



## INFORMATION AND PROCEDURE BULLETIN

SEP-6001-IPB

September 08, 2020

### **SOCIAL EQUITY PROGRAM ENTITY ELIGIBILITY VERIFICATION PROCEDURE**

The Department of Cannabis Regulation (“DCR”) is responsible for administering the City’s Social Equity Program (“Program” or “SEP”) pursuant to Los Angeles Municipal Code (“LAMC”) Section 104.20. The program, originally established in 2017, has been since comprehensively re-organized, with the relevant ordinance amended to, among other things, provide clarity related to the eligibility verification of the Individual and the entity. In order to receive or renew a License, Applicants and Licensees subject to LAMC Section 104.20 shall follow the procedure outlined below and provide all business records and agreements necessary to demonstrate that the Social Equity Individual Applicant owns at least the minimum Equity Share required under Section 104.20(a)(2).

This bulletin<sup>1</sup> provides general information about the procedure and requirements for a Social Equity Individual Applicant to comply with Equity Share requirements as established in LAMC Sections 104.20(a) or 104.20(b) before a License is issued or renewed. The full text of LAMC Section 104.20 is provided at the end of this bulletin.

#### **Overview of Responsibilities**

##### **Applicant Responsibilities:**

- Read and become familiar with Article 4, Chapter X of the LAMC, with close attention to LAMC Section 104.20.
- Apply for Social Equity Individual Applicant eligibility verification.
- Submit required information to show compliance with at least the minimum ownership percentage Equity Share in the Person to whom the License is issued.
- Comply with additional Equity Share requirements.
- Comply with ownership and disclosure requirements.
- Seek legal counsel if necessary.
- Apply for entity eligibility verification.
- Sign and submit the “SEP - Owner Compliance Attestation.”

##### **DCR Actions:**

- Review information for Social Equity Applicants for DCR’s licensing purposes only.
- DCR may send an email notification to the Social Equity Applicant informing them if the application is deficient and/or incomplete.

<sup>1</sup> This document is intended to serve as an informational guide only. It does not replace or supersede the Los Angeles Municipal Code and does not constitute legal advice. This document is subject to change and may not constitute the most up-to-date or complete information. Applicants are encouraged to conduct their own due diligence and research to ensure that they are in compliance with all legal requirements.

**Forms Associated with the SEP Entity Eligibility Verification Procedure:**

- Social Equity Program - Owner Compliance Attestation Form ([SEP-6001-FORM](#))

**Instructions to Apply for Entity Eligibility Verification:**

**Individual Eligibility Verification:** In order to participate in certain SEP programming, an individual must first be verified as Social Equity Individual Applicant pursuant to LAMC Sections 104.20(a)(1) or 104.20(b)(1).

**Entity Eligibility Verification:** In order to participate in certain SEP programming a Social Equity Individual Applicant must have the requisite Equity Share and meet other related requirements established in LAMC Sections 104.20(a)(2) or 104.20(b)(2).

1. **Prepare.** The Applicant and associated Application Owners should read and become familiar with Article 4, Chapter X of the LAMC, with close attention to LAMC Section 104.20.
2. **Apply for Individual Eligibility Verification.** The Applicant submits information via Accela necessary to apply for Social Equity Individual Applicant eligibility verification.
3. **Comply with Ownership Percentage.** Owner(s) comply with the ownership percentage requirements in either LAMC Section 104.20(a)(2)(i) or Section 104.20(b)(2)(i) which require that a Social Equity Individual Applicant owns no less than a specific percentage Equity Share in the Person to whom the License is issued.
4. **Comply with Additional Equity Share Requirements.** Owners comply with Additional Equity Share Requirements pursuant to LAMC Section 104.20(a)(2)(iii) which include but are not limited to the following requirements:
  - (a) Incorporate the following addendum into operating agreement or other relevant documents to evidence compliance with Equity Share Requirements:

“To the extent that any provision of this agreement, or part thereof, is or may be construed to be inconsistent with or in violation of the “Equity Share” requirements set forth in Los Angeles Municipal Code section 104.20, such provision(s) shall be ineffective, unenforceable, and null and void.”
  - (b) Comply with all respects with the Equity Share criteria and requirements in LAMC Section 104.20 in dealings with one another, keep records evidencing their compliance, and on the other party’s reasonable request, provide these records of compliance to the other party. Violations of the Equity Share requirements may provide a basis for legal action between the parties, or may result in the suspension or revocation of the License.
5. **Comply with the Ownership and Disclosure Requirements.** Owner(s) comply with the ownership and disclosure requirements in LAMC 104.20(c)(1).
6. **Seek Legal Counsel If Necessary.** All Persons applying for Licenses under the SEP are encouraged to perform their own due diligence and retain their own legal counsel, if needed, to

ensure that their rights and responsibilities comply with the Program's requirements at all times.

7. **Apply for Entity Eligibility Verification.** The Applicant submits information via Accela to demonstrate that the Social Equity Individual Applicant owns at least the minimum Equity Share required under LAMC Sections 104.20(a)(2) or 104.20(b)(2).
8. **Sign and Submit Attestation(s).** All Owners, as defined in LAMC Section 104.01(a)(36), submit notarized signatures on the Social Equity Program - Owner Compliance Attestation (LIC-4017-FORM).
9. **DCR Review.** DCR will review all the information submitted for licensing purposes only. Once DCR completes its review, it will update the Owner(s)'s Individual Accela user status accordingly. DCR may send an email notification to the Social Equity Applicant informing them if the application is deficient and/or incomplete.

**Note:** Because the review process is performed for DCR's licensing purposes only, it shall not constitute or be construed to be any official form of certification and/or legal proclamation concerning parties and/or their rights between and amongst each other.

**Applicable Code Section:**

**SEC. 104.20. SOCIAL EQUITY PROGRAM.**

(a) **Program – Original Eligibility Verification.** Except for Tier 3 Applicants, as defined in Section 104.20(a)(1)(iv), an Applicant that submitted an Application subject to Section 104.08 by September 13, 2018, or submitted an application for Program eligibility verification during the verification period between May 28, 2019 and July 29, 2019 and met the criteria in this subsection for a Commercial Cannabis Activity License pursuant to Section 104.06.1(b), shall comply with Section 104.20(a)(2) when a License is issued or renewed.

1. **Social Equity Individual Applicant – Individual Eligibility Verification.** An individual subject to this subsection shall be verified as Social Equity Individual Applicant. A Social Equity Individual Applicant may be further verified as a Tier 1 Social Equity Individual Applicant, Tier 2 Social Equity Individual Applicant, or a Tier 3 Applicant in accordance with the definitions and criteria in this subsection.

(i) The following definitions shall apply in this subsection:

(1) **“California Cannabis Arrest or Conviction”** means 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. An arrest, prosecution or conviction for a violation of Proposition D, as codified in former Article 5.1 of Chapter IV of the Los Angeles Municipal Code, notwithstanding that Proposition D has been repealed, is not a California Arrest or Cannabis Conviction. A Social Equity Applicant with a California Cannabis Arrest or Conviction shall be ineligible to apply for a License in any of the circumstances specified in Section 104.03(a), subject to the time restrictions therein.

(2) **“Disproportionately Impacted Area”** means eligible zip codes based on the “More Inclusive Option” as described on page 23 of the “Cannabis Social Equity Analysis Report” commissioned by the City in 2017, and referenced in Regulation No. 13 of the Rules and Regulations, or as established using the same methodology and criteria in a similar analysis provided by an Applicant for an area outside of the City.

(3) **“Low-Income”** means 80 percent or below of Area Median Income for the City based on the 2016 American Community Survey and updated with each decennial census.

(4) **“Tier 1 Social Equity Individual Applicant”** is an individual who meets the following criteria at the time of applying for a license: (1) Low-Income and prior California Cannabis Arrest or Conviction; or (2) Low-Income and a minimum of five years' cumulative residency in a Disproportionately Impacted Area.

(5) **“Tier 2 Social Equity Individual Applicant”** is an individual who meets the following criteria at time of applying for a license: (1) Low-Income and a minimum of five years' cumulative residency in a Disproportionately Impacted Area; or (2) a minimum of 10 years' cumulative residency in a Disproportionately Impacted Area.

(6) **“Tier 3 Applicant”** is a Person who applied for a Commercial Cannabis Activity License under Section 104.08 and does not meet the criteria of a Tier 1 Social Equity Individual Applicant or Tier 2 Social Equity Individual Applicant.

2. **Social Equity Individual Applicant – Entity Eligibility Verification.** A Social Equity Individual Applicant shall comply with the Equity Share criteria in this subdivision before a License is issued or renewed.

(i) **Ownership Percentage.** A Tier 1 Social Equity Individual Applicant shall own no less than a 51 percent Equity Share in the Person to whom the License is issued. A Tier 2 Social Equity Individual Applicant shall own no less than a 33 1/3 percent Equity Share in the Person to whom the License issued.

(ii) **“Equity Share”** means all of the following:

(1) Unconditional ownership of the Equity Share. The Equity Share shall not be subject to conditions precedent, conditions subsequent, executory agreements, voting trusts, restrictions on or assignments of voting rights, or other arrangements causing or potentially causing ownership benefits in the Social Equity Applicant or Licensee to go to another in any circumstance other than after death or incapacity. In the case of death or incapacity, a Social Equity Individual Applicant shall identify his or her own successor in interest or assignee of their Equity Share. Community property laws shall have no effect on unconditional ownership.

(2) Profits, dividends, and distributions. Social Equity Individual Applicants shall receive all of the following:

(A) At least their Equity Share percent of the distribution of profits paid to the owners of the Social Equity Applicant or Licensee;

(B) 100 percent of the value of each share of stock, member interest, partnership interest, or other equivalent owned by them in the event that the stock, member interest, or partnership interest is sold; and

(C) At least their Equity Share percent of the retained earnings of the Social Equity Applicant or Licensee and 100 percent of the unencumbered value of each share of stock, member interest, or partnership interest owned in the event of dissolution of the corporation, limited liability company, or partnership.

(3) Voting rights and control. Social Equity Individual Applicants shall receive the following at all times:

(A) At least their Equity Share percent of the voting rights on all business decisions, including, but not limited to, long-term decisions, daily business operations, retention and supervision of the executive team, managers, and management companies, and the implementation of policies.

(B) The highest officer position in the Social Equity Applicant or Licensee, such as the position of chief executive officer, unless a natural person who otherwise meets the requirements of a Social Equity Individual Applicant, but who is not an Owner, is appointed to that position by mutual agreement of the parties or another natural person is appointed to that position by mutual agreement of the parties.

(4) Surviving spouse. If a Social Equity Individual Applicant dies, the Social Equity Applicant or Licensee will continue to qualify under this section with the requisite Equity Shares so long as the surviving spouse of the deceased Social Equity Individual Applicant inherits or otherwise acquires all of such individual's ownership interest in the Social Equity Applicant or Licensee. The continued qualification by the surviving spouse shall begin on the date of the Social Equity Individual Applicant's death and terminate on the earlier of: (1) the date in which the surviving spouse remarries; (2) the date in which the surviving spouse relinquishes his or her ownership interest in the Social Equity Applicant or Licensee; or (3) the date that is ten (10) years after the date of the death of the Social Equity Individual Applicant.

(iii) **Additional Equity Share Requirements.**

(1) All Owners shall: (1) comply in all respects with the Equity Share criteria and requirements in this section (“Equity Share Requirements”) in dealings with one another; (2) keep records evidencing their compliance; and (3) on the other party’s reasonable request, provide these records of compliance to the other party.

(2) Any action or inaction taken by a party in violation of the Equity Share Requirements shall entitle the other party to initiate a legal action in the Superior Court of Los Angeles, including, but not limited to, an action for specific performance, declaratory relief, and/or injunctive relief, to enforce the Equity Share Requirements against the other party.

(3) Any annual License(s) issued to a Social Equity Applicant may be suspended or revoked if it can be shown, by a preponderance of the evidence, that any provision in an operating agreement, contract, business formation document, or any other agreement between Owners of the Social Equity Applicant violates any of the Equity Share Requirements and is not cured within the time allowed by DCR.

(4) All Owners are required to incorporate the following addendum into operating agreement documents to evidence compliance with Equity Share Requirements: *“To the extent that any provision of this agreement, or part thereof, is or may be construed to be inconsistent with or in violation of the “Equity Share” requirements set forth in Los Angeles Municipal Code section 104.20, such provision(s) shall be ineffective, unenforceable, and null and void.”*

(b) **Program – Expanded Eligibility Verification.** An individual seeking to participate in the Social Equity Program shall meet the criteria and requirements in this subsection.

1. **Social Equity Individual Applicant – Individual Eligibility Verification.** An Applicant subject to this subsection shall be verified as a Social Equity Individual Applicant in accordance with the definitions and criteria in this subsection.

(i) **“Social Equity Individual Applicant”** means an individual who meets two of the following three criteria: (1) Low-Income; (2) a prior California Cannabis Arrest or Conviction; (3) ten years’ cumulative residency in a Disproportionately Impacted Area. For the purposes of Section 104.06.1(c), “Social Equity Individual Applicant” means an individual with a prior California Cannabis Arrest or Conviction and who also meets one of the following two criteria: (1) Low-Income; or (2) ten years’ cumulative residency in a Disproportionately Impacted Area.

(ii) The following definitions shall apply in this subsection:

(1) **“Asset”** means net assets at, or below, four times the Low-Income thresholds based on Household Size. Examples of liquid accounts that shall be disclosed include but are not limited to, saving accounts, checking accounts, certificates of deposit, money market accounts, stocks, trusts, and

gifts. Qualified retirement accounts and an applicant's primary residence shall be excluded for purposes of the calculation, but other forms of real estate shall be included. Such retirement accounts are limited to accounts that are intended for retirement and that would incur a penalty if withdrawn before a specified retirement age per each account.

(2) **“Household Size”** means the number of individuals that meet any of the following criteria:

(A) All spouses or domestic partners must be included in the household and must appear in the submission content.

(B) All household members who are under 18 years of age must be the legal dependent of an adult household member, except in the case of emancipated minors, as claimed on the most recent income tax return, or legal minor children of title holders.

(C) Pregnant applicants will only be counted as two household members with verifiable medical documentation.

(D) Temporarily absent household members who intend to live in the residence upon return may be considered, if verifiable documentation supporting their absence is provided. Such household members include, but are not limited to, household members serving temporarily in the armed forces, or who are temporarily institutionalized.

(E) Live-in assistants, foster children will not be counted toward household size. Individuals not listed on the Social Equity Individual Applicant's most recent tax return, such as elderly relatives, live-in assistants, and foster children will not be counted toward household size.

(3) **“California Cannabis Arrest or Conviction”** means 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. An arrest, prosecution or conviction for a violation of Proposition D, as codified in former Article 5.1 of Chapter IV of the Los Angeles Municipal Code, notwithstanding that Proposition D has been repealed, is not a California Arrest or Cannabis Conviction. A Social Equity Applicant with a California Cannabis Arrest or Conviction shall be ineligible to apply for a License in any of the circumstances specified in Section 104.03(a), subject to the time restrictions therein.

(4) **“Disproportionately Impacted Area”** means Police Reporting Districts as established in the Expanded Social Equity Analysis, or as established using the same methodology and criteria in a similar analysis provided by an Applicant for an area outside of the City.

(5) **“Low-Income”** means both of the following definitions are met: (1) the Social Equity Individual Applicant meets the low-income thresholds established in the annual U.S. Department of Housing and Urban Development (HUD) income limits based upon the Area Median Income (AMI) for Los Angeles County based on household size; and (2) the Social Equity Individual Applicant does not have Assets in excess of the amount as defined in this subsection. For the purpose of assessing whether the low-income threshold has been met, DCR shall calculate the Household Size based the criteria in Subdivision (b)(1)(ii)(2)(A) through (E).

2. **Social Equity Individual Applicant – Entity Eligibility Verification.** An Applicant must comply the Equity Share requirements in this subsection before a License is issued or renewed.

(i) **Ownership Percentage.** The Social Equity Individual Applicant shall own no less than a 51 percent Equity Share in the Person to whom the License is issued.

(ii) **“Equity Share”** is defined in Subsection (a)(2) and incorporated herein by reference.

(c) **Programming – Benefits and Requirements.**

1. **Programming - Ownership and Disclosure Requirements.** Social Equity Applicants shall comply with the requirements in this subsection and in the Rules and Regulations.

(i) Social Equity Applicants may only transfer control or ownership to Persons who meet the same Equity Share requirements, and only upon the prior written approval of DCR. DCR shall promulgate Rules and Regulations for the transfer of control or ownership.

(ii) Social Equity Applicants shall provide to DCR bylaws or operating agreements which specify the percentage of ownership and control by each Person;

(iii) Social Equity Applicants shall disclose to DCR any management or employee staffing agreements it has or will enter into during the period of the License

(iv) Social Equity Applicants shall disclose any options to purchase equity or control in the Social Equity Applicant.

(v) At the time of requesting an annual license renewal pursuant to Section 104.12, Social Equity Applicants shall provide to DCR a financial statement for its most recently completed fiscal year.

2. **Programming - Workforce Requirements.** Social Equity Applicants and Tier 3 Applicants shall comply with the workforce requirements in this subdivision.

(i) **Definitions.**



(1) **“Social Equity Worker”** means an individual who meets the criteria in Section 104.20(a), except for Tier 3 Applicants, or who meet the criteria in Section 104.20(b).

(2) **“Transitional Worker”** means an individual who, at the time of starting employment at the Business Premises, resides in an Economically Disadvantaged Area or Extremely Economically Disadvantaged Area, as those terms are defined in Section 11.5.6 of this Code, and faces at least two of the following barriers to employment: (1) being homeless; (2) being a custodial single parent; (3) receiving public assistance; (4) lacking a GED or high school diploma; (5) having a criminal record or other involvement with the criminal justice system; (6) suffering from chronic unemployment; (7) emancipated from the foster care system; (8) being a veteran; or (9) over the age of 65 and financially compromised.

(ii) **Social Equity Applicants.** A Social Equity Individual Applicant shall make a good faith effort to have no less than 50 percent of the weekly hours of the Licensee’s workforce performed by Employees whose primary place of residence is within a three-mile radius of the Business Premises location. Of those Employees, 20 percent shall be Social Equity Workers and 10 percent shall be Transitional Workers.

(iii) **Tier 3 Applicants.** A Tier 3 Applicant shall make a good faith effort to have no less than 50 percent of the weekly hours of the Licensee’s workforce performed by Employees whose primary place of residence is within a five-mile radius of the Business Premises. Of those employees, 30 percent shall be Social Equity Workers and 10 percent Transitional Workers. At a minimum, a Licensee is required to contact local community-based organizations, City of Los Angeles Work Source Centers, and other similar organizations to facilitate job outreach, development, and placement services. A Licensee is required to provide a detailed semiannual report on the first business day of January and the first business day of July every year that provides evidence of its outreach efforts, including the number of persons interviewed, and details on who was hired to satisfy the good faith requirement.

3. **Programming - Social Equity Agreement Requirements.** Tier 3 Applicants shall comply with the requirements in this subsection.

(i) Prior to the issuance of a License, a Tier 3 Applicant, shall enter into a Social Equity Agreement with the City to provide to a Social Equity Individual Applicant for a period of three years: (1) Ancillary Business Costs; (2) Property; and (3) Education and Training. Social Equity Agreements shall be processed and approved by DCR.

(1) **Ancillary Business Costs.** Tier 3 Applicants shall provide security, management, equipment and other ancillary business costs to a Social Equity Individual Applicant.

(2) **Education and Training.** Tier 3 Applicants shall provide a minimum of 50 hours per year in business development education and training to a Social Equity Individual Applicant. Education and Training provided by Tier 3 Applicants may include: accounting, inventory

management, payroll practices, tax preparation, employee recruitment, retention and workforce outreach, or reporting requirements training.

(3) **Property - Onsite.** Tier 3 Applicants shall provide floor area, at no cost and inclusive of utilities, within their Business Premises location, or at an off-site location, pursuant to Subsection (c)(3)(i)(4), established as a separate Business Premises for a Social Equity Individual Applicant, for a period of three years to engage in a Commercial Cannabis Activity in accordance with Article 5, Chapter X of this Code. The minimum requirements of the floor area provided shall be: 1) Cultivation - minimum 500 square feet or 10 percent of Tier 3 Applicant's entire Business Premises, whichever is greater; 2) Manufacturing - minimum 800 square feet or 10 percent of Tier 3 Applicant's entire Business Premises, whichever is greater; 3) Testing - minimum 1,000 square feet or 10 percent of Tier 3 Applicant's entire Business Premises, whichever is greater; 4) Distributor - minimum 1,000 square feet or 10 percent of Tier 3 Applicant's entire Business Premises, whichever is greater; 5) Non-storefront retail - minimum 1,000 square feet or 10 percent of Tier 3 Applicant's entire Business Premises, whichever is greater; 6) Storefront retail - minimum 1,000 square feet or 10 percent of Tier 3 Applicant's entire Business Premises, whichever is greater.

(4) **Property - Off-site.** A Tier 3 Applicant shall provide floor area meeting the minimum requirements under Subsection 104.20(c)(3)(i)(3), at no cost and inclusive of utilities, to a Social Equity Individual Applicant at a different off-site Business Premises location in the City, unless property is provided on-site as specified in this section, subject to the following conditions:

(A) The Social Equity Individual Applicant can conduct the Commercial Cannabis Activity for its License type at the off-site location without violating any of the land use or sensitive use requirements in Article 5, Chapter X of this Code.

(B) A Tier 3 Applicant shall be responsible for all costs to bring the off-site location into compliance with all site specific and property related regulations, including, but not limited to, Building Code and Fire Code regulations.

(C) The Social Equity Individual Applicant has the legal right to occupy and use the new location for Commercial Cannabis Activity.

(D) DCR finds that the facilities at the off-site location are substantially similar to the facilities at the Tier 3 Applicant's Business Premises.

(5) **Property Support.** In lieu of providing the minimum property requirements in Subsections (c)(3)(i)(3) and (4), a Tier 3 Applicant may provide property support directly to the Social Equity Individual

Applicant equal to the greater of the following:

(A) The actual monthly cost per square foot of leased space at the Tier 3 Applicant's Business Premises multiplied by the amount of space required by this subsection multiplied by 36 months; or

(B) The arithmetic mean of the cost per square foot of leased space for a total of 10 commercial cannabis businesses within a one mile radius, and authorized by DCR for the same Commercial Cannabis Activity, of the Tier 3 Social Equity Applicant's Business Premises multiplied by the amount of space required by this subsection multiplied by 36 months. If there are less than 10 commercial cannabis businesses within the one mile radius, the radius shall be increased in 100-foot increments until a total of 10 businesses are included.

(6) A Tier 3 Applicant shall provide property support directly to the Social Equity Individual Applicant in one of the following manners: (1) in full upon the first effective day of the Social Equity Agreement; (2) in three equal payments on dates determined by DCR within the first 24 months of the term of the Social Equity Agreement; (3) in 36 equal monthly payments during the term of the Social Equity Agreement; or (4) as agreed upon by the Social Equity Individual Applicant and the Tier 3 Applicant, and approved by DCR.

4. **Programming – Benefits.** Social Equity Applicants verified in accordance with Subsections (a) and (b) may receive benefits outlined in this subsection. Tier 3 Applicants shall not be processed under this subsection but shall be afforded priority processing as described in Section 104.08.

(i) **Processing.**

(1) DCR shall process Applications for Social Equity Applicants in accordance with Section 104.06.1.

(2) DCR shall provide priority processing to Social Equity Applicants applying for a Non-Retailer License on a 1:1 ratio with all non-Social Equity Individual Applicants.

(3) DCR shall process Applications or renewals from Social Equity Applicants in accordance with Subsections (a) or (b) before processing an Application or renewal from non-Social Equity Applicants.

(ii) **Fee Deferral Program.** DCR shall administer the Fee Deferral Program based on requirements and restrictions established in the Rules and Regulations. Participation in the Fee Deferral Program may be subject to the availability of resources.

(iii) **Business, Licensing and Compliance Assistance.** DCR shall provide Business, Licensing and Compliance Assistance through programming and curriculum development and training in the areas of state and local licensing requirements, commercial cannabis regulations, general business development, cannabis-specific business development and workforce development.

(iv) **Financial Grant Program.** DCR shall administer the Financial Grant Program based on requirements and restrictions established in the Rules and Regulations. Participation in this Financial Grant Program may be subject to the availability of resources.

(v) **Ancillary Business Costs.** Social Equity Applicants may receive security, management, equipment and other ancillary business costs provided by a Tier 3 Applicant pursuant to a Social Equity Agreement as defined in Section 104.20 (c)(3). Participation may be subject to the availability of resources.

(vi) **Education and Training.** Social Equity Applicants may receive a minimum of 50 hours per year in business development, education and training provided by a Tier 3 Applicant pursuant to a Social Equity Agreement as defined in Section 104.20 (c)(3). Education and training provided by Tier 3 Applicants may include: accounting, inventory management, payroll practices, tax preparation, employee recruitment, retention and workforce outreach, and reporting requirements training. Participation may be subject to the availability of resources.

(vii) **Property.** Social Equity Applicants may receive Property as specified in Section 104.20 (c)(3) provided by a Tier 3 Applicant. Participation may be subject to the availability of resources.