



FY20-21 CITY COUNCIL POLICY PRIORITY #7

Cannabis Land Use and Regulation

Community and Economic Development Committee Meeting

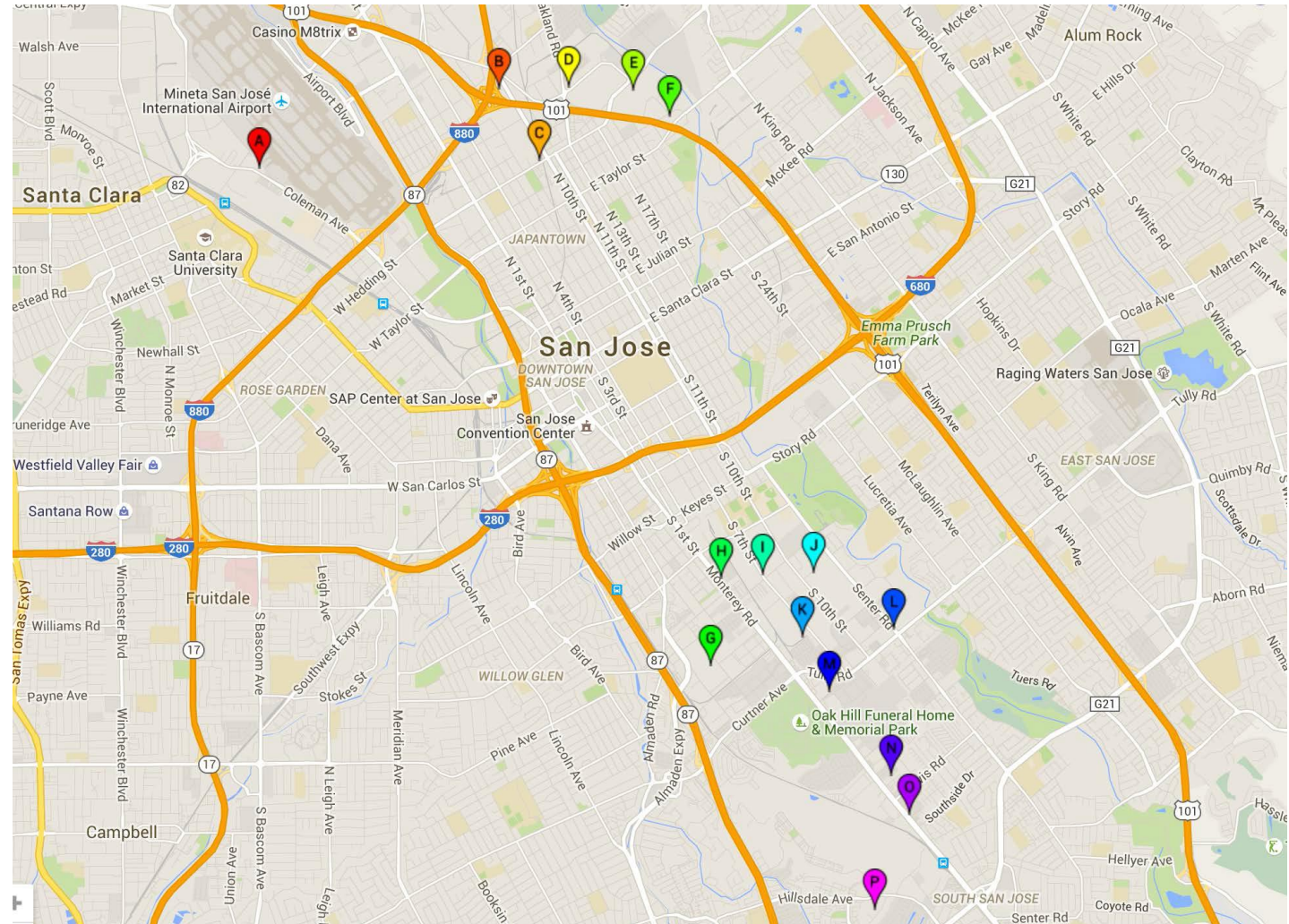
April 26, 2021

Wendy Sollazzi, SJPD Division Manager

Current Program

16 Registered Dispensaries

- 1 retail location (open to public)
- Up to 2 cultivation/manufacturing sites (not public)
- Annual City Registration required
- Annual State License required
- Delivery allowed



Cannabis Business Tax Revenues

Revenues

2017-2018	2018-2019	2019-2020	2020-2021 (forecast)
\$13.0 million	\$15.9 million	\$15.9 million	\$17.0 million

Program Costs

- \$2.4 million
- 8.15 FTEs

2019-2020 Updated Tax Rates

Category	Cultivation	Manufacturing	Testing	Distribution	Retail / Delivery
Previous Rates	10%	10%	N/A	10%	10%
New Rates	4%	3%	0%	2%	10%

Proposed Land Use Rules: Summary

New retail storefront registrations and retail storefront relocations would be allowed under revised land use rules, with the following characteristics:

- Allowed in retail zoning districts instead of industrial zoning districts
- Similar sensitive receptor setbacks
- Increased distances between retail storefront dispensaries
- Excluded areas in police beats with crime reports 20% above the average number of reported crimes

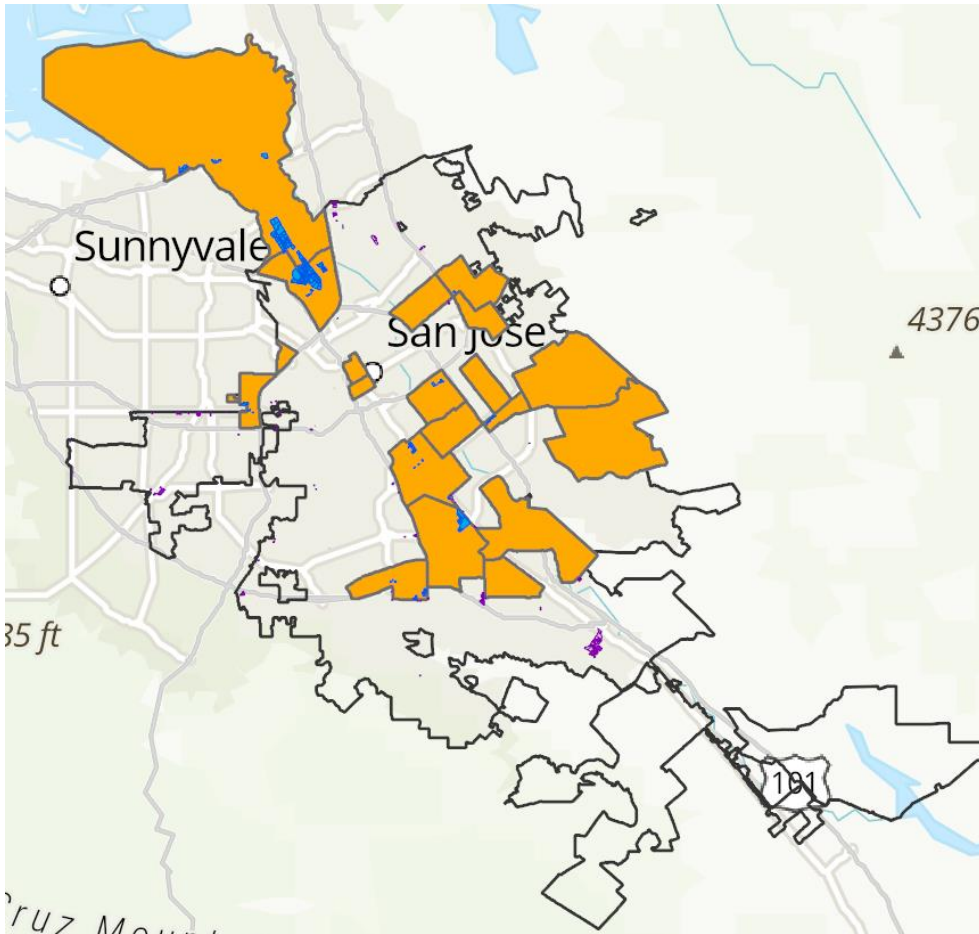
New Delivery-Only Businesses would be allowed in industrial areas under the same rules as Cannabis Distribution Businesses.

Proposed New Retail Registrations

Policy Feature	Current Rules for Cannabis Retail	Relocation and New Equity Registrants
Who Can Apply?	Registration is closed.	<ul style="list-style-type: none"> Existing Businesses may relocate to new zoning districts Qualified Equity Applicants may apply
How many new registrations are available?	0	5*
What kind of businesses are allowed to apply?	None	Storefront Retail and Delivery
Total Retail Registrations Allowed	16	21

*Relocations are not counted against the cap, but all other registrations must remain within the cap

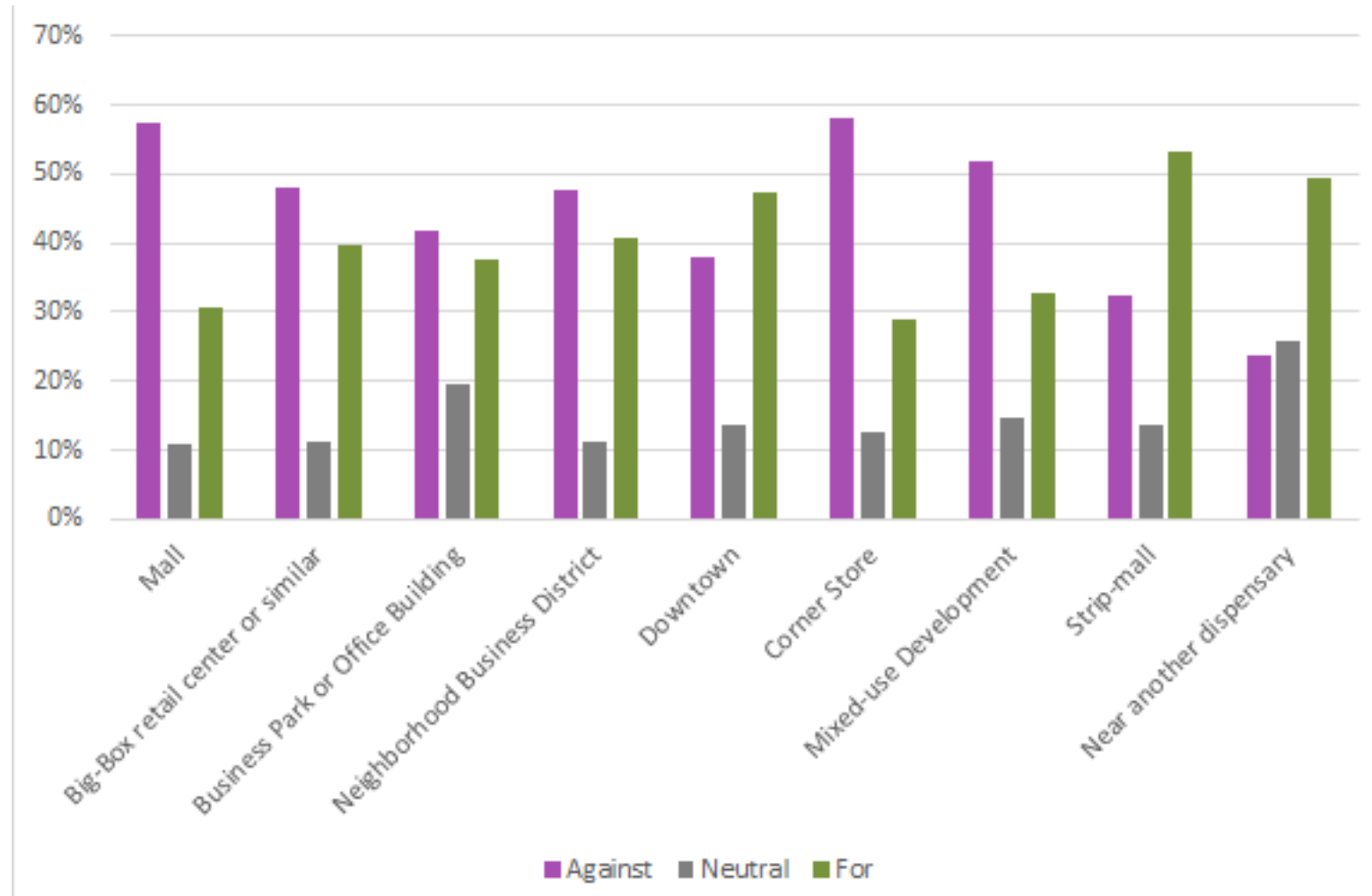
Eligible Sites



- Approximately 120 eligible sites
 - 60 additional sites if rezoned
- Sites generally dispersed through City
- Distance to residential property is greatest limiting factor
- Interactive map:
www.sanjoseca.gov - search "cannabis business ordinance update"

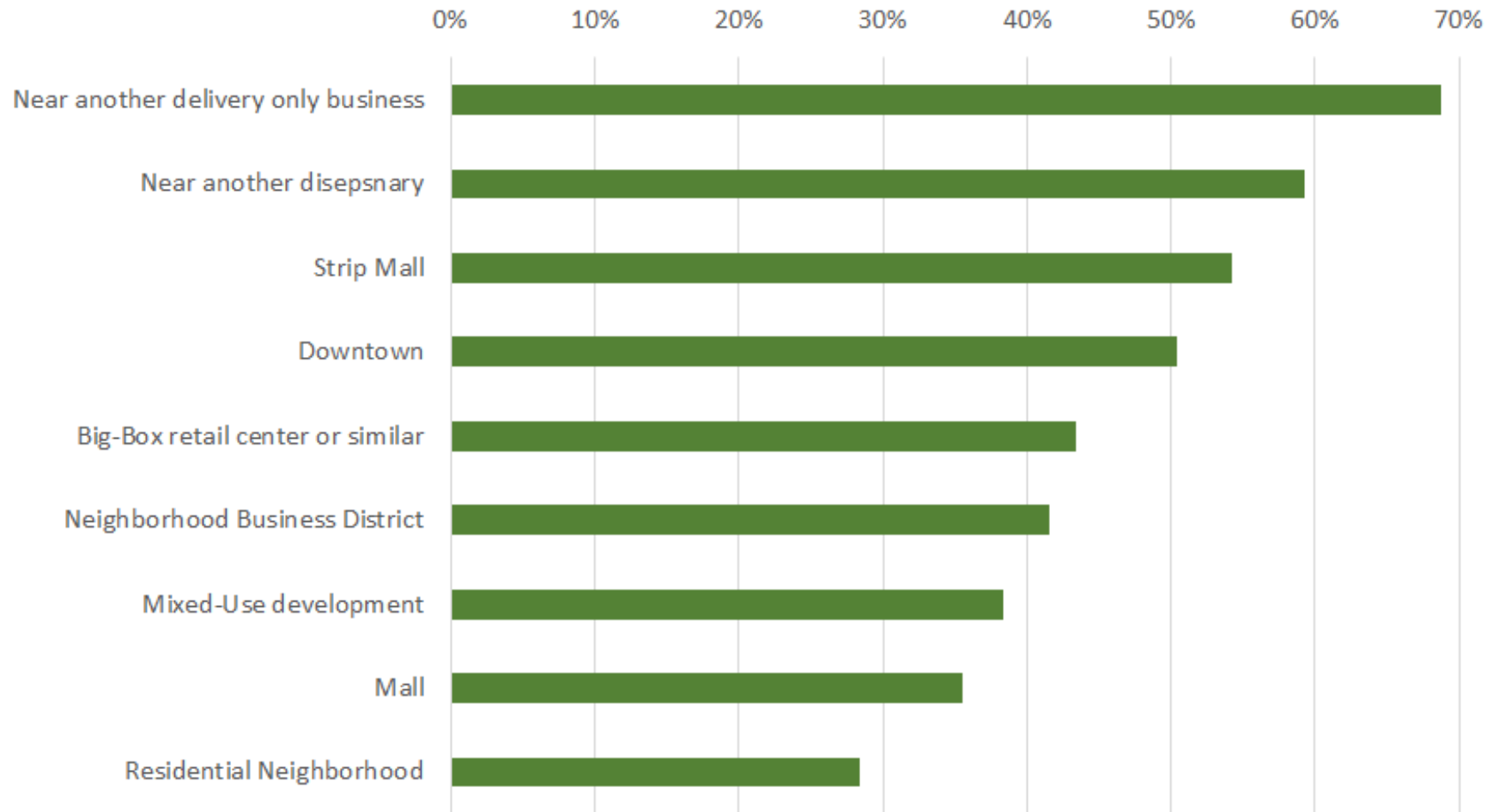
Online Survey Results:

How appropriate is it for a cannabis dispensary to locate in the following areas?

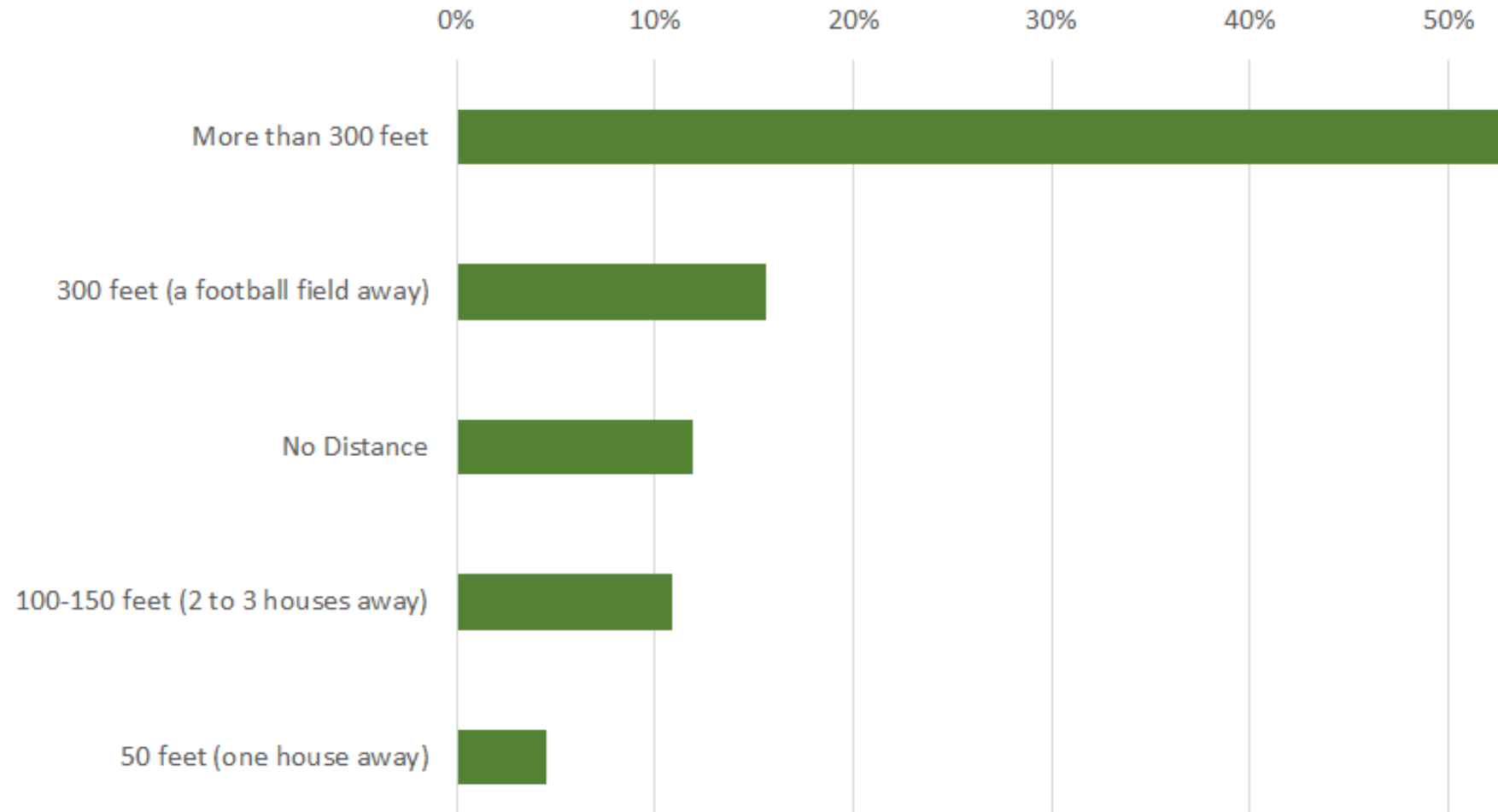


Online Survey Results:

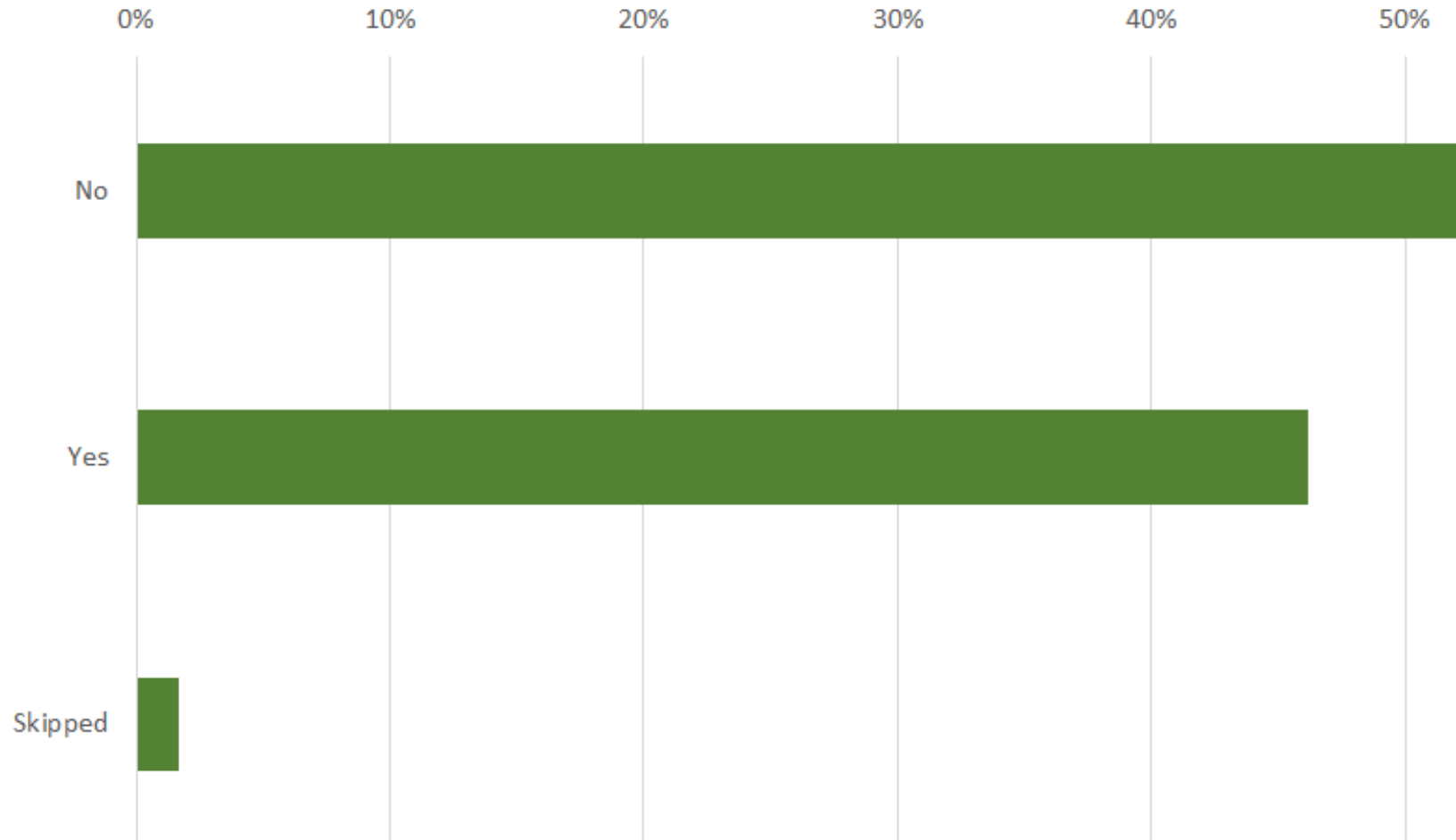
In which use would a cannabis delivery business be acceptable?



Online Survey Results: What is an appropriate distance to residential property?



Online Survey Results: Should the City increase the number of dispensaries?



Business and Community Feedback

San Jose's 16 Registered Businesses – April 12, 2021

Second Retail Location	Retail Zoning
Sensitive Use Setbacks	Equity Business Registration
Manufacturing (Type 7, volatile)	CEQA for the State Regulations
Cannabis Business Tax Rate	Annual Operating Fee calculation

Community Feedback – April 19, 2021

Sensitive Use Setbacks	Business Separation
Federally illegal	Equity Program
Social Consumption	Taxes
Next Steps for Policy Approval	

Discussion