

## How a push for equity turned Detroit into a dead zone for legal weed.

While legal marijuana businesses thrive in Detroit's suburbs, the city has not yet allowed any recreational cannabis shops to open.



Kimberly Scott temporarily closed her Detroit medical cannabis dispensary, unable to compete with recreational shops in the suburbs. Cydni Elledge for NBC News

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By [Erin Einhorn](#)

DETROIT — When Michigan legalized recreational marijuana, Detroit's leaders set out to ensure that the city's residents could share in the profits.

They passed one of the nation’s most ambitious “[social equity](#)” laws, intended to help the Black and Hispanic communities that paid the steepest price from the war on drugs participate in the lucrative industry.

But more than two years after legalization in Michigan, even as marijuana entrepreneurs are thriving in Detroit’s suburbs, the city itself has become a cannabis dead zone. Its first recreational marijuana law was [blocked](#) last year by a federal judge over a provision that set aside licenses for longtime Detroiters. A second law, enacted last month, was hit this week by [another](#) lawsuit, throwing its future into question.

The resulting delay has meant that Detroit’s would-be cannabis entrepreneurs — the very people the city set out to help — are left watching and waiting as their suburban competitors get an edge.



Those who are affected include Black owners of licensed medical dispensaries who have been waiting for years to expand into recreational marijuana. Many lack the resources to weather the ongoing legal turmoil, said Kimberly Scott, who grew up in Detroit and leads the 10-member Black Cannabis Licensed Business Owners Association of Detroit.

“The majority of current owners are struggling to stay afloat,” Scott said.

Last year, she opened Chronic City, a medical dispensary on Detroit’s east side, which is licensed to sell cannabis to people with documented medical conditions. She struggled to compete with recreational dispensaries outside the city that can sell to anyone over the age of 21. The shop closed after six months and is now sitting empty and dark, waiting until recreational sales are legal in Detroit.

Chronic City in Detroit was open for six months last year. Cyndi Elledge for NBC News

“It impacts everyone,” Scott said. “And for those of us that are social equity and that have been in Detroit our whole lives and have been impacted by the war on drugs, it definitely impacts us.”

The problems in Detroit reflect the difficulty that lawmakers around the country have encountered as they’ve tried to level the playing field in an industry **long controlled** by white men.

While 15 of the 36 legal cannabis states have social equity programs, and many cities, including Los Angeles and Oakland, California, have tried to **support** local entrepreneurs, many of those efforts **fall short** of what experts and advocates say is needed. Black and Hispanic business owners may need additional support in making contacts and securing funding to

compete in an industry that's illegal under federal law and ineligible for traditional loans.

Some efforts, like Detroit's, that aim to help a particular group of entrepreneurs have been hit with lawsuits and challenges.

Others, said John Hudak, a senior fellow at the Brookings Institution who studies state and federal marijuana policy, are simply not enough to counter generations of [segregation](#) and inequity.

“Handing out a social equity license doesn't make all the racism go away,” Hudak said. “It just gives someone a license and sets them afloat in American commerce, which is rife with racism and discrimination and bias.”

## **‘Uneven playing field’**

Detroit City Council President Pro Tem James Tate said he knew Detroit would need a robust marijuana social equity law back in 2014 when he led a city effort to regulate the medical dispensaries that had proliferated.

At the time, he said, he was focused on changing the fact that the medical dispensaries existed in a legal gray area — people could be licensed as “caregivers” to provide marijuana to a limited number of patients with medical conditions, but businesses weren't formally permitted by the city or state. Tate noticed that of the roughly 240 semi-legal dispensaries the city counted then, only a handful were owned by Detroiters.

“It was a concern,” he said. “Many of the establishments were making pretty good money,” but the proceeds weren't staying in the community.

The ambiguous status of medical dispensaries scared off many Detroit entrepreneurs, Scott said. Most of the city's residents are Black, and given a long history of over-policing in Black neighborhoods, some feared the consequences of opening less-than-legal businesses.

Scott, 41, a former history teacher and nurse who was registered as a cannabis caregiver, considered opening a medical dispensary in 2015, but worried about the legal risks. She also worried about her safety selling marijuana alone, so she decided to use her rented space on the city's west side to grow cannabis rather than sell it directly to consumers. She used roughly \$20,000 of her savings to buy seeds, lights and other equipment — a venture that failed when the building's faulty heating and cooling system and its rusty water destroyed the crop.

By the second time Scott tried to open a business, in 2017, dispensaries were more legitimate, but new rules from the city and state complicated her efforts.



Kimberly Scott has been working for years to break into the legal marijuana industry. Cydni Elledge for NBC News

At the city level, strict new zoning laws that barred dispensaries within 1,000 feet of schools, churches and liquor stores made it difficult for her to find a building since investors with deeper pockets had quickly bought up the best properties in Detroit’s “green zone.”

At the state level, applicants seeking a “provisioning center” license needed to submit lengthy site plans and financial projections. They needed clean criminal records and to show they had enough money to succeed — hurdles that left many on the sidelines.

“Society created an uneven playing field even before any sort of legalization occurred,” said Andrew Brisbo, the executive director

of the state's Cannabis Regulatory Agency, who helped streamline the application process to make it less onerous. "And then, with legalization and commercialization, it tilted it even a little more out of the favor of disadvantaged communities."