

LATE
DIST

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Alexander, Jacquelyne

From: Bozanich, Dennis
Sent: Monday, February 5, 2018 2:30 PM
To: sbcob
Subject: FW: UFCW Local 770 Written Comment - Cannabis Ordinance
Attachments: UFCW 770 Comment of Santa Barbara County Cannabis Ordinance.pdf; UFCW Local 770_SocEquityReport_forPublicComments.pdf

#3

Public Comment

From: Kevin Hom [mailto:kevin.hom@ufcw770.org]
Sent: Monday, February 5, 2018 2:28 PM
To: Williams, Das <DWilliams@countyofsb.org>; Wolf, Janet <jwolf@countyofsb.org>; Hartmann, Joan <jHartmann@countyofsb.org>; Adam, Peter <peter.adam@countyofsb.org>; Lavagnino, Steve <steve.lavagnino@countyofsb.org>; Fogg, Mindy <mfogg@co.santa-barbara.ca.us>
Cc: Bozanich, Dennis <dBozanich@countyofsb.org>; Rigo Valdez <rigo@ufcw770.org>; Matt O'Malley <Matt.Omalley@ufcw770.org>
Subject: UFCW Local 770 Written Comment - Cannabis Ordinance

To Santa Barbara County Supervisors:

Attached is UFCW770's written comment regarding Santa Barbara County's Cannabis Ordinance. I will be delivering public comment at tomorrow's meeting if you have any questions.

Best,

Kevin

--

Kevin Hom

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UFCW Local 770
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UFCW Local 770

A VOICE FOR WORKING CALIFORNIA

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UNITED FOOD AND COMMERCIAL WORKERS UNION • UFCW770.ORG

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February 6, 2018

Mindy Fogg, Supervising Planner
County of Santa Barbara
Long Range Planning Division
105 East Anapamu Street
Santa Barbara, CA 93101

Re: **Commercial Cannabis Regulations**

Dear Ms. Fogg:

We respectfully write on behalf of the United Food & Commercial Workers Union ("UFCW"), Local 770. Local 770 represents cannabis workers in dispensaries and cultivation operations in Los Angeles, Santa Barbara, Ventura, and San Luis Obispo counties.

Over the past years, during the development of MMRSA, AUMA, MAUCRSA, and local efforts throughout Southern California, Local 770 has fought to ensure that cannabis workers are treated with respect, and that consumers, workers, and communities benefit from the professionalization of the cannabis industry.

We recently reviewed the proposed Commercial Cannabis Land Use Ordinances proposed by the County. We are pleased that the County proposes to permit commercial cannabis uses in most commercial, manufacturing, and agricultural areas, but we believe that the County should follow the model put forward by the City of Los Angeles. In the City of Los Angeles's regulatory scheme, a land use ordinance was developed to establish commercial cannabis as a permitted use in enumerated zones, but the issuance of all commercial cannabis approvals occurs through a separate commercial cannabis licensing scheme. Under this model, the City of Los Angeles Department of Cannabis Regulation *consults* with the City's planning department regarding zoning compatibility; however, applicants do not have to go through a land use approval process instead applicants are approved by the Cannabis Regulation Commission.

This streamlined approach is an efficient, cost effective process that conserves resources and allows the County to provide community benefits through its licensing ordinance.



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We look forward to working with the County to develop its comprehensive licensing scheme. Local 770 supports a community benefit approach to the cannabis application approval process. Santa Barbara County should not miss this historic opportunity to grow good jobs and community benefits through the legalization of adult use cannabis.

The City of Los Angeles recently passed sweeping cannabis legislation, which can provide a model for how to balance land use considerations with a licensing scheme that provides for worker protections and social equity.

RECOMMENDATIONS

LABOR PEACE

The licensing ordinance should require an applicant to enter into a labor peace agreement, which is mandated under state law. We recommend that County follow the City of Los Angeles's lead, and require any employer with ten or more employees engaged in a commercial cannabis activity to attest that it has entered into a labor peace agreement with a bona fide labor organization. Labor peace agreements ensure that labor disputes do not disrupt an employer's business, which protects the public health and safety and fosters the development of a stable cannabis industry in Santa Barbara County. Regarding proof of a labor peace agreement, an applicant should only be required to provide an attestation from a person authorized to contract on behalf of a bona-fide of labor organization that one has been executed. Efficient and good faith negotiations would be best served by the confidentiality of the final labor peace agreement.

WORKER PROTECTIONS

The licensing ordinance should include worker protections. Considering that cannabis is moving from an illegal to legal market; that the industry is historically prone to turnover; and that corporations and private equity are poised to buy businesses in the industry, it is particularly important to protect workers from exploitation and ensure quality jobs.

We respectfully present the following recommendations to improve cannabis working conditions in Santa Barbara County:

- 1. Staffing Plan and Organization Chart.** The applicant should provide the County with a staffing plan that outlines the positions of each commercial cannabis business employee, and the reporting structure intended to be implemented for those employees.

2. Emergency Contact. The applicant should be required to provide the County with the name, cell phone number, email address, and facsimile number of an on-site community relations staff person to whom the County may provide notice any operating problem associated with the facility.

3. Labor Law Violations. The licensing ordinance should ensure that licenses/permits may be denied or revoked if an applicant has been found to have violated any law involving wages or labor as a violation of the California Labor Code or the county/state minimum wage. Santa Barbara County should ensure that permits will be denied or revoked if the applicant has been found to have violated any law involving wages or labor as a violation of the California Labor Code or any municipal ordinances.

UFCW Local 770 Proposed Language:

Any owner, business entity, or individual convicted for violating any local or state law involving wages or labor laws will be banned from Commercial Cannabis Activity within the County of Santa Barbara for a period of 5 years from the date of conviction. An owner, business entity, or individual convicted for violating any local or state law involving wages or labor laws may only reapply to the County before five years by providing an attestation from a bona-fide labor organization which indicates that the conditions resulting in the violation have improved.

4. Taxation and Enforcement. The County has proposed to put a cannabis taxation measure on the June 2018 ballot. Local 770 supports a taxation scheme, **which includes a 1% nursery tax, 3% manufacturing tax, 4% cultivation tax, and a 6% retail tax.**

Moreover, a portion of that money should be used for enforcement, including enforcement of compliance with state and local labor laws. The County must adopt a mechanism for monitoring compliance with the provisions of the ordinance.

5. Prevailing Wage. The application procedures outlined by the ordinance should require proof that operators are committed to paying the prevailing wage in the County. Offering workers the prevailing wage will help to keep a stable, well-trained workforce in place by further professionalizing the cannabis industry.

6. Labor Representative Access. The licensing ordinance should include a provision to allow labor representatives at least the same access to cannabis facilities guaranteed by state law.

7. Anti-retaliation. The licensing ordinance should contain protections against retaliation for whistleblowers. Anti-retaliation provisions will foster safer communities and workplaces. Communities are best protected when cannabis industry employees are free to report noncompliance and safety issues in their workplace. The ordinances must include anti-retaliation provisions to safeguard whistleblowers against adverse action.

8. Worker Discrimination. It should be unlawful for an Employer or any other party to discriminate in any manner due to race, gender, sexual orientation or other identity, or to take adverse action against any Employee in retaliation for exercising rights protected under this ordinance.

SOCIAL EQUITY

UFCW Local 770 has been actively involved in the process of drafting social equity legislation in the City of Los Angeles, including presenting research, and partnering with a wide range of community organizations and members from affected communities to formulate policy. We strongly advocate that Santa Barbara County implement social equity provisions.

We respectfully introduce the attached social equity report into the public record. This report documents the effect of the War on Drugs on targeted communities, and suggests means to improve health, economic and other disparities associated with those policies. Notable negative life outcomes associated with policies connected to the War on Drugs include: lack of employment access and job opportunities, wage disparities, increased health vulnerabilities, lowered post-secondary options, massive disinvestment in services, and political disempowerment. We suggest that robust programs including small business creation, workforce development, neighborhood reinvestment, and decriminalization efforts – all driven by significant community engagement-- will meaningfully improve well-being in the County.

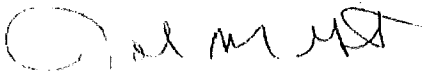
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In sum, **we strongly support the County's proposed tax ballot measure** and we respectfully request that the County consider a licensing model to cannabis legalization in addition to its land use ordinances. A comprehensive regulatory scheme should include a labor peace requirement, worker protections, and community benefits like a social equity program. UFCW Local 770 looks forward to working with the County and can provide additional information and resources as needed.

If you have any questions, please do not hesitate to contact Matt O'Malley at 213-201-7124.

Sincerely,

UFCW LOCAL 770



John M. Grant, President



Kathy A. Finn, Secretary-Treasurer

JMG:KAF:MO

cc: County of Santa Barbara Board of Supervisors
1st District: Das Williams
2nd District: Janet Wolf
3rd District: Joan Hartmann
4th District: Peter Adam
5th District: Steve Lavagnino

The City of Los Angeles' Cannabis Social Program: A Framework for the Future

UFCW Local 770: Updated Analysis & Support for City Motions

Introduction: From the Cross-Cutting Effects of the War on Drugs to Intersectional Movements for Social Equity

The Brookings Institute, supporting the work of legal scholar Michelle Alexander and dozens of other research institutions, articulate: “The picture is clear: Drug crimes have been the predominant reason for new admissions into state and federal prisons in recent decades.”¹ These exceed all other forms of crime and account significantly for how the U.S. has come to imprison more people than any other country in the world. Racially-biased marijuana arrests have been and remain the primary driver of the War on Drugs, with Black people 4 times more likely than whites to be arrested for marijuana – and 9 times more likely to be found guilty and prosecuted at the state level.² In California, even with decriminalization and medical marijuana legalization, more than 500,000 people were arrested between 2006 and 2015, overwhelmingly for possession.³ Black people in California were twice as likely as white to be arrested, and Latinos 35%.⁴

Perhaps most frighteningly for California’s future is the fact that those most affected by arrests are Black and Latino young people, under 18 years of age, who stand to continue to suffer even in the wake of Proposition 64.⁵

Such statistics remind us that while the war on drugs may have been launched in the Reagan Era and intensified under the Bush I and Clinton “tough on crime” 1990s, mass incarceration linked to drugs has been alive and well throughout the 21st Century. And in California, it has continued even with reform projects like the legalization of medical marijuana and decriminalization, as well as federal intervention regarding prison overcrowding.

The war on drugs does not stop at prison doors. As mass incarceration of people of color has skyrocketed, so to have a multiplicity of deleterious social, economic and political effects on affected communities. These include:

¹ Rothwell, Jonathan (2015). *Drug Offenders in American Prisons: The Critical Distinction Between Stock and Flow*. Washington DC: Brookings. Alexander, M. (2012). *The new Jim Crow: Mass incarceration in the age of colorblindness*. The New Press.

² Alexander, op cit. Rothwell, op cit.

³ Drug Policy Alliance (2016). *It's Not Legal Yet: Nearly 500,000 Californians Arrested for Marijuana in the Last Decade*. San Francisco: DPA.

⁴ IDPA, Op cit.

⁵ DPA, op cit.

- Reduced high school completion and **lowered access to post-secondary educational opportunities** in affected communities – both within those incarcerated but also family affected by imprisonment.⁶
- Miseducation about cannabis and unwarranted fear of the consequences of the drug, rooted in often racialized imagery.
- Exacerbation of **racialized disparities in health** through incarceration, including heightened rates of HIV/AIDS and untreated mental illness.⁷
- **Increased exposure to risk of deportation** for vulnerable migrant populations, through imprisonment, and the risk of associated social dislocation and dispossession.⁸
- **Reduced job opportunities** through both direct (i.e. “the box”) and indirect discrimination against formerly-incarcerated peoples.⁹
- **Drastically low opportunities for capital access** and small business ownership for wealth creation.¹⁰
- Increased **wage disparities and lessened mobility opportunities** in vulnerable communities.¹¹
- **Reduced tax base for vulnerable** communities due to joblessness, lack of wealth-creation, lack of home ownership.
- **Expropriation of assets and capital** from vulnerable communities through drug raids and other war on drugs policing tactics.¹²
- Inflation of drug prices through illegalization, creating **market distortions** and making access to medical marijuana more expensive for vulnerable patients.¹³
- Continued **disenfranchisement of people of color from the electoral process** (though California now allows those in county, not state, jails to vote).
- Increased **distrust of the policing and political system** and frustration with existing arrangements, making political re-integration challenging.¹⁴

⁶ Foster, H., & Hagan, J. (2009). The mass incarceration of parents in America: Issues of race/ethnicity, collateral damage to children, and prisoner reentry. *The ANNALS of the American Academy of Political and Social Science*, 623(1), 179-194.

⁷ Golembeski, C., & Fullilove, R. (2005). Criminal (in) justice in the city and its associated health consequences. *American Journal of Public Health*, 95(10), 1701-1706; Massoglia, M. (2008). Incarceration, health, and racial disparities in health. *Law & Society Review*, 42(2), 275-306.

⁸ Provine, D. M. (2008). *Unequal under law: Race in the war on drugs*. University of Chicago Press. Yates, J., Collins, T. A., & Chin, G. J. (2005). A War on Drugs or a War on Immigrants-Expanding the Definition of Drug Trafficking in Determining Aggravated Felon Status for Noncitizens. *Md. L. Rev.*, 64, 875. Sanchez-Lopez, Alejandro, Robert Chlala, Pamela Stephens and Manuel Pastor (Forthcoming 2017). “Freeing Our Futures: How Data Can Inform New Economic Strategies for Boys and Men of Color.” Washington DC: RISE Research Network.

⁹ Alexander, op cit. Pager, D. (2008). *Marked: Race, crime, and finding work in an era of mass incarceration*. University of Chicago Press.

¹⁰ Wheelock, D. (2005). Collateral consequences and racial inequality: Felon status restrictions as a system of disadvantage. *Journal of Contemporary Criminal Justice*, 21(1), 82-90.

¹¹ Western, B. (2002). The impact of incarceration on wage mobility and inequality. *American Sociological Review*, 526-546.

¹² Polson, M. (2013). Land and law in marijuana country: Clean capital, dirty money, and the drug war’s rentier nexus. *PolAR: Political and Legal Anthropology Review*, 36(2), 215-230.

¹³ Polson 2013, op cit.

The history and broad-reaching effects of the war on drugs means any strategies to address the war on drugs must be comprehensive and take on a vision of compensatory equity that looks directly at communities affected. Fortunately, there are clear paths forward: the War on Drugs has been countered by the rise of numerous movements starting in the 1990s, to call for an end to mass incarceration to call for new investment in communities and new paradigms regarding community health, safety and long-term security.¹⁵ These intersect with the movement for medical marijuana, driven by patient advocacy and rooted heavily in the LGBTQ community coming out of the AIDS crisis. These movements have set the groundwork for the legalization of cannabis: they also are an important source of innovation in building a social equity platform.

Throughout this time period, Los Angeles has also been the epicenter of social movement unionism. The grassroots movement driven efforts of unions, beginning with Justice for Janitors and most recently continuing with the Fight for 15 or struggle against El Super draw from widening coalitions of community, religious and other groups.¹⁶ Taking on intersectional struggles regarding workers rights, immigration, criminal justice, environmental health and more, unions like UFCW Local 770 have also been actively involved in shaping the cannabis industry by giving voice to workers who have been at the front line of the War on Drugs, as continued, disproportionate enforcement has continued even with medical marijuana legalization.

In the following sections, we discuss key research¹⁷ supporting the need for the existing motions on social equity, as well as provide data-driven suggestions on how to ensure proposed and potential programs are constructed in the most robust manner possible aligning with best practices and the specific needs in the cannabis industry. Each of these represent tremendous opportunities for co-benefits regarding employment, wealth creation, housing, and other issues on the social change agenda in Los Angeles. UFCW Local 770 and other social movement driven organizations stand as key partners ready to bring forward this agenda, to ensure a path forward that both grapples with the inequities of the past and sets forward opportunities for the future.

¹⁴ Clear, T. R. (2009). *Imprisoning communities: How mass incarceration makes disadvantaged neighborhoods worse*. Oxford University Press. Uggen, C., & Manza, J. (2002). Democratic contraction? Political consequences of felon disenfranchisement in the United States. *American Sociological Review*, 777-803.

¹⁵ Gilmore, R. W. (1999). You have dislodged a boulder: mothers and prisoners in the post Keynesian California landscape. *Transforming Anthropology*, 8(1-2), 12-38. Pastor, M., Benner, C., & Matsuoka, M. (2011). For what it's worth: regional equity, community organizing, and metropolitan America. *Community Development*, 42(4), 437-457.

¹⁶ Pastor Jr, M. (2001). Common ground at ground zero? The new economy and the new organizing in Los Angeles. *Antipode*, 33(2), 260-289. Milkman, R. (2006). *LA story: Immigrant workers and the future of the US labor movement*. Russell Sage

¹⁷ Given the strong link shown by the increase in mass incarceration and the War on Drugs (centered most dramatically on marijuana), the research in this document utilizes data on mass incarceration to estimate the effects of cannabis prohibition and enforcement on various aspects of political, economic and social life and life outcomes. Research was also compiled through semi-structured interviews with various economic equity and development organizations in Los Angeles.

PART I: SOCIAL EQUITY & BUSINESS DEVELOPMENT

The rates of business owned by the communities affected by the War on Drugs are significantly low – within Los Angeles’ “limited immunity dispensaries,” but also within states with legal adult use markets like Colorado and Washington. The most reputable estimate of storefront dispensaries suggests that three dozen of the 3,200 to 3,600 storefront marijuana dispensaries in the United States are owned by black people – about 1%.¹⁸

How did communities that ostensibly worked at the front lines of the cannabis economy suddenly find themselves displaced from this? The War on Drugs and the accompanying crises in mass incarceration dramatically restricted access to well-paying work that could promote savings¹⁹ and but also the direct blocks placed on capital access and small business ownership (including federal loan programs) for wealth creation.²⁰ At the same time, the War on Drugs quite tangible led to the massive expropriation of assets and capital from vulnerable communities through drug raids and other intrusive policing tactics – assets that now are legitimate parts of cannabis businesses.²¹ Furthermore, incarceration is debt-producing, with over \$50 million dollars in criminal justice debt nationally, and the average post-incarceration debt amounting to \$13,000 and consuming on average 60% of a person’s income.²²

Further, these rates link directly to broader racialized wealth gaps that are particularly stark in Los Angeles: in the region, U.S. Black communities are 29.3 percentage points less likely, Mexicans are 37.8 percentage points, Vietnamese 21.4 percentage points and non-Mexican Latinxs 30.3 less likely to own liquid assets compared to whites.²³ Nationally, this corresponds to a rapid downward slide for Black and Latinx households, which lost 75% and 50% of median wealth respectively from 1983 to 2013, while white households gained 4% wealth.²⁴ Net worth is expected to decline from

¹⁸ Lewis, Amanda Chicago (2017). “America’s Weed Boom: White-Washing the Green Rush.” BuzzFeed News. https://www.buzzfeed.com/amandachicagolewis/americas-white-only-weed-boom?utm_term=.adE00jEn7#.sgae5R21j

¹⁹ See Section II for extensive analysis of the labor market effects of the War on Drugs.

²⁰ Wheelock, D. (2005). Collateral consequences and racial inequality: Felon status restrictions as a system of disadvantage. *Journal of Contemporary Criminal Justice*, 21(1), 82-90.

²¹ Polson, M. (2013). Land and law in marijuana country: Clean capital, dirty money, and the drug war's rentier nexus. *PoLAR: Political and Legal Anthropology Review*, 36(2), 215-230.

²² Bastein, Alexandra (2017).. Ending the Debt Trap: Strategies to Stop the Abuse of Court-Imposed Fines and Fees. Oakland: Policylink.

²³ De La Cruz-Viesca, Melany et al. (2016). *The Color of Wealth in Los Angeles (Federal Reserve Bank of San Francisco)*. SF: Duke University Research Network on Racial and Ethnic Inequality, The Milano School of International Affairs, Management and Urban Policy at The New School, and UCLA Asian American Studies Center

²⁴ Asante-Muhammed, Dedrick et al. (2017). The Road to Zero Wealth: How the Racial Wealth Divide is Hollowing Out America’s Middle Class. Washington DC: Prosperity Now & Institute for Policy Studies.

there, with white households expected to own 99 and 75 times more wealth than Black and Latinx families by 2025, towards a long-term bottoming to “zero” wealth not far after 2043, when the country is estimated to turn majority-minority.²⁵

Small business ownership represents a key strategy to build assets, including to create investments and savings. (As discussed below, it is not the only strategy). But interviews demonstrate that, even beyond cannabis, small business ownership programs targeting vulnerable communities are in high-need but radically underfunded. Specific case studies of Los Angeles programs show this is the case regionally, though numerous organizations and educational institutions are looking to support this critical asset-building opportunity.²⁶

Cannabis is a key opportunity to develop model programs that can translate to other emerging sectors in Los Angeles. These must address the chasm in technical skills, capital and informational access, and draw from best practices. In this case, simply providing often-restrictive small loans can only set business for failure, while workshops alone have limited effectiveness given the restricted availability of those starting businesses and complex educational needs.²⁷ We know from interviews as well that the need for flexible loans and extensive training are even greater in cannabis, especially given the extensive hurdles to business start-up and the fact many are used to operating underground.

Fortunately again, there are best practices that local and national organizations have piloted that can be replicated in the cannabis industry. Los Angeles of course has led the way with the LA Cleantech Incubator that demonstrates the building blocks of incubation: strong outreach, mentorship, and cultural and industry-specific programming, all linking by business, government, academic and community organizations.²⁸ The attempt to regularize street vending also provides key lessons on how to link regularization of business and growing access to opportunity. Organizations like FoodLab Detroit and locally, LURN, provide extensive coaching, low-interest loans, networking and even organizing and partnerships beyond the sector – as well as help applicants navigate the process of legalizing their business.²⁹ LURN has also piloted a key program for pooling ordering and deliver of healthy food and

²⁵ Asante-Muhamed et al, op cit.

²⁶ Sanchez-Lopez, Alejandro, Robert Chlala, Pamela Stephens and Manuel Pastor (2017). *Freeing Our Futures: How Data Can Inform New Economic Strategies for Boys and Men of Color*. Los Angeles: RISE Network.

²⁷ For more on the limits of limited microcredit models, see: Roy, A. (2010). *Poverty capital: Microfinance and the making of development*. Routledge and Bhatt, N., & Tang, S. Y. (2002). Determinants of repayment in microcredit: Evidence from programs in the United States. *International Journal of Urban and Regional Research*, 26(2), 360-376.

²⁸ See <http://www.businesswire.com/news/home/20170314006120/en/Los-Angeles-Cleantech-Incubator-Launches-Diversity-Entrepreneurship>

²⁹ For more on these organizations, see <https://foodlabdetroit.com/what-we-do> and <http://lurnetwork.org/>

aiding in capital acquisition (such as refrigerators) for small corner stores. Importantly LURN and Food Lab are active advocates: they provide voice for their constituents, and remain interlinked with community based groups. More broadly, organizations like the LA Coop Lab (based at CD Tech and LA Trade Tech)³⁰ and the California Center for Cooperative Development offer extensive training and B2B networking for cooperatives. Project Equity's Worker Coop Academy in the Bay Area also shows how to link (different) green-collar opportunities to link outreach, educational (community college class and coaching), and legal counsel to start up cooperatives or cooperative networks (or convert fast-growing small business).³¹

Many of these programmatic options also align with broader research on successful regional, equitable economic development. These findings show that structurally, work for "just" economies that grow must include mechanisms for sharing centralized knowledge and data from agencies, CBO partners (including unions and worker centers), researchers and industry, and spaces for repeated interactions, relationship-building dialogue and evaluation.³² In this case, the Department of Cannabis Regulation can institute key mechanisms (noted below) that provide a springboard for active communities of practice in the industry that ensure that social equity participants become active advocates of this vision, and that the social equity vision does not become siloed but instead transforms into an industry and city-wide direction.

Based on the information before us consideration should be given to including the following components to ensure the success of a City pilot-incubator.

Decision-Making & Equity From the Start:

- The city should strongly considering placing the different social equity elements under one specially-designated staff person in the Department of Cannabis Regulation. This staff person can be based at a community-based or non-profit organization and will act as **social equity opportunities coordinator (SEOC)** to oversee the social equity business development program.³³

³⁰ See <http://www.cdtech.org/> and <http://lacooplab.aulacourses.com/cd-tech/>. These are still pilot programs that are in the process of introduction, but can provide significant learning.

³¹ See Lingane, Alison (2015). Bay Area Blueprint: Worker Cooperatives as an Community Economic Development Strategy. *Carolina Planning* 40.

³² Benner, C., & Pastor, M. (2015). *Equity, Growth, and Community: What the Nation Can Learn from America's Metro Areas*. Univ of California Press.

³³ Following established city policy, **equity small business applicant** should draw from similar **transitional worker** categories. This includes belonging to one of the following 7 categories: (1) having a prior arrest and conviction for a misdemeanor or felony related to cannabis; (2) Being homeless; (3) being a custodial single parent; (4) receiving public assistance; (5) lacking a GED or high school diploma; (6) suffering from chronic unemployment; (7) having been emancipated from the foster care system; (8) being a veteran of the U.S. military. The arrest noted in category (1) does not have to directly be for marijuana sales or possession but can be an ancillary charge shown by the applicant to be related to involvement in the industry.

- Given the preponderance of research on social equity demonstrating the need for decision-making structures to include continued opportunities for engagement and genuine community input, the city should also consider formalizing positions in the existing cannabis commission for community members affected by the War on Drugs as well as other communities targeted by social equity programs.³⁴ Bringing together relevant agency, community-based, academic, industry, and worker representatives (including cooperative owners), this will ensure not only oversight of different program elements and support for the SEOC, but also a means to actively share and infuse equity beyond these programs.
- With this, it is critical to create a shared definition, set of values, goals and process and outcome metrics. The City should also consider holding a social equity convening which can bring together CBOs and other actors to help concretize the definition of social equity in cannabis, create a shared value/vision statement, shape relevant metrics and build consensus and communication to guide the work by the SEOC. This network can be convened annually to gain updates on progress towards metrics and to update plans and programs.
 - The City should also understand in this process that “community-based” is a broader term and should select partners with a strong interest in social equity and justice, and with a proven record of improving the lives of those in affected communities in or beyond the cannabis industry.

Business Incubation/Pilot Program (Includes Capital Acquisition):

- Create a business incubation/pilot program managed by the SEOC, which will ensure the success of social equity applicants in each of the main permit areas, i.e. cultivation, manufacturing and retail sales/dispensaries (including delivery).
- Create a strong program to support cooperative structures for equity applicants through the incubator, helping applicants pool resources and devise cooperative structures.³⁵

³⁴ Pastor, op cit.

³⁵ Cooperative structures and worker ownership have been identified in research and expert interviews as a key strategy for equity building in communities of color. See Sanchez-Lopez, et al (2017) and Lingane (2015). See program descriptions for potential partners and/or workshop facilitators, including LA Coop Lab, CD Tech, and others.

- House the incubator in a facility that allows for manufacturing and cultivation on-site (see Land Use). Facilitate small-plot cultivation and manufacturing through the incubator, helping pool resources and reduce capital barrier to entry.
- In the lead up and throughout, create strong outreach programming rooted in community-based organizations and an advocacy model to ensure maximum outreach but also a strong emphasis on equity.
- Through the incubation or pilot program, provide a short-term course that explains the basics in business start up and development, starting with a business plan and feasibility studies. This should include preparing and training businesses to comply with the city’s cannabis business requirements, and employee management according to social equity guidelines. Training can be offered on-site, or in partnership with a community college (e.g. LA Trade Tech or Southwest).
- Combine short-term course with a one-year long technical assistance and “coaching” program through cannabis and non-cannabis industry volunteers. Coaching can include marketing, security, finance and other key elements. Offer participants a set number of hours of guaranteed services and set fees for service beyond these hours.
 - Require participation in these trainings to ensure license holders are being equipped with the right tools to take leadership over their business and prevent takeover.
- Develop a set of recommended service providers that will offer low-cost services in the following: Legal services; Accounting & financial management; Insurance. Most critical may be providing legal counsel as part of technical assistance (see above), and staffing the incubator organization with full-time counsel.
- Promote supply chain diversification by formally certifying social equity licenses as such, advertising them and utilizing various networking methods to link them with Prop D & “general” licensees as suppliers.
 - Create set metrics for General Applicant/Prop D to measure their sales/procurement from social equity business (e.g. # of social equity business partners, %age of sales from social equity businesses, etc.)
 - Incentivize General Applicant participation by providing fee reductions, expedited renewal licensing, or other potential benefits for sale/procurement from social equity businesses at set metric levels.

- Provide free workshops to Prop D & General Licensee on business start-up that also include options for procurement from social equity businesses (and invite social equity businesses to speak).
 - Hold B2B networking events with Prop D/General licensees to encourage procurement and sales from social equity businesses.
 - Create a website database of certified social equity businesses and utilize a social media strategy to highlight various social equity businesses.³⁶
 - The City may also consider a broader program regarding procurement/sales and sponsor similar networking events, websites and incentives that help cannabis businesses link with Minority-owned and small disadvantaged businesses for other services or products, including construction and general supplies.³⁷
- Strongly link transitional worker hiring/training to small business opportunities in particular the proposed cannabis worker apprenticeship programs (see Social Equity Workforce Development).
 - Help secure Employee Panel Training (ETP) funds and other incentives to facilitate on-the-job training.³⁸
 - Train all small businesses owner/cooperatives licensed through the program in key aspects of youth prevention and public safety, including identifying eligible customers, packaging, and other key aspects of preventing access (see Social Equity & Preventing Harm).
 - Utilize expertise from community institutions to create a capital fund to provide low-interest rate small loans through the proposed Los Angeles Public Bank. Reinvest the captured interest to maintain the fund.³⁹
 - Coordinate with the following City small business incubation resources to ensure that cannabis business qualify and have information/access:
 - Industrial Development Authority, for cultivation or manufacturing;
 - LADWP Business Promotion Bill Credits;
 - Other California tax rebates and credits.

³⁶ For examples of certification programs, see Metro: <https://business.metro.net/VendorPortal/faces/home1/certifications>

³⁷ The City already provides a website for these businesses that can be utilized towards this end: <https://bca.lacity.org/CertificationListings/DBETable.php>

³⁸ See <https://etp.ca.gov/>.

³⁹ The city should avoid allowing high-interest microcredit loans that trap borrowers in extreme cycles of debt. For potential models, see <http://lurnetwork.org/work/capital/>.

- Create a project through the incubator organization for pooling orders and/or creating purchasing agreements with vendors for hard capital for businesses (for example: small machinery, lights and irrigation systems, etc.). The incubator organization can also help businesses purchase shared resources for common use in a shared space, such as technology for track and trace.⁴⁰
 - The City may also consider creating a technology sharing program that, like the supplier diversity component, encourage Prop D & “general” licensees to share specific technology, capital or expertise in exchange for particular incentives.
- Track the success of social equity business based on metrics defined by Dept of Cannabis Regulation, Commission and social equity convenings. Report regularly on these metrics (as well as aforementioned industry social equity procurement metrics) to these bodies.

Land Use:

Key Issues: Zoning restrictions on cannabis, including newly proposed regulations by PLUM, have made for an increasingly small pool of available spaces to lease. Evidence suggests that limited zoning in this market has meant landlords often charge relatively high rents to cannabis business and increase these rents irregularly. Commercial renters already have little protections from rapidly increasing rents. These irregularities will negatively affect the prospect for social equity applicants to succeed.

- Lease a city-owned property rent-free for an incubation and innovation facility. This may be managed by the incubator organization. This facility can prioritize small plot indoor agriculture, manufacturing, or other production-side businesses. This will also be a central location for presenting small business training and technical assistance.⁴¹
- Offer landlords a financial incentive to lease to eligible social equity clients through property or other tax breaks, in return for landlords keeping rents below a designated ceiling and maintaining rents at the same level for a five-year period;

⁴⁰ For an example a program for pooling ordering and resource, see LURN’s COMPRA Foods project (<http://lurnetwork.org/work/capital/>).

⁴¹ This incubator facility project can possibly benefit from the Industrial Development Authority’s bond system. See Funding.

- Include a means for applicants to identify eligible properties and landlords, either through a new web-based resource or by adding on a resource/search capability for cannabis land use on the Locate LA site (<http://www.locatela.org/>);
 - Create a system for registering interested landlords and matching these spaces, when vacant, to social equity applicants and/or filling spaces vacated by general applicant cannabis shops with social equity.
- Consider recommendations to shift zoning requirements away from 800 sf “as the crow flies” to match state regulations more closely, and thereby open more potential land and reduce potential inflation on rents.
- Allow social equity retailers to be exempt from requirement that they must be 600 feet from other Cannabis Retailers, which will open up more available locations.

Licensing:

The city must find a way that advances the goals of this program around equity in licensing, learning from other models like Oakland but tailoring to specific issues in Los Angeles. The licensing process risks litigation and/or creating a bottleneck in the process that creates resentment for this program. The city must also find a way to filter out the fact that potential licensees may be only used by a non-social equity actor to obtain a license, without giving social equity applicants significant voice in or profit from the business.

Research shows that few residents of economically disadvantaged areas, including those interested or with prior experience in the industry, have little access to information on planned equity programs beyond those directly involved in the program.

- Designate a category of social equity applicant, where applicants must both:⁴²
 - Have resided for more than 5 years within a zip code with the following characteristics:⁴³

⁴² The City may also consider creating a multiple-tier point system, with each of these and/or other categories

⁴³ Local residency means an individual who primary place of residence within Tier 1 or 2 can be established through the following documents listing the resident’s name and address: (1) copy of a residential lease; (2) valid California DL/ID; (3) LADWP or gas utility bill; (4) voter registration card; (5) court document such as parole release. Given recent feedback from the Oakland program, the city should also include other records – in particular, school records or vehicle permits - as a mean to establish 5-year residency.

- Tier 1: A zip code within the Los Angeles Police Department precincts with highest disproportionate arrests for marijuana per capita, according to data from a 21 year period (1994 to 2014);⁴⁴
 - Tier 2: **Economically disadvantaged area.** ⁴⁵
 - Either (1) belong to one of eight categories of **equity small business applicant**, or (2) commit to hire at least 50% transitional workers.⁴⁶
- Require that applicants have either sole proprietorship, shared ownership via a cooperative structure with other equity applicants, or at least a 51% ownership stake and active partnership in the business.

Approve social equity and general applicant (including 2016 BTRC) licenses at a 1:1 ratio in blocks: release these in blocks of at least 10+ licenses, rather than 1 to 1 approval, to speed the process; ⁴⁷

- To ensure fairness in the process, require that all applicants go through a **public approval process through a licensing structure administered by the Cannabis Commission**, that provides public input and accountability. (see Appendix A – memo Response to Proposed Requirements for Commercial Cannabis Activity in the City of Los Angeles; Council File 14-0366-S5 (6/8/17) re Hearings and Appeals.

⁴⁴ This number must be determined using the city's social equity study and/or data available through the city's public records. For more on possible data availability, see <http://milliondollarhoods.org/lapd-data/> and <https://oag.ca.gov/crime/cjsc/stats/arrests>. 1994 was selected given the passage and implementation of California's Three Strikes law dramatically enhancing minimum sentencing, which mainly captured non-violent, drug-related offenses including marijuana. See: Zimring, F. E., Hawkins, G., & Kamin, S. (2001). *Punishment and democracy: Three strikes and you're out in California*. London: Oxford University

⁴⁵ Following prior city policy, **economically disadvantaged areas** includes a zip code that includes a census tract or portion thereof in which the median annual household income is less than \$40,000 per year, as measured and reported by the U.S. Census Bureau in the 2010 U.S. Census and as updated upon the U.S. Census Bureau issuing updated Median Annual Household Income data by census tract in the American Community Survey. An alternative measure can be that more than 40% of households in the census tract live below 200% of the federal poverty level and/or including other potential metrics tied to the broader wealth gap, e.g. severe rent-burden and zero-vehicle households. For more on potential metrics, see Bay Area MTC's "Community of Concern" model (<http://www.planbayarea.org/2040-plan/plan-details/equity-analysis>) and De La Cruz-Viesca et. Al (2016) *The Color of Wealth in Los Angeles*. Federal Reserve Bank of SF. (http://www.aasc.ucla.edu/besol/color_of_wealth_report.pdf)

⁴⁶ See definition, footnote 1 for definition of equity small business applicant. Following established city policy, **transitional worker** categories include belonging to one of the following 8 categories: (1) having a prior arrest and conviction for a misdemeanor or felony; (2) Being homeless; (3) being a custodial single parent; (4) receiving public assistance; (5) lacking a GED or high school diploma; (6) suffering from chronic unemployment; (7) having been emancipated from the foster care system; (8) being a veteran of the U.S. military.

⁴⁷ See Proposed Requirements for Commercial Cannabis Activity in the City of Los Angeles for definitions of general applicant eligibility.

- Do not adopt a model of Conditional Use Permits, given the length of time for processing and the lack of integration of cannabis into general and community plans.
- Ensure the release of social equity licenses in all existing categories except for testing: this includes retailer, delivery, microbusiness, indoor cultivation, manufacturing, distributor, and transporter.⁴⁸
- Hold a number of licenses and stagger the process throughout a multi-year period to account for the fact that some eligible for the social equity program will not be ready to apply on January 1st. This can include releasing in six-month increments, or releasing further licenses during the 1-year renewal. This will also benefit general applicants who are not ready on January 1st and to allow the maximal benefits of outreach programs.
- Reduce cannabis certification application costs for social equity applicants and reduce tax rate for approved applicants during first year of operation, to lower capital barrier to entry.
- Through the SEOC develop key partnerships with local community-based organizations beyond the cannabis industry. Membership-based and neighborhood organizations are most likely best equipped to mobilize an interested base to apply and have expertise in reaching affected communities through a variety of strategies.⁴⁹
 - Recruit and select outreach partners through a transparent process that focuses on (1) factors including expertise with outreach, (2) proven interest or alignment with equity, (3) proven physical presence in a Tier 1 and/or Tier 2 zone (see Licensing).
 - Ensure that there is a diversity of partners representing relevant CDs.
- Hold recruiting sessions via outreach partners to explain the social equity licensing and business incubation program to qualified applicants. These sessions should also highlight possible strategies like cooperative ownership (see above).

⁴⁸ Given the stringent requirements on testing, and the need for a rapid start on testing facilities to prevent a production backlog, this category should be excluded from social licensing requirements.

⁴⁹ Potential partners in key zones include: Black Worker Center, Community Coalition, SCOPE, Anti-Recidivism Coalition, SAJE, Pueblo y Salud, Youth Justice Coalition, Immigrant Youth Coalition, East LA Community Corporation, Pacoima Beautiful, LA Regional Re-Entry Coalition. Several of these organizations have already expressed an interest in facilitating this effort, and have partnered with UFCW in the past.

PART II: WORKFORCE DEVELOPMENT & TRANSITIONAL WORKERS

The War on Drugs has had a significant impact on the capacity of residents of targeted communities to gain a living and radically shaped social mobility. The mass incarceration fomented by the War on Drugs has led to the following deleterious affects on workers:⁵⁰

- **Reduced job opportunities** through both direct (i.e. “the box”) and indirect discrimination against formerly-incarcerated peoples: for example, Black men with less than a high school diploma were more likely to be incarcerated than employed. ⁵¹
- Increased **wage disparities and lessened mobility** opportunities in vulnerable communities: For example, those serving in prison were shown to have a 40% reduction in earnings in relation to their peers, as well as lowered job tenure and reduced hourly wages.⁵²
- Reduced high school completion and **lowered access to post-secondary educational opportunities** in affected communities – both within those incarcerated but also family affected by imprisonment.⁵³

These blocked labor opportunities clearly reverberates in the prospects for ownership and asset-building, and has stripped thousands of the time they would have saved wages and built towards wealth creation opportunities.

New research from UCLA demonstrates what these factors translate to, when looking at the Black workforce in Los Angeles:

- Black workers with a high school degree or less experience double the unemployment rates of similarly-positioned white workers;
- Nearly 1 in 10 Black workers with a higher degree are unemployed;
- When working part or full-time, Black workers earn three-fourths the wages of white workers;
- Black workers are over-represented in non-unionized, low-paying jobs with little protections and job security, such as retail and security jobs.⁵⁴

⁵⁰ Given the strong link shown by the increase in mass incarceration and the War on Drugs (centered most dramatically on marijuana), the research in this document utilizes data on mass incarceration to estimate the effects of cannabis prohibition and enforcement on workers, labor and employment prospects.

⁵¹ Alexander, op cit. Pager, D. (2008). *Marked: Race, crime, and finding work in an era of mass incarceration*. University of Chicago Press. Western, Bruce and Becky Petit (2010). Incarceration & Social Inequality. *Daedalus* (Summer).

⁵² Western, Bruce and Becky Petit, op cit. Western, B. (2002). The impact of incarceration on wage mobility and inequality. *American Sociological Review*, 526-546.

⁵³ Foster, H., & Hagan, J. (2009). The mass incarceration of parents in America: Issues of race/ethnicity, collateral damage to children, and prisoner reentry. *The ANNALS of the American Academy of Political and Social Science*, 623(1), 179-194.

This data reminds us that there may be success in the efforts to help bridge the educational gap created by the War on Drugs, including in-prison education systems, the value of a high school or GED degree may not hold the same for Black and formerly-incarcerated workers.⁵⁵ Specific mechanisms are necessary to help overcome existing barriers to employment and to ensure that the jobs provide are high-road, living wage opportunities that allow for savings and health equity.

The city has rightfully set priorities for transitional worker hiring within its Proposed Requirements for Commercial Cannabis Activity in the City of Los Angeles that must be reinforced through active service efforts. The well-established categories of transitional workers, utilized frequently in the City's Local Hire Program, and mirrored in city-brokered community benefit agreements and Project-Labor Agreements, capture numerous aspects of the costs of the War on Drugs:

The include: (1) **Having a prior arrest and conviction for a misdemeanor or felony:** as noted, drug-related arrests account for the single largest growth rate in the prison population boom from 1980 to the present, disproportionately affected Black and Latino communities;⁵⁶

(2) **Being homeless:** Homelessness and incarceration hold significant overlap, including sharing risk factors; in fact incarceration is one of the few factors to definitively increase length of homelessness. Studies find that as many as 49 percent and as low as 18 percent of homeless individuals in the U.S. have experienced incarceration.⁵⁷ Incarcerated people are excluded from public housing due to federal "one-strike" ruling and hold significantly higher rates of precursors to homelessness, such as residential turnover and relying on others for housing expenses.⁵⁸

(3) **Being a custodial single parent:** Mass incarceration has been shown to disproportionately affect what researchers call "fragile families," directly deterring the ability of incarcerated parents (usually men) to live with their children and indirectly,

⁵⁴ UCLA Labor Center & Los Angeles Black Worker Center (2017). *Ready to Work: Black Workers in Los Angeles County*. Los Angeles: UCLA IRLE.

⁵⁵ Hamilton Derrick et al. (2015). *Umbrellas Don't Make it Rain: Why Studying and Working Hard Isn't Enough for Black Americans*. New York: Insight CCED

⁵⁶ Alexander, M. (2012). *The new Jim Crow: Mass incarceration in the age of colorblindness*. NY: The New Press.

⁵⁷ Caton, C. L., Dominguez, B., Schanzer, B., Hasin, D. S., Shrout, P. E., Felix, A., ... & Hsu, E. (2005). Risk factors for long-term homelessness: Findings from a longitudinal study of first-time homeless single adults. *American journal of public health, 95*(10), 1753-1759.; Metraux, Stephen, Caterina Roman and Richard Cho (2007). "Incarceration and Homelessness." *Proceedings of 2007 National Symposium on Homelessness Research*. Washington DC: DHHS.

⁵⁸ Geller, A., & Curtis, M. A. (2011). A sort of homecoming: Incarceration and the housing security of urban men. *Social Science Research, 40*(4), 1196-1213.

reducing earnings and ability to contribute to families. Incarceration also puts significant pressures on single and dual custodial families.⁵⁹

(4) **Receiving public assistance:** Given the limitations on public assistance posed by former incarceration, and other factors like drug-related bars, formerly-incarcerated individuals are not more likely to use TANF or other direct aid programs, but are more likely to benefit from Medicaid and related health programs.⁶⁰

(5) **Lacking a GED or high school diploma:** As noted above, mass incarceration significantly decreases high-school level educational attainment, overlapping with similar disparities in the Black communities in Los Angeles.⁶¹

(6) **Suffering from chronic unemployment:** As noted above, incarceration radically increases the prospects of joblessness; in fact, some researchers consider mass incarceration a labor-market institution itself, holding a significant population of those who would otherwise have been excluded from the labor market as it operates today and leading to significant undercounting of unemployment rates.⁶²

(7) **Having been emancipated from the foster care system:** Research shows the intersections among families affected by incarceration and those forced into the foster care system: most incarcerated women are mothers, most often for minor drug charges, and these children have a high likelihood of foster placement.⁶³ Children placed in the foster system with an incarcerated parent are also significantly less likely to find a stable placement and/or be reunified with their parent.⁶⁴

(8) **Being a veteran of the U.S. military:**¹ Studies of Veterans in Los Angeles show that the vast majority leave the armed forces with no job planning. 28% of pre-9/11 veterans and 44% of post-9/11 veterans in Los Angeles were employed, and for those employed, nearly a quarter are paid at or below poverty level. 40% of veterans in Los Angeles were homeless, in unstable housing situations, or depending on others for housing.⁶⁵

⁵⁹ Wildeman, C., & Western, B. (2010). Incarceration in fragile families. *The future of children*, 20(2), 157-177. Western, B., & McClanahan, S. (2000). Fathers behind bars: The impact of incarceration on family formation. Washington DC: Center for Research on Child Well-Being.

⁶⁰ Alexander, op cit. Sugie, N. F. (2012). Punishment and welfare: Paternal incarceration and families' receipt of public assistance. *Social Forces*, 90(4), 1403-1427.

⁶¹ Foster, UCLA Labor Center & BWC, Op Cit.

⁶² Pager, op cit. Western, op cit.

⁶³ Roberts, D. E. (2011). Prison, foster care, and the systemic punishment of black mothers. *UCLA L. Rev.*, 59, 1474. Ross, T., Khashu, A., & Wamsley, M. (2004). Hard data on hard times: An empirical analysis of maternal incarceration, foster care and visitation. Washington DC: Vera Institute of Justice

⁶⁴ Hayward, R. A., & DePanfilis, D. (2007). Foster children with an incarcerated parent: Predictors of reunification. *Children and Youth Services Review*, 29(10), 1320-1334.

⁶⁵ Castro, C. A., Kintzle, S., & Hassan, A. (2014). The State of the American Veteran: The Los Angeles County Veterans Study. Los Angeles: USC School of Social Work.

In order to create a demonstrable impact on social equity in the cannabis industry and to ensure co-benefits in key priority areas for the city – especially homelessness (and mitigation of displacement), good job creation, innovation, and sustainability – the social equity program must also have a strong workforce development program. Given the overlapping rise in the wealth gap, detailed above, the City has also importantly chosen to prioritize labor peace agreements and unionization. Middle-class jobs with union protections allow a pathway to best practices in asset-building (e.g. home ownership, Individual Development Accounts, and retirements) that have been suggested as offering a way to break through the burgeoning wealth gap.⁶⁶

A robust workforce development program will be essential to mitigating the significant dislocations noted above. It is also a path to wealth-creation and savings that parallels and can even build into future small business ownership, but also home ownership and asset-building. Finally, it represents the potential to mitigate the health effects of the War on Drugs by offering employment with substantial health benefits. But all of these require protections over the jobs created in the cannabis industry.

Program Models:

Workforce development programs for populations affected by incarceration are most effective when they include a community-based component, with a strong set of ties to institutions tied to these communities; aid with transitional services and “soft skills” development; mechanisms for technical education; strong tracking of retention.⁶⁷

A simple first-source hiring program like that utilized by the LAX district has limited effect and does not include the ability to track results. Nor does it answer to key questions of training and retention which will be critical in an emerging industry and to measure the success of the city’s workforce interventions. Fortunately, Los Angeles has established strong precedents in this field, in numerous city-brokered community benefits agreements, project-labor agreements (PLAs), and most recently the LA City Local Hire Program. Integrated community benefit agreements. In its partnership with Metro through the Black Construction Council, the Black Worker Center has also provided knowledge of how to improve transitional worker programs, including strengthening community-based outreach, including retention and training/apprenticeship, recognizing voluntary compliance and holding violators

⁶⁶ Asante-Muhamed et al (2017); Leigh, Welhimina and Anna Wheatley (2009). Asset-Building in Communities of Color: State Comparisons. Washington DC: Joint Center for Political and Economic Studies.

⁶⁷ Sanchez-Lopez, et al, op cit.

accountable, and developing curriculum to train employers on biases and relevant issues.⁶⁸

Certification of transitional workers is a complex process, and employers cannot be given the extra burden, especially given the legal limitations on inquiring on certain aspects of applicant background. There is also a risk employers will falsely certify workers. Worker organizations are key assets to fill this need.

Transitional workers may have a range of co-occurring needs, given their status and the fact the categories include people with a prior record, homeless people, and numerous other people who face a range of issues to succeed in the workforce. There is a critical need in this field to measure the effectiveness of programs as well.

At the same time, it is important that transitional workers get opportunities with equitable work environments, and that the city enforce the existing laws and the new cannabis regulations that focus on the workplace in a way that guarantees protection for vulnerable communities.

Program Structure & Provisions

- Enforce the worker protection and safety provisions in Los Angeles, including those described in the Proposed Requirements for Commercial Cannabis Activity in the City of Los Angeles (such as the requirement for a labor peace agreement) by making licensing for all applicants contingent upon adherence to these laws. Subject designated repeat violators to the cancellation of and ineligibility for any further licenses. This will ensure that those being brought into the cannabis industry are entering an industry that will actually increase their prospects for a living wage, savings and wealth-creation, and mobility.
- Subcontract one central community-based or non-profit organization to manage the cannabis social equity workforce development program, including the certification of **transitional workers** but also general oversight of programs.⁶⁹

⁶⁸ See Black Worker Center (2017). Opportunities for Measure M: Understanding Underrepresented Workers; Anti-discrimination; and Transit Development to inform Policy and Practices. Los Angeles: BWC. http://lablackworkercenter.org/wp-content/uploads/2016/11/BWC_MeasureR_Report_v3.pdf

⁶⁹ Following established city policy, **transitional worker** categories include belonging to one of the following 7 categories: (1) having a prior arrest and conviction for a misdemeanor or felony; (2) Being homeless; (3) being a custodial single parent; (4) receiving public assistance; (5) lacking a GED or high school diploma; (6) suffering from chronic unemployment; (7) having been emancipated from the foster care system; (8) being a veteran of the U.S. military.

As noted, this may be overseen by a central staff position in the Department and report regularly to the head of Dept of Cannabis Regulation and/or Commission.

- Through the social equity workforce development subcontractor, develop key partnerships with local community-based organizations (CBOs) beyond the cannabis industry for outreach. Membership-based and neighborhood organizations are most likely best equipped to mobilize an interested base and have expertise in reaching affected communities.
 - Recruit and select outreach partners through a transparent process that focuses on (1) factors including expertise with outreach, (2) proven interest or alignment with social justice and equity, (3) proven physical presence in a Tier 1 and/or Tier 2 zone.
 - Ensure that there is at least 1 outreach partner in Council Districts representing each of the zones identified for social equity.
 - Outreach partners will hold open sessions and recruiting sessions to explain job opportunities. These should include a realistic assessment of job expectations, while highlighting the range of opportunities available in the sector.
- Charge the social equity workforce development subcontractor with the certification process for transitional workers and that transitional workers meet two qualifications:
 - Reside a zip code with the following characteristics:⁷⁰
 - Tier 1: the Los Angeles Police Department precincts with highest disproportionate arrests for marijuana, according to data from a 21 year period (1994 to 2014);⁷¹
 - Tier 2: **Economically disadvantaged area.** ⁷²
 - Be certified to belong to one of eight categories of **transitional workers.**⁷³

⁷⁰ Local residency means an individual who primary place of residence within Tier 1 or 2, and can be established through the following documents listing the resident's name and address: (1) copy of a residential lease; (2) valid California DL/ID; (3) LADWP or gas utility bill; (4) voter registration card; (5) court document such as parole release.

⁷¹ This number must be determined using the city's social equity study and/or data available through the city's public records. For more on possible data availability, see <http://milliondollarhoods.org/lapd-data/> and <https://oag.ca.gov/crime/cjisc/stats/arrests>. 1994 was selected given the passage and implementation of California's Three Strikes⁷ law dramatically enhancing minimum sentencing, which mainly captured non-violent, drug-related offenses including marijuana. See: Zimring, F. E., Hawkins, G., & Kamin, S. (2001). *Punishment and democracy: Three strikes and you're out in California*. London: Oxford University

⁷² Following prior city policy, **economically disadvantaged areas** includes a zip code that includes a census tract or portion thereof in which the median annual household income is less than \$40,000 per year, as measured and reported by the U.S. Census Bureau in the 2010 U.S. Census and as updated upon the U.S. Census Bureau issuing updated Median Annual Household Income data by census tract in the American Community Survey. An alternative measure can be 50% of households in the census tract live below 200% of the federal poverty level.

⁷³ See definition, footnote 1.

- Through the SEOC and in partnership with the Community College District, create a cannabis worker certification and apprenticeship program. Target Southwest College and other community colleges that serve Tier 1 and 2 areas.⁷⁴
 - As part of program, offer “soft skills” training to applicants to ensure their success in a professional environment. This can also be accomplished through a peer worker mentorship program that allows existing cannabis workers to help guide new workers in the field.
- Through CBO partnerships and arrangements with existing LA City and County service providers, offer case management services to deal with ancillary issues such as government health benefits, counseling, and other related issue, and prepare workers for the work force.
- Partner with the LA City’s Public Defender office to provide LiveScan and expungement services for transitional workers.⁷⁵
- Track the success of social equity workforce based on metrics defined by Dept of Cannabis Regulation, Commission and social equity convenings. Report regularly on metrics to these bodies.

PART III: DECRIMINALIZATION & PROTECTING YOUTH

Breaking down the barriers to the economic opportunities provided by the cannabis industry is a key element in social equity, as Los Angeles undoes the War on Drugs and addresses other intersecting inequalities. But the last decade of slowly-advancing marijuana regulation has proven that legalization is not a cure-all for racial disparities in incarceration, which are at the root of many of the aforementioned inequities. In fact, early findings from Colorado demonstrate that while there was an eight percent decrease in arrest of white youth age 10-17 for marijuana from 2012-2014, black juvenile arrests rose 58 percent, and Latino arrests 29 percent during this time period.⁷⁶ Furthermore, data shows that under the last decade of medical marijuana regulation,

⁷⁴ While few similar programs, at present there are programs being modeled at Oakland’s Harborside Health and through the SF City College. At the same time, Los Angeles’ Community College District has been at the forefront of technical training of transitional workers, particular via collaborations at Los Angeles Trade Technical College, that offer replicable expertise and opportunities. The UFCW also is engaged in pilot program with the State of California Department of Industrial Relations, California Apprenticeship Council that may be able to be expanded and tailored to Los Angeles.

⁷⁵ The Los Angeles Public Defender has already established an expungement service program of this nature with the UFCW Local 770.

⁷⁶ Colorado Department of Public Safety (2016). Marijuana Legalization in Colorado: Early Findings. Denver, CO: DPS.

the arrests of youth under age 18 has grown, affecting first and foremost Black and Latino youth.⁷⁷

The Governor's Trailer Bill reconciling California's adult use and medical marijuana regulations at the state level leave a significant loophole that risks continuing to affect not only those under 18, but those between 18-21 years old. At the same time, current fines and fees also risk continuing the trend of court-imposed debt and fines, which as noted above, lead to more than \$50 million dollars in criminal justice debt nationally, and provide a significant barrier to opportunity.⁷⁸ Finally, continued enforcement actions against youth under age 21 and more generally pose two risks relevant to Los Angeles: placing more young people in the vaguely-defined CalGang database, which has implications for security checks,⁷⁹ and relatedly, placing immigrant youth under the risk of deportation directly and blocking future immigration benefits.⁸⁰

At the same time, continued restrictions risk shutting cannabis users and economic actors and workers out of key housing opportunities, in the midst of one of the most significant housing crises Los Angeles has ever seen.⁸¹ Rent burden is again a key factor in poverty in communities of color, and evictions affect 1 in 80 residents county-wide.⁸² With the homelessness rate rising 23% alone, homeless residents also stand to be particularly targeted through restrictions in public consumption that risk mirroring other "quality of life" citations targeting homeless residents.⁸³

The city has taken important steps in their motion to work with the state legislators to:

- (1) Change the punishment for possession of less than 28.5 grams of marijuana or 4 grams of concentrated cannabis by a person over 18 years of age but not yet 21 years of age from a maximum \$100 fine and replace it with a requirement to perform not more than 10 hours of community service and a requirement to participate in a Youth and Safety program; as well as

⁷⁷ DPA, 2016

⁷⁸ Bastein, Alexandra (2017).

⁷⁹ For more on CalGang issues, see Winston, Ali (2016) "California's gang database less secretive, but problems linger." *Reveal, Center for Investigative Reporting*. September 30. See also: Winston, Ali (2016). "Marked for Life: U.S. Government Using Gang Databases to Deport Undocumented Immigrants." *The Intercept*, August 11.

⁸⁰ Yates, J., Collins, T. A., & Chin, G. J. (2005). A War on Drugs or a War on Immigrants-Expanding the Definition of Drug Trafficking in Determining Aggravated Felon Status for Noncitizens. *Md. L. Rev.*, 64, 875.; Payan, T. (2016). *The Three US-Mexico Border Wars: Drugs, Immigration, and Homeland Security: Drugs, Immigration, and Homeland Security*. ABC-CLIO.

⁸¹ Akoto, A. S. (2015). From High to Homeless: The Cost of Smoking Medical Marijuana in Federally Funded Public Housing. *Conn. J. Int'l L.*, 31, 257. ; Austin, R. (2002). Step on a Crack, Break Your Mother's Back: Poor Moms, Myths of Authority, and Drug-Related Evictions from Public Housing. *Yale JL & Feminism*, 14, 273.

⁸² Marr, Taylor (2016). Millions of Renters Face Eviction—Why Today's Housing Market is Partially to Blame. *Redfin*.

⁸³ Holalnd, Gale and Doug Smith (2017). L.A. County homelessness jumps a 'staggering' 23% as need far outpaces housing, new count shows. *Los Angeles Times*, Mar 31.

- (2) for all adults, change the punishment for the possession of more than 28.5 grams or 4 grams of concentrated cannabis to an infraction punishable by community service or a fine of not more than \$100.

This also aligns with broader moves to protect youth from the “school to prison pipeline” and to actively take steps away from punitive to restorative justice. This includes the successful Los Angeles School Climate Bill of Rights, which drastically reduced days lost to suspension and is part of a set of nation programs that have made tangible improvements to school environments and academic achievement.⁸⁴

Potential New Directions

As the city continues to explore avenues to fully implement the intent of Proposition 64 to end the War on Drugs, and to ensure that future harms are mitigated, it can also consider the following avenues for action:

- Work with affected communities to create the youth safety & rights curriculum, to ensure strategies are reflective of their experiences and address important questions like knowing your rights and evidence-based education on marijuana;
- For high school aged youth, suggest that the LAUSD bring cannabis-related issues under the innovative restorative justice program and away from suspension/expulsion and youth criminalization. Integrate responsible cannabis education into high school health education programs.⁸⁵
- Instruct the LAPD on ensuring youth are not placed in the CalGang database and receive no criminal charge on their record for infractions.
- In coordination with the workshops for transitional workers, sponsor legal clinics with community partners, such as currently being done by UFCW 770’ Ricardo F. Icaza Worker Center, for LiveScan and expungement for Prop 47 and 64 related offenses to reach the broader community.
 - Include in these or other workshops opportunities for youth to remove themselves from CalGang database, according to AB 2298.
- Create a policing task force or ombudsman position in the Department of Cannabis Regulation to which: Business owners and employees can bring concerns and formal complains regarding police actions, such as raids, property seizure, harassment, and other drug war tactics and residents can take formal

⁸⁴ Fronius et al. (2016). *Restorative Justice in U.S. Schools: A Research Review*. San Francisco: Wested. Syzmanski, Mike (2016). Restorative Justice program drastically lowers days lost to suspensions in LAUSD. *LA School Report*, March 24.

⁸⁵ Los Angeles has a wealth of organizations active in the field of restorative justice, such as Youth Justice Coalition, Inner City Struggle, Community Coalition and others that would be key partners to implement these elements.

complaints regarding police harassment for use of marijuana in private/public space. Doing so will help buffer against the continued targeting of youth of color.

- Remove prior marijuana conviction from eligibility for any affordable housing unit in the City of Los Angeles. Provide training and information for local eviction court judges on the status of marijuana in California. Research potential motions and measures to stop evictions on the basis of marijuana use.⁸⁶
- Consider amending public use restrictions for consumption to create safe and designated public spaces for consumption, and ensure measures to prevent the creation of marijuana use as a “quality of life” citation targeting homeless or housing insecure residents.⁸⁷

IV. Healthy Lives & A Healthy City

The War on Drugs and need for drug regulation has often been thought about through a public health lens, one shifting recently away from simply concerns with addiction and towards understanding health more broadly. And indeed, the overpolicing of communities of color has had significant deleterious health effects, including heightened rates of HIV/AIDS and untreated mental illness.⁸⁸ As noted above, a lack of employment and ownership opportunities also significantly restricts private health care access, and forces people either onto Medicaid or to receive no services at all.

Recent research – which has led to significant philanthropic, social service and civic initiatives in Los Angeles – also points to the ways in which incarceration is part of a broader set of conditions exacerbating neighborhood-level health disparities, that have made zip code a primary determinant in life expectancy.⁸⁹ This is due in part to the quite visible geographic concentration of incarceration, which then brings to bear the accompanying issues detailed in this document such as joblessness, low health care rates and more.⁹⁰ Cutting edge public health research also concludes that incarceration can be understood in the same way environmental health factors and is proven to “exert collateral damage on the mental health of individuals living in high-incarceration neighborhoods” that extend beyond those incarcerated to the surrounding

⁸⁶ This work can be done in partnership with Coalition for Economic Survival, Eviction Defense Network, Public Counsel, Inner City Law or other housing organizations active in this field.

⁸⁷ Los Angeles Community Action Network and other organizations representing Skid Row residents can provide key input on measures to protect homeless residents.

⁸⁸ Golembeski, C., & Fullilove, R. (2005). Criminal (in) justice in the city and its associated health consequences. *American Journal of Public Health, 95*(10), 1701-1706; Massoglia, M. (2008). Incarceration, health, and racial disparities in health. *Law & Society Review, 42*(2), 275-306.

⁸⁹ Bell, Judith and Victor Rubin (2007). *Why Place Matters*. Oakland: Policylink & TCE.

⁹⁰ Sampson, R. J., & Loeffler, C. (2010). Punishment's place: the local concentration of mass incarceration. *Daedalus, 139*(3), 20-31.

community.⁹¹ Further, incarceration contributes to broader psycho-social and physical trauma that have been key factors shape neighborhood level inequalities.⁹² Of course, strong protective networks like dense networks of community engagement, place and systems improvements, and individual-level changes (in employment, mentorship and healing) are shown to also raise health and life expectancy, even with income and other differentials, and provide important avenues to further health equity.⁹³

The city has taken important steps towards the new **Neighborhood Health Fund** that offer small grants to programs that, in line with the approved social equity goals for cannabis: (1) addresses the disproportionate effects of the war on drugs on Los Angeles' most vulnerable communities; (2) improve resident life outcomes⁹⁴; and (3) address the roots of youth harm reduction/prevention and foster healthy communities in vulnerable communities.

This Fund should explicitly be directed at zones identified as disproportionately targeted by the war on drugs and/or economically disadvantaged areas.⁹⁵ The former can be identified via the ongoing research on social equity in cannabis and through the above-noted factors and indicators, that include poverty but also wealth gaps, rent burden, and other factors detailed above.⁹⁶

In considering the direct and indirect effects of the war on drugs, explained extensively above, the city should consider prioritizing the following for the Neighborhood Health Fund grants or funds:

- o Youth leadership, organizing and civic engagement;⁹⁷

⁹¹ Hatzenbuehler, M. L., Keyes, K., Hamilton, A., Uddin, M., & Galea, S. (2015). The collateral damage of mass incarceration: Risk of psychiatric morbidity among nonincarcerated residents of high-incarceration neighborhoods. *American Journal of Public Health (ajph)*.

⁹² Rich, John (2016). *Moving towards Healing: Trauma and Violence in Boys and Young Men of Color*. Robert Wood Johnson Foundation. Prevention Institute & Advancement Project (2015). *Community Safety: A Building Block for Healthy Communities*. Los Angeles: California Endowment.

⁹³ Prevention Institute & Advancement Project, op cit.

⁹⁴ For more on the link between diminished life outcomes, neighborhood disparities and the war on drugs, see: Alexander, M. (2012). *The new Jim Crow: Mass incarceration in the age of colorblindness*. The New Press; Jensen, E. L., Gerber, J., & Mosher, C. (2004). Social consequences of the war on drugs: the legacy of failed policy. *Criminal Justice Policy Review*, 15(1), 100-121; Clear, T. R. (2009). *Imprisoning communities: How mass incarceration makes disadvantaged neighborhoods worse*. Oxford University Press.

⁹⁵ Economically disadvantaged areas can be defined as a zip code that includes a census tract or portion thereof in which the median annual household income is less than \$40,000 per year, as measured and reported by the U.S. Census Bureau in the 2010 U.S. Census and as updated upon the U.S. Census Bureau issuing updated Median Annual Household Income data by census tract in the American Community Survey. An alternative measure can be 50% of households in the census tract live below 200% of the federal poverty level.

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⁹⁷ Youth leadership and empowerment have been found to help improve health and life outcomes for young people, and can be key in harm reduction efforts. See: Bloemraad, I., & Terriquez, V. (2016). Cultures of engagement: The organizational foundations of advancing health in immigrant and low-income communities of color. *Social Science & Medicine*, 165, 214-222.

- o After-school youth arts, skills-building and harm prevention activities, including “know-your rights” legal education;⁹⁸
- o Services to aid formerly-incarcerated residents, such as expungement, employment training and job placement;⁹⁹
- o Mental and public health services services;¹⁰⁰
- o Voter registration and engagement.¹⁰¹

The city should also consider placing the fund under the Department of Cannabis Regulation, in consultation with the City’s Health & Human Services, Housing + Community Investment Department, and Mayor’s Youth Council. The city should also consider creating a Board to manage the fund composed of youth from affected communities and/or other representatives familiar with the far-reaching health equity affects of the War on Drugs, to ensure that the funds are distributed in a way that reflects both research on place and health, as well towards needs in the affected communities.¹⁰² The city should also consider best practices in helping create networks among grantees, and limiting the reporting burdens by distributing through a partner.

Conclusions: Another Choice is Possible

According to legal scholar Michelle Alexander, the War on Drugs and mass incarceration have made us into “a nation that shames and blames its most vulnerable, affixes badges of dishonor upon them at young ages, and then relegates them to a permanent second-class status for life.”¹⁰³ But Dr. Alexander rightfully points to the fact

⁹⁸ The War on Drugs has been shown to move assets away from local services like after-school programming to policing, diminishing neighborhood conditions. At the same time, after-school programming like arts, empowerment and skills-building are key elements of an intensive, positive development model of youth harm reduction/prevention. See: Springer, J. F., Sale, E., Hermann, J., Sambrano, S., Kasim, R., & Nistler, M. (2004). Characteristics of effective substance abuse prevention programs for high-risk youth. *Journal of Primary Prevention*, 25(2), 171-194. Gilmore, R. W. (2007). Oman, R. F., Vesely, S., Aspy, C. B., McLeroy, K. R., Rodine, S., & Marshall, L. (2004). The potential protective effect of youth assets on adolescent alcohol and drug use. *American Journal of Public Health*, 94(8), 1425-1430. Kegler, M. C., Oman, R. F., Vesely, S. K., McLeroy, K. R., Aspy, C. B., Rodine, S., & Marshall, L. (2005). Relationships among youth assets and neighborhood and community resources. *Health Education & Behavior*, 32(3), 380-397.

⁹⁹ Job discrimination and exclusion from the economy have been some of the most visible damages created by the war on drugs. See: Alexander, op cit; Pager, D. (2008). *Marked: Race, crime, and finding work in an era of mass incarceration*. University of Chicago Press.

¹⁰⁰. See also: Golembeski, C., & Fullilove, R. (2005). Criminal (in) justice in the city and its associated health consequences. *American Journal of Public Health*, 95(10), 1701-1706; Massoglia, M. (2008). Incarceration, health, and racial disparities in health. *Law & Society Review*, 42(2), 275-306.

¹⁰¹ While California has passed substantive reforms to stop the disenfranchisement of formerly-incarcerated people, these communities often have been alienated from political structures and lack substantive opportunities for engagement. See: Jensen et al, op cit. and Uggen, C., & Manza, J. (2002). Democratic contraction? Political consequences of felon disenfranchisement in the United States. *American Sociological Review*, 777-803.

¹⁰² For youth-led and community-led funding models, see Richards-Schuster, K. (2012). Empowering the voice of youth: The role of youth advisory councils in grant making focused on youth. *New Directions for Evaluation*, 2012(136), 87-10 and Csuti, N., & Barley, G. (2016). Disrupting a foundation to put communities first in Colorado philanthropy. *The Foundation Review*, 8(4), 9.

¹⁰³ Alexander, 2013.

that the War on Drugs was an active set of choices, a path among many. And there are other ways forward – ways that, as social equity research shows us, must be thoughtful, deliberate and comprehensive if they are to undo decades of deep scars and dislocations on already-vulnerable communities. Undoing the violence of this war will take time and diligence, especially as in many ways criminalization remains in place at the federal level and reverberates in policy from criminal sanctions to housing and medical access. But Los Angeles is poised to lead the way nationally, as it has in the face of other social issues plaguing the 21st century, through community engagement, and data-driven, programmatic innovation. Doing so also holds the promise of addressing intersecting issues the City is facing, from homelessness to sustainability and equitable community development. By fully addressing the multiple forms of criminalization and dismantling barriers from living wages, asset-building, and a variety of factors shaping health and life outcomes, the City can ensure new vibrant paths towards opportunity and a more just tomorrow.