



News from: **City of Oakland**

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City Announces First Cannabis Dispensary Permit Recipients Under Equity Program
Groundbreaking Program Aims to Correct Past Disparities, Remove Barriers

Oakland, CA — The City of Oakland held a public drawing today to select qualified individuals and businesses to be eligible for four (4) new cannabis dispensary permits made available specifically to equity applicants. Those selected were Alphonso T. Blunt Jr., Marshall Crosby, Rickey McCullough, and Zhongzhang Yan.

In addition to the four dispensary permits reserved for equity applicants, the City also announced businesses that have qualified for four (4) dispensary permits that were available to both equity and non-equity applicants: Kanna, Inc., Have a Heart, Ron Leggett, and Three Turkeys Management, LLC.

The general permit applications were selected by a panel of City staff based on applicants' scores on the dispensary permit application. The applications were evaluated for business, security, odor mitigation, and neighborhood beautification plans; compliance with state and local laws; and offered points for local ownership, incubation of equity businesses, and commitments to hire and purchase products locally.

Of the four new dispensary permits that were selected via competitive scoring process:

- Three of the four permits are Oakland-owned businesses
- Two of the four are equity-owned businesses
- 90% of all employees will be Oakland residents
- 50% of all employees will be formerly incarcerated, current Oakland residents
- 50% of product will be sourced from equity businesses
- 29 equity businesses will be provided free rent and security for three years by these dispensary permit recipients

Combined with the four permits selected via public drawing on January 31, 2018, this means that six of the next eight new dispensary permits will be equity-owned businesses and seven of the next eight will be Oakland-owned businesses.

The next phase in the dispensary permitting process for the eight new dispensary permit recipients will be for the businesses to identify sites and undergo a public hearing prior to opening.

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The newly announced dispensary permits will bring Oakland's total number of permitted dispensaries to 16. In addition to dispensary permits, Oakland has an ongoing permit application process for cannabis businesses other than dispensaries, including growers, manufacturers, distributors, testing laboratories, and transporters. To date, the City has received more than 600 applications for non-dispensary permits; more than half of which are equity applicants. Currently more than 90 equity and 90 general applicants have received temporary licenses from the State of California to conduct commercial cannabis activity.

BY THE NUMBERS: City of Oakland Cannabis Permits as of 1/31/18

Dispensary Permits—limited to 8

115 applications submitted:

- 46 Equity applications
- 69 General applications

16 total dispensary permits:

- 8 new dispensaries permitted
- 8 current/existing dispensaries

Non-Dispensary Permits--unlimited

- 600+ applications submitted
- 90+ equity and 90+ general applicants have received temporary State licenses to conduct commercial cannabis activity

New Cannabis Regulations Lay an Equitable Foundation

Oakland's new regulations lay an equitable foundation for the cannabis industry at a pivotal moment given the rapid pace of the industry and the new statewide implementation of cannabis laws. They take into consideration studies that demonstrate racial disparities in drug law enforcement and the regulatory environment in the City.

“The data show that for over two decades, black and brown residents were arrested and incarcerated for drug offenses at disparately high rates, while largely white cannabis cultivators, manufacturers, and distributors, who were not operating entirely above board either, flourished under changing laws designed to accommodate the burgeoning industry,” said City of Oakland Race and Equity Director Darlene Flynn.

The dispensary permitting process is the latest step in implementing the groundbreaking Equity Permit Program passed by the Oakland City Council in the Spring of 2017 that addresses past disparities in the cannabis industry by prioritizing the victims of the war on drugs and minimizing barriers of entry into the industry. An overview of the Program and applications are available here: <http://www2.oaklandnet.com/cannabispermits>

Overview of The Dispensary Permitting Process

The City initiated the dispensary Request for Permit Applications (RFPA) process on October 3, 2017, with a November 20 application submission deadline. The dispensary application and process is aimed at (1) promoting access to living wage employment, local ownership of assets, and wealth building and (2) ensuring cannabis businesses are safe and a benefit to their surrounding community.

Application requirements included a business plan, security plan, odor mitigation plan, neighborhood beautification plan, and an understanding of applicable state law and tax rates. General applicants that promote local ownership, hire local residents, and/or incubate equity businesses received bonus points on their application.

The process includes three stages:

(1) Application Submission: Applicants completed and submitted a dispensary permit application and LiveScan background check. The deadline for this stage was November 20, 2017.

(2) Review and Selection: A panel of City staff from the City Administrator's Office, Department of Race & Equity, Revenue Management Bureau, and Department of Economic & Workforce Development reviewed application submittals. General applicant submissions were scored based on the application point structure, and the top four applicants were invited to the final phase. For verified Equity applicants, all complete submissions were eligible for a public drawing from which four Equity applicants were selected by lottery for the final phase. This stage is complete with today's announcement of permits.

(3) Site Identification: Selected applicants will have 90 days to identify a location for their proposed dispensary and undergo a public hearing.

Defining Equity Applicants

For the purposes of the cannabis permit program, an equity applicant is an Oakland resident with an annual income at or less than 80 percent of the Oakland Average Medium Income (AMI) and either has a cannabis conviction arising out of Oakland or has lived for 10 of the last 20 years in police beats that experienced a disproportionately higher amount of law enforcement with respect to cannabis.

For 2017, the 80 percent AMI threshold was \$56,300 for a one-person household or \$64,350 for a two-person household. Additional household-size AMI and a roster of the qualifying police beats can be found at <http://www2.oaklandnet.com/government/o/CityAdministration/cannabis-permits/OAK068456>. To address another barrier identified in the City's analysis, Equity applicants are not required to pay the permit application fee.

Equity Incubator Program

Since access to capital to secure a business location is a significant barrier to entry, the City's cannabis regulations address this issue with the Equity Incubator Program. Under the Equity Incubator Program, General applicants receive permitting priority if they provide Equity applicants with free rent for a minimum of 1,000 square feet of space to operate their business. General and equity applicants interested in partnering via the incubator program can find potential partners at www.cannaequity.org

Additionally, applicants who have not yet secured a location may still apply and obtain conditional approval, including verification of an applicant's Equity status.

Update on the Overall Cannabis Permitting Program

On May 23, 2017, the City of Oakland released its Cannabis Permit Application for individuals interested in cultivating, manufacturing, delivering, distributing, testing, or transporting medical cannabis in Oakland. To date the City of Oakland has received more than 600 applications for these cannabis businesses, with equity applicants amounting to more than half of all applicants.

Background About the Cannabis Equity Permit Program

On March 28, 2017, Oakland City Council unanimously adopted Oakland City Council Ordinance No. 13424 C.M.S. This groundbreaking legislation was based in part on a racial equity analysis conducted by the City's Department of Race and Equity under the leadership of Director Darlene Flynn. The analysis looked at racial disparities in drug law enforcement and the regulatory environment in the City from 1995 to 2015.

The newly adopted regulations seek to address the ongoing economic inequality that results from disparities in drug arrests, as well as other racialized barriers to wealth-building and business ownership by bringing innovation and an equity lens to the new cannabis business licensing process. The development of more equitable and clear guidelines for the medical cannabis industry is intended to have a positive effect for the industry as a whole, as business owners consider how to take advantage of the new adult recreational use laws. To view videos of the City Council meetings and the accompanying staff reports, please visit the legislative record at <http://bit.ly/2qJh81T>.

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