

## Marijuana and Real Estate

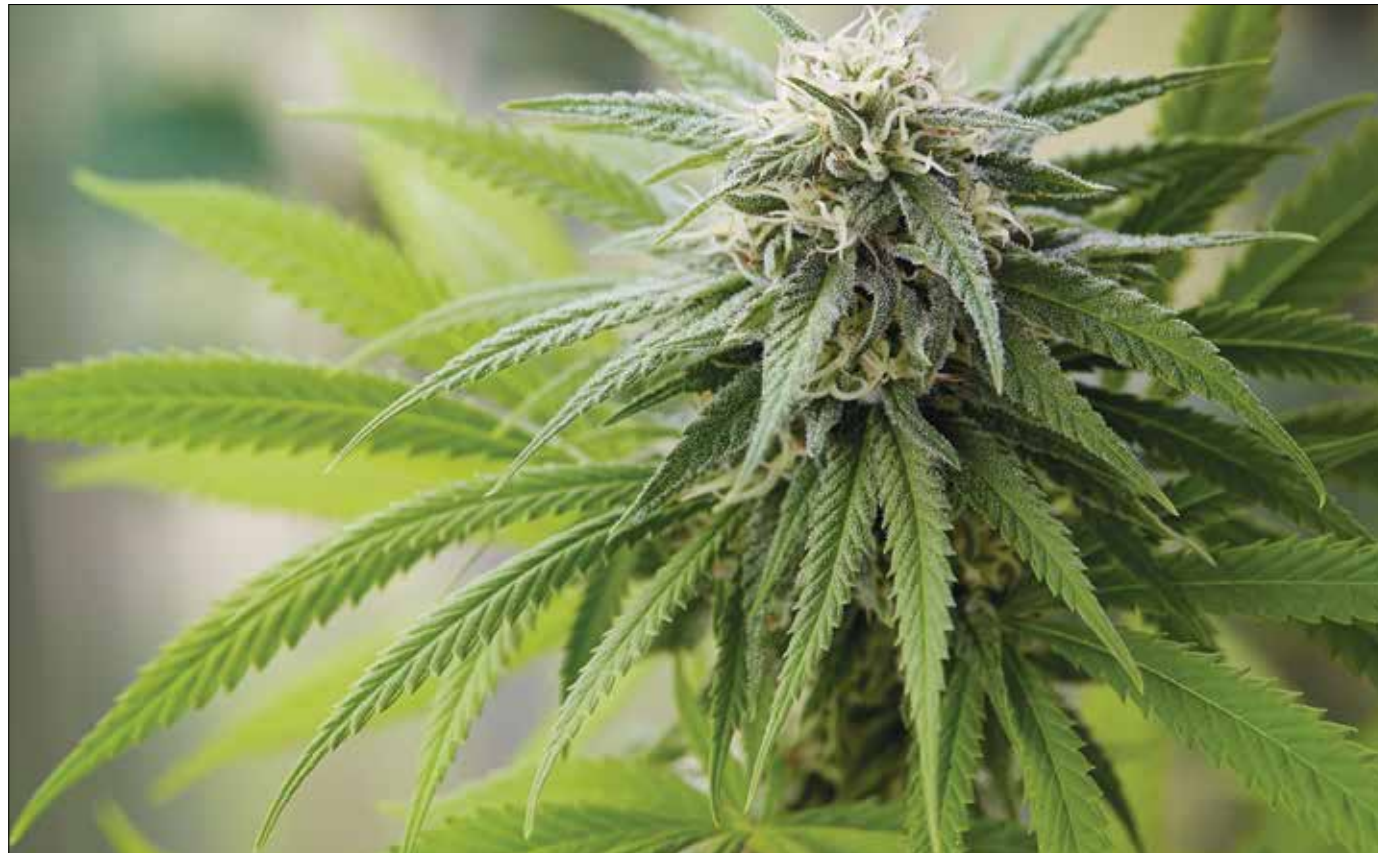
As the legalization of marijuana gains momentum across the United States, the ripple effects are being felt in the real estate industry.

The burgeoning cannabis industry has significantly influenced the dynamics of property markets in states where marijuana is legal.

### PROPERTY VALUES

The advent of legal cannabis has been linked to an increase in property values in some areas, according to studies cited by the National Association of Realtors. Dispensaries and cultivation facilities often seek locations in discreet yet accessible neighborhoods, leading to a surge in demand for commercial properties. As a result, property values in these sought-after zones tend to rise, benefiting property owners and potentially attracting further investments in the real estate market.

Cannabis cultivation and processing require specific conditions, leading to a surge in demand for industrial spaces. Warehouses and large industrial properties become



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hot commodities as they offer the necessary square footage, security, and often, proximity to urban centers. Investors with industrial properties in cannabis-friendly states may find themselves in a lucrative position.

The residential market has shown similar increase. According to The Zebra, after the legalization of recreational marijuana, home prices grew at rates above the national average in Colorado, Washington, Oregon, Michigan, Maine and Nevada — 60% of the states that have

legalized cannabis. States with the longest history in legalization have experienced the most housing growth.

Some individuals may be drawn to areas with legal access to cannabis, potentially affecting the demand for residential properties. However, it's essential to note that this influence is multifaceted, as not all residents may view proximity to cannabis-related businesses as desirable. According to The Zebra, a little more than half (54%) of Americans say they would not buy a home within a mile of a

dispensary. Yet, according to a CATO Institute study, homes within 0.1 miles of a retail dispensary saw their homes increase in value by 8.4% compared to those further away.

### CHALLENGES FOR LANDLORDS AND HOMEOWNERS ASSOCIATIONS

The evolving legal landscape of marijuana presents challenges for landlords and homeowners associations (HOAs). Landlords must navigate tenant requests related to

marijuana use, cultivation or even running a small cannabis business from home. HOAs, on the other hand, may need to revisit and revise their bylaws to address the changing attitudes toward marijuana use within the community.

A Seattle attorney, Bret Sachter, who specializes in marijuana laws, points out that property managers are able to have a lot of leeway on what they are allowed to prohibit — even when something is legal. He points out that they can prohibit smoking and pets. With recreational marijuana, it is even easier because it is still illegal on a federal level. The issues of medical marijuana are more complex as property owners may be required in some states to make reasonable accommodations.

### HUD HOUSING

It is also important to note that because marijuana is still illegal on a federal level, anyone who uses marijuana — either medically or recreationally — are forbidden from living in HUD-assisted housing. This includes both public housing and housing obtained through housing choice vouchers. Bills have been introduced to change this, but they have not yet been made into law.





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## REAL ESTATE 101



### HOMEWISSE GLOSSARY

#### Removing PMI

If you had to purchase PMI insurance because of a low down payment, keep track of your equity. When it reaches 20%, ask your lender to remove the PMI insurance. Depending on when your loan was made, you may have to refinance to remove PMI.

**Special assessments:** a special tax imposed on property, individual lots or all property in the immediate area, for road construction, sidewalks, sewers, etc. **source:** Ill. Real Estate Lawyers Assn.

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