

# NEVADA COUNTY CANNABIS EQUITY ASSESSMENT & LOCAL EQUITY PROGRAM

Prepared & Presented by the Nevada County Community  
Development Agency & California Center for Rural Policy at  
Humboldt State University

# HOW THIS FITS

- ❖ Working on Capacity
- ❖ Enforcement Effectiveness
- ❖ Board Objective for Licensing Type Options
- ❖ Ordinance Cleanup/Updates from Lessons Learned
- ❖ Grant/Funding Opportunities
- ❖ Other Helpful Tools/Programs Such as Equity

# BACKGROUND

- ❖ CA Cannabis Equity Act – AB 97 – 2019
  - Established agreement to administer a Cannabis Equity Grants Program
  - Supporting intent of Prop 64 & the Adult Use of Marijuana Act (AUMA)
  - Aimed at reducing barriers to entry for regulated cannabis & reducing the illicit cannabis market



# BACKGROUND

- ❖ Type 1 Grant Funding: Cannabis Equity Assessment (CEA) /Program(LEP) Development
- ❖ Type 2 Grant Funding: Cannabis Equity Program Implementation
- ❖ Type 1 grant funds received - \$149,999.95 – April 29, 2020
- ❖ Contract with the California Center for Rural Policy at Humboldt State University to develop CEA & LEP - \$100,000 – June 23, 2020



# REPORT STRUCTURE OF THE CANNABIS EQUITY ASSESSMENT

- Executive Summary
- Background
- Overview
- Equity Analysis
- Current Conditions in Nevada County
- Barriers to Entry
- Cannabis Equity Program Recommendations

## KEY TAKEAWAYS FROM EQUITY ASSESSMENT (I)

- Legacy cannabis cultivators were impacted by militarized eradication and punitive law enforcement between the end of the 1970s and 1996.
- During this time cannabis cultivation as a livelihood strategy also spread to areas of the county with high poverty rates and limited economic opportunity.
- Medical cannabis (Prop 215) actors contributed positively to the cultural, economic, and physical health of the County.
- Women played an especially important role in Nevada County's legacy medical cannabis communities as leaders and formulators of medical products.

## KEY TAKEAWAYS FROM EQUITY ASSESSMENT (II)

- Commercial medical cannabis market actors increased political tension around cannabis 2008-2016.
- Communal medical and legacy cannabis stakeholders were impacted by county efforts to enforce against commercial cannabis markets.
- Legal cannabis regulations with high capital barriers to entry advantage transition for commercially-oriented unregulated actors over communal and legacy cannabis stakeholders.
- The county has a significant legacy population with expertise in cannabis cultivation, breeding and medical product formulation that struggle with transition to regulated markets.

## SUMMARY OF BARRIERS TO ENTRY (I)

- **Financial:** High cost of entry into the legal, regulated market, particularly for cultivators. All new businesses face financial requirements to enter a new market.
- **Banking:** As dependable and consistent banking services is limited, many businesses end up being cash intensive. This exposes them to risks associated with robbery and difficulties in making payments.
- **Administrative/Technical:** Obtaining necessary permits can be time-consuming, resource intensive, and require significant technical knowledge and/or skills.



## SUMMARY OF BARRIERS TO ENTRY(II)

- **Infrastructure:** In rural counties that are remote, cultivation is happening in areas with crumbling infrastructure and structures that are not up to building and environmental codes.
- **Business Acumen:** Business planning, human resource management, accounting and inventory controls can be significant barriers to entering a new market. Well resourced and highly educated applicants will have significant advantages to succeed in the legal cannabis industry.
- **Distrust of Government:** Prior criminalization of non-violent cannabis offenses has left many individuals with a deep sense of distrust and fear of government. Many are unfamiliar with government processes and protocols.

## SUMMARY OF RECOMMENDATIONS FOR LOCAL EQUITY PROGRAM

### **Consider specific eligibility criteria based on CEA (1).**

- Cannabis conviction history
- Low income status
- Residency consideration
- Ownership consideration
- Geographic consideration
- Experience with previous small scale eradication

### **Ensure that those who meet eligibility criteria can get licensed (2).**

Nevada County may want to consider:

- Prioritizing equity applicants in the application process
- Ratios to ensure a certain number of equity licenses
- Provisional approval for equity applicants
- Amnesty program for equity applicants

## RECOMMENDATIONS FOR EQUITY PROGRAM COMPONENTS

**Create specific services/programs for equity applicants that address/mitigate barriers to entering the legal cannabis market (4).**

- Provide financial assistance for equity applicants to navigate various parts of the permitting process.
- Provide financial assistance for equity applicants to complete necessary infrastructure improvements to comply with local and state requirements.
- Provide financial assistance for equity applicants to access business skill trainings, workforce development.
- Consider the creation of an incubator program **(5)**

## DATA FOCUSED RECOMMENDATIONS

**Track data to better understand demographics of applicants and licensees (3).**

- Race/Ethnicity
- Gender
- Income level
- Prior convictions
- Military service
- Age
- Disability status

**Update the Nevada County CEA every three years to (10):**

- Monitor and share progress of the LEP
- Monitor and share trends in the emerging legal cannabis industry
- Identify areas for course correction and/or unexpected successes and/or challenges.

## COUNTY-LEVEL CANNABIS RECOMMENDATIONS

- **Consider utilizing tax revenue to ensure that county staff managing permitting are fully staffed and trained on cannabis permitting processes (6).**
- **Consider promoting a diversity of permit types in addition to cultivation. (7).**
- **Consider directing local cannabis revenue to community reinvestment programming to rebuild/restore communities impacted by cannabis criminalization (8).**
- **Cannabis businesses should provide equitable employment opportunities (9).**

# OUTREACH

## ❖ **Over 40 interviews/meetings:**

- Elected Officials
- Local government departments/agencies
- Private non-cannabis stakeholders
- Cannabis special interest groups
- Attorneys with cannabis related expertise
- Communities impacted by cannabis criminalization
- Law enforcement personnel
- Community listening session
- Cannabis equity survey

# WHAT ARE OTHERS DOING?

## ❖ **Type I Funding Stage:**

- Trinity County
- Sonoma County
- San Diego County

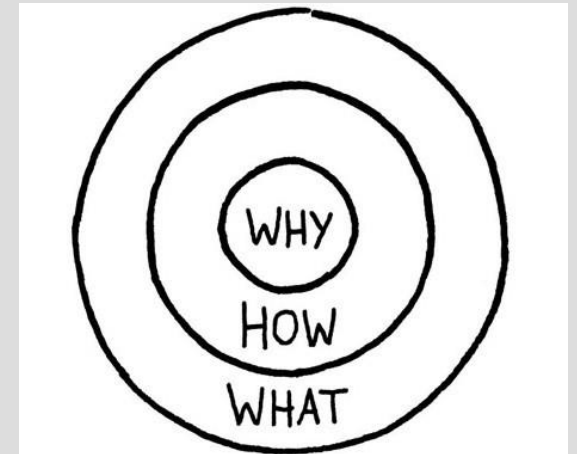
## ❖ **Type II Funding Stage:**

- Humboldt County
- Lake County
- Mendocino County

**Also, Several CA Cities in Both Stages**

# WHY

- ❖ Additional tools
- ❖ Additional funding opportunities for programmatic customer services
- ❖ Supports small legacy cannabis farmers
- ❖ Supports the legal cannabis market overall
- ❖ Supports enforcement efforts
- ❖ Supports those involved in compassionate/medicinal use programs
- ❖ Continues to break down stigmas/barriers and improves regulatory trust





# EXAMPLES

- ❖ Small legacy cultivator (*5,000sqft canopy*)
- ❖ In community for over 30 years
- ❖ Part of historical compassionate medicinal use programs
- ❖ Needs to permit well, house, provide onsite water and improve driveway
- ❖ Needs help with design and site development work
- ❖ Equity grant funding provided to help with this lift
- ❖ Result:
  - Improved community fire safety
  - Safe/responsible water use
  - Affordable/safe housing
  - Economic contributor
  - Zero cost to community

# EXAMPLES





# EXAMPLES





# EXAMPLES



## WHAT'S NEXT

- ❖ Continue evaluation of program commitment, workload, and obligations
- ❖ Application for Type 2 grant funding – anticipated early 2022
- ❖ Local funding contribution – anticipated \$50,000
- ❖ Build program logistics – program policies/procedures, forms/handouts, application process, etc
- ❖ Continue partnership with community stakeholders, other rural jurisdictions, and state cannabis equity program stakeholders

# RECOMMENDATION

Approve the attached resolution creating a Cannabis Local Equity Program (LEP) and adoption of the attached Nevada County Cannabis Equity Assessment (CEA) and Local Equity Program (LEP) Manual



