

THE SACRAMENTO BEE

Sacramento made promises to Black entrepreneurs. Keep them before halting cannabis permits

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If Sacramento wants to address the racial inequities in local ownership of the pot industry, Councilman Sean Loloee should reconsider the timing of his request to freeze cannabis business permits for his North Sacramento district.

Last week, the city announced the 10 entrepreneurs of color who were selected for dispensary licenses under Sacramento's Cannabis Opportunities Reinvestment and Equity program. The initiative, established in 2017, was designed to increase ownership in the legal marijuana market for the communities hit hardest by the war on drugs. The 10 permits for retail shops represent the most coveted piece of the CORE program since Sacramento capped its storefronts at 40.

Today, the City Council will consider Loloee's request for an emergency moratorium on permits in his district in order to revisit cannabis zoning rules that restrict most businesses to industrial areas.

"As a result, of the 234 cannabis business permits issued in Sacramento so far, 142 have been in the highly industrialized District 6 in the southeast portion of the city. Loloee's district has the second most, 41," The Bee's Marcus D. Smith and Tony Bizjak reported. "A high percentage of requests in the pipeline for new cannabis businesses in the city target his district as well, (Loloee) said. No other council district has more than 23, and several have none."

Under the current proposal, the moratorium would halt applications for 45 days, but could be extended for as long as two years. That means the CORE graduates who applied for permits for District 2 sites would be affected. Some have already signed the industry minimum five-year lease and could suffer significant losses before they open — assuming they aren't forced elsewhere.

Loloee asked city staff to begin drafting a moratorium in January to "address the concerns of overconcentration," according to a city staff report. He hitched his request to a broader review of zoning rules citywide.

"I think it is fair to take a pause, and look at the regulations to make sure the outcome is what the city and District 2 needs and desires," Loloee said.

Loloee told The Bee last week that he supports cannabis businesses but wants to see them more evenly distributed throughout the city. That's at odds with the draconian rhetoric he used on the campaign trail last year, which echoed the fear-mongering presidents Richard Nixon and Ronald Reagan employed to justify the over-policing and harsh sentencing that devastated Black communities and fueled mass incarceration.

“Before Loloee’s election last November he had taken a hard line against industry expansion in his district, pointing out that more dispensaries means ‘more drugs in our neighborhoods,’” Smith and Bizjak wrote.

Most of the outdated myths to stoke fears about opening dispensaries have been debunked. Research by Leafly and Humboldt State University determined that crime and property values aren't negatively impacted, and teen pot use doesn't increase. A CATO Institute study found no correlation between legal marijuana and increased use of other substances.

Sacramento has a pitiful history with the legal cannabis trade, marred by shady business owners who created monopolies and exploited toothless regulations. A Sacramento Bee investigation into the “Sactown Five” pot kings prompted city and state audits that revealed how easily owners ducked permit transfer rules. In 2019, the FBI launched an investigation to determine whether city officials had accepted bribes.

At one point, there were no Black-owned pot dispensaries. If Loloee gets his way, the city will undermine its own efforts to fix that and potentially drive away future entrepreneurs.

Sacramento must revisit its zoning rules and reduce the overconcentration of pot businesses in its two industrial-heavy districts. But an exception must be made for the 10 permit-holders who successfully completed the city's CORE program. Sacramento made promises to create equity in the marijuana business. Now it must keep them.