

ORDINANCE NO.

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 one (1) year to complete.

5 Section 3. Prohibition - "Check cashing facilities." During the one (1)
6 year interim period including the term of any extension(s) of this ordinance, no application
7 shall be approved for a building permit, business license, conditional use permit,
8 administrative use permit or other development or land use entitlement for a "check
9 cashing facility" as that term is used in Long Beach Municipal Code Section 21.15.475.
10 Said prohibition shall apply to primary and accessory land uses and shall be effective
11 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 _____, 2008, the ordinance was declared to be an
15 emergency by the following vote:

16 Ayes: Councilmembers: _____

17 _____

18
19 Noes: Councilmembers: _____

20 _____

21 Absent: Councilmembers: _____

22 _____

23
24 //

25 //

26

27

28

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: _____

Noes: Councilmembers: _____

Absent: Councilmembers: _____

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 _____, 2008, by the following vote:

Ayes: Councilmembers: _____

Noes: Councilmembers: _____

Absent: Councilmembers: _____

Clerk

Approved: _____
(Date)

Mayor



Long Beach Branch NAACP

P.O. Box 1594, Long Beach, CA 90801 Fax: (562) 494-2995

Message Numbers (562) 856-7586 or (562) 494-6507

June 27, 2008

To: Mayor Bob Foster
Vice Mayor Bonnie Lowenthal
Councilmember Suja Lowenthal
Councilmember Gary DeLong
Councilmember Patrick O'Donnell
Councilmember Gerrie Schipske
Councilmember Dee Andrews
Councilmember Tonia Reyes Uranga
Councilmember Rae Gabelich
Councilmember Val Lerch

Re: Concerns, Solutions, and Support for Ordinance for Citywide Moratorium on Check Cashing and Payday Lending Facilities

Dear Mayor and Members of the Council,

We are writing to express our support for the interim ordinance for a citywide moratorium on check cashing and payday lending stores in Long Beach. We also support research and policy changes that will improve the industry during and once the moratorium expires.

The NAACP, founded in 1909, is the largest and oldest civil rights organization in America. The principle objectives of the NAACP are to ensure the political, social, educational and economic quality of all citizens and to eradicate prejudice in all forms. The NAACP represents the conscience of our nation, guiding America towards fulfilling its promises of liberty, quality and justice for all. This sentiment is echoed in the very soul of our organization's mission and purpose.

We are concerned about the social and economic impacts of these businesses on low and moderate-income families, often people of color, within our community. It appears check cashers and payday lenders take advantage of consumers by charging expensive fees for their products and services. This creates an inescapable cycle of debt for borrowers and takes money away from our local economy.

We commend the Long Beach Mayor and City Council for taking leadership on this issue. The Long Beach Branch NAACP is willing to work with the mayor, city council, and the payday lending industry to adopt policies and regulations that will benefit our constituents that often need the services of the payday lenders.

Sincerely,

Naomi Rainey, Long Beach Branch NAACP President/
California State Conference NAACP, Secretary