

ROUND TWO LIMITED LICENSING FREQUENTLY ASKED QUESTIONS

General Questions:

1. What types of limited licenses are available?

Limited licenses include two types, Equity and Non-Equity. There are Equity and Non-Equity Licenses offered for the Retailer, Microbusiness, and Designated Consumption license categories.

2. Can an applicant using the same business name as another applicant both get a license if the license owners are different?

Section 20-6-38(a)(3) provides the following:

“A license may not be awarded to an applicant if such applicant or any direct or indirect owner of such applicant is also a direct or indirect owner of (i) any other applicant applying for a license of the same type under this section, or (ii) any licensee that is the holder of a license of the same type under this section.”

Neither the applicant (the entity licensee), nor any individual owners of an interest in the applicant may have an interest in any other limited license of the same type. Each entity and individual can own all or part of ONE each adult use retailer, micro, and consumption. Two or more applicants that are separate legal entities but are using the same dba name would be discouraged.

3. Can an applicant for an adult use retailer license on an existing medical provisioning center location under a separately formed entity, so that it is a co-located facility?

The zoning ordinance allows co-location of multiple types of marijuana uses, including both medical or adult use, although some spacing restrictions may apply to one or all the uses co-located. Marijuana zoning is interchangeable (i.e. adult use retailer and medical marijuana provisioning center are considered the same for zoning purposes.). There is no restriction on different licensees co-locating in the same building in the licensing ordinance.

4. What is the difference between a building permit, a certificate of occupancy, and a certificate of compliance, and which one should an applicant submit with a limited license application?

An applicant should submit the most recent unexpired approval, permit or certificate required for its property. After an applicant has received a Conditional Land Use

Approval through the zoning process, it may apply for a Building Permit. When construction is complete, the applicant will get a Certificate of Occupancy for the approved use (e.g. retailer, grower, etc). These procedures are described in more detail [here](#). After the final Certificate of Occupancy is achieved, the property is subject to the City's commercial property maintenance requirements, requiring an inspection every two years and resulting in a Certificate of Compliance, go [here](#) for more information. An applicant should submit the very latest unexpired approval document it has received. If the property has had a Certificate of Occupancy for more than a year, it is time to schedule an inspection to get the Certificate of Compliance.

5. Can an applicant apply for an Unlimited and Limited license for different businesses?

Yes. An individual may own an interest each of the limited licenses (retailer, microbusiness, and consumption lounge), and may own an unlimited number of the remaining license types available.

6. How will the lottery work? For example, in the Equity retail category if 5 applicants score 127 and another 15 applicants score 117, and 3 others score 112, do they all go in a lottery?

No. There are 15 non-equity adult use retail licenses and 15 equity adult use retail licenses available in Round Two. Licenses will first be awarded to the highest scoring applicants. In the example above, first 5 Equity retail licenses would be awarded to the 5 applicants who scored 127 points, which would leave 10 Equity licenses available. Next, since 15 applicants scored 117 points, only those applicants only would participate in the lottery to receive the remaining 10 licenses. Any applicants with lower scores would not participate in the lottery because there would not be licenses available after the higher-scoring applicants received licenses.

7. Can an applicant add documents to its limited license application after it is submitted, as long as the supplemental information is provided prior to the closing date of the applications?

Applications cannot be supplemented, however, an applicant may cancel the submission and re-submit. In that case, the applicant should use the same DivDat payment ID it received with the first submission and will not have to pay another application fee. To complete the cancellation, the applicant must email homegrown@detroitmi.gov with the request to cancel, and include the reference number provided to the applicant with the first submission, as well as the address. The applicant will receive a confirmation email that the submission was canceled.

8. Does having Detroit Legacy status mean that I already have a limited license? If no, then what are my next steps?

No, having Detroit Legacy status does not grant a license to an applicant. Applicants who are unsure how to proceed should review the information at www.homegrowndetroit.org, and email homegrown@detroitmi.gov with any questions.

9. How much does it cost for a limited license, and will those fees be discounted for Detroit Legacy applicants?

All City of Detroit marijuana business licenses cost \$5000.00, with an application fee of \$1000.00. There are no discounts for Detroit Legacy certified applicants.

10. What is the timetable on notification of being selected for a license?

This depends on the number of applications received and their relative complexity to review. However, we estimate notifications will be made in 6-8 weeks after the application period ends.

Provisional Certificates:

11. What is a Provisional Certificate and why would I need one?

Section 20-6-38(f) provides that:

“If the number of applicants submitting complete applications for any type of limited licenses available in any application period following the first one provided by Section 20-6-38(a)(1) and who have obtained an unexpired conditional land use approval, a Certificate of Occupancy or a Certificate of Compliance for a proposed location, is less than the number of limited licenses of that type available in such application period, the City may issue a number of provisional certificates to applicants for such limited license type, equal to the number of licenses that are available in such application period minus the number of licenses to be awarded to applicants that have obtained an unexpired conditional land use approval, a Certificate of Occupancy or a Certificate of Compliance for a proposed location;”

In Round Two, provisional certificates may be awarded to applicants who meet all the ordinance criteria, except the property requirement, ***if and only if*** there are not enough applicants with property to award licenses to in a particular category. Provisional certificate holders will be granted 18 months to acquire a property.

Establishing Equity Status:

12. What is an Equity Applicant?

An Equity Applicant is an individual who establishes that their primary residence is located within a *disproportionately impacted community*, or an entity where one or more of such individuals owns and controls at least 51% of the applicant entity.

13. What is a disproportionately impacted community?

Any community where (1) the number of marijuana related convictions are greater than the state of Michigan median, and (2) where 20% or more of the population is living below the federal poverty level according to the 2019 American Community Survey 5-year estimates published by the United States Census Bureau.

14. How does an Equity Applicant establish eligibility?

Equity Applicants are required to submit two pieces of documentation to establish their eligibility through their primary residence: (1) a government issued ID, and (2) a deed, lease, voter registration or homestead exemption.

15. How would an applicant from outside of Michigan show they are eligible to apply as an Equity Applicant?

The applicant needs to show their primary residence is in a disproportionately impacted community with the same documentation as #9, above. The applicant's primary residence must have a greater number of marijuana related convictions than the state of Michigan median, and a 20% federal poverty level

- a. Poverty level of a given community can be determined as follows:
 - i. Go to [this link](#) —doing so should bring you to a Census Bureau page with various search results. You can adjust the filter to add different communities on the left.
 - ii. Click “download table” in the large screen to the right under “table is too large to display.” If you’re having trouble getting there, try to access the link on another browser or using Google Chrome’s “incognito” feature.
 - iii. Make sure that the 2019 ACS 5-year estimates are selected and click “Download .CSV”.
 - iv. Save the .zip folder to your hard drive.
 - v. Open the .zip folder and click on the excel spreadsheet with “data_with_overlays” in the title.

- vi. The “IM” Excel column titled “S1701_C03_001E” is the poverty data information.

- b. The State of Michigan’s median number of marijuana convictions was 660 for the period from 2008 through 2018, based on data provided by the Michigan State Police Criminal Justice Information Center of the total number of marijuana convictions, including possession, use, and distribution in Michigan from Nov. 1, 2008, through Oct. 31, 2018. A non-Michigan applicant will need to provide a conviction number higher than 660 convictions from the same time period in the county where they primarily reside, to support its eligibility as an Equity Applicant.

- c. The State of Michigan has identified the disproportionately impacted communities in Michigan here: <https://www.michigan.gov/cra/sections/social-equity-program/michigan-communities-that-meet-criteria-for-the-social-equity-program>

Social Equity Transactions:

To receive Social Equity points on the limited license application, Non-Equity Applicants are asked to enter a joint venture with an Equity Applicant (a.k.a. the “Recipient”), or lease or sell real estate to an Equity Applicant (a.k.a. the “Recipient”). The burden is on the Applicant to submit enough information for the scoring committee to properly evaluate the transaction. Please pay close attention to the following frequently asked questions and seek legal counsel if necessary.

16. What documentation about the Recipient does a Non-Equity Applicant have to submit to receive social equity points for a real estate transaction or a joint venture?

Documentation of Equity Applicant status in the form of (1) a Government Issued ID, and (2) a deed, lease, voter registration, or homestead exemption indicating the Recipient’s primary residence.

17. What does a Non-Equity Applicant need to submit to document a joint venture with an Equity Applicant?

As each transaction is unique, specific required documents cannot be listed, but a Non-Equity Applicant must show that its corporate structure has been approved by the Michigan Cannabis Regulatory Agency (“CRA”), so a MRTMA Prequalification dated after the current corporate structure is in place should be submitted, or CRA approval of share transfers or new partners, etc. Further the corporate transaction documents should be submitted.

18. What does a Non-Equity Applicant need to submit to document a social equity real estate transaction with an Equity Applicant?

As each transaction is unique, specific documents cannot be listed. A Non-Equity Applicant should submit the transactional documents that are consistent with the ordinance requirements, as well as a determination of the fair market value of the property sold or leased.

19. Will a purchase agreement or land contract suffice to meet the social equity criteria required for a Non-Equity Applicant?

A completed sale is required, so a purchase agreement would not be acceptable. A land contract is acceptable. The property must be sold or leased prior or simultaneous to the license application. However, the equity applicant buyer or lessee does not need to be making an application at the same time in the same application round. It could be for any other type of limited or unlimited use, like a grower or transporter.

20. What kind of property can be used to get social equity points in a Non-Equity real estate transaction?

Sec 20-6-38(a)(5) requires the property sold or leased by a Non-Equity Applicant be "properly zoned and licensable," so zoning approval through the [conditional land use process](#) is required for social equity real estate transactions. At the time of application (by August 31, 2023), the property sold or leased as part of a social equity real estate transaction must have land use approval for one or more of the following uses: retailer/provisioning, grower, processor, secure transporter, safety compliance, microbusiness, or designated consumption establishment.

21. If you sell or lease two properties to separate Equity Applicants, can you get extra points?

No, the ordinance offers these options in the alternative, the choices are a complete purchase, or one of the two lease options.

22. Can an individual with Equity Applicant status be a Recipient of a social equity real estate transaction as many times as they want?

A person with Equity Applicant status may only be a Recipient of a social equity transaction one time if the previous conveyance resulted in a limited license for the Non-Equity Applicant.

23. Can a property that was previously sold to in Round One in a social equity transaction be sold again to another Equity Applicant in Round Two?

A property can only be the subject of a social equity transaction one time if the previous conveyance resulted in a limited license for the Non-Equity Applicant.

24. Can an Equity Applicant apply as a Non-Equity Applicant if it owns more than 41% of the applicant entity, and get 25 social equity points?

No. An applicant who qualifies for Equity Applicant status may apply as a Non-Equity Applicant, but must satisfy the social equity requirements in the same way as any other Non-Equity Applicant to receive social equity points, specifically, a real estate transaction or joint venture with another Equity Applicant.

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