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CANNABIS REGULATION**

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April 30, 2025

Council File 20-1125-S1

The Honorable City Council
City of Los Angeles
City Hall, Room 395
Los Angeles, CA 90012

Dear Honorable Members:

PROPOSED ORDINANCE AMENDMENTS TO ARTICLE 5, CHAPTER 10 OF THE LOS ANGELES MUNICIPAL CODE CONCERNING CANNABIS LAND USE RESTRICTIONS

SUMMARY

The Department of Cannabis Regulation (DCR) recommends amendments to Article 5, Chapter 10 of the Los Angeles Municipal Code (LAMC) concerning commercial cannabis activity. The proposed amendments address definitions, location restrictions, sensitive use sites, local permitting requirements, and align provisions relating to commercial cannabis activity and provisions governing the continuing operation of existing licenses with requirements placed on other City businesses.

The proposed amendments, if enacted, would be the second amendment to the City's 2017 land use regulations for commercial cannabis activity. Land use considerations are at the core of the City's cannabis regulations and a central part of the application and licensing process. DCR's recommended modifications will eliminate barriers businesses face when navigating other City permitting processes, align the distance restriction with State law, authorize licensure in any Zone issued a Certificate of Occupancy from the Los Angeles Department of Building and Safety for the cannabis-related activities or equivalent use, allow the Zoning Administrator to issue interpretations under Section 12.21 A.2. of Chapter 1 of the LAMC, align the LAMC with annual licensing processes, expand the number of compliant business premises Citywide, extend limited grandfathering to all commercial cannabis businesses pursuing local permits, and eliminate three types of sensitive uses.

RECOMMENDATION

That the City Council, subject to approval by the Mayor:

1. Approve amending Los Angeles Municipal Code (LAMC) Section 105.00 et seq. to align with State distancing measurements, expand the number of Citywide compliant properties, extend limited grandfathering to all businesses pursuing operating permits, authorize the Department of Cannabis Regulation to accept and process an application in any zone when the Department of Building and Safety issues a Certificate of Occupancy for the cannabis-related activity or its equivalent use, authorize the Zoning Administrator to issue interpretations under Section 12.21 A.2. of Chapter 1 of the LAMC, delete definitions, and modify cannabis land

use restrictions to better align with restrictions placed on non-cannabis businesses, as outlined in this report;

2. Request the Office of the City Attorney, with the assistance of the Department of Cannabis Regulation, to prepare and present an ordinance to amend LAMC Section 105.00 et seq. consistent with this report; and,
3. Include an urgency clause in the ordinance transmitted for City Council consideration.

BACKGROUND

The City enacted its initial location and related land use regulations for commercial cannabis activity by Ordinance No. 185,345, effective December 19, 2017. The City Council initiated proposed amendments to commercial cannabis land use related regulations in 2019, to modify definitions, location restrictions, and sensitive site dating provisions relating to commercial cannabis activity and provisions governing the continuing operation of Existing Medical Marijuana Dispensaries (EMMDs) that formerly operated under Proposition D. Those proposed amendments generally intended to address, among other matters, the definitions, provisions concerning EMMD grandfathering, and provisions regarding sensitive sites relative to applicants for cannabis retail licenses.

In addition to prior land use ordinances, the City Council adopted the Cannabis Procedures Ordinance, codified in LAMC Section 104.00 et seq., which sets forth procedures for cannabis licensing and establishes the City's Social Equity Program. As set forth in LAMC Section 104.20, the Social Equity Program seeks to acknowledge and address the harmful impacts of past cannabis policies and their enforcement. By providing priority licensure and technical assistance to verified applicants, the Social Equity Program is intended to promote equitable ownership and employment opportunities in the cannabis industry, and address disproportionate impacts of cannabis prohibition in adversely-impacted and lower income communities. To be eligible as a Social Equity Individual Applicant, an individual must satisfy certain eligibility requirements, such as low income status or possession of a prior cannabis arrest or conviction.

OUTLINE OF RECOMMENDED AMENDMENTS

DCR's recommended modifications address certain provisions which pose barriers to the licensing of new cannabis businesses, Social Equity Applicants, and to the continued operation of existing licensees. The amendments recommended by DCR would:

1. Eliminate barriers commercial cannabis businesses face when navigating other City permitting processes;
2. Align the distance restriction with State law by reducing the distance buffer from 700-feet to 600-feet;
3. Authorize DCR to consider an application in any Zone issued a Certificate of Occupancy from the Los Angeles Department of Building and Safety for the cannabis-related activities or equivalent use;
4. Authorize the Zoning Administrator to issue interpretations under Section 12.21 A.2. of Chapter 1 of the LAMC;
5. Align the LAMC with annual licensing processes, which did not exist the last time this Section of the LAMC was amended;
6. Expand the number of compliant business premises Citywide;
7. Extend limited grandfathering to all commercial cannabis businesses issued an Annual License pursuing required local permits for an Operating Permit;
8. Require DCR to amend the Sensitive Uses on the DCR Licensing Map annually in July;
9. Eliminate three types of sensitive uses;

10. Provide additional context and clarity regarding the measurement of distances between Commercial Cannabis Activity businesses and Sensitive Uses; and,
11. Align the land use ordinance with other adopted and proposed amendments to the LAMC.

The recommended changes are also intended to help mitigate the capital investment costs needed to start a new business, which threaten the intent of the Social Equity Program, the time needed to comply with Building Code and Fire Code permitting requirements, and make the overall commercial cannabis application process more business friendly.

DISCUSSION

The City has licensed and regulated commercial cannabis activity for approximately seven years. DCR, with the assistance of other City Departments, may propose future amendments to the LAMC to reflect future changes in local, state, and federal law. Currently, commercial cannabis businesses are not similarly situated to other manufacturing and retail businesses because cannabis remains a Schedule 1 controlled substance under the Controlled Substances Act; therefore, the use, sale and possession of cannabis is illegal under federal law. Due to the federal prohibition, licensed commercial cannabis businesses have been required to comply with unique operational, safety, and security conditions. Given that the legalized cannabis market is no longer in its infancy, many operators now have the same level of experience with regulatory compliance as in other more established industries, and the City should adopt a more business friendly stance when considering new commercial cannabis applications.

DCR recommends modifications to the existing language of LAMC 105.00 et seq. as follows.

Section 105.01 is proposed to be amended as follows:

Delete the following definitions:

- Alcoholism or Drug Abuse Recovery or Treatment Facility
- EMMD
- Permanent Supportive Housing
- Public Park

Amend the following definitions to read:

- “Cannabis” means Cannabis as defined in Section 104.01 of this Code.
- “Publicly Available” in reference to a Sensitive Use, means identified on an official list posted on one of the following official websites maintained by or on behalf of the following respective responsible governmental agencies. This list of official websites may hereinafter be amended as necessary by DCR’s Rules and Regulations.
 - (a) Day Care Centers shall be identified on the official website for the California Department of Social Services;
 - (b) Public Libraries shall be identified on the official website for the Los Angeles Public Library; and,
 - (c) Schools shall be identified on the official website for the California Department of Education.
- “School” means an institution of learning for minors, whether public or private, which offers in-person instruction in grades K through 12 and is licensed by the State Board of Education. This definition includes kindergarten, elementary, junior high, or senior high under the jurisdiction of the State Department of Education, but it does not include a vocational or professional institution or an institution of higher education, including a community or junior college, college or university.

- “Sensitive Use” means a Day Care Center, Public Library, and / or School.
- “Verification Date” means the first business day of the City’s fiscal year beginning July 1, which immediately precedes the Application Date.

Add the following definitions:

- “Licensee” means a Licensee as defined in Section 104.01 of this Code.

Section 105.02 is proposed to be amended in its entirety to read:

SEC. 105.02. LOCATION AND OTHER REQUIREMENTS FOR COMMERCIAL CANNABIS ACTIVITY.

The Commercial Cannabis Activity described in this Section shall be limited to such activity conducted by a person licensed by the state of California and the City to engage in such Commercial Cannabis Activity described in this article.

The Commercial Cannabis Activity described in this Section shall not be required to comply with the distance restriction from a school, day care center, or youth center stated in Business and Professions Code Section 26054. In place and stead of these State law distance and sensitive use restrictions, the Commercial Cannabis Activity shall be required to meet the distance and sensitive use restrictions stated in this article.

(a) Commercial Cannabis Activity.

1. Retailer Commercial Cannabis Activity. Commercial Cannabis Activity falling under the category “Type 10 - Retailer” in Section 26050 of the California Business and Professions Code or only to the extent such commercial activity is located and occurring:

(A) Within any of the following zones:

(1) Chapter 1 of the Los Angeles Municipal Code: C1 Limited Commercial Zone, C1.5 Limited Commercial Zone, C2 Commercial Zone, C4 Commercial Zone, C5 Commercial Zone, CM Commercial Manufacturing Zone, M1 Limited Industrial Zone, M2 Light Industrial Zone, or M3 Heavy Industrial Zone, under Chapter 1 of the Los Angeles Municipal Code; or

(2) Commercial Manufacturing (Glencoe/Maxella) Zone: CM(GM) Zone under the Glencoe/Maxella Specific Plan; or

(3) Central City West Specific Plan Zone: RC4(CW) Residential Mixed-Use Category, RC5(CW) Residential Mixed-Use Category, C1(CW) Limited Commercial Category, C2(CW) Commercial Category, C4(CW) Commercial Category, or CM(CW) Commercial Manufacturing Category, under the Central City West Specific Plan; or

(4) Warner Center Specific Plan Zone: WC Warner Center Specific Plan Zone where “Retail Store, general merchandise” or “Hybrid Industrial” uses are permitted under the Warner Center Specific Plan; or

(5) Los Angeles Sports and Entertainment District Specific Plan Zone: LASED Los Angeles Sports and Entertainment District Specific Plan Zone under the Los Angeles Sports and Entertainment District Specific Plan; or

- (6) Playa Vista Specific Plan Zone: M(PV) Industrial Zone and M2(PV) Industrial Zone under the Playa Vista Specific Plan; or
 - (7) Paramount Pictures Specific Plan Zone: Paramount Pictures Specific Plan Zone within the Lemon Grove Lot (Parcels A and B), South Bronson Lot, Windsor Lot, Camerford Lot, Waring Lot, and Gregory Lot (Parcels A and B) under the Paramount Pictures Specific Plan; or
 - (8) USC Specific Plan Zone: USC Specific Plan Zone within Subarea 3 under the USC Specific Plan; or
 - (9) Jordan Downs Urban Village Specific Plan Zone: CM(UV) Commercial Manufacturing Zone under the Jordan Downs Urban Village Specific Plan; or
 - (10) Cornfield-Arroyo Seco Specific Plan Zone: UC(CA) Urban Center, UI(CA) Urban Innovation, UV(CA) Urban Village Zones under the Cornfield-Arroyo Seco Specific Plan; or
 - (11) Business Premises in any Zone issued a Certificate of Occupancy from the Los Angeles Department of Building and Safety allowing on-site retail sales; and,
- (B) Outside of a 600-foot radius of a Sensitive Use; and,
- (C) Up to, three additional Type 10 Retailer Commercial Cannabis Activity, having on-site retail sales, licenses may be issued within a 600-foot radius of a business which is licensed by the City to engage in the Type 10 Retailer Commercial Cannabis Activity or for which Pre-Application Review or Annual License Application fees associated with a Business Premises relocation request, whichever is applicable, are paid pursuant to Los Angeles Municipal Code Section 104.19.
2. Any Commercial Cannabis Activity falling under any category in Section 26050 of the California Business and Professions Code and having no on-site sales, only to the extent such commercial activity is located and occurring:
- (A) Within any of the following zones:
 - (1) Chapter 1 of the Los Angeles Municipal Code: CM Commercial Manufacturing Zone, MR1 Restricted Industrial Zone, M1 Limited Industrial Zone, MR2 Restricted Light Industrial Zone, M2 Light Industrial Zone, or M3 Heavy Industrial Zone, under Chapter 1 of the Los Angeles Municipal Code; or
 - (2) Warner Center Specific Plan Zone: WC Warner Center Specific Plan Zone where “Hybrid Industrial” uses are permitted under the Warner Center Specific Plan; or
 - (3) Playa Vista Specific Plan Zone: M(PV) Industrial Zone, and M2(PV) Industrial Zone under the Playa Vista Specific Plan; or
 - (4) Cornfield-Arroyo Seco Specific Plan Zone: UC(CA) Urban Center, UI(CA) Urban Innovation, UV(CA) Urban Village Zones under the Cornfield-Arroyo Seco Specific Plan; or

(5) Business Premises in any Zone issued a Certificate of Occupancy from the Los Angeles Department of Building and Safety for the cannabis-related activities or equivalent use; and,

(B) Outside of a 600-foot radius of a School; and,

(C) A Commercial Cannabis Activity falling under the category "Type 7" in Section 26050 of the California Business and Professions Code must be located outside of a 200-foot radius of any Residentially Zoned Property.

(b) The distance specified in this section between "Type 10 - Retailer" Commercial Cannabis Activity businesses shall be the horizontal distance measured in a straight line, without regard to intervening structures, from the closest parcel boundary of each business. The distance between any Commercial Cannabis Activity business, and any Sensitive Use with exclusive use of the parcel upon which it is located, shall be the horizontal distance measured in a straight line, without regard to intervening structures, from the interior wall adjacent to the activity, subject to this measurement, which is closest to the Sensitive Use to the closest parcel boundary of the Sensitive Use. The distance between any Commercial Cannabis Activity business and any Sensitive Use without exclusive control of the parcel upon which it is located, shall be the horizontal distance measured in a straight line, without regard to intervening structures, from the interior wall adjacent to the activity, subject to this measurement, which is closest to the Sensitive Use to the wall, interior or exterior, under the exclusive control of the Sensitive Use, excluding parking lots, hallways, bathrooms, and any other space shared between tenants.

(c) An Applicant's proposed Business Premises location shall be deemed compliant with the required distances specified in Section 105.02 from Sensitive Uses if the proposed Business Premises location complies with the required distances from all Sensitive Uses that are Publicly Available to the Department of Cannabis Regulation on the Verification Date. Any Sensitive Use not Publicly Available to the Department of Cannabis Regulation on the Verification Date shall not disqualify an Applicant's proposed Business Premises location. This Subsection 105.02(c) shall apply to pending applications for which Temporary Approval Application Fees have been paid pursuant to Los Angeles Municipal Code Section 104.19, provided that the proposed Business Premises location complies with the required distances from all Sensitive Uses that are Publicly Available to the Department of Cannabis Regulation on the effective date of this ordinance.

Section 105.03 is proposed to be amended in its entirety to read:

SEC. 105.03. LIMITED GRANDFATHERING.

If the City issues an Annual License for Commercial Cannabis Activity, the Licensee may continue to operate at its location within the City in accordance with the Rules and Regulations set forth by the City. The Licensee shall not be subject to the zone restrictions stated in Section 105.02 of this article until after December 31, 2029. This limited grandfathering shall not create, confer, or convey any vested right or nonconforming right or benefit regarding any activity conducted by the Licensee beyond the term and activities provided by the Annual License. This limited grandfathering shall cease immediately after December 31, 2029. Beginning January 1, 2030, Licensees shall comply with the zoning requirements of LAMC Section 105.00 et seq. which include obtaining a Certificate of Occupancy from the Los Angeles Department of Building and Safety for their cannabis-related activities.

The limited grandfathering provided by this Section shall not create, confer, or convey any vested right or nonconforming right or other benefit regarding any activity conducted by the Licensee

beyond the term and activities provided by the licenses issued by the State of California and City to such Licensees.

Section 105.04 is proposed to be amended in its entirety to read:

SEC. 105.04. AUTHORITY TO PERMIT USE IN ANY ZONE.

The use of any building, structure, location, premises or land for any Cannabis related activity is not currently enumerated in the Los Angeles Municipal Code as a permitted use in any zone, nor is the use set forth on the Official Use List of the City as determined and maintained by the Zoning Administrator.

The Commercial Cannabis Activity described in Subsections (a)1. - (a)2. of this article is limited to the term and activities provided by the licenses issued to such Commercial Cannabis Activity by the State of California and the City.

Until Cannabis related activity is enumerated in the Los Angeles Municipal Code or the use is set forth on the Official Use List, the Los Angeles Department of Building and Safety may issue Certificates of Occupancy for an equivalent use and the City shall accept the Certificate of Occupancy as evidence of compliance with Section 105.02 et. al. The Zoning Administrator shall have authority to issue interpretations under Section 12.21 A.2. of Chapter 1 of this Code as may be necessary to clarify any provision(s) of this article to remain consistent with any amendments to local or State law. The Zoning Administrator shall have the authority to determine that the use of any building, structure, location, premises or land for any Cannabis related activity may be permitted in any zone; to add any Cannabis activity to the Official Use List of the City; or to grant any land use approval authorizing any Cannabis activity.

CONCLUSION

As documented in case law and in the legislative histories of cannabis regulations in the City, when not appropriately licensed and regulated, there may be negative impacts and secondary effects associated with cannabis activities which are dissimilar to other retail or manufacturing businesses, including neighborhood disruption, diversion, exposure of school-age children to cannabis, and cannabis sales to minors. However, the commercial cannabis businesses issued Annual Licenses by the City play an important role in preventing these negative impacts created by unlicensed cannabis businesses, support our local economy, and make-up approximately 25 percent of the State's legal market.

DCR's recommended amendments will eliminate barriers licensed commercial cannabis businesses face when navigating other City permitting processes, align the distancing measurements with State law, expand the number of compliant parcels, extend limited grandfathering to all licensed commercial cannabis businesses pursuing local permits to obtain an operating permit, and make the City more commercial cannabis business friendly.

Sincerely,



JASON KILLEEN
Acting Executive Director