

REPORT

REPORT TO: Mayor Bonnette and Members of Council

REPORT FROM: Keith Hamilton, Planner – Policy/Development Review

DATE: August 30, 2018

REPORT NO.: PLS-2018-0068

RE: Cannabis Cultivation and Processing in Halton Hills

RECOMMENDATION:

THAT REPORT NO. PLS-2018-0068 dated August 30, 2018 regarding cannabis cultivation and processing in Halton Hills, be received;

AND FURTHER THAT staff be directed to proceed with the next steps as set out in this report.

BACKGROUND:

The purpose of this report is to:

- Brief Council on Planning Staff's ongoing research into cannabis production and associated legislation.
- Provide context as to why the Town of Halton Hills should consider regulating this activity at the local level.
- Introduce the background report 'Regulating Cannabis Cultivation and Processing in Halton Hills – Options for Consideration', prepared by Meridian Planning Consultants for the Town in August of 2018 (attached as Schedule One to this report).
- Outline next steps in the process of regulating cannabis cultivation and processing locally.

Legislative History

Canadians have had access to Cannabis for medical purposes dating back to 1999 under the Controlled Drugs and Substances Act. In 2001, the Marihuana Medical Access Regulations (MMAR) were passed under this Act to allow those with authorization from a health care practitioner to possess their own plants for the purpose of producing medicinal marijuana. These regulations were replaced in 2013 by the Marihuana for Medical Purposes Regulations (MMPR), where for the first time a licensed producer could possess, sell, provide, test, ship, deliver, transport and destroy

marihuana. In 2016, in response to criticism from both medical marijuana users and producers, the Access to Cannabis for Medical Purposes Regulations (ACMPR) replaced the MMPR, to allow licensed producers to produce and sell cannabis oil and fresh marijuana leaves in addition to dried marijuana. These regulations have remained in effect to the present where; Health Canada's defined role is to "license and oversee the commercial industry, and to register and regulate individual cannabis production for personal use" (Health Canada, 2016).

In April of 2017 the federal government introduced Bill C-45 (the Cannabis Act) with the intent of legalizing marijuana in Canada. The Act received Royal Assent on June 21, 2018 to become law on October 17. The purpose of the Act is to regulate the cultivation, processing, distribution, testing and sale of cannabis across the country. In June of 2018, the Federal Cannabis Regulation (SOR-2018-144) was published in the Canada Gazette, providing far greater detail on how activities associated with cannabis production will be licensed, as well as restrictions and security requirements for production sites. With this release it was also confirmed that the ACMPR from 2016 will be repealed, with those currently licensed (medical) to continue until such license expires, at which point a new license would be required under new regulations. More information on the legislative process and licensing for cannabis production is available in the attached report from Meridian Planning.

At the time the Cannabis Act was introduced, the federal government also indicated that sale of cannabis to the general public would be the regulatory responsibility of the provinces and territories. Shortly after, a plan for Ontario was announced that would have 'Ontario Cannabis Stores' under the same model as the LCBO. More recently the new governing party in Ontario announced that they will be permitting the online sale of recreational cannabis using the Ontario Cannabis Store as a distributor. The Province has also committed to have a plan for privatized sale of recreational cannabis in Ontario in place by April 1, 2018. The retail sale of cannabis is further addressed in Report ADMIN-2018-0028.

The stated role of the municipality in the new cannabis regulations is limited to the requirement that they are to be notified by a producer prior to submitting an application for a licence for commercial production. As the attached Options report suggests, municipalities still have the ability to define and regulate cannabis-related activities as they would any other land use. As part of the research process to better understand cannabis production in the municipal context, Town staff completed a scan of existing municipal policies on cannabis, which is included as Appendix A in the attached report.

COMMENTS:

The Options report from Meridian Planning, attached as Schedule One to this report, identifies and defines the following licences that will be available when the Cannabis Act becomes law:

- A licence for cultivation;
- A licence for processing;

- A licence for analytical testing;
- A licence for sale for medical purposes;
- A licence for research; and
- A cannabis drug licence.

The ability (under the Cannabis Act) to hold multiple licences means Cannabis production companies will be able to cultivate and process cannabis for public consumption on one site. Municipalities must prepare for the reality that increased access to Cannabis means they will likely see production within their boundaries. As a result, the Town of Halton Hills Planning Staff (with Meridian Planning) has developed options for defining cannabis cultivation and processing as a distinct land use and regulating it accordingly.

The attached Options Report recommends that Council considers the following as it relates to the regulation of cannabis production facilities in Halton Hills.

Definitions

The Options Report recommends that, at a minimum, the Town introduce definitions (into the Zoning By-law) for terms related to cannabis production. Primarily this would include definitions mirroring those associated with the licences that will be available:

- Cannabis cultivation – indoor;
- Cannabis cultivation – outdoor;
- Cannabis processing;
- Cannabis analytical testing;
- Cannabis research facility;
- Cannabis medical sales establishment; and
- Cannabis drug licence establishment.

Additional definitions considered in the report are those associated with cannabis production including:

- Air treatment control; and
- Sensitive land uses.

The advantage of defining these terms in the Zoning By-law is that it would provide the Town grounds to permit and prohibit the activity in defined areas.

Where to Permit

The Options Report considered both urban and rural areas when identifying where cannabis-related uses could be permitted.

Agricultural/Rural Area:

The report states that as of now, the cultivation of cannabis could be considered an agricultural use, meaning it would be permitted where other agricultural uses are permitted. The processing of Cannabis could then be classified as an agricultural-related or on-farm diversified use, based on published Ontario Ministry of Agriculture, Food and Rural Affairs Guidelines. As a result, the Town should consider permitting cultivation and processing uses in agricultural areas based on provincial policies outlined in the attached report. The Town should also consider the application of setbacks to cultivation and processing activities from sensitive land uses in agricultural areas based on discussion provided in Section 4 of the attached Options Report.

Urban Area:

In urban and settlement areas the Options report identifies Employment (EMP1) and Rural Employment (RU EMP) zones, as well as Prestige Industrial (M7) zones as possible areas to permit cannabis-related uses. Based on research of other municipalities of zoning regulations for medical marijuana production facilities, these uses have been considered appropriate for location in industrial areas, where they are required to be in wholly enclosed single-use buildings. More detail and justification for this is provided in the attached report.

Regulating

The Options Report provides a range of options for regulating cannabis production in the Prestige Industrial (M7) and Employment zones. In the M7 zone consideration is given to regulating the uses permitted and appearance of facilities that would locate there, as well as the possibility of a Holding Provision that would account for other environmental factors.

In the Employment zones, the report considers which uses to permit, a potential prohibition on lots that front major roads, and the inclusion of a Holding Provision. Consideration is also given to prohibiting defined uses so as to trigger a rezoning process, which would allow analysis of the unique context of sites in these zones.

Consideration was also given to the general use of setbacks as a regulatory tool to mitigate potential impacts (e.g. odour) of cannabis production. The report references the Provincial Policy Statement and Ministry of the Environment policies as possible justification, should the Town decide to adopt setbacks or separation distances.

Other Considerations

The Options Report also takes into account odour and the social stigma associated with cannabis production and consumption, where public concern has been expressed. The report also states that published studies on the effects of cannabis production on air quality confirm there is no public health risk. That being said the Town may wish to

establish regulations enforcing odour and air treatment controls, given that the federal requirement related to this cannot be enforced by Municipal By-law Officers.

Next Steps

The defining and regulating of activities associated with cannabis production would require amending the Zoning By-law and possibly the Official Plan.

The timeline for completing this work is as follows:

- Initiating online public engagement as appropriate for feedback based on information provided in the Options Report – Fall 2018.
- Circulate, for the purpose of obtaining comments, the Options Report to stakeholder agencies including the Chamber of Commerce, school boards, Region of Halton etc. – Fall 2018.
- Directions Report, setting out preferred locations and the regulatory framework for Council endorsement – Q1 2019.
- Statutory Public Meeting on draft Zoning By-law Amendments (and Official Plan Amendments if required) – Q1/Q2 2019;
- Final Recommendation Report – Q2 2019.

RELATIONSHIP TO STRATEGIC PLAN:

This report relates directly to the implementation of the Town Strategic Plan. Under Section C – Foster a Prosperous Economy, this report supports Objective C.8 – To facilitate the establishment of a competitive business environment that is easily able to adapt to changing circumstances and priorities. By providing background information to assist in defining and regulating cannabis production, the Town is adapting to an emerging market that will likely expand with the forthcoming legalization of cannabis for recreational purposes.

Under Section I – Provide Responsive, Effective Municipal Government, this report supports Objective I.7 – To foster a greater understanding of the Town’s roles and responsibilities and relationships with other orders of government. By providing background information on cannabis production, the Town can communicate to the public the roles of all three levels of government in regulating this industry while showing leadership through policy over local development.

FINANCIAL IMPACT:

There is no direct financial impact associated with this report.

CONSULTATION:

In preparing this report multiple staff in Planning, Zoning and Municipal Law Enforcement were consulted. Additionally Planning Staff from the Town of Milton, City of Hamilton, and Ministry of Municipal Affairs and Housing were consulted.

PUBLIC ENGAGEMENT:

Where Zoning By-law and/or Official Plan Amendments are required to define and regulate cannabis production in the Town of Halton Hills, a Statutory Public Meeting will be required. Planning Staff is also considering other opportunities for public participation, such as online engagement through 'Let's Talk Halton Hills', in keeping with the Public Engagement Charter.

SUSTAINABILITY IMPLICATIONS:

The Sustainability Implications of defining and regulating cannabis production in Halton Hills will be addressed in the final report.

COMMUNICATIONS:

Information on cannabis legalization has been added to the Town website, covering:

- Cannabis legislation impact on Halton Hills;
- Operations at 1 Rosetta;
- Recreation cannabis use; and,
- Medical cannabis use.

CONCLUSION:

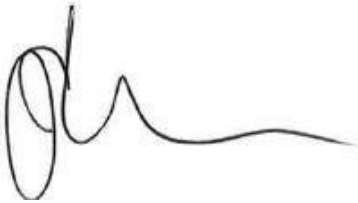
This report provides an overview of cannabis legislation in Canada to date and introduces the report 'Regulating Cannabis Cultivation and Processing in Halton Hills – Options for Consideration', prepared for the Town by Meridian Planning Consultants.

It is recommended that this report be received for information. Staff and the consultant will proceed with the drafting of proposed Zoning By-law Amendment (and Official Plan Amendment if necessary), and online public engagement as appropriate before bringing the draft Amendments back to Council for consideration in Q1 of 2019.

Reviewed and Approved by,



Steve Burke, Manager of Planning Policy



John Linhardt, Commissioner of Planning and Sustainability



Brent Marshall, CAO