Welcome from
Executive Director Cat Packer
Program Overview

- Licensing
- Enforcement
- Communications & Outreach
- Policy
- Social Equity Program
  - Updates
  - Budget
- Eligibility Verification
- Phase 3 Retail & Delivery Licensing
Licensing: Phase 1 Priority Processing

What is Phase 1 Priority Processing?

- Limited to Certain Existing Medical Marijuana Dispensaries (EMMDs)
- 185 total Phase 1 businesses have received temporary approval
  - Annual License Application Submission
  - Tax Compliance Audit
  - Renewal Fee
- DCR continues to move forward with several administrative appeals
Licensing: Phase 2 Priority Processing

What is Phase 2 Priority Processing?

- Limited to applicants engaged in non-retail activity prior to 2016 and who supplied EMMDs prior to 2017
- 432 active applications
- 105 Phase 2 businesses have received temporary approval
Enforcement

- The Department of Cannabis Regulation is a critical partner in the City’s cannabis enforcement strategy.
- We support the development and implementation of enforcement policies that are equitable, progressive, and driven by both data and the communities they impact.
- DCR’s Role:
  - Licensing Agency (Verification of Local Authorization)
  - Public Education
  - Complaint Portal
  - Policy Development and Program Coordination
  - Participation on the Mayor’s Task Force on Cannabis
Communications & Outreach

- Website
- News Bulletins
- One-on-One and Group Stakeholder Meetings
- Events and Workshops
- and More!

We Want to Hear from You!
Cannabis Policy is rapidly changing --- be the change you’d like to see in cannabis policy.
The Social Equity Program

“To promote equitable ownership and employment opportunities in the cannabis industry in order to decrease disparities in life outcomes for marginalized communities, and to address the disproportionate impacts of the war on drugs in those communities.”
Social Equity Program Components

- Outreach and Recruitment
- Priority Processing
- Business, Licensing & Compliance Assistance
- Fee Deferral Program
- Property Assistance
- Social Equity Analysis
- Social Equity Agreements
Phase 2 Priority Processing is ongoing; by June 30, 2019, over 150 businesses are expected to have received Temporary Approval to engage in hundreds of commercial cannabis activities.

Phase 2 applicants that have not received Temporary Approval will be required to demonstrate that they are making progress toward compliance.

Phase 2 owner applicants will be able to request social equity status verification through the “Pre-Vetting Process.” Tier 1 and Tier 2 Social Equity Program (SEP) Status verification will begin on May 28, 2019.
Phase 3: Social Equity Program Licensing

Individuals seeking to participate in Phase 3 Licensing for either Retail or Delivery must first become verified as a Social Equity Program applicant through the "Pre-Vetting Process."
Social Equity Program Verification

From May 28, 2019 until July 29, 2019, individuals interested in Phase 3 Retail and Delivery licensing must submit SEP eligibility verification documents through the online application portal for review by DCR Staff.
Social Equity Program Overview

Cannabis criminalization and its enforcement has had long-term, adverse impacts to the City of Los Angeles, particularly for low income and minority community members.

The City of Los Angeles is one of the few jurisdictions in the United States attempting to address the impacts of past cannabis policies and their inequities by developing and implementing cannabis policies that seek to center equity in cannabis policy reform.

The Social Equity Program (SEP) is one tool the City of Los Angeles is using to begin to acknowledge and repair the harm caused by the War on Drugs and the disparate enforcement of cannabis prohibition. The goal of the Social Equity Program is to promote equitable ownership and employment opportunities in the cannabis industry in order to decrease disparities in the outcomes for marginalized communities, and to address the disproportionate impacts of the War on Drugs in those communities.

After conducting a Social Equity Analysis to both review the impacts associated with cannabis criminalization and to identify ways to eliminate barriers to entering the legal cannabis market by those individuals and communities disproportionately impacted by the War on Drugs, the City identified that individuals with past cannabis arrests and/or convictions, and those that were low income and lived in High arrest communities or “Disproportionately Impacted Areas” experienced the brunt of societal harms associated with cannabis criminalization.

As such, individuals who are low income, have past cannabis arrests and/or convictions and those that live in Disproportionately Impacted Areas may qualify to participate in the City’s Social Equity Program. This Program aims to support people impacted by the War on Drugs and seeks to reduce barriers to entering the legal cannabis industry by providing a number of programs to support business ownership and employment opportunities.

For those interested in owning and operating a licensed cannabis business, priority application processing is available, which seeks to afford eligible SEP applicants an opportunity to be first-to-market, which is critically important given the City’s limited number of available licenses. Furthermore, the SEP provides applicants technical and business assistance to assist in navigating the cannabis licensing process. Similarly, SEP applicants may qualify for fee deferrals and have the opportunity to participate in programming designed for new or first-time business owners to help them learn the ins and outs of operating a licensed and compliant cannabis business in Los Angeles.

The Social Equity Program will also support workforce development and job placement for those who are interested in employment opportunities rather than business licensing.

As the lead agency for licensing and regulating cannabis in the City of Los Angeles, the Department of Cannabis Regulation (DCR) is responsible for implementing the Social Equity Program and seeks to ensure that disproportionately impacted individuals and communities in the City have fair and meaningful access to the new economic opportunities afforded by legalization and the commercialization of the local cannabis industry.

Please check our website regularly for more information and updates related to the Social Equity Program and its implementation.
DCR Licensing and Social Equity Workshop

View DCR Licensing and Social Equity Workshop Video above

Welcome, Stakeholders

Click here to view and download Licensing and Social Equity Workshop Slide Presentation

Click here for the Spanish translation
SOCIAL EQUITY

Applicant Benefits

Tier 1
Tier 1 participants qualify for expedited application and renewal processing, business licensing and compliance assistance; as well as the potential for fee deferrals and access to an Industry Investment Fund, if established.

Tier 2
Tier 2 participants qualify for expedited application and renewal processing, business licensing and compliance assistance.

Tier 3
Tier 3 participants qualify for expedited application and renewal processing.
Social Equity Program (SEP) Eligibility Verification Process

Per the instruction of the City Council, the Social Equity Program (SEP) Eligibility Verification Process is now OPEN and will stay open until Monday, July 29th.

Potential Social Equity Applicants MUST complete the SEP Applicant Eligibility Verification Process in order to be eligible to apply in Round 1, Round 2 and the Delivery Pilot in Phase 3.

DCR will process verification applications as they are received and provide eligibility determinations to applicants as soon as possible. It will treat all applications submitted between now and July 29th the same and applicants will not receive any special priority for Phase 3 processing based upon when they submitted a verification application. Most importantly, you do not have to pay any fees to DCR to apply to be verified - DCR will review your application free of charge.
Social Equity Program Eligibility Verification Application Clinics

The Los Angeles Department of Cannabis Regulation (DCR) is pleased to announce that DCR staff members are now available to provide individual appointments to assist Social Equity Program applicants with completing their Social Equity Program (SEP) Eligibility Verification Applications through our Accela Civic Engagement Portal. Applicants are encouraged to complete this Social Equity Program Applicant Eligibility Verification - Clinic Registration Worksheet and bring it, along with their supporting documents, to their scheduled appointments.

Clinic attendees with confirmed appointments are guaranteed assistance. Walk-in assistance subject to availability.

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<td>221 N. Figueroa St.</td>
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<tr>
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<td>Suite 1245 Suite 1245</td>
<td>Los Angeles, CA 90012</td>
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Please check back regularly for more information on additional clinics.
Social Equity Program Eligibility Verification Process FAQs

Q: How do I become verified as a Tier 1 or Tier 2 Social Equity Applicant?
A: You can apply through DCC’s online application system, the Access Civic Platform. More information about submitting an online application is forthcoming. DCC will not accept applications through any other means.

Q: Can I submit my records to DCC’s office?
A: No. DCC will not accept records submitted in person. All records must be uploaded through the Access Civic Platform.

Q: What can I apply to be verified for?
A: DCC will accept applications for March 13, 2019 and June 29, 2019.

Q: Does it matter when you submit an application during the verification window?
A: No. DCC will review all applications submitted during the verification window. Applications that are submitted earlier in the verification window will not be re-evaluated if submitted during the second round of verification.

Q: Can I apply to be verified as both a Tier 1 and Tier 2 Social Equity Applicant?
A: Yes. When applying you can request to be verified as both a Tier 1 and Tier 2 Social Equity Applicant and submit new documents to prove your eligibility for both tiers.

Q: What happens if my application is not submitted all the information and documents DCC requires?
A: DCC will notify you if you do not meet the verification criteria and give you the opportunity to submit the additional information required. If you fail to do so, DCC will not verify you as a Tier 1 or Tier 2 Social Equity Applicant.

Q: Do I need to apply through DCC’s online application system to be eligible for a social equity applicant in Round 2 or Phase 2 of the Social Equity Applicant Program?
A: Yes. You must be verified as a Tier 1 or Tier 2 Social Equity Applicant to apply for a social equity applicant in Round 2 or Phase 2 of the Social Equity Applicant Program.

Q: How do I get information about the verification process?
A: DCC staff is available to answer your questions about how to apply to be verified as a Tier 1 or Tier 2 Social Equity Applicant. You can submit your questions online to access information. By calling 213-644-7024 or emailing DCC at info@213.org. DCC is on hand Monday through Friday from 9:00 a.m. to 5:00 p.m. (excluding City holidays) from 9:00 a.m. to 5:00 p.m.

Q: Are there individuals or organizations outside of DCC that can help me apply to be verified as a Tier 1 or Tier 2 Social Equity Applicant?
A: Yes. You are free to consult with individuals or organizations of your choice to assist you with your eligibility application. However, you are free to submit your application without assistance from anyone.

Q: Does DCC endorse or authorize any individual or organization to provide application assistance?
A: No. DCC does not endorse or authorize any individual or organization to assist in the verification process. Any client or individual in an organization that is “endorsed” or authorized by DCC to provide verification assistance is solely at your discretion.

Q: Should I find another individual or organization to provide verification assistance?
A: You are free to decide whether to pay for verification assistance, but you should first consider submitting questions to DCC staff via email to cannabis@lacity.org or by calling 213-644-7024. DCC is on hand Monday through Friday from 9:00 a.m. to 5:00 p.m. (excluding City holidays) from 9:00 a.m. to 5:00 p.m. DCC will provide all of the information necessary to complete the verification process free of charge.

Q: Did any individual or organization have to release the information about the verification process?
A: No. DCC provided all information necessary to complete the verification on its website and in response to inquiries submitted by email, phone, or in person. Any client or individual in an organization that is “endorsed” or authorized by DCC to provide verification assistance is solely at your discretion.

Q: Is it necessary that DCC will review my verification application if I am associated with a particular individual or organization?
A: Yes. The terms you are associated with a particular individual or organization will have a substantial bearing on your application. DCC will base its determination on the information and documentation you provide and nothing else.
The licensing process may be somewhat overwhelming to those who may be unfamiliar with government procedures; therefore, DCR staff members are providing individual appointment to assist prospective Social Equity Program applicants with their application.

Applicants are encouraged to bring their Eligibility Verification Worksheet with their supporting documents. Please visit our website to schedule your clinic appointment.
Tier 1 Social Equity Applicant Eligibility Criteria

Eligibility Option 1: Low Income + California Cannabis Arrest or Conviction

Eligibility Option 2: Low Income + 5 years’ residency in a Disproportionately Impacted Area

All Tier 1 Social Equity Applicants must own at least 51% of the Equity Shares of the business being licensed.
Tier 2 Social Equity Applicant

Eligibility Criteria

Eligibility Option 1: Low Income + 5 years’ residency in a Disproportionately Impacted Area

Eligibility Option 2: 10 years’ residency in a Disproportionately Impacted Area

All Tier 2 Social Equity Applicants must own at least 33-1/3% of the Equity Shares of the business being licensed
Q: What does Low Income mean?

A: Your gross or total income in 2017 or 2018 was $45,644 or less.

Q: How do I prove to DCR that I am Low Income?

You must provide DCR (i) your state or federal tax return for 2017 or 2018 showing total income of $45,644 or less or (ii) proof of eligibility for General Assistance, Food Stamps, Medical/CALWORKs or Supplemental Security Income or Social Security Disability (SSI/SSDI) for calendar year 2017 or 2018.
Q: What is a Disproportionately Impacted Area (DIA)?

A: The City Council commissioned a Social Equity Analysis Report to identify areas of the City that were disproportionately impacted by the prior criminalization of cannabis. The Report identified the following zip codes as DIAs: 90001, 90002, 90003, 90008, 90011, 90013, 90014, 90016, 90021, 90027, 90033, 90037, 90043, 90044, 90057, 90058, 90059, 90061, 90062

Q: How do I prove I resided in a DIA for 5 or 10 years?

A: You should provide DCR at least one dated document that includes your name and address for each year are attempting to prove residency. DCR will accept tax or financial records, property deeds, mortgage or lease documents, government housing or assistance records, utility bills, education records, employment records, vehicle registrations, identification cards, etc.
Q: What is a California Cannabis Arrest or Conviction?

A: It is an arrest or conviction in California for any crime under the laws of the State of California or the United States relating to the sale, possession, use, manufacture, or cultivation of Cannabis that occurred prior to November 8, 2016. That includes arrests by federal authorities in California and convictions in federal court in California.

Q: How do I prove I have a California Cannabis Arrest or Conviction?

A: You must provide DCR at least one court or government document reflecting your arrest or conviction in California relating to the sale, possession, use, manufacture, or cultivation of Cannabis that occurred prior to November 8, 2016.
Key Steps for Phase 3

- **Step 1. Get Verified as a Social Equity Program applicant**
  - Submit Online Social Equity Program Eligibility Application between May 28, 2019 and July 29, 2019

- **Step 2. Apply for Phase 3 Priority Processing**
  - Learn about business licensing, the Social Equity Program, and prepare for upcoming licensing application opportunities
  - Sign up for SEP Alerts
  - Submit your SEP Phase 3 Priority Processing Application.
    - First-come, first-served

- **Step 3. Annual License Application**

- **Are you a General or Non-Equity Applicant?**
Available License Types

Retail (Type 10)

- Restriction on number of operators per Community Plan Area
  - Undue Concentration
  - Limit can be exceeded with Council Approval
    - Public Convenience or Necessity (PCN)
- Approximately 185 existing businesses issued Temporary Approval
- Approximately 250 new businesses may be issued authorization throughout the City of L.A. before Citywide Undue Concentration
  - Before processing a business application for retail licenses, DCR must assess whether the applicant’s proposed business location is within an Area of Undue Concentration

Delivery (Type 9)

- No current restriction on number of operators per Community Plan Area
DCR will provide at least **15 calendar days’** notice of the exact start time of Round 1

Applications will be accepted for **14 calendar days**

Must be verified **Tier 1 or Tier 2 Social Equity Applicant** to participate

Only **1 application** per Social Equity Applicant

The **first 100 applicants** that meet the requirements in LAMC 104.06.1(c)(2) will be selected for further processing
Key requirements:

- Applicant provides copy of executed lease agreement or property deed for its business premises.
- Applicant provides all business records and agreements necessary to demonstrate that a Tier 1 or Tier 2 Social Equity Applicant owns the minimum Equity Share in the Applicant.
- Applicant’s business premises meets all applicable zoning rules and sensitive use distance restrictions and is not subject to a finding of undue concentration (sensitive use conflict between two applicants will be resolved in favor of applicant that first submitted a complete application).
Tier 1 Priority: The first 75 Tier 1 Applicants and the first 25 Tier 2 Applicants who meet the requirements of this subsection shall be eligible for further processing pursuant to Section 104.06. If less than 75 Tier 1 Applicants submit complete applications, DCR may process additional Tier 2 applications, based upon the time and date of application submission, until DCR has identified 100 Tier 1 and Tier 2 Applicants who have submitted complete applications.
The 100 applicants selected in Round 1 will then have to submit a full application as required under Regulation No. 3 of Rules and Regulations.

A Round 1 applicant will not be permitted to amend its application to remove or replace the individual Owner who is the Tier 1 or Tier 2 Social Equity Applicant or to change the location of its Business Premises during the application process.
Retail (Type 10) - Round 2

Will start on date selected at DCR’s discretion

Application window open for 30 calendar days

Must be verified Tier 1 or Tier 2 Social Equity Applicant to participate

Unlike Round 1, Tier 1s do not get priority over Tier 2s
First 150 applicants that meet the requirements in LAMC 104.06.1(d)(2) will then have 90 calendar days to meet the requirements of LAMC 104.06.1(d)(3). Key requirements to be met within the 90 day window are:

- Applicant provides copy of executed lease agreements or property deed for its business premises
- Applicant provides all business records and agreement necessary to demonstrate that a Tier 1 or Tier 2 Social Equity Applicant owns the minimum Equity Share in the Applicant
- Applicant’s business premises meets all applicable zoning rules and sensitive use distance restrictions and is not subject to a finding of undue concentration (sensitive use conflict between two applicants will be resolved in favor of applicant that first submitted a complete application)
• The 150 applicants selected in Round 1 will then have to submit a full application as required under Regulation No. 3 of Rules and Regulations

• A Round 2 applicant will not be permitted to amend its application to remove or replace the individual Owner who is the Tier 1 or Tier 2 Social Equity Applicant or to change the location of its Business Premises during the application process
Equity Shares

As defined in LAMC Sec. 104.20(b), "Equity Share" means a share of all of the following:

(i) a business's profits, including dividends, distributions or other payments;

(ii) the proceeds of a sale of a business's assets, liquidation of a business, merger of a business into another business, or another transaction that would constitute the end of an original business; and

(iii) the voting rights on fundamental decisions relating to the business.
A Tier 1 or Tier 2 Applicant is required to disclose all documents to DCR necessary to verify that the applicant holds the required minimum Equity Shares in the business. These documents include but are not limited to articles of incorporation or organization, bylaws, operating or partnership agreements, stock certificates and ledgers, and any agreement the business or its owners have entered into concerning the distribution of the business's profits or the right to control the business.
Prohibited Provisions

Vesting of Minimum Required Equity Shares

A Tier 1 or Tier 2 Applicant must possess the minimum required Equity Share in the business at time of applying for a license. An agreement by which a Tier 1 or Tier 2 Applicant's minimum required Equity Shares vest over time is strictly prohibited.
Disproportionate Profit-Sharing Provisions

A Tier 1 or Tier 2 Applicant must receive a portion of the business’s profits proportionate to its minimum required Equity Shares. An agreement by which a Tier 1 or Tier 2 Applicant owns 51% or 33 and ⅓%, respectively, of the licensed business’ Equity Shares but receives a lesser percentage of the business’s profits is strictly prohibited.
Prohibited Provisions

Disproportionate Voting or Control Provisions

A Tier 1 or Tier 2 Applicant must hold voting or control rights in the business proportionate to its minimum required Equity Shares. An agreement by which a Tier or Tier 2 Applicant owns 51% or 33 and 1/3%, respectively, of the licensed business' Equity Shares but receives a lesser percentage of the business' voting or control rights is strictly prohibited.
Delivery Pilot

1. TBD

Phase 3 Retail (Type 10) applicants who meet certain criteria

2. TBD

Phase 2 Non-Retail applicants who meet certain criteria

3. TBD
DCR will provide at least 15 calendar days’ notice of the exact start time of the application window.

DCR will process the first 40 Tier 1 or Tier 2 applications and the first 20 non-social equity applications that meet the requirements of LAMC Sec. 104.06.1(f)(1). Key requirements are:

- Applicant provides copy of executed lease agreement or property deed for its business premises
- For Social Equity Program Applicants, Applicant provides all business records and agreements necessary to demonstrate that a Tier 1 or Tier 2 Social Equity Applicant owns the minimum Equity Share in the Applicant
- Applicant’s business premises meets all applicable zoning rules and sensitive use distance restrictions and is not subject to a finding of undue concentration
An Applicant who applied who was eliminated from the first 100 in Round 1 or the first 150 in Round 2 solely because its Business Premises is in a geographic area of Undue Concentration limits or within a 700-foot radius of another Type 10 application, will receive priority processing for a Type 9 License relative to all other Applicants except those in the Delivery Pilot.
An Applicant eligible for processing pursuant to Section 104.08 may amend its pending Section 104.08 application to add a Type 9 License at the time it submits an annual License application to DCR.
Want More Info?  
Sign up for our listserv and visit our website at cannabis.lacity.org for more information on the City’s licensing process and the Social Equity Program
For more information about cannabis in the State of California, please visit cannabis.ca.gov
The Los Angeles County Department of Public Health is committed to protecting and improving the health of over 10 million residents of Los Angeles County. For more information about cannabis and health, please visit their Let’s Talk Cannabis page. Here, individuals will find further information regarding a teen-focused education campaign “Bigger Choices,” created to prevent marijuana use and encourage teens to make bigger choices now for a better future tomorrow.

The California Department of Public Health’s (CDPH) mission is to protect and promote the health of all Californians. In 2017, CDPH launched “Let’s Talk Cannabis,” a health information and education campaign about what’s legal in California and potential health impacts of cannabis use. On CDPH’s website, individuals can find information about legal, safe and responsible use, and health information for youth, pregnant and breastfeeding women, parents and mentors, and health care providers.