



Date: May 2, 2013
To: Chair and Members of the Planning Commission
From: Amy J. Bodek, AICP, Director of Development Services
Subject: Check Cashing and Other Financial Services Study Session

In 2008, the City Council placed a moratorium on check cashing uses and requested changes to the regulations due to the proliferation of check cashing uses throughout the City. After researching the issue, staff proposed several changes to the Zoning Ordinance including changing the definition of check cashing, limitations on where check cashing uses could be located, and additional performance standards. In addition, staff discovered that many of the check cashing businesses were not properly licensed by the City as they did not have approved Conditional Use Permits.

Given the large number of unlicensed businesses, the City Council elected not to make any changes to the Zoning Regulations as they relate to check cashing uses and instead directed staff to bring the existing businesses into compliance with City regulations. Following this request by the City Council, staff worked with the existing check cashing businesses to bring them into compliance. This effort was completed at the end of 2011.

Since that time, State regulations governing lending institutions have changed and staff received applications for auto title loan businesses and "signature loan" businesses within the City. Based on the negative perception of these uses and the lack of clear regulations governing the operation of the uses, the City Council adopted an emergency ordinance imposing a moratorium on permitting and zoning action related to new payday lending, vehicle title loan, and check cashing businesses on November 13, 2012. The moratorium is in effect citywide for the duration of one year.

To address Council concerns, staff studied check cashing, pay day lending, consumer lending, and car title lending amendments in other jurisdictions (Exhibit A), met with both advocates and opponents of check cashing and pay day lending businesses to get a clearer understanding of issues pertaining to all industries currently located in Long Beach.

In discussing the Ordinance with the community, the location of the use in lower income neighborhoods, along with the proliferation of the use (check cashing) was a concern, as was the predatory nature of the businesses. To address community and Council concerns, staff is proposing the following changes (See attached Exhibits):

1. 500-foot buffer from each financial service use. (Exhibit B)
2. Disallowing the use in Neighborhood and Pedestrian Commercial Zones (CNA, CNP, CNR, PD-6, and PD-30). (Exhibit B)
3. Defining all uses separately and removing them from those defined under the definition of check cashing. (Exhibit C)
4. New development standards requiring upgrades/improvements to property and limited hours of operation. (Exhibit C)

The proposed revisions focus only on location and nuisance related issues pertaining to check cashing, pay day lending, car title lending, and other financial services because other regulations, which may be considered predatory, such as fees, costs and interest rates are State regulated and cannot be modified.

Staff believes the proposed changes will address the concerns of the community by requiring a separation of all check cashing and other financial institution uses, while reducing blighted buildings/sites through the incorporation of upgrades/improvements to all properties. Furthermore, additional police security measures, adequate signage and reduced hours of operations will place limitations on the property, which will help reduce potential problems.

The next step is to incorporate recommendations gathered at the Study Session and bring the revised proposal back to the Planning Commission in June 2013.

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Attachments: Exhibit A – Other Ordinances
Exhibit B – Check Cashing Map
Exhibit C – Proposed Standards