



STAFF REPORT

Title: Bylaw No. 669-LU-20 - Amend LUB No. 382-LU-10

Meeting Date: May 12, 2020

Executive Summary:

Proposal to amend the Land Use Bylaw 382-LU-10 to regulate the development of cannabis micro-processing businesses within the city.

Background:

When recreational cannabis was initially legalized in 2018, only large scale commercial producers could be licensed by the federal government to grow cannabis and produce cannabis products. As a result, the City's Land Use Bylaw restricted these type of activities to Light Industrial or Heavy Industrial zoning districts, due to the expected scale of the operation and the potential to create nuisance effects.

Under the federal Cannabis Act and Regulations, businesses that wish to produce cannabis products on a smaller scale, may now apply for a cannabis micro-processing licence through Health Canada. As defined by the Act, a licenced micro-processor may not use more than the equivalent of 600kg of dried cannabis in a calendar year. A cannabis micro-processor may make cannabis products including items such as edibles or topicals. Under Health Canada and AGLC regulations a cannabis micro-processor cannot sell their products directly to the public and can only distribute these through the established cannabis supply chain for resale in a retail cannabis store.

Due to the relatively small scale of these micro-processors, and the restrictions on direct selling to the public, Administration does not foresee a cannabis micro-processing operation creating adverse effects on neighbouring businesses. Given this background, Administration is of the opinion that it would be reasonable to create a defined use for cannabis micro-processors within the LUB, to give these types of businesses the option of locating their business within commercial areas of the City.

As the Cannabis Act now allows for micro-cultivation (growing) of cannabis, Administration also considered whether the City should look at allowing this type of activity outside of industrial areas. After consideration, however, Administration determined that commercial growing of cannabis, even on the smaller scale allowable under a micro-cultivation licence, would still have the potential to produce nuisance effects, such as odour or high humidity that could impact adjacent businesses. For this reason, Administration recommends that growing of cannabis remain restricted to



industrial zones only. There are currently no licensed cannabis growers operating in the City.

The proposed amendment creates a defined use class for “Cannabis Micro-Processor” to differentiate these small-scale operations from their larger counterparts, allowing them the option to locate within commercial areas, where a larger-scale operation would be incompatible with other land uses. The amending bylaw lists “Cannabis Micro-Processor” as a discretionary use within the RMX-Residential Mixed Use, C1-Downtown Commercial, C2-Arterial Commercial, C3-Neighbourhood Commercial and LC-Lakeshore Commercial districts. These are the same districts in which a Cannabis Retail Store is listed as a discretionary use. Given that there is little likelihood that a “Cannabis Micro-Processor” would negatively affect adjacent properties, it was considered appropriate to allow micro-processing in the same districts where a Cannabis Retail Store may be located. The bylaw also lists “Cannabis Micro-Processor” as a discretionary use within LI-Light Industrial and HI-Heavy Industrial districts to provide businesses with the maximum flexibility in finding a suitable location.

Administration recommends that Council proceed to give Bylaw 669-LU-20 first reading and direct Administration to set the required statutory Public Hearing.

Alternatives:

Council may consider the following alternatives:

1. Proceed to give Bylaw 669-LU-20 first reading and direct Administration to set the required statutory Public Hearing.
2. Defeat first reading of Bylaw 669-LU-20.
3. Accept as information only.

Recommended Action:

Administration recommends that Council proceed to give Bylaw No. 669-LU-20 first reading and direct Administration to set the required statutory Public Hearing.

Budget Implications (Yes or No):

No

Submitted by:

Kevin Nagoya, Chief Administrative Officer