

ORDINANCE NO. ORD-08-0013

AN ORDINANCE OF THE CITY COUNCIL OF THE  
CITY OF LONG BEACH INVOLVING THE TEMPORARY  
LIMITATION OF CERTAIN DEVELOPMENT AND LAND USE  
ACTIVITIES RELATING TO CHECK CASHING FACILITIES  
CITYWIDE; DECLARING THE URGENCY THEREOF; AND  
DECLARING THAT THIS ORDINANCE SHALL TAKE  
EFFECT IMMEDIATELY

The City Council of the City of Long Beach ordains as follows:

Section 1. Purpose and Findings.

A. At the direction of the City Council, Development Services and the Planning Commission will undertake or are currently studying potential amendments to the Zoning Regulations or Building Codes of the City of Long Beach involving the location and possible restrictions of land use approvals related to "check cashing facilities," as that term is defined in Section 21.15.475 of the Long Beach Municipal Code.

B. Check cashing facilities cash payroll, government, personal, and other types of checks, among other related services, while taking a commission from the face-value of the check.

C. Payday lender businesses (also known as deferred deposit transaction businesses and advanced payday lenders) provide small cash loans based on a borrower's personal check held for future deposit or on electronic access to a borrower's bank account. Generally, the borrower must include the fee for the loan in the face value of the personal check.

D. According to the Consumer Federation of America, because of the

1 high fees paid for these short term loans and check cashing services, some borrowers  
2 may pay the equivalent of more than 900% annual percentage rate interest on their loan.  
3 In California, the fee for a payday loan can be up to \$17.50 for every \$100 borrowed, up  
4 to the maximum of \$300. The annual percentage rate for such a transaction is 911% for  
5 a one week loan, 456% for a two-week loan, and 212% for a one-month loan. Since  
6 payday loans were legalized in California in 1997, more than 3,500 payday loan  
7 businesses have opened in the state.

8 E. According to the California Reinvestment Coalition ("CRC"), check  
9 cashing and payday lender businesses have grown over 1100% nation-wide between  
10 1996 and 2003 and are estimated to be growing at a rate of 15% a year. The growth of  
11 check cashing and payday lender businesses appears to be focused in lower income  
12 neighborhoods where full service financial institutions are removing their branch offices.  
13 A recent study by The Progressive Policy Institute revealed that a traditional bank  
14 account is the first step toward giving low-income Americans access to the mainstream  
15 tools for wealth creation now taken for granted by the middle-class. The unchecked  
16 proliferation of check cashing and payday lender businesses in the commercial districts  
17 of lower income neighborhoods leads to the displacement of full service banking  
18 institutions, making access to traditional banking services even more difficult in lower  
19 income neighborhoods. Without appropriate controls, a result of the continuing high  
20 growth of check cashing and payday lender businesses will be a reduction or  
21 displacement of needed financial services and other commercial benefits in these  
22 neighborhoods.

23 F. The City Council specifically finds that the existing regulations  
24 contained in the Zoning and Building regulations of the City may be in conflict with the  
25 zoning and/or building regulations that are or will be studied by Development Services  
26 and the Planning Commission pursuant to the City Council's direction. The City Council  
27 further finds that this interim moratorium ordinance shall not conflict with the California  
28 Coastal Act.

1           Section 2.     Estimated Time for Completion of Study. It is estimated that  
2 the study or studies undertaken in connection with the adoption of this interim moratorium  
3 ordinance shall take Development Services and the Planning Commission approximately  
4 six (6) months to complete.

5           Section 3.     Prohibition - "Check cashing facilities." During the six (6)  
6 month interim period including the term of any extension(s) of this ordinance, no  
7 application shall be approved for a building permit, business license, conditional use  
8 permit, administrative use permit or other development or land use entitlement for a  
9 "check cashing facility" as that term is used in Long Beach Municipal Code Section  
10 21.15.475. Said prohibition shall apply to primary and accessory land uses and shall be  
11 effective citywide.

12           Section 4.     Exceptions. The prohibition contained in this ordinance does  
13 not apply where an application for said development, construction, or use was on file and  
14 deemed complete by the Development Services Department on or before April 22, 2008.

15           Section 5.     The City Council finds and determines that the proposed  
16 interim moratorium ordinance is not in conflict with the various provisions of the California  
17 Coastal Act because, among other things, the proposed interim ordinance does not in  
18 any way affect access to or the enjoyment of coastal related activities.

19           Section 6.     Declaration of Urgency. This ordinance is an emergency  
20 measure, and it is urgently required for the reason that, pending completion of the  
21 necessary planning and zoning studies, and a determination relative to the potential need  
22 to amend the Zoning or Building regulations of the City, it is necessary to limit  
23 construction, development, or use of "check cashing facilities" in order to avoid the  
24 adverse impacts that would arise if the pending study or potential revisions to the Zoning  
25 or Building regulations of the City are inconsistent with the City's current regulation  
26 governing "check cashing facilities."

27           Section 7.     This ordinance is an emergency ordinance duly adopted by  
28 the City Council by a vote of at least five (5) of its members and shall take effect

1 immediately. The City Clerk shall certify to a separate roll call and vote on the question  
2 of the emergency of this ordinance and to its passage by the vote of five members of the  
3 City Council of the City of Long Beach, and cause the same to be posted in three  
4 conspicuous places in the City of Long Beach.

5 This ordinance shall also be adopted by the City Council as a regular  
6 ordinance, to the end that in the event of any defect or invalidity in connection with the  
7 adoption of this ordinance as an emergency ordinance, the same shall, nevertheless, be  
8 and become effective on the thirty-first day after it is approved by the Mayor. The City  
9 Clerk shall certify to the passage of this ordinance by the City Council of the City of Long  
10 Beach and shall cause the same to be posted in three conspicuous places in the City of  
11 Long Beach.

12 I hereby certify that on a separate roll call and vote which was taken by the  
13 City Council of the City of Long Beach upon the question of emergency of this ordinance  
14 at its meeting of July 1, 2008, the ordinance was declared to be an  
15 emergency by the following vote:

16	Ayes:	Councilmembers:	<u>B. Lowenthal, S. Lowenthal,</u>
17			<u>Schipske, Reyes Uranga,</u>
18			<u>Gabelich, Lerch.</u>
19	Noes:	Councilmembers:	<u>DeLong, O'Donnell, Andrews.</u>
20			<u></u>
21	Absent:	Councilmembers:	<u>None.</u>
22			<u></u>

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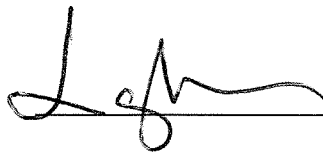
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I further certify that thereafter, at the same meeting, upon a roll call and vote on adoption of the ordinance, it was adopted by the City Council of the City of Long Beach by the following vote:

Ayes:	Councilmembers:	B. Lowenthal, S. Lowenthal, Schipske, Reyes Uranga, Gabelich, Lerch.
Noes:	Councilmembers:	DeLong, O'Donnell, Andrews.
Absent:	Councilmembers:	None.

I further certify that the foregoing ordinance was thereafter adopted on final reading by the City Council of the City of Long Beach at its meeting of July 8, 2008, by the following vote:

Ayes:	Councilmembers:	B. Lowenthal, S. Lowenthal, O'Donnell, Schipske, Andrews.
Noes:	Councilmembers:	Lerch.
Absent:	Councilmembers:	DeLong, Reyes Uranga, Gabelich.



Clerk

Approved: 7/10/08  
(Date)



Mayor