

City Council Point of Direction #7: Consider removing cannabis distribution from the current uses subject to a district-based square footage cap.

Issue

- In 2018, the southeast industrial area had 116 out of 213 Conditional Use Permit (CUP) applications and approximately 2.8 million square feet of *approved* cultivation floor area.
 - At the time, there were very few manufacturing or distribution uses.
 - Cultivation was the primary concern at the time.
 - Approved = CUP approval at that time.

Recommendation

- Amend City Code Chapter 17.228.900.E.2.a to specify that cannabis distribution may be excluded from the square footage cap:
 - “The proposed cannabis production use is located within the area bounded by Power Inn Road to the west, Folsom Boulevard to the north, and the city limits to the east and south; and will result in more than 2.5 million square feet of building floor space approved by an administrative permit ~~conditional use permit~~ for cannabis production use in that area. Building floor space designated for a cannabis manufacturing or cannabis distribution use in an administrative permit ~~conditional use permit~~ may be excluded from the 2.5 million square footage calculation.”

Rationale for Recommendations

- Cultivation concerns were a primary driver that led to the floor area cap.
- EPS Study suggests that Sacramento might see a reduction in cultivation uses due to the expansion of major cultivation sites emerging in California’s coastal regions.
- EPS Study believes market will shake out over time and a floor area cap may not be necessary.
- There has been a recent slowdown in cannabis production applications.
- Staff audit of southeast industrial area shows current cannabis production floor area below cap limit.
 - As of August 2, 2024, the entitled floor area is 1,920,745 square feet, which means there is 579,255 square feet of available floor area.
 - City experienced rush of cannabis production uses in 2017-2018, however, not all CUP approvals resulted in production businesses becoming established/operating.