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February 14, 2018

Los Angeles City Council
c/o Office of the City Clerk
City Hall, Room 395
Los Angeles, California 90012

Attention: Rules, Elections and Intergovernmental Relations (REIR) Committee

Dear Honorable Members:

COMMERCIAL CANNABIS LOCATION RESTRICTIONS, OPTIONS FOR ALLOWING MIXED-LIGHT COMMERCIAL CANNABIS CULTIVATION IN INDUSTRIAL ZONES; CF 14-0366-S4

During the City Council's consideration of the Commercial Cannabis Location Restriction Ordinance, there was an expressed interest in exploring the possibility of allowing mixed-light cannabis cultivation businesses to receive commercial cannabis activity licenses to operate in industrial zones. The Department of City Planning is pleased to submit the following analysis to facilitate the City Council's deliberations on this topic.

The current commercial cannabis location regulations, which reside in the Business Regulations chapter of the Los Angeles Municipal Code (LAMC), allow specified commercial cannabis activity to seek a local cannabis license generally in zones that allow the underlying use enumerated in the Zoning Code – retail, cultivation, manufacturing, etc. For example, the underlying use for commercial cannabis cultivation is "farming," while the underlying use for commercial cannabis retail is "retail."

While farming is permitted in the A1, A2, MR1, M1, MR2, M2, M3, and PF Zones, the commercial cannabis location regulations further restrict indoor cannabis cultivation to the MR1, M1, MR2, M2, and M3 Zones. The Department's recommendation report to the City Planning Commission recommended this restriction because of the industrial characteristics of indoor commercial cannabis cultivation, which permits total control over temperature and lighting, and for vertical stacking of the plants – factors that can significantly increase the yield from a given site. Indoor cultivation also allows for additional security and control over odors, noise and other potential impacts to existing adjacent developments. For this reason, the Department recommended limiting indoor cultivation to industrial zones.

Mixed-light commercial cannabis cultivation is intended to take place in a greenhouse or similar structure. Greenhouses offer the possibility of enclosure but are partially or fully transparent to someone looking in from outside. As a result, the cultivation activity is more contained compared to fully exposed outdoor sites in terms of security and odor control, but less contained than if the

activity were taking place in permanent habitable buildings. Greenhouses are an enumerated use in the Zoning Code and are permitted in the C2, C4, C5, CM, MR1, M1, MR2, M2, and M3 Zones and as an accessory use in the A1 and A2 Zones.

Due to the reduced ability to control light and temperature, it is possible that mixed-light cultivation sites may produce less than similarly-sized indoor cultivation sites, which would be an argument in favor of making mixed-light cultivation eligible to be licensed in the full range of zones in which greenhouses are permitted. However, the increased difficulty of security and controlling odors in a greenhouse setting compared to indoor cultivation would be an argument in favor of limiting mixed-light cultivation to the same range of zones as indoor cultivation.

Given that the commercial cannabis location regulations are already in place, any change to the regulations to allow mixed-light commercial cannabis cultivation would require the preparation and processing of an amendment to the LAMC, following the same steps that first established the current cannabis location regulations. The process includes preparation of a draft ordinance, release of the ordinance to the public, a staff-level public hearing, a staff recommendation report to the City Planning Commission and the Commission's recommendation to the City Council.

The Department has previously recommended permitting indoor cultivation in the MR1, M1, MR2, M2, and M3 zones. If the City Council wishes to allow mixed-light commercial cannabis cultivation in the City, the Department recommends that such activity be further analyzed in the MR1, M1, MR2, M2, and M3 zones and that the Department include this proposal as part of any forthcoming amendments to the commercial cannabis location regulations already in place.

Should you have any questions regarding the above information, please contact the following members of my staff: Niall Huffman (213) 978-3405 or Deborah Kahen (213) 978-1202.

Sincerely,

VINCENT P. BERTONI, AICP
Director of Planning

A handwritten signature in blue ink, appearing to read "Kevin J. Keller".

Kevin J. Keller, AICP
Executive Officer

VPB:KJK:NHH:mn