Appendix A to Report No. 015-19

Cannabis Retail Outlet Considerations for Middlesex-London Municipalities



On October 17, 2018, the Ontario Government passed legislation that privatized the cannabis retail model. The newly enacted *Cannabis Licence Act, 2018* sets the Alcohol and Gaming Commission of Ontario (AGCO) as the regulator of cannabis retail outlets, and the *Ontario Cannabis Retail Corporation (OCRC)* as the exclusive wholesaler and online retailer of cannabis in Ontario. The first retail stores are to be operational on April 1, 2019. In the interim, the public can purchase cannabis from OCRC's online store, the Ontario Cannabis Store. Retail applications to the AGCO will be received starting December 17, 2018.

Municipalities must declare by January 22, 2019 whether they will opt-out of privatized retail outlets in their communities. To opt-out, municipal councils must provide a notice of resolution to opt-out to the Registrar no later than January 22, 2019. Opting out is a one-time option for municipalities, however, those that choose to opt out may opt-in at a later date. If a municipality does not opt out, cannabis retail outlets will be permitted.

The recently released Ontario Regulation 468/18 made under the *Cannabis Licence Act, 2018* governs private cannabis retail in Ontario and sets out requirements regarding retail store authorizations and operations. For example, private recreational cannabis retail storefronts must be stand-alone only, the minimum distances between a retailer and a school, as defined by the Education Act, has been set at 150 metres, and hours of operation will be between 0900h and 2300h. The Ontario Government indicated that municipalities are prohibited from using licensing or land-use bylaws to control the placement or number of cannabis retail outlets. Municipalities are also prohibited from establishing a licensing system for cannabis retailers (1).

In Ontario, Bill 57, Restoring Trust, Transparency and Accountability Act, 2018 received first reading on November 15, 2018. Bill 57 includes specific authority for municipalities to adopt cannabis smoking bylaws, similar to tobacco smoking bylaws. Section 5 of this bill proposes to amend both Section 98 of the City of Toronto Act, 2006 and Section 115 of the Municipal Act, 2001 such that municipalities can explicitly regulate the smoking of tobacco and cannabis. If passed, Bill 57 will update the definition of "smoking of tobacco and cannabis" under both the Municipal Act, 2001 and City of Toronto Act, 2006 to include: the holding of lighted tobacco or cannabis; and the consumption of tobacco or cannabis through the use of an electronic cigarette.

The Government of Ontario's response to the federal government's legalization of cannabis is a phased approach and information is still emerging. The decision to introduce retail outlets into your municipality may be difficult, particularly in the absence of a complete understanding of community impacts of allowing stores within a municipality. Municipal Councils may want to include considerations from a public health perspective in their deliberations on the issue.

Is your Municipal Council considering HAVING cannabis retail outlets in your community? You may want to consider the following:

The physical availability of a legal substance matters.

Research shows that increased availability and exposure of substances, such as alcohol and tobacco, results in increased consumption, which can lead to significant health and social harms and costs (2,3). For example:

- High retail outlet density can contribute to increased consumption and harms (2,4,5,6,7)
- Retail outlet proximity to youth-serving facilities can normalize and increase substance use (8,9).
- Co-use of cannabis and other substances increases the risk of harm, such as impaired driving (10).
- Retail outlet proximity to other sensitive areas may negatively influence vulnerable residents (7,11).
- Longer retail hours significantly increase consumption and related harms (2,4,12).
- Fewer restrictions on where cannabis, tobacco and vapes can be used may increase the risk of normalization, second-hand smoke exposure and impairment (3,13,14,15,16).
- Retail outlet proximity to other substance retail outlets shows increased number of traumas (17).
- High number of retailers impacts cannabis use and frequency of use (18).

Municipalities are prohibited from using licensing or land-use by-laws to explicitly control the placement or number of cannabis retail outlets. All proposed cannabis store locations are subject to a 15-day public notice process that provides municipalities and residents the opportunity to comment on store locations related to public interests. Municipalities may wish to provide comments regarding other aspects of the physical availability of cannabis, such as minimum distance requirements between cannabis retail outlets and other substance retailers; the number of outlets in a neighbourhood; and, proximity to youth-serving facilities and other sensitive use spaces. Appendix A provides additional information, from a public health perspective

The Government of Ontario has committed \$40 million to help with cannabis legalization implementation, with some conditions.

The bulk of provincial funding for municipalities is tied to not opting out. The Ontario Government has committed \$40 million over two years to help municipalities with implementation costs, with municipalities receiving at least \$10,000. A municipality that has not opted out would receive additional funds on a per household basis. Furthermore, if Ontario's portion of the federal excise taxes exceed \$100 million in the first two years, the province will provide 50% of the surplus only to municipalities that have not opted out (1,19).

Is your Municipal Council considering OPTING OUT of cannabis retail outlets? You may want to consider the following:

A central tenant of the legalization of cannabis is to curtail the illegal market.

Opting out may not decrease cannabis use and its impact on the community. Some consumers will access cannabis through legal sources (Ontario Cannabis Store [OCS] website), however, in the absence of physical retail outlets, the demand for cannabis from the illegal market may remain.

Physical cannabis retail stores provide access to regulated and controlled products.

Some marginalized groups (e.g., individuals without a physical address, individuals without a credit card, etc.) will not be able to access regulated products through the OCS. Without physical stores, these marginalized groups may access cannabis through illegal sources. Cannabis obtained through the OCS (online and from private retail stores) has product safety measures in place regarding packaging, product information, and controls related to the cultivation and handling of the product.

The Government of Ontario has committed \$40 million to help with cannabis legalization implementation, with some conditions.

Municipalities will incur costs associated with cannabis legalization regardless of the presence of retail storefronts in their communities. Municipalities may choose to consider how they will manage the costs and potential risks associated with cannabis legalization. The Ontario Government has committed \$40 million over two years to help municipalities with implementation costs. If opting out of the retail model, communities will receive \$10,000 to help with associated costs; they will not be able to access additional funding at a later date (1).

Opting out may allow municipalities additional time to explore the regulations and the potential municipal impacts prior to committing to retail outlets.

Opting out of cannabis retail sales by January 22nd, 2019, may provide municipalities with additional time to clarify municipal and provincial roles and responsibilities, as more information becomes available. According to the Association of Municipalities of Ontario, opting out can be reversed after January 22nd; however, those municipalities that choose to opt back in will not gain any additional funding from the Ontario Cannabis Legalization Implementation Fund above the initial \$10,000 (20).



Appendix A – Evidence to Support Cannabis Retail Outlet Considerations

		Examples of Cannabis	
Issue	Considerations	Regulations/Suggested Regulations	Other Supporting Evidence
1. High retail outlet density can contribute to increased consumption and harms (2,4,5,6,7).	Reduce cannabis retail outlet density through minimum distance requirements between cannabis retail outlets and limits on the overall number of outlets (11).	The City of Calgary has enacted a 300m separation distance between cannabis stores. (21) Spruce Grove, Alberta, requires a 200m separation distance between cannabis retail outlets (22).	Research on alcohol and tobacco use highlight the need for stronger controls on retail density, minimum distance between retailers, and the need for stronger controls on the number of retailers. It has been shown that increased tobacco and alcohol retail density is associated with greater prevalence of tobacco use and alcohol consumption within Public Health Units in Ontario (3). Density limits reduce neighbourhood impacts and youth access (3). Higher retail density around locations where youth live is associated with experimentation of tobacco products (23). From a tobacco cessation perspective, several studies have shown that the presence of even a single tobacco retail location close (<500 metres) to a smoker's home affects abstinence during a quit attempt. The relationship between abstinence from smoking and walking distance increased the further a retailer was away from a person's home (24). Those who live within 500 m of retail location are 1 time more likely to relapse, while those who live within 250-500m of a retail location are 1.9 times more likely to relapse, and those living within 250m or less are 4.2 times more likely to relapse (25).

2.	Retail outlet proximity to youth-serving facilities can normalize and increase substance use (8,9).	Prevent the role-modeling of cannabis use and reduce youth access through minimum distance requirements from youth-serving facilities such as schools, child care centres, libraries, and community centres (9, 10, 20)	The State of Washington has enacted a 300m separation distance requirement between cannabis retail stores and elementary and secondary schools and public playgrounds (26). In Kelowna there are recommendations for retail cannabis stores to be a distance of 150m from elementary schools and 500m from middle and secondary schools (27). In Manitoba, typically 150m to 300m is established between cannabis-related facilities and schools, licensed daycares, public recreational facilities and other cannabis-related uses (28). On Nov. 14, 2018, the Government of Ontario passed new regulations for licensing and operation of private cannabis stores. The regulations establish a minimum distance of 150m between cannabis retail stores and schools, including private and federally-funded First Nation schools off-reserve (29).	Research suggests that it is prudent for decision makers to develop policies that prevent tobacco retailers from being located within close proximity to schools as well as other youth orientated facilities (30).
3.	Co-use of cannabis and other substances increases the risk of harm, such as impaired driving (10).	Discourage the co-use of cannabis and other substances by prohibiting co-location and enacting minimum distance requirements between cannabis, alcohol, tobacco, and e-cigarette retail outlets (10,11).	KFL&A Public Health recommends a 200m separation distance between cannabis retail outlets and alcohol or tobacco retail outlets (12). On Nov. 14, 2018, the Government of Ontario passed new regulations for licensing and operation of private cannabis stores. The regulations establish a requirement for all private	

		recreational cannabis retail storefronts to be stand-alone stores only (29).	
4. Retail outlet provoto other sensitive may negatively influence vulnera residents (7,11).	areas limiting cannabis retail outlets in low socioeconomic	The City of Vancouver has restricted medical cannabis retail outlets to commercial zones instead of residential ones (32).	A 2013 scan of tobacco retail outlets across Ontario indicated that the outlets in both urban and rural areas were more likely to be located in areas with high neighbourhood deprivation (33). Findings from Hamilton, Ontario also show that the number of tobacco and electronic cigarettes retailers in low income areas far exceed other areas of the city (34).
5. Longer retail hours significantly increas consumption and reharms (2,4,12)		In US states where cannabis has been legalized late night hours of operation are limited to 10 pm or midnight (36,37,38,39). In the province of Manitoba, hours of operation at minimum, will follow current municipal bylaws for hours of operation of retail services or industrial uses. The municipality has the authority to further restrict retail hours through the conditional use process or by adding regulations to the zoning bylaw (28). On Nov. 14, 2018, the Government of Ontario passed new regulations for licensing and operation of private cannabis stores. It has been established that private retail cannabis stores will be permitted to open between the hours of 9:00 am and 11:00 pm on any day (29).	In 1996, the hours and days of sale for alcohol in Ontario were extended, resulting in a significant increase in rates of alcohol consumption and associated harms, such as acute injuries, trauma and violence. (4,35). This experience has been demonstrated internationally as well, with evidence showing that longer hours of sale significantly increases alcohol consumption and alcohol-related harms (35). Harm is more likely to occur late at night and very early in the morning, therefore it is recommended that retail hours do not operate around the clock (35). The Centre for Addiction and Mental Health recommends that cannabis retail hours of operation model those established by the LCBO (40). Currently, the permissible hours for the sale of alcohol at retail outlets are Monday to Saturday 9:00 am to 11:00 pm, and on Sunday from 11:00 am to 6:00 pm (41).

6.	Fewer restrictions on where cannabis, tobacco and vapes can be used may increase the risk of normalization, secondhand smoke exposure and impairment (3,13,14,15,16).	Establish greater restrictions on where cannabis consumption, tobacco use and vaping can occur. Smoking of cannabis is prohibited anywhere smoking tobacco is prohibited (42). Additional restrictions on smoking and vaping can be enacted through municipal bylaws (42).	The City of Markham prohibits the smoking and vapourizing of cannabis in all public places (43). The municipality of Chatham-Kent prohibits the smoking of tobacco, cannabis and vaping on all municipal property including beaches, walkways, within 9m of buildings entrances, and within 4m of bus stops (44).	Allowing cannabis to be consumed wherever tobacco can be consumed raises concerns regarding the risk of normalization, second-hand smoke exposure and impairment. Children tend to copy what they observe and are influenced by normality of any type of smoking around them. From the lessons learned from tobacco and alcohol, normalization of cannabis use could lead to increases in rates of cannabis use (3,14,15). Smoke from cannabis is similar to that of tobacco, containing fine particles, cancer causing compounds, volatile organic chemicals, carbon monoxide and heavy metals, which can negatively affect the health of people exposed. There is no safe level of exposure to second hand smoke (13). Allowing smoking and vaping of cannabis in public places increases the exposure of second-hand smoke to the public (e.g. sidewalks, entranceways to buildings, parking lots). Cannabis impairment can have side effects including paranoia, panic, confusion, anxiety, and hallucinations (16). Public safety and unintended exposure related to cannabis impairment should be considered (16).
7.	Retail outlet proximity to other substances retail outlets shows increased number of traumas (17).	Preventing the clustering of tobacco, e-cigarette, alcohol and cannabis stores can have positive effects on communities, especially among vulnerable populations (11).	KFL&A Public Health recommends a 200m separation distance between cannabis retail outlets and alcohol or tobacco retail outlets (12). MLHU recommends a 500m separation distance between cannabis retail outlets and alcohol or tobacco retail outlets (45).	

			On Nov. 14, 2018, the Government of Ontario passed new regulations for licensing and operation of private cannabis stores. The regulations establish a requirement for all private recreational cannabis retail storefronts to be stand-alone stores only (29).	
8.	High number of retailers impacts cannabis use and frequency of use (18).	Limit/cap the number of cannabis retailers to reduce use and frequency of use (18).	Washington caps the number of retailers that exist for the entire state at 556 for a population of 7.4 million people (39).	Research from alcohol and tobacco highlights the need for stronger controls on the number of retailers to reduce harms (2,3).

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