



Office of Cannabis City and County of San Francisco

1 Dr Carlton B Goodlett Pl # 18, San Francisco, CA 94102
415-554-4420
officeofcannabis@sfgov.org
www.officeofcannabis.sfgov.org/

Equity Incubator Requirements

The Office of Cannabis will evaluate and process Equity Incubator applications in the following priority order:

1. Equity Incubators providing rent-free space, offsite
2. Equity Incubators providing rent-free space, onsite
3. Equity Incubators providing technical assistance

Please note: in this document we refer to verified Equity Applicants that engage in incubator partnerships as “Equity Incubatees.”

All Equity Incubators must meet the overall criteria:

1. **Business registration:** Equity Incubators must certify that they have complied with any requirement to register as a business with the Office of the Treasurer and Tax Collector.
2. **Community investment plan:** A community investment plan demonstrating engagement with businesses and residents located within 500 feet of the proposed cannabis business site.
3. **Good faith negotiations:** Equity Incubators that seek a cannabis permit from the City and County of San Francisco are required to negotiate in good faith with verified Equity Incubatee to implement the terms of the **Equity Incubator Agreement** described in Police Code Section 1604(c).
4. **Workforce provisions:** Equity Incubators must attest, under penalty of perjury, that:
 - At least 30% of all Equity Incubator business work hours will be performed by local residents.
 - At least 50% of Equity Incubator employees will meet the equity applicant criteria stipulated in Police Code Section 1604(b)(4).
5. **Verification:** The Office of Cannabis shall have the authority to verify all information provided by an Equity Incubator in connection with an application for a permit. Failure of an Equity Incubator to comply with information requests from the OOC, or the provision of false information in connection with an application or in response to such requests, may result in the denial, suspension, or revocation of a permit, or other civil or criminal enforcement action.
6. **Privacy:** Equity Incubators are required to keep the personal information of potential Equity Incubatees and Equity Incubatees confidential.
7. **Lease or contract:** The Equity Incubator and Equity Incubatee must both sign the lease or contractual agreement before the Equity Incubator applies for a land use approval and/or seeks a

building permit. The Equity Incubatee must be identified and included in the conditional use application by the Equity Incubator.

8. **Secure location:** Equity Incubators offering onsite or offsite rent-free space for cannabis activity are responsible for providing the support necessary for complying with Police Code, Article 16, Section 1609(b)(19), all of which ensure a secure premises.
9. **Inspection fees:** Equity Incubators offering onsite or offsite rent-free space for cannabis activity are responsible for paying inspection fees incurred by the Incubatee.

Onsite or offsite provision of space

Equity Incubators providing an Equity Applicant with onsite or offsite rent-free space for cannabis activity are responsible for providing the resources necessary to comply with Police Code, Article 16, Section 1609(b)(11). They include:

- Rent-free commercial space owned or leased by the Equity Incubator to conduct its Cannabis Business for at least 3 years
- Commercial space that is no less than 800 square feet for offsite, or no less than 10% of the square footage of the Equity Incubator's Premises if onsite

To verify as an Incubator, you must submit the following information on space provisions to the Office of Cannabis:

1. The full legal name of the verified Equity Applicant
2. The City issued identification number provided to the verified Equity Applicant
3. The location of the premises being provided, as identified by address, block and lot number
4. The Equity Incubator's deed or lease [with the property owner] stating the Equity Incubator's right to occupy and providing consent necessary for the Equity Incubatee's to conduct their cannabis business
5. A deed or lease reflecting the Equity Incubator's proof to occupy and providing consent necessary for the Incubatee to conduct the activities for which he/she is seeking a permit.
 - The lease or contractual agreement with Equity Incubatee must provide rent-free commercial space for no less than 3 years.
 - The terms of the lease or contractual agreement must include:
 - Number of rent-free square feet
 - If onsite, the overall amount of space, in square feet, of the Incubator's premises
 - If offsite, the overall amount of space, in square feet, of the Incubator's real or proposed premises
 - Rent amount not being charged
 - Amount of security deposit paid, if required
 - Length of lease
 - What, if any, tenant improvement obligations are required
 - Description of property, e.g. if bathrooms are available for customers and employees, use of common areas and storage, etc.

- Interior and exterior signage requirements
 - Special Contingency Provisions in Lease or Contractual Agreement if:
 - the Equity Incubatee needs to close the business prior to the end of the lease or contractual agreement, or
 - the Equity Incubatee has outgrown the incubated space and needs to relocate
 - the Equity Incubatee has violated non-monetary terms of the lease during the equity term and is in default of the lease term
6. The amount of space, in square feet, being provided to the applicant, and
- if onsite, the overall amount of square feet of the Incubator's premises
 - if offsite, the amount of space, in square feet, of the Incubator's proposed premises

Equity Incubator Plan for technical assistance

Equity Incubators not providing Equity Incubatees with rent-free commercial space must submit an Equity Incubator Plan to the Office of Cannabis that meets the following conditions:

1. Equity Incubators providing technical assistance through their Plan have the option of subcontracting with third parties for the provision of technical service as long as the third parties meet the conditions outlined in 5
2. Equity Incubators may not require Equity Incubatees receive technical assistance provision from a specific provider.
3. The Plan must materially represent the full legal and business relationship between the Equity Incubator and the Equity Incubatee(s).
4. The Plan must be signed by the Equity Incubator and the Equity Incubatee(s).

To verify as an Equity Incubator, you must submit an Equity Incubator Plan to Office of Cannabis that includes:

1. The full legal name of the verified Equity Applicant
2. The City issued identification number provided to the verified Equity Applicant
3. A description of the partnership Agreement between the Equity Incubator and the Equity Incubatee
4. A description of the technical services that will be provided and the enumeration of each activity with an associated financial value. The value of these services shall be based on current local market value. Services may include, but are not limited to the following:
 - Accounting
 - Business Services (Marketing, Operations, General Consulting, etc.)
 - Financial Support
 - Human Resources Support
 - Information Technology Support

- Legal Services
 - Regulation Compliance, including both local and state regulations
 - Tax Services
 - Transitional Planning, to support Equity Applicant business development after the agreement concludes
5. A timeline associated with the provision of technical assistance including a start date and, if necessary, an end date.
- This timeline may be no less than three years and may only be amended with the agreement of the Equity Incubator and Equity Incubatee. Commencement date may occur only after review by the OOC Director or his/her designee.
6. Dissolution of Equity Incubator Plan: If the business relationship between the Equity Incubator and Equity Incubatee(s) dissolves, both parties to the Equity Incubator Plan are required to notify the Office of Cannabis within 10 business days:
- If the business relationship between an Equity Incubator and Equity Incubatee(s) dissolves before three years, the Equity Incubator will be required to provide the OOC with a new Equity Incubator Plan with a verified Equity Applicant within a reasonable period of time, and no more than one year after noticing the OOC of the dissolution.
 - A new Equity Incubator Plan shall, at a minimum, confer the remaining time of the original Plan to the new Equity Incubatee, and this time shall commence only after the review and approval of the OOC Director or his/her designee.
 - If an Equity Incubator is unable to identify a new Equity Incubatee within a reasonable amount of time, the Equity Incubator may provide prorated financial support through technical assistance to existing Equity Applicants.