



Agenda

Committee of the Whole Meeting

City of Kalamazoo

Monday, July 20, 2026

5:00 PM

City Commission Chambers – 241 West South Street

A. CALL TO ORDER/ROLL CALL

B. COMMUNICATIONS

C. PUBLIC COMMENTS

D. SPECIAL AGENDA ITEMS

1. Presentation on proposed amendments to City Commission Policy 30.9, the *Marihuana Social Equity Policy*.
2. Closed session to discuss pending litigation. (**Action: Motion to go into closed session**)

E. COMMITTEE OF THE WHOLE

F. WORK SESSION

G. COMMISSIONER COMMENTS

H. ADJOURNMENT

ADDITIONAL INFORMATION

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City Commission Agenda Report

City of Kalamazoo

Date: **7/20/2026**

Item: **D.1.**

TO: Mayor Anderson, Vice Mayor Duncan, and City Commissioners

FROM: Malcolm Hankins, City Manager
Reviewed by: David Marquardt, Deputy City Manager
Prepared by: Bobby Boyd, Economic Development Supervisor

DATE: July 20, 2026

SUBJECT: Presentation on Proposed Amendments to City Commission Policy 30.9, the *Marihuana Social Equity Policy*

RECOMMENDATION:

It is recommended that the City Commission review and consider for adoption, at a subsequent meeting, an amended Marihuana Social Equity Policy.

BACKGROUND:

On May 18, 2020, the City Commission adopted the City's Marihuana Social Equity Policy in conjunction with local zoning and licensing regulations authorizing adult-use marihuana businesses within the City of Kalamazoo. The policy was subsequently amended on June 1, 2020, following updates to the State of Michigan's Marihuana Regulatory Agency Social Equity Program.

The original policy was designed to reduce barriers to participation in the regulated marihuana industry for individuals and communities disproportionately impacted by prior marihuana prohibition and enforcement. The policy established social equity incentives, including marihuana business permit fee reductions and zoning separation distance exceptions for qualifying individuals and business entities. The policy also dedicated a portion of local marihuana permit fee revenue and State marihuana excise tax revenue toward social equity programming.

Since adoption of the policy in 2020, the City has gained implementation experience, and the regulated marihuana industry has changed significantly. Changes in market conditions, increased competition, and evolving economic realities have created an opportunity to evaluate how the City's social equity investments can best advance long-term economic opportunity.

The proposed amendments preserve the core components of the existing policy, including social equity eligibility requirements, permit fee reductions, zoning incentives, and support for licensed

marihuana businesses. The amendments update the use of Social Equity Fund resources by establishing a wealth-building framework focused on measurable outcomes for residents in the Northside, Eastside, and Edison neighborhoods.

The amended policy organizes eligible uses of Social Equity Fund resources around four priority areas:

- **Access to Capital and Asset Acquisition:** Supporting efforts that help residents acquire appreciating assets, including homeownership, business ownership, and commercial property.
- **Ownership Retention and Growth:** Supporting efforts that help residents maintain ownership, stabilize assets, expand businesses, and increase economic value.
- **Asset Protection and Transfer:** Supporting legal and technical assistance that protects resident-owned assets and facilitates intergenerational transfer.
- **Cannabis Business Retention and Education:** Continuing support for licensed marihuana businesses through education, regulatory information, networking, and industry support.

The proposed amendments align the City's Social Equity Policy with broader economic development goals focused on entrepreneurship, ownership, community wealth building, and ensuring residents benefit from economic growth.

STRATEGIC VISION ALIGNMENT:

Strategic Goal Impact:

Economic Vitality - A supportive infrastructure for growing businesses and stabilizing the local economy for the benefit of all.

Shared Prosperity - Abundant opportunities for all people to prosper

COMMUNITY ENGAGEMENT:

Appropriate Depth of Engagement

Inform (one-way conversation) – no feasible alternatives available due to legal/regulatory restrictions, standards and best practices, or resource limitations; the community will be made aware of the project.

FISCAL IMPACT:

The proposed amendments do not change the current 25% funding allocation established under the Marihuana Social Equity Policy.

Subject: Draft Marihuana Social Equity Policy**Date:** June 5, 2026**PURPOSE:**

The purpose of this policy is to address the economic impacts of marihuana prohibition and enforcement by expanding access to ownership, capital, and economic opportunity for residents and communities disproportionately impacted by prior marihuana enforcement. This policy applies to all marihuana businesses permitted to operate within the City of Kalamazoo.

SCOPE:

This policy provides social equity incentives for qualifying marihuana businesses and defines the eligible uses of the social equity allocation of local marihuana permit fee revenue and State marihuana excise tax revenue received by the City.

Social equity funding shall be used to support programs, services, and initiatives that produce measurable wealth-building outcomes for residents of the Northside, Eastside, and Edison neighborhoods. Funded activities will focus on expanding access to ownership, supporting the retention and growth of resident-owned assets, facilitating the protection and transfer of assets, and supporting the long-term viability of licensed marihuana businesses operating within the City of Kalamazoo.

POLICY:**A. Fee reductions**

The City marihuana business permit fee required of qualifying social equity individuals and business entities is reduced as follows:

- 1) A 25% reduction in the City permit fee for a sole proprietor who is a **current** resident, or a business entity composed of majority (51% or more) ownership by one or more persons who are **current** residents, of City Census Tracts 1 (Eastside), 9, 10, (Edison), and/or 2.02, 3 (Northside) and who have been residents of these Census Tracts for at least the 3 years prior to applying for a marihuana business permit.
- 2) A reduction in the City permit fee for one, but not both, of the following:
 - A 25% reduction in the City permit fee for a **current** City resident or group of City residents with a marihuana-related misdemeanor conviction or expunged conviction that does not involve distribution of a controlled substance to a minor, who have 51% or more ownership interest in the business, and who has or have resided in the City for at least the 3 years prior to applying for a marihuana business permit.
 - A 40% reduction in the City permit fee for a **current** City resident or group of current City residents with a marihuana-related felony conviction or expunged conviction that

does not involve delivery or distribution of a controlled substance to a minor, who have 51% or more ownership interest in the business, and who has or have resided in the City for ~~at least~~ **the** 3 years prior to applying for a marihuana business permit.

3) For individuals and business entities that qualify under section A(1) or A(2), an additional 10% reduction in the City permit fee if a sole proprietor or a member of the business entity holding at least a 10% ownership interest in the business has been a registered primary caregiver for at least 2 years between 2008 and 2017.

B. Zoning Code Exceptions

1) A business entity operating as a marihuana retailer may locate 500 feet from another marihuana retailer in conformity with the City zoning code if:

- The applicant, or a majority (51% or more) of the applicant-owners is a **current** City resident within City Census Tracts 1 (Eastside), 9, 10 (Edison), and/or 2.02, 3 (Northside) **and have been residents of these Census Tracts** for the 3 years prior to applying for a marihuana business permit; or
- A **current** City resident or group of City residents with a marihuana-related misdemeanor or felony conviction, that does not involve delivery or distribution of a controlled substance to a minor, and who has 51% or more ownership interest in the business

2) A business entity operating as a marihuana microbusiness or class A microbusiness may locate 250 feet from another microbusiness or class A microbusiness in conformity with the City zoning code if:

- An applicant, or a majority (51% or more) of the applicant-owners is a **current** City resident within City Census Tracts 1 (Eastside), 9, 10 (Edison), and/or 2.02, 3 (Northside) **and have been residents of these Census Tracts** for the **past 3 years prior to applying for a marihuana business permit**; or
- A **current** City resident or group of City residents with a marihuana-related misdemeanor or felony conviction or expunged marihuana-related conviction that does not involve delivery or distribution of a controlled substance to a minor, and who has 51% or more ownership interest in the business

C. Use of Funds

1) At least twenty-five (25%) of local marihuana business permit fee revenue and State marihuana excise tax revenue received by the City shall be allocated to programs, services, and initiatives. No more than fifteen percent (15%) of the total annual Social Equity Fund allocation may be used for administrative costs.

Funded activities shall be aligned with the following pillars:

a. Access to Capital and Asset Acquisition – up to 35%

Funds may support programs and initiatives that assist eligible residents in acquiring ownership of appreciating assets.

Eligible activities may include, but are not limited to:

- Down payment and closing cost assistance for owner-occupied housing
- Startup and expansion capital for new businesses
- Commercial property acquisition assistance
- Equipment, tools, and infrastructure necessary to establish a business
- Gap financing and other capital access programs that facilitate business or asset acquisition

b. Ownership Retention and Growth – up to 30%

Funds may support programs and initiatives that assist eligible residents in retaining ownership of appreciating assets and increasing the value, productivity, or income generated by those assets.

Eligible activities may include, but are not limited to:

- Housing stabilization assistance intended to prevent the loss of owner-occupied housing
- Business stabilization assistance for resident-owned businesses
- Programs that connect resident-owned businesses to contracting, procurement, and market opportunities
- Assistance that supports business expansion, revenue generation, or increased utilization of resident-owned assets
- Investments that preserve ownership and support the continued productive use of resident-owned assets

c. Asset Protection and Transfer – up to 10%

Funds may support programs and initiatives that protect resident-owned assets and facilitate the preservation and transfer of ownership.

Eligible activities may include, but are not limited to:

- Estate planning services
- Wills and trusts
- Title clearing and heirs' property resolution
- Business succession planning
- Operating agreements and business entity structuring
- Legal services related to asset protection, preservation, or transfer

d. Cannabis Business Retention and Education – up to 25%

Funds may support programs and initiatives that provide cannabis-specific education, information, and industry support services to cannabis businesses operating within the City of Kalamazoo.

Eligible activities may include, but are not limited to:

- Community outreach and education on cannabis health and safety
- Cannabis state and federal policy education
- Educational programming for cannabis business owners and operators
- Information sharing related to regulatory changes and industry developments
- Cannabis industry networking and peer learning opportunities
- Industry meetings, workshops, and events that support knowledge sharing and collaboration among cannabis businesses
- Tuition reimbursement for KVCC cannabis-related courses

D. Compliance with Social Equity Plan

1) Individuals or entities that have received fee reductions and/or reduced separation distance opportunities based on this social equity policy must provide proof of continued eligibility at time of City permit renewal.

a. If eligible, they will receive fee deductions when renewing their permit.

b. If no longer eligible:

i. They will not receive fee deductions

ii. If the individual or entity took advantage of reduced separation distance opportunities, they would no longer be eligible to operate the business at that location.

2) Existing businesses may submit documentation to apply for social equity fee reductions during the City-permit renewal process.

3) Marihuana businesses seeking renewal of their City-issued permit must provide answers to the following questions:

a. How many City residents do you currently employ?

b. How many current employees reside in Census Tracts 1 (Eastside); 9,10 (Edison) and/or 2,02, 3 (Northside)?

c. What is your plan to employ residents of the identified census tracts?

d. How many of your employees have prior marihuana-related convictions or expungements, excepting a conviction for delivery or distribution to a minor?

e. What is your plan for employees with a prior marihuana conviction to move up within your business and/or the marihuana industry?

4) To be eligible for renewal of the City permit a marihuana business must qualify as a Silver Social Equity All-Star or better with the Michigan Cannabis Regulatory Agency.

EFFECTIVE DATE: _____

David Anderson, Mayor

HISTORY:

May 18, 2020

This policy was initially adopted by the City Commission in conjunction with zoning and licensing ordinances authorizing the establishment of adult-use marihuana businesses.

June 1, 2020

The day after the City Commission first adopted this policy, the Michigan Marihuana Regulatory Agency announced changes to its Social Equity Program, effective June 1, 2020. As a result, the City Commission amended this policy to incorporate a 40% reduction in permit fees for a marihuana felony conviction not involving delivery or distribution to a minor.