



CITY OF LONG BEACH

DEPARTMENT OF DEVELOPMENT SERVICES

333 West Ocean Blvd., 5th Floor

Long Beach, CA 90802

(562) 570-6194

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August 15, 2013

CHAIR AND PLANNING COMMISSIONERS
City of Long Beach
California

RECOMMENDATION:

Receive supporting documentation into the record, conclude the hearing, recommend that the City Council adopt amendments to the Zoning Ordinance related to financial service uses; and accept Categorical Exemption (CE 13-074). (Citywide)

APPLICANT: City of Long Beach
Department of Development Services
333 W. Ocean Boulevard, 5th Floor
Long Beach, CA 90802
(App No. 1308-01)

DISCUSSION

The Long Beach City Council adopted a one-year moratorium prohibiting all check cashing, payday lending, car title loan and signature loan businesses citywide, on November 1, 2012. The one-year moratorium was adopted to allow staff sufficient time to study check cashing businesses, and create new regulations that incorporate car title loan and signature loan businesses.

In response to the one-year moratorium, staff studied check cashing, payday lending, consumer lending, and car title lending regulations in other jurisdictions, met with both advocates and opponents of check cashing and payday lending businesses to get an understanding of issues pertaining to all industries, and conducted a study session at the May 2, 2013 Planning Commission meeting.

At the study session, the Planning Commission suggested changing the definition of check cashing and adding definitions for other financial services, to help differentiate the variety of retail financial services offered within the City. The Planning Commission and the community offered the following concerns and/or recommendations:

- 1) Increase the proposed buffer between businesses from 500 feet to 1,320 feet.
- 2) Compare the number of financial services in cities of a similar size.
- 3) Analyze the number of financial service businesses in low-income census tracts.
- 4) Separate the use from lower income areas, similar to San Jose.

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- 5) Create Special Development Standards and revise Conditional Use Permit Findings.
- 6) Reduce the number of check cashing, payday lending, and other financial services businesses by creating a cap on the number of business approved in Long Beach.

To address the Planning Commission's and community's concerns, staff analyzed the distance of the proposed buffer between financial service businesses from 500 feet to 1,320 feet, analyzed the number of businesses in low-income census tracts, compared the number of financial service businesses in cities of a similar size to Long Beach, and created findings separate from development standards for financial service businesses.

In analyzing businesses within the City, staff found that a majority of check cashing, pay day advance and other financial service businesses were located in low-income census tracts. The concentration of these businesses in lower income areas was expected given the number of low income census tracts located in the City. However, the number of businesses located in each census tract was relatively low, as was the total number of businesses located in Long Beach (82), compared to San Jose (282), San Diego (457), Fresno (175), and Sacramento (313), which are similar in area and demographics to Long Beach (Exhibit A- Check Cashing Comparison Table).

Staff attributes the relatively low number of financial service businesses to active enforcement of regulations during a six-month moratorium placed on check cashing business in 2008. The active enforcement activity led to a reduction in check cashing businesses from 143 unlicensed businesses to 82 approved businesses. The reduction in numbers demonstrates that the Conditional Use Permit (CUP) process is the most appropriate and effective tool to regulate check cashing and other financial service businesses citywide. Although the current regulations do not fully address and define all types of businesses, in general the CUP process allows for adequate public input and for project and site specific conditions to be imposed, mitigating nuisance causing activities that have the potential for creating impact, such as loitering and forgery.

To capture all types of financial services and enhance existing regulations for the variety of businesses operating under the general category of financial services, staff is proposing to revise and expand uses defined under check cashing by creating new definitions for financial service uses (Exhibit B – Definitions). This will allow staff to differentiate between businesses, avoiding the blanket definition of check cashing currently used to define a range of financial uses. To further differentiate businesses, the use tables for PD-25, PD-29, and PD-30, along with the Industrial and Commercial Use tables were modified by adding uses not currently defined, changing check cashing, payday lending, car title lending, and other financial uses from a Conditional Use to a use not allowed in all neighborhood oriented commercial zones (CNP, CNA, and CNR), and Industrial zoning districts (Exhibit C – Use Tables). The changes to the use tables will make it easier for staff to classify uses and allow for a separation from nearby residential properties.

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At the recommendation of the Planning Commission, staff reviewed the proposed buffer by creating maps with a buffer distance of 1,000 and 1,320 square feet and found a buffer of 1,320 square feet to be too restrictive because it prohibited the placement of new businesses in the majority of the City, and would render a large number of existing businesses legally non-conforming. Therefore, staff is proposing to increase the buffer for check cashers, payday lenders, signature loan, car title loan, and other financial service businesses to 1,000 square feet, instead of the suggested 1,320 square feet (Exhibit D- Check Cashing Map).

In addition to the increased buffer size, the Planning Commission recommended that findings be strengthened and that Special Development Standards be separated from findings to create a more user-friendly code and to provide more clarity when denying any particular CUP application. Staff reviewed the existing findings to determine if additional findings could be incorporated to allow for denial of certain CUP applications, based on location, crime, size, or census tracts. Besides removing new Special Development Standards from required findings as a means to separate performance standards from use findings, staff found that an additional finding requiring businesses to provide loan information to the customer at checkout could be added without infringing on State Law, and would be beneficial (Exhibit E- Revised Findings).

These changes to the Findings will allow for a reduction of impacts by requiring a separation of commercial financial uses from one another, a review of the hours of operation, a limitation on signage, prohibition of pay phones on site, and requiring all financial service businesses to better educate their customers by requiring them to provide information in the store and in the form of a pamphlet/handout upon checkout. These revisions, along with removing performance standards from Findings (Exhibit F- Proposed Special Development Standards), will make it easier for staff to get the necessary upgrades to buildings, while reducing impacts commonly associated with financial service uses.

Staff believes the proposed changes will address the concerns of the Planning Commission and community, and is recommending that the Planning Commission recommend to City Council revisions to the definition of check cashing to include other loan uses and add Special Development Standards, revised findings, separation requirements and operational conditions for car title loan, signature loan, check cashing, and other financial service businesses.

PUBLIC HEARING NOTICE

A notice of public hearing was placed in the Long Beach Press Telegram on August 1, 2013, in compliance with Municipal Code noticing requirements. As of the date of this staff report, four letters in support of the ordinance changes have been received.

ENVIRONMENTAL REVIEW

In accordance with the Guidelines for Implementation of the California Environmental Quality Act, a Categorical Exemption (CE 13-074) was issued for the proposed project (Exhibit G).

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Respectfully submitted,



DEREK BURNHAM
PLANNING ADMINISTRATOR



AMY J. BODEK, AICP
DIRECTOR OF DEVELOPMENT SERVICES

AJB:DB:sv

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Attachments:

- Exhibit A – Check Cashing Comparisons Table
- Exhibit B – Definitions
- Exhibit C – Use Tables
- Exhibit D – Check Cashing Buffer Map
- Exhibit E – Revised Findings
- Exhibit F – Proposed Special Development Standards
- Exhibit G – Categorical Exemption

Exhibit A

Check Cashing Businesses

City	Total Businesses	Persons per Square Mile	Square Miles	Population
Long Beach	82	9,191.3	50.29	462,257
Oakland	82	7,004.0	55.79	390,724
San Diego	390	4,020.4	325.19	1,307,402
San Jose	274	5,358.7	173.53	945,942
Sacramento	212	4,764.2	97.92	466,488
Fresno	175	4,418.3	111.96	501,362

Definitions:

Revisions

21.15.475 - Check cashing.

"Check cashing" is a commercial land use that generally includes some or all of a variety of financial services including cashing of checks, warrants, drafts, or other commercial paper serving the same purpose.. "Check cashing" does not include a state or federally chartered bank, savings association, credit union, or industrial loan company. "Check cashing" also does not include a retail seller engaged primarily in the business of selling consumer goods, including consumables, to retail buyers that cashes checks or issues money orders for a minimum flat fee not exceeding two dollars (\$2.00) per transaction as a service to its customer that is incidental to its main purpose or business.

Added Definition

21.15.2009 - Pay Day Loans.

"Pay Day Loans" offer a transaction whereby a person defers depositing a customer's personal check until a specific date, pursuant to a written agreement, as provided by California Financial Code Sections 23035. Personal check includes the electronic equivalent of a personal check. Pay Day Loan (Deferred Deposit) businesses are regulated by the State of California, Department of Corporations and do not include Consumer Loans or Commercial Loans.

21.15.2015 – Pawnbroker (Secondhand dealer).

"Secondhand dealer," means and includes any person, copartnership, firm, or corporation whose business includes buying, selling, trading, taking in pawn, accepting for sale on consignment, accepting for auctioning, or auctioning secondhand tangible personal property. A "secondhand dealer" does not include a "coin dealer" or participants at gun shows or events, as defined in Section 478.100 of Title 27 of the Code of Federal Regulations, or its successor, who are not required to be licensed pursuant to Sections 26700 to 26915, inclusive, of the Penal Code, who are acting in compliance with the requirements of Sections 26500 to 26585, inclusive, and 27545 of the Penal Code, and who are not a "Gun Show Trader," as described in Sections 16620 and 26525 of the Penal Code.

21.15.635 - Consumer Loans.

"Consumer loan" means a loan, whether secured by either real or personal property, or both, or unsecured (i.e. signature loan), the proceeds of which are intended by the borrower for use primarily for personal, family, or household purposes (The lender shall not be required to ascertain that the proceeds of the loan are used in accordance with the statement of intended purposes). For purposes of determining whether a loan is a consumer loan, the lender may rely on any written statement of intended purposes signed by the borrower. The statement may be a separate statement signed by the borrower, or may be contained in a loan application or other document signed by the borrower. Nothing in this section shall authorize the taking of real property as security, except as specified in Section 22330 of the California Financial Code. In addition to the definition of consumer loan in Section 22230, a "consumer loan" also means a loan of a principal amount of less than five thousand dollars (\$5,000), the proceeds of which are intended by the borrower for use primarily for other than personal, family, or household purposes.

21.15.562 - Commercial Loans.

"Commercial loan" means a loan of a principal amount of five thousand dollars (\$5,000) or more, or any loan under an open-end credit program, whether secured by either real or personal property, or both, or unsecured, the proceeds of which are intended by the borrower for use primarily for other than personal,

family, or household purposes as defined in Section 22502 of the California Financial Code. For purposes of determining whether a loan is a commercial loan, the lender may rely on any written statement of intended purposes signed by the borrower. The statement may be a separate statement signed by the borrower or may be contained in a loan application or other document signed by the borrower. The lender shall not be required to ascertain that the proceeds of the loan are used in accordance with the statement of intended purposes.

21.15.335 – Bank.

“Bank” means any national and State bank, and any Federal branch and insured branch; and includes any former savings association. The term “State bank” means any bank, banking association, trust company, savings bank, industrial bank (or similar depository institution which the Board of Directors finds to be operating substantially in the same manner as an industrial bank), or other banking institution which is engaged in the business of receiving deposits, other than trust funds; and is incorporated under the laws of any State or which is operating under the Code of Law for the District of Columbia, including any cooperative bank or other unincorporated bank the deposits of which were insured by the Corporation on the day before the date of the enactment of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

21.15.442 - Car Title Loans.

“Car Title Loan” means a short-term loan in which the borrower’s car title is used as collateral. The borrower must be the lien holder (i.e. own the car outright). Car title loans can be regulated as either consumer or commercial loans by the State of California. This does not include loans for automobiles regulated by the Federal Trade Commission (FTC).

21.15.792 - Money Orders.

“Money Order” means a certificate issued that allows the stated payee to receive cash on-demand. A money order functions much like a check, in that the person who purchased the money order may stop payment.

21.15.795 - Money Transfers.

“Money Transfer” means a service that allows users to transfer funds between personal accounts.

21.15.2225 – Realtor.

“Realtor” means a real estate agent, broker or an associate who holds active membership in a local real estate board that is affiliated with the National Association of Realtors or California Association of Realtors.

21.15.1975 - Mortgage Brokers.

“Mortgage broker” means an individual or company that arranges mortgage financing between a borrower and a lender.

21.15.2515 - Signature Loan.

“Signature Loan” is a personal loan offered by banks and other finance companies that uses only the borrower’s signature (unsecured loan) and promise to pay as collateral. Signature loans are regulated as either consumer or commercial loans by the State of California, depending on the amount of the loan.

Car Title Loans	N	N	N	C	C	C	C	C	N	Car Title Loan, Check Cashing, Pay Day Loan and Signature Loan Businesses are subject to standards in Sections 21.45.116 and 21.52.212
Check cashing	NG	NG	NG	C	C	C	C	C	N	
Money Orders, Money Transfers	Y	Y	Y	Y	Y	Y	Y	Y	N	
Pay Day Loans	N	N	N	C	C	C	C	C	N	
Signature Loans	N	N	N	C	C	C	C	C	N	
Escrow, stocks and bonds broker	Y	Y	Y	Y	Y	Y	Y	Y	N	
All financial services not listed	NG	NG	NG	C	C	C	C	C	N	

Table 32-1A

**Uses In All Other Commercial Zoning Districts
Financial Services**

USE	CO	CH	CT
Banks, savings and loans with drive-up windows, including commercial/industrial loan businesses	C	Y	C
Banks, savings and loans without drive-up windows, including commercial/industrial loan businesses	Y	Y	Y
Bus Token issuance, Payment of Utility Bills, Distribution of Government Checks and Food Stamps, Sale of Phone Cards	Y	Y	Y

Car Title Loans	C	C	C
Check cashing	C	C	C
Money Orders, Money Transfers	Y	Y	Y
Signature Loans	C	C	C
Stock or Bond Broker	Y	Y	Y
Other Financial Services	C	CAP	C

PD 25 USE TABLE

Uses			Comments
FINANCIAL SERVICES:	ATM (walk-up-machine)	A	Requires 2 (5 min) parking for each machine. Spaces must be within 100'. Such spaces may be existing required parking. (See 21.32.24) Special Standards of CNR zone apply
	Bank, Credit Union, Saving & Loan	Y	
	Bank (with drive-up ATM or window)	AP	
	Bus Token issuance, Payment of Utility Bills, Distribution of Government Checks and Food Stamps, Sale of Phone Cards	Y	
	Car Title Loans	C	

	Check cashing	<u>CAP</u>	
	Escrow, Stocks & Bonds Brokerage	Y	
	Money Orders, Money Transfers	Y	
	Pay Day Loans	C	
	Signature Loans	C	
	All Financial Services Not Listed	<u>CAP</u>	

PD-29 Use Table							
		Subarea 1a	Subarea 1	Nodes Subareas 2 & 5	Subarea 3	Subarea 4	Comments
Financial Services	Bank, Credit Union, Savings * Loan (without drive-thru window)	Y	Y	Y	Y	Y	
	Bank, Credit Union, Savings * Loan (with drive-thru window)	AP	AP	AP	AP	AP	
	Check Cashing	<u>APN</u>	<u>APN</u>	<u>APN</u>	<u>APN</u>	<u>APN</u>	
	All Financial Services Not Listed	<u>APN</u>	<u>APN</u>	<u>APN</u>	<u>APN</u>	<u>APN</u>	

**Table 33-2
Uses In Industrial Districts**

Use	IL	IM	IG	IP	*Notes and Exceptions
7. Retail Trade (continued)					c. Pawnshops (included within SIC code 5932) shall require a conditional use permit in all zones.
					d. Gasoline Service Stations (SIC code 5541) and Fuel Dealers (SIC code 598) shall be permitted in the IG district.
					e. Sales of firearms in the IL zone shall require a conditional use permit.
8. Service-Related Industries					a. Primarily, these uses are intended to serve nearby industries and employees, and the services' proximity will provide convenience with minimal impact on the service operations.
8.1 Laundry, cleaning and garment services (SIC code 721)	Y	Y	Y	See Item 10 in this table.	b. Parking lots and structures which are principal uses (SIC code 752) shall be subject to parking lot development standards contained in <u>Chapter 21.41</u>
8.2 Other personal services (SIC codes 722, 723, 724, 725, 726, 7291)	Y	AP	AP		
8.3 Tattoo and massage parlors	N	N	N		
8.4 Repair services within enclosed structure (SIC codes 75* and 76)	Y	Y	Y		
8.5 Repair services with outdoor operations (SIC codes 7353, 7359, 75*)	N	Y/C	Y		
9. Professional Office and Institutional Uses (SIC codes 60, 61, 62, 63, 64, 65, 66, 73 [except 7353 and	Y	AP	AP	See Item 10 in this	a. Prohibited in all industrial districts: • 6099 (<i>Functions Related to Depository</i>)

7359], 861, 862, 863, 864, 878* Division J (Public Administration))				table.	<p><u>Banking, Not Elsewhere Classified</u></p> <ul style="list-style-type: none"> • 9223 (Correctional Institutions) • 8744 (Jails, privately operated-correctional facilities, adult privately operated), except a "Community Correctional Re-entry Center," as defined in <u>Section 21.15.602</u>, may be permitted in the IL, IM and IG zone districts pursuant to a conditional use permit as set forth in <u>Chapter 21.52</u> <p>b. Offices are intended to serve nearby industries and employees.</p> <p>c. Emergency shelters (8322) shall be subject to the special development standards specified in <u>Section 21.45.132</u></p>
9.1 Emergency shelters (SIC code 8322*)	N	N	N	Y	

Conditional Use Permit Findings:

21.52.212 - Check cashing, Pay Day Loans, Car Title Loans, Signature Loans and Other Financial Services.

The following conditions shall apply to check cashing, Pay Day Loans, Car Title Loans, Signature Loans and Other Financial Services businesses:

- A. ~~Off-street parking for check cashing businesses shall be the same as for banks and savings and loans as required by Chapter 21.41.~~ A Conditional Use Permit shall be required for check cashing, pay day loan, car title loan, and signature loan businesses. Alternative ~~and~~ other financial services are also required to obtain a Conditional Use Permit at the discretion of the Zoning Administrator
- B. ~~If established in an existing shopping center, off-street parking shall be provided as required for a shopping center by Chapter 21.41.~~ Check cashing, pay day loans, car title loans, signature loan and other financial service businesses as defined by the Long Beach Municipal Code shall not be located within:
 - 1. A 1,000-foot radius of an approved check cashing, pay day loan, car title loan, signature loan, or other financial service business.
 - 2. The CNA, CNP, CNR, PD-6, PD-29 or PD-30 or any Industrial zoning districts. This includes other financial services and alternate types of lending services at the discretion of the Zoning Administrator
- C. Windows shall not be obscured by placement of signs, dark window tinting, shelving, racks or similar obstructions.
- D. Exterior phones, security bars and roll up doors shall be prohibited.
- E. ~~The floor plan shall include a customer waiting/service area of sufficient size to fully accommodate anticipated queuing lines. Such waiting/service area shall provide not less than fifty (50) square feet for each teller window. All fees and regulations associated with a loan or financial transaction shall be displayed near the cashier/checkstand and provided to the customer upon checkout.~~
- F. The hours of operation shall be stated in the application and shall be subject to review.
- G. Special Development Standards for check cashing, pay day loan, car title loan, signature loan, and other financial services found in Section 21.45.116 shall also apply.

New Special Development Standards:

21.45.116 –Check Cashing, Pay Day Loans, Car Title Loans, Signature Loans and Other Financial Services.

The following special development standards shall apply to check cashing, pay day loan, car title loan, signature loan, and other financial service businesses:

- A. **Conditional Use Permit.** Required Findings for Check Cashing, Pay Day Loan, Car Title Loan, Signature Loan, and other financial service businesses are found in Section 21.52.212
- B. **Pay Phones.** Exterior phones, security bars and roll up doors shall be prohibited, and any existing pay phones shall be removed.
- C. **Window Signage.** Windows shall not be obscured by placement of signs, dark window tinting, shelving, racks or similar obstructions.
- D. **Maintenance.** All yard areas shall be developed and maintained in a neat, quiet, and orderly condition and operated in a manner so as not to be detrimental to adjacent properties and occupants. This shall encompass the maintenance of exterior facades of the building, designated parking areas serving the use, fences and the perimeter of the site (including all public parkways).
- E. **Signage.**
 - 1. All non-conforming signs and pole signs shall be removed, including roof signs regulated under ~~and a~~Section 21.44.400
 - 2. All on-site signage shall be brought into compliance with the Long Beach Municipal Code, Section 21.44, removed, and/or improved to the satisfaction of the Site Plan Review Committee.
 - 3. Each check cashier shall post a list of fees in English, Spanish, Tagalog, and Khmer at the cashier/check stand using a letter height not less than one-half inch in height.
- F. **Landscaping.**
 - 1. All parking and landscaping areas on the property shall be improved and brought into compliance with the Long Beach Municipal Code by paving and striping parking areas and adding drought tolerant, native trees and shrubs.
 - 2. All landscaping shall be permanently irrigated with a twenty-four (24) hour/seven (7) day electronic or solar powered time clock.
- G. **Lighting.** Lighting shall be provided, including glare shields, in accordance with Chapter 21.41 in a relatively even pattern and in compliance with California Title 24 Energy requirements.
- H. **Security.**
 - 1. Interior and exterior video security cameras shall be installed at the front and rear of the business with full view of the public right-of-way and any area where the operator

provides parking for its patrons. The cameras shall record video for a minimum of 30 days and be accessible via the Internet by the LBPD.

2. A Public Internet Protocol (IP) address and user name/password to allow LBPD to view live and recorded video from the cameras over the Internet are also required. All video security cameras shall be installed to the satisfaction of the Police Chief, Director of Technology Services, and Director of Development Services.

I. **Building Improvements.**

1. All building façades shall be improved with new paint, roofing materials, and windows to the satisfaction of the Site Plan Review Committee.
2. New canopies or architectural projections shall be incorporated to the satisfaction of the Planning Commission and/or Site Plan Review Committee.



NOTICE of EXEMPTION from CEQA

DEPARTMENT OF DEVELOPMENT SERVICES
333 W. OCEAN BLVD., 5TH FLOOR, LONG BEACH, CA 90802
(562) 570-6194 Fax: (562) 570-6068
lbds.longbeach.gov

TO: Office of Planning & Research
1400 Tenth Street, Room 121
Sacramento, CA 95814

FROM: Department of Development Services
333 W. Ocean Blvd, 5th Floor
Long Beach, CA 90802

L.A. County Clerk
Environmental Fillings
12400 E. Imperial Hwy. 2nd Floor, Room 2001
Norwalk, CA 90650

Categorical Exemption CE- 13074

Project Location/Address: CITYWIDE

Project/Activity Description: Amendments, Revisions, and additions to the Zoning Ordinance pertaining to Check Cashing, Pay Day Loans, and other Financial Services.

Public Agency Approving Project: City of Long Beach, Los Angeles County, California

Applicant Name: Amy Bedek, Director of Development Services

Mailing Address: 333 W. OCEAN BLVD., 3RD FLOOR, LONG BEACH, CA 90802

Phone Number: 562-570-6428

Applicant Signature: _____

BELOW THIS LINE FOR STAFF USE ONLY

Application Number: 1308-01

Planner's Initials: SV

Required Permits: Zoning Text Amendments

THE ABOVE PROJECT HAS BEEN FOUND TO BE EXEMPT FROM CEQA IN ACCORDANCE WITH STATE GUIDELINES SECTION 15308, Class 8, Actions by Regulatory Agencies

Statement of support for this finding: Regulatory standards by local agency

Contact Person: _____

Ernie Chalfant

Contact Phone: 562-570-6571

Signature: _____

[Handwritten Signature]

Date: 8/5/13