It is still unclear if there is an overall net economic benefit following the enactment of recreational cannabis laws in the United States. Supporters anticipate social equity and economic gains, while opponents' express concerns about public health and safety. Public policy researchers often gauge the overall impact of cannabis legalization by studying changes in property values, yet previous studies yield mixed results, possibly due to local contextual variations. This is the first study to focus on New Jersey's cannabis legalization, where over 40% of municipalities opted to allow cannabis-related businesses starting in the fall of 2021. The research aims to answer two key research questions: factors influencing municipalities' decisions to allow or ban cannabis businesses and the effect on residential home sale prices. Our study finds that more populated, less affluent, and more liberal municipalities are more likely to permit cannabis businesses. We also find that municipalities are more likely to permit these businesses if neighboring towns do the same. Using a differences-in-differences approach, the study finds a positive association between allowing cannabis businesses and home sale prices, with a 2.7% average increase, equivalent to a $10,343 rise for the average home sale price. The findings underscore the economic impact and social considerations surrounding cannabis legalization, offering valuable insights for policymakers.