

Why Housing Works is helping other cannabis retailers open dispensaries

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Housing Works Cannabis Co. kicked off New York's legal adult-use cannabis sales with the state's first licensed dispensary in December 2022.

The business, whose proceeds support its parent nonprofit's work in housing, health care and vocational training, did \$24 million in sales in its first year.

Now Housing Works is putting that experience to work by helping other cannabis retailers get their dispensaries up and running by assisting with finding space, building out their stores and training their employees.

"We just felt like a way to pay it forward was to work with people who are in the CAURD program," Sasha Nutgent, director of retail cannabis for Housing Works, told the New York Business Journal, referring to Conditional Adult-Use Retail Dispensaries licensees. "We just needed to understand the industry a little bit more before we decided to partner with people."

Housing Works has been operating in the retail space since the 1990s. The New York City-based nonprofit has 10 thrift shops in New York City.

Through its CAURD Community Initiative, Housing Works has assisted with the store openings of dispensaries [Bliss + Lex](#), [Matawana](#) and [Trends](#), and over the next two months will help two additional cannabis dispensaries open in New York City.

Nutgent said that Housing Works is always looking to uplift marginalized communities and give people a leg up in spaces where they don't necessarily have a way in.

She points to the fact that her nonprofit has helped people of color open businesses in this industry. For example, the first Black-owned dispensary to open on Manhattan's Upper East Side was Bliss + Lex.

How Housing Works helps other cannabis dispensaries with their retail operations

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One of the ways Housing Works helps cannabis dispensary operators is by holding job fairs at its headquarters in Downtown Brooklyn. Housing Works then assists these businesses with hiring the most qualified people to work at their stores.

“That’s a skill that many people don’t necessarily have,” said Nutgent, who has more than 20 years of management experience in retail. “They are not used to working in HR.”

Once the dispensary settles on its personnel, Housing Works then invites those new hires to shadow Housing Works budtenders and staff at its 750 Broadway store.

They learn how to use the POS systems, how keep track of inventory and what brands they will be selling. They also get to meet the vendors of cannabis products and engage with Housing Works’ customers.

After Housing Works has trained employees for one of its partner dispensaries, those new hires transition to their own location. The dispensary owners then receive assistance from Housing Works with the build out of their store.

However, the relationship doesn’t end once the store opens.

“We also do weekly check-ins on the phone or over Zoom to see where their pain points are,” Nutgent said. “I also go over how to budget for the month and how to trim yourself depending on your traffic patterns.”

Her biggest piece of advice for new cannabis dispensary operators is to place a modest first order when purchasing their inventory — no more than 25 units of a given product.

“You don’t know your traffic patterns in your neighborhood, and you don’t know the customer and what they’re looking for,” Nutgent said. “I think some people might get overzealous and want to place a large order of everything, but I would say place a modest order to see how it sells. That way you’re not sitting on product for weeks and weeks.”

Pivoting from thrift stores to cannabis

When it comes to finding real estate for cannabis operators, Housing Works relies on the expertise of Katz Associates brokers Sean Philipps and Michael Peguero.

The pair’s relationship with Housing Works started more than 10 years ago. At the time, they helped the New York City-based nonprofit find spaces for its thrift stores.

In August of 2021, that all changed when Philipps received a phone call while celebrating a friend's birthday in Barcelona from Housing Works COO Andrew Greene.

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Greene asked Philipps to get in front of a computer and start looking for sites for Housing Works to open a cannabis dispensary.

“I was like, ‘What are we talking about?’” Philipps said. “‘You sell furniture.’ He said, ‘Not anymore.’”

Since then, Philipps and Peguero have represented Housing Works not only on its deal at 750 Broadway, but also on the Bliss + Lex, Matawana and Trends transactions. Their real estate strategy has been to target areas that translate to traditional retail success.

“There’s a swell of stores that wanted to open below 14th Street,” Philipps said. “We stayed a little above that because we wanted to be in good neighborhoods with high traffic.”

High sales volume is key for this retail category.

Philipps compares business activity at cannabis dispensaries to activity at Sephora. It’s the smaller-item lipstick that is driving the beauty products retailer’s sales more so than its perfume, which can cost around \$100.

“It’s a lot of transactions, and that’s why you’ll see Sephora on 34th Street and 42nd Street,” Philipps said.

However, those higher-traffic areas often come with higher rents that not all operators are comfortable paying.

“It doesn’t have to be that you are breaking the bank in order to open,” Philipps said. “It just won’t be a homerun store. It will be a single or a double and that’s OK.”

Among all the retail real estate categories, Philipps considers cannabis deals to be the most fulfilling.

“This the one where you feel good about every transaction you do,” Philipps said. “It’s special to be part of the first recreational state store. But I still get the same feeling every time we do one with a licensee.”