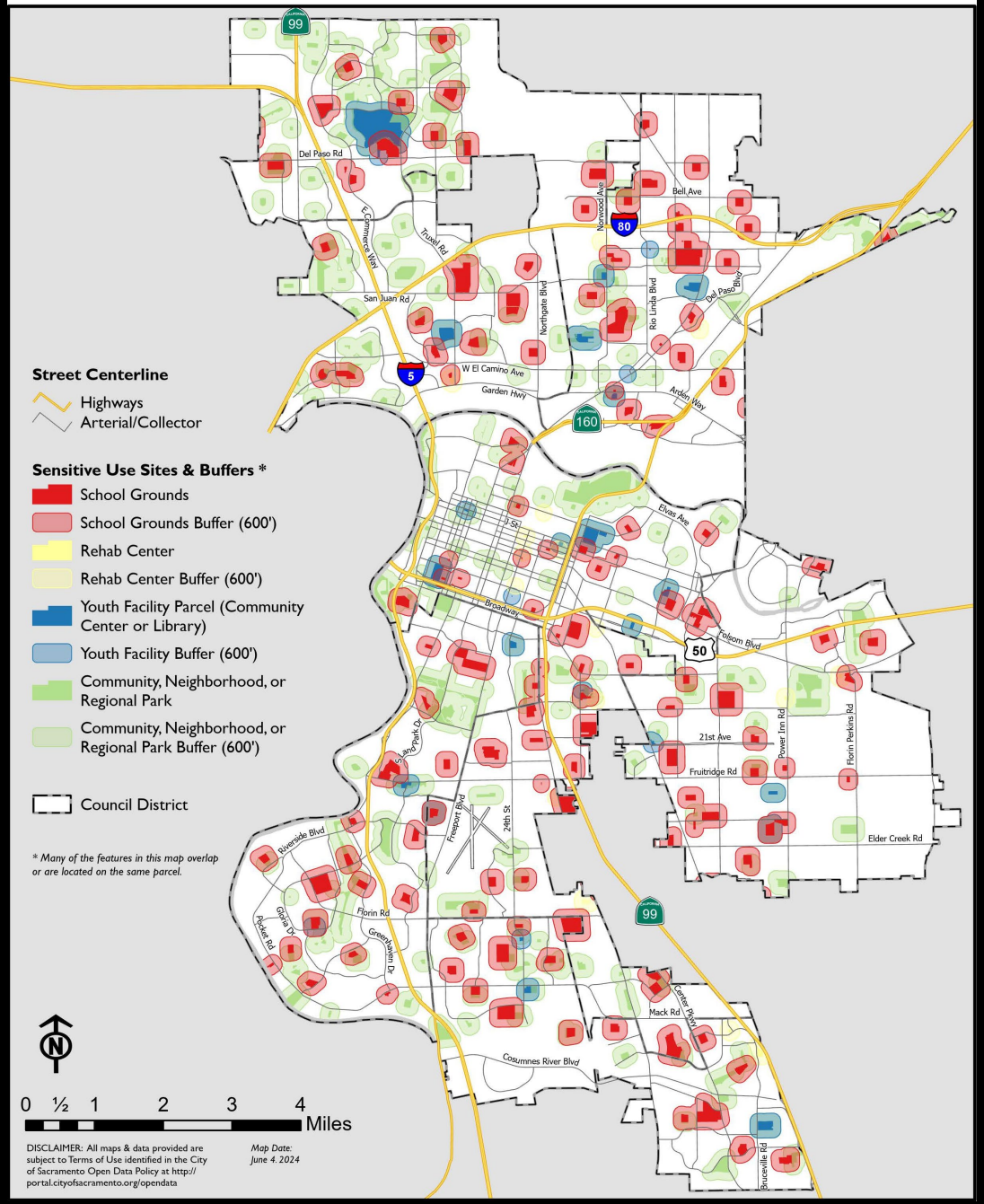
Cannabis Dispensary	Cannabis Production	Cannabis Testing
K-12 School	K-12 School	K-12 School
Park	Neighborhood & Community Park	
Youth-Oriented Facility		
Substance Abuse Rehabilitation Center		
Faith-Based Institution		
Childcare In-home/Center		
Other Dispensary		
Cinema		
Tobacco Retailer		
Residential Zone		

Recommended Sensitive Uses - Dispensary

K-12 School
~~Park~~ ***Neighborhood, Community, or Regional Park***
~~Youth-Oriented Facility~~ ***Community Center*** ***Library***
Substance Abuse Rehabilitation Center
~~Faith-Based Institution~~
~~Childcare In-home/Center~~
~~Other Dispensary~~
~~Cinema~~
~~Tobacco Retailer~~
~~Residential Zone~~

- Revised criteria
- Remove use
- Maintain 600’ foot buffer requirement
- All buffers mandatory

Revised Sensitive Use Sites & Buffers



Survey Questions

Sensitive Uses – Cannabis Production

Current Sensitive Uses:

- K-12 School
- Neighborhood or community park

Recommended Sensitive Uses:

- K-12 School
- ~~Neighborhood or community park~~

Rationale:

- Minimal instances of production near parks
  - 4 out of 243 or 1.6%
- Production locates predominately in industrial areas
  - Industrial areas typically not near parks
- No retail sales, difficult to differentiate

Policy Direction Point #5

Consider the suitability of mixed-light cannabis uses

Issues

- Cultivation = largest cannabis business sector
- Differs from conventional buildings (i.e., translucent roof)

Raised concerns:

- Light pollution
- Odor
- Building reuse/adaptation

Mixed-Light Facilities

Existing & Proposed:

- 8280 Elder Creek Road

  Status: Constructed & operating

- 8580 Elder Creek Road

  Status: Not constructed; CUP expired

Mixed-Light Recommendation

- No recommended amendments

Rationale:

- Minimal instances (1 out of 127 cultivation sites)
- Recent slowdown in cultivation applications
- Can be adapted for traditional agriculture uses
- Staff research found no light pollution, odor, or security problems

Policy Direction Point #7

Consider removing cannabis distribution from the current uses subject to a district-based square footage cap

Issues

- In 2018, rush of cultivation CUP applications
  - SE industrial area had 116 out of 213 applications
  - ~2.8 million sf of *approved* cultivation floor area
- Cultivation was primary concern
  - Minimal manufacturing & distribution CUPs in 2018

Distribution Recommendation

Recommendation:

- Exclude distribution from floor area cap

Rationale:

- Cultivation = primary driver for cap
- Recent slowdown in cultivation apps.
- Decrease in cultivation
  - 1,920,745 sf of entitled floor area
  - 579,255 sf of available floor area

Policy Direction Point #3

Consider additional zones for nonvolatile manufacturing including infusion and packaging

Issues

- Cannabis manufacturing = high growth potential
- Significant role in other cannabis business sectors
- Can allowed zones accommodate growth?
- Allowed in all industrial zones + C-2 & C-4
- Nonvolatile extraction requires CUP

Recommendation - Nonvolatile Manufacturing

- No additional zones

Rationale:

- Manufacturing uses best suited for industrial zones
  - Currently allowed in all industrial zones
  - ~93% existing manufacturers located in industrial zones
- Benefit from Admin permit for nonvolatile extraction

Policy Direction Point #6

Consider zoning and a permit type for cannabis research and development

Issues

- No State license type for cannabis R&D
- No uniform or common definition of cannabis R&D
- Minimal # of private sector cannabis R&D businesses
- Potential manufacturing growth could increase cannabis R&D?
- Do current cannabis zoning regs. account for cannabis R&D?
- “Research & Laboratory” uses include cannabis R&D?

Cannabis R&D Recommendation

- Amend “cannabis testing” definition to include cannabis R&D

Rationale:

- Best suited to expand into cannabis R&D sector
- Low regulatory barrier for cannabis testing uses
- Market demand for R&D?
  - State leveraging public colleges – exclusive cannabis R&D grants

Project Timeline

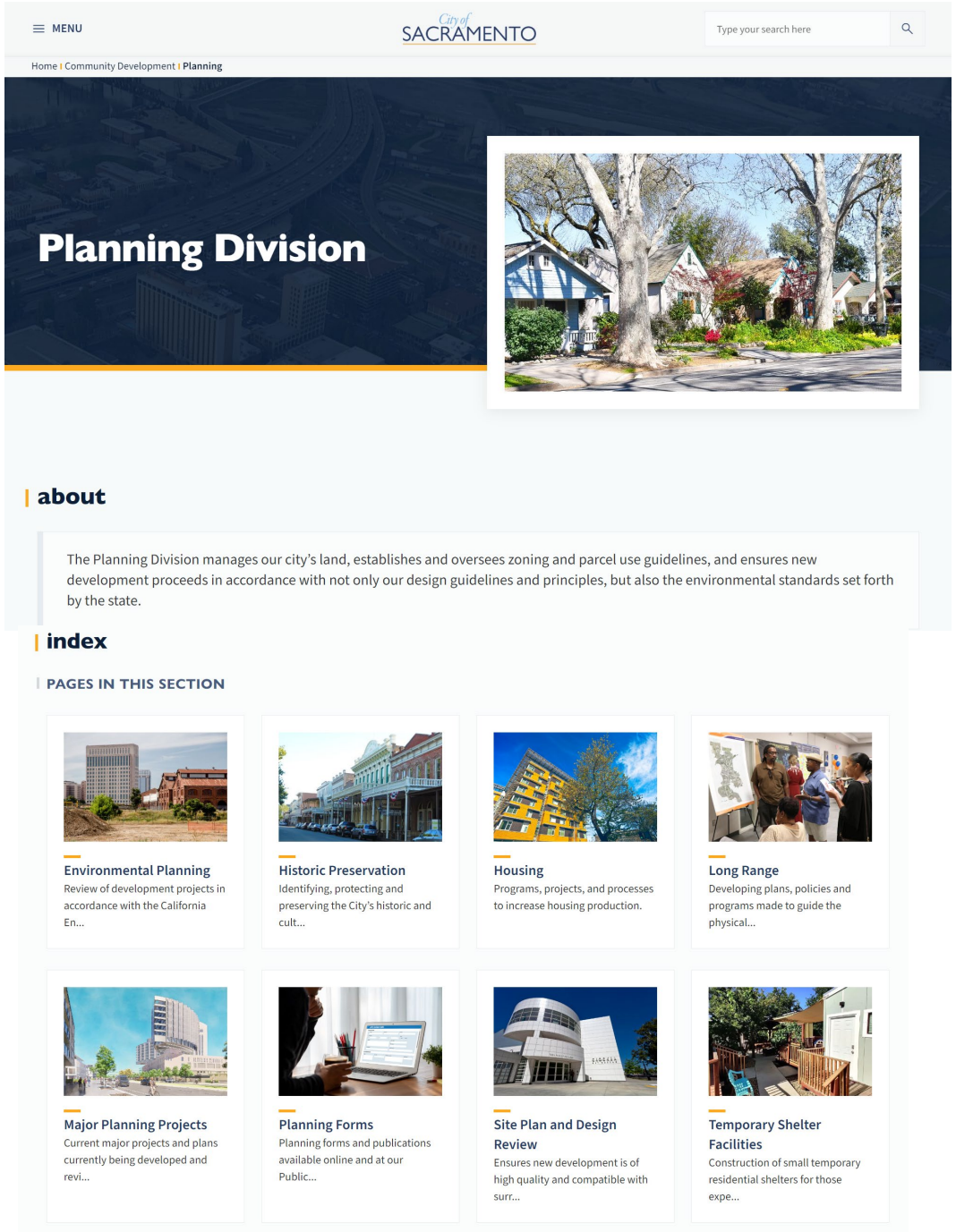
Upcoming Activities:

- November: draft ordinance review process
- Notice of public meetings will be sent to email notification list

Project Website

- Title 17 Cannabis Amendments Project
- Planning Division's webpage > Major Planning Projects
- Project info, recommendations, email notification sign-up

www.cityofsacramento.gov/community-development/planning/major-projects/Title17CannabisAmendments



Thank you

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