

City of Detroit
CITY COUNCIL
COUNCIL PRESIDENT BRENDA JONES

MEMORANDUM

TO: Lawrence Garcia, Corporation Counsel
City of Detroit

CC: Honorable Colleagues
Louise Jones, Senior City Clerk

FROM: Council President Brenda Jones 

DATE: October 22, 2019

RE: Social Equity Cannabis License Requirements

Cannabis criminalization and its enforcement has had long-term, adverse impacts to the City of Detroit, particularly for low income and minority Detroit residents. Jurisdictions throughout the United States are attempting to address the impacts of past cannabis policies and their inequalities by developing and implementing cannabis policies that seek to center equity in cannabis policy reform.

Social equity policy is one tool that is used to acknowledge and repair the harm caused by the War on Drugs and the disparate enforcement of cannabis prohibition. The goal of the Social Equity policy is, "to promote equitable ownership and employment opportunities in the cannabis industry in order to decrease disparities in life outcomes for marginalized communities, and to address the disproportionate impacts of the War on Drugs in those communities."

After conducting thorough research on social equity best practices throughout the nation, I am requesting the Law Department to draft an ordinance or amend any current ordinance draft to include the below social equity definitions and requirements related to cannabis business licensing:

Definitions:

Social equity applicant- An individual that was convicted of a cannabis offense or has a parent, sibling, or child who was arrested for or convicted of the sale, possession, use, manufacture, or cultivation of cannabis. Also an individual that is a resident of a disproportionately impacted area for at least 5 years.

Disproportionately impacted area- An area with high rates of arrest, conviction, and incarceration related to cannabis-related offenses, along with at least one of the following: Experiences a poverty rate of at least 20%; At least 75% of the children in the area participate in the federal

free lunch program; At least 20% of the households in the area receive assistance under the Supplemental Nutrition Assistance Program; or the area has an average unemployment rate over 120% the national unemployment average.

Licensing:

30% of all cannabis licenses set aside for social equity applicants that meet one (1) of the following requirements:

- At least 51 percent ownership and control by one or more individuals who have lived at least five years in a disproportionately impacted area.
- Applicants with the minimum of 10 full-time employees must have at least 51 percent of employees who currently reside in a disproportionately impacted area or have been affected by cannabis-related offenses.
- Must have a household income below 80% of the average median income (AMI).

Establishment of the Cannabis Business Development Fund

- Allocation of 20% of all Cannabis Business Revenue for the following:
 - Investment into Cannabis businesses owned, partially-owned or operations by social equity applications. Fund will provide financial resources for business start-ups, which can be used to offset licensing fees or used for low-interest loans.
 - Investment into drug prevention and treatment