

CANNABIS PERMITTING UPDATE

July 2018

Planning & Economic Development Department

100 Santa Rosa Avenue, Room 3 | Santa Rosa, CA 95404

(707) 543-3200 ext. 2 | www.srcity.org/cannabis



City of Santa Rosa Cannabis Permitting Update

Allowable Land Use Zones

Under the City of Santa Rosa's cannabis policy, commercial cannabis operators may locate in the following zoning districts, subject to approvals of required land use permits, and depending on activity type:

Commercial Zoning Districts

- Office Commercial (CO) - retail and testing labs only
- Neighborhood Commercial (CN) - retail only
- General Commercial (CG) - retail only
- Community Shopping Center (CSC) - retail only

Industrial and Business Park Districts

- Light Industrial (IL) - retail and non-retail allowed
- General Industrial (IG) - retail and non-retail allowed
- Business Park (BP) - retail and non-retail allowed

For details on allowable and conditionally permitted uses go to www.srcity.org/cannabis

Licensing Requirement

The City adopted the Comprehensive Cannabis Ordinance effective January 19, 2018, formalizing the process for medical and adult use commercial cannabis permits. The State of California also formalized its license program in January 2018, contingent upon applicants receiving local approvals (see <https://cannabis.ca.gov/licensing/>).

- State Licenses are issued by three different agencies, depending on the activity type (cultivation, manufacturing/distribution or retail);
- Santa Rosa cannabis permit applicants must obtain a State License, in addition to Building, Fire, and Health Permits prior to occupancy and operation.

Public Counter Hours:

Monday:	8am - 4:30pm
Tuesday:	8am - 4:30pm
Wednesday:	10:30am - 4:30pm
Thursday:	8am - 4:30pm
Friday:	8am - 12pm

Real Estate Activity: Commercial and Industrial

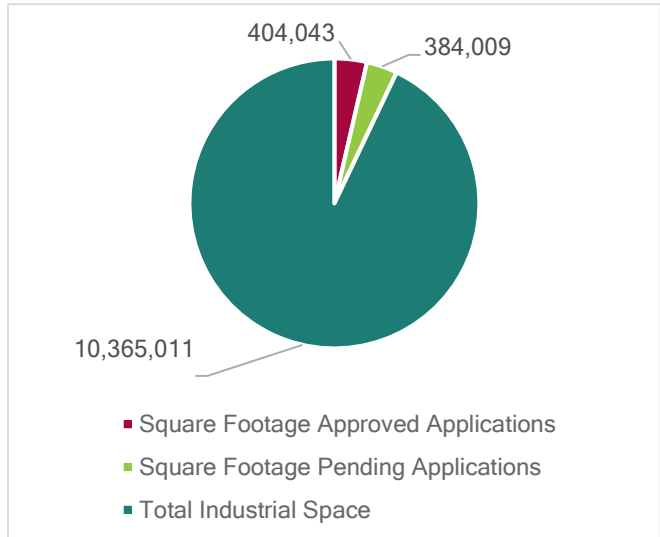
The City of Santa Rosa has 10,365,011 square feet of industrially-zoned land, 8,022,542 square feet of retail-zoned land, and 7,282,457 square feet of land zoned for office use. A total of 89 commercial and industrial sites have had active cannabis related applications as of May 2018, with some sites representing multiple cannabis permits and/or activity types, including:

- 3 approved medical and adult use retail dispensaries;
- 38 pending retail dispensary applications;
- 39 approved non-retail applications; and
- 44 pending non-retail applications.

Industrial Activity

Industrial real estate in Santa Rosa had a 2018 Q1 vacancy rate of 4.3% with approximately 447,000 sf of direct vacancy, and no new industrial space planned for development. Given this compression, cannabis has caused an increase of prices of both leases and sales of industrial property:

- From \$0.90-\$1.10/sf in 2017 to \$2.00+/sf in 2018 **for lease rates**, and
- From \$80/sf in 2014 up to \$250/sf in 2018 **for properties for sale**.
- While **investment into older, long vacant industrial space is a positive** for the industrial sector, marketing of properties with entitlements for cannabis use forebodes speculative activity and price gauging with so little vacancy in the market.
- Given the region-wide decreasing industrial vacancy rates, there is the potential this will **spur new industrial development**.



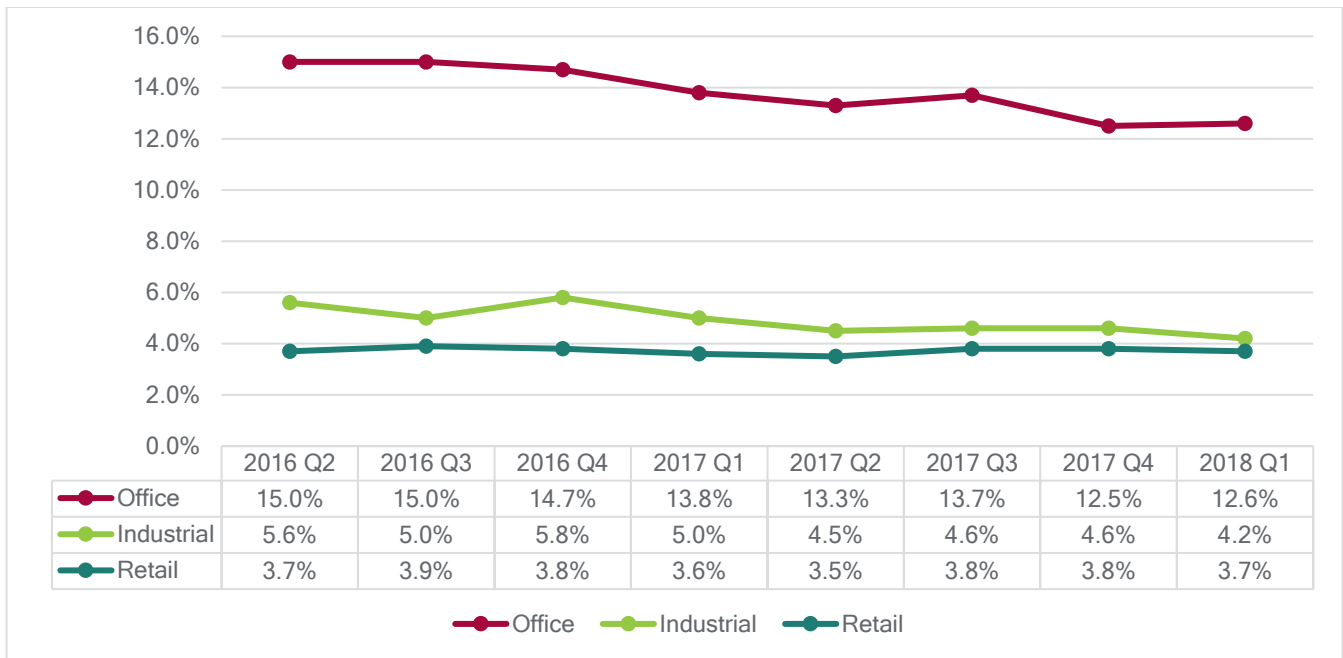
Santa Rosa experienced a mere 29,094 sf of net industrial absorption in the 1st quarter 2018.

Retail Activity

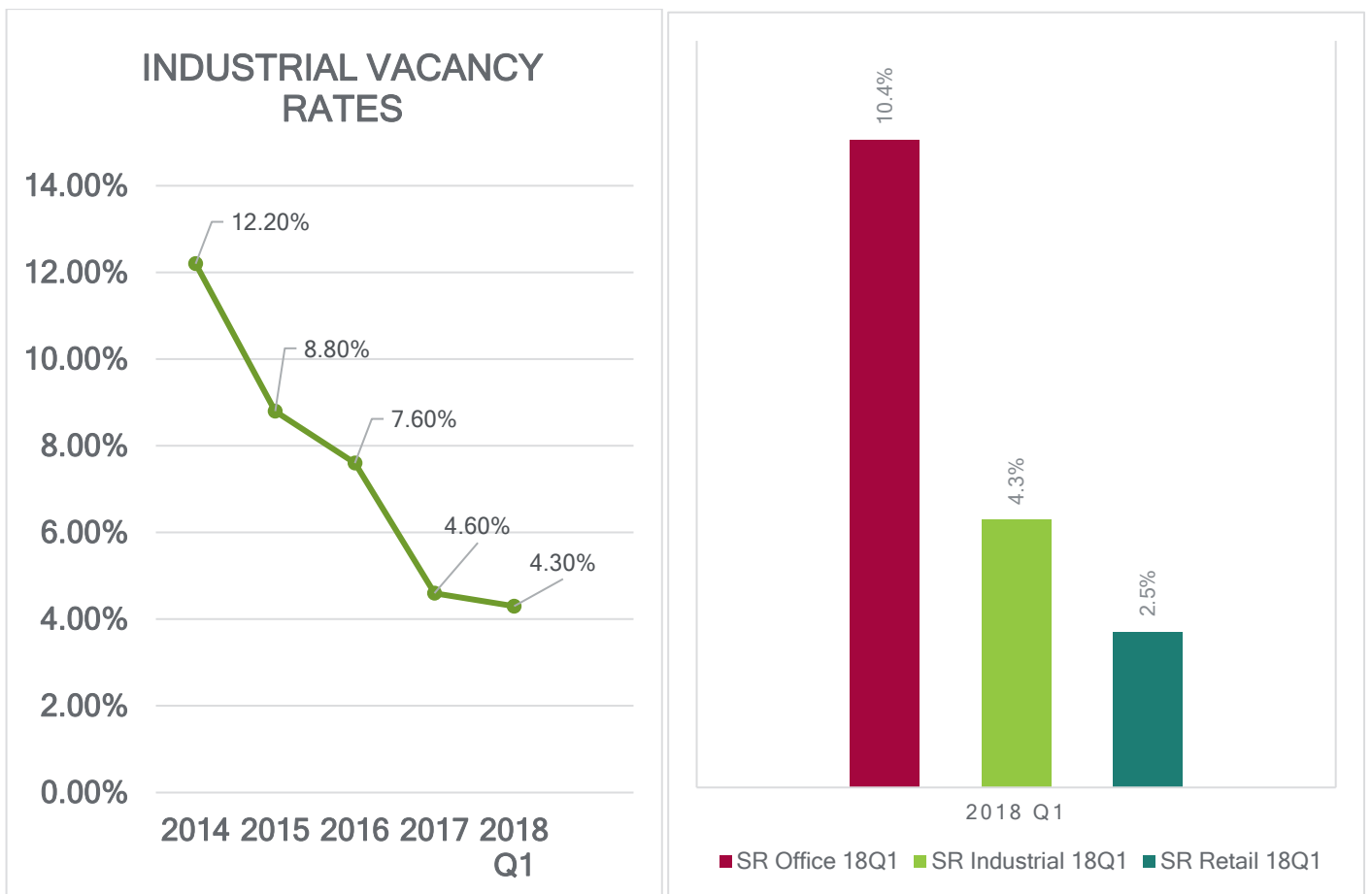
Commercial retail real estate in Santa Rosa had 2018 Q1 vacancy rate of 2.5% with approximately 203,000 sf of vacant space and another 200,000 sf of potential new retail development. Dispensaries are prohibited from locating in the Downtown (CD) and Transit Village (TV) zoning districts, and are subject to concentration limits and other standards.

Following a two-week application period which ended on April 20, 2018, a total of **38 cannabis retail applications were submitted for review**. Next steps involve City facilitated neighborhood meetings, compliance review for overconcentration, setback and operational standards, and preparation of public hearings.

Sonoma County Vacancy Rates



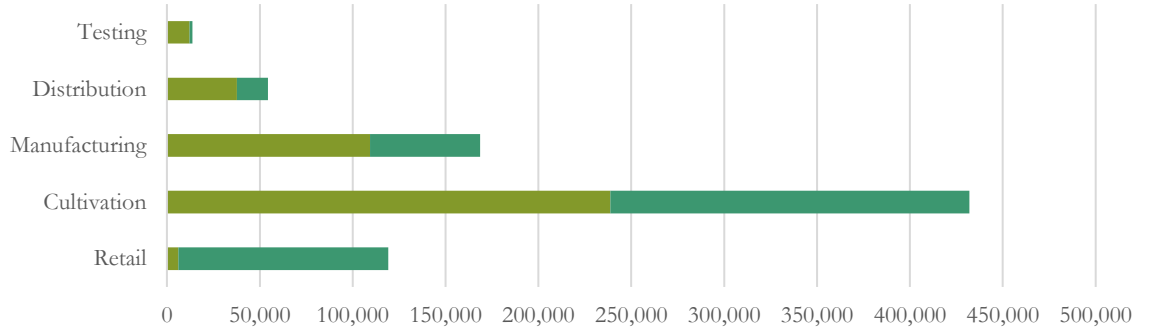
Santa Rosa 2018 Q1 Vacancy Rates



Approved and Pending Cannabis Applications (as of May 2018)

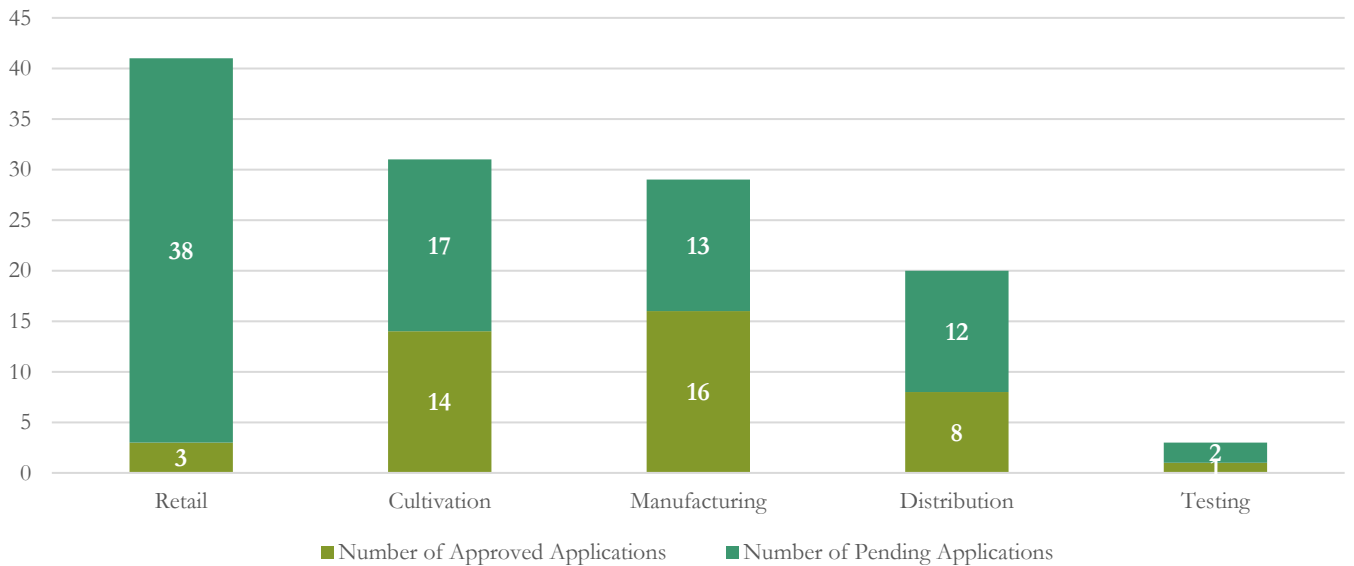
	Square Footage Approved Applications	Number of Approved Applications	Square Footage Pending Applications	Number of Pending Applications
Retail	6,160	3	113,063	38
Cultivation	238,656	14	193,397	17
Manufacturing	109,284	16	59,361	13
Testing	12,235	1	1,485	2
Distribution	37,708	8	16,703	12
TOTALS	404,043	42	384,009	82

Square Feet: Approved vs. Pending Applications



	Retail	Cultivation	Manufacturing	Distribution	Testing
■ Square Feet Approved Applications	6,160	238,656	109,284	37,708	12,235
■ Square Feet Pending Applications	113,063	193,397	59,361	16,703	1,485

Number of Approved vs. Pending Applications



	Street Address	Zoning	Retail	Cultivation	Manufact	Distrib.	Test Lab (primary use)	Land Use Permit status
1	1414 4th Street	CG	5,473					pending
2	3262 Airway Dr	IL		8,250				pending
3	3440 Airway Dr, Suite C	IL			1,103			Approved
4	3440 Airway Dr, Suite D	IL			3,927			Approved
4	3565 Airway Dr. Suite B	6			3,000			Pending
4	2074 Armory Dr	CG	2,313					pending
7	2133 Bluebell Dr, Bldg 2	IL			1,520			Approved
8	2133 Bluebell Dr, Bldg 1	IL				1,363		Approved
9	2150 Bluebell Dr	IL		27,000		1,782		Approved
10	2317/2445 Bluebell Dr	IL			1,500	1,250		Approved
11	2463-2465 Bluebell Dr	IL	2,400		2,400			pending
12	1215 Briggs Ave	IL-SA		5,101	499			Approved
13	1220 Briggs Ave	IL-SA	1,325	300	2,500	2,000		pending
14	1236 Briggs Ave	IL-SA	654	4,723	2,852			pending
15	2330 Circadian Way	BP			35,820			Approved
16	2351 Circadian Way	BP			15,656			Approved
17	2265 Cleveland Ave,	CO	4,217					pending
18	2425 Cleveland Ave,	CO	1,150					Approved
19	3791 Cleveland Ave,	CO	2,000					pending
20	3187 Coffey Ln	IL		9,554	1,800			Approved
21	3094 Coffey Ln	IL	1,612					pending
22	250 Colgan Ave	IL	2,894	432	654	586		pending
23	353 College Ave	CG	2,943					pending
24	112 Commercial Ct- Unit 25	CG	1,394					pending
25	112 Commercial Ct- Unit 2	CG	2,216					pending
26	3152 Condo Ct	IL		5,000				pending
27	3158 Condo Ct	IL			3,597	5,190		Approved
28	2967 Coors Ct, Units B & C	IL		6,000				Approved
29	975 Corporate Center Pkwy, 115	BP			6,374	2,825		Approved
30	975 Corporate Center Pkwy, 120	BP		9,585				Approved
31	1201 Corporate Center Pkwy	BP					12235	Approved
32	2835 Duke Ct	IL		24,510				Approved
33	443 Dutton Ave Unit 11	CG	2,172					pending
34	1061 Dutton Ave	CG	3,510					Approved
37	1805 Empire Industrial Ct	PD (IL)		9,473				pending
38	1809 Empire Industrial Ct	PD (IL)		6,814				pending
39	1825 Empire Industrial Ct, Unit A	PD0173	10,400					pending
40	2739 Giffen Ave # 4	IL		36,480				Approved
41	2739 Giffen Ave, # 5	IL		31,150				Approved
42	2747 Giffen Ave, # 5	IL		18,059				Approved
43	2753 Giffen Ave	IL			5,425			Approved
44	2765 Giffen Ave	IL				15,580		Approved
45	1831 Guernville Rd, Unit A	CN	3,200					pending
46	1603 Hampton Way, A & B	CG	1,500					Approved
47	1042 Hopper Ave	IL			11,000			pending

	Street Address	Zoning	Retail	Cultivation	Manufact	Distrib.	Test Lab (primary use)	Land Use Permit status	
45	3310 Industrial Dr	IL		12,110				Approved	
46	3320 Industrial Dr	IL		20,000				Approved	
47	3401 Industrial Dr	IL				4,500		Approved	
48	3499 Industrial Dr	IL	1,551	3,378	1,050	1,034		pending	
49	3535 Industrial Dr Unit A1	IL	4,928					pending	
50	60 Maxwell Ct	V-R-SA-LIL		10,972				Approved	
51	2750 Mendocino Av	CG	3,406					pending	
52	4036 Montgomery Dr, # B	CN	1,210					pending	
53	6575 Oakmont Dr	PD6301	1,492					pending	
54	335 O'Hair Court# B	IL	1,690	22,328				pending	
55	1137 Petaluma Hill Rd	CG	1,661					pending	
56	1111 Petaluma Hill Rd	CG	3,495					pending	
57	835 Piner Rd	IL		2,580	2,000	1,050	585	pending	
58	925 Piner Rd	LI	4,184					pending	
59	930 Piner Rd	LI		4,180		200		pending	
60	947 Piner Place, # B	IL				6,000		Approved	
61	965 Piner Place	IL			4,905			Approved	
62	950 Piner Rd	IL	1,935	2,793		2,881		pending	
63	966 Piner Rd, # G	IL			3,100			Approved	
64	970 Piner Rd	IL		3,135				Approved	
65	1000 Piner Rd, # D	IL			728	1,000		Approved	
66	1100 Piner Rd	IL			1,970	400		pending	
67	1626 Piner Rd	IL			4,130			Approved	
68	1954 Piner Rd #B	IL	2,134					pending	
69	817 Russell Rd, #C	CG	1,350					pending	
70	900 Santa Rosa Ave	CG	3,072					pending	
71	1010 Santa Rosa Ave	CG	3,872					pending	
72	1015 Santa Rosa Ave, #A	CG	2,790					pending	
73	2612 Santa Rosa Ave	CG	5,151					pending	
74	3011 Santa Rosa Ave	CG	5,820					pending	
75	470 Sebastopol Rd, #B	CO	2,963					pending	
76	2875 Sebastopol Rd	IL		25,000				Approved	
77	1128 Sonoma Av	CO	2,280					pending	
78	2049 Steele Ln, West	IL			19,200			Approved	
79	316 Yolanda Ave	IL	3,000					pending	
80	330 Yolanda Ave	IL	8,000					pending	
81	368 Yolanda Ave	IL		24,000				pending	
82	374 Yolanda Ave	IL	912	6,660	925	928		pending	
83	444 Yolanda Ave	IL		7,200	2,930	823		pending	
84	468 Yolanda Ave	IL	954	1,686	280	519		pending	
85	800 Yolanda Ave	IL		83,600	27,800	4,500	900	pending	
	Sq Ft Sub-Totals - APPROVED Projects			6,160	238,656	109,284	37,708	12,235	404,043
	Sq Ft Sub-Totals - PENDING Projects			113,063	193,397	59,361	16,703	1,485	384,009
	TOTAL SF			119,223	432,053	168,645	54,411	13,720	788,052