

## 2013 Council Study Issue

**CDD 13-12 Payday lending establishments**

**Lead Department** Community Development

**History**                    **1 year ago** None        **2 years ago** None

**1. What are the key elements of the issue? What precipitated it?**

Recently, local agencies have been looking into ways to regulate businesses that engage in what is known as "payday lending." Payday lending is a business established to loan money to individuals that have trouble getting traditional loans, and have financial difficulties in meeting their obligations. Payday loans are short-term, small-dollar loans given to people who need cash to tide them over until their next paycheck. In California, the maximum loan amount is \$300.00 with a 31-day maximum loan term (Civil Code 1789.30 et. seq. and Financial Code 23000 et. seq.). The people most impacted by payday lender practice include low income, young, families and the disabled.

Several jurisdictions have enacted regulations to control the number of these businesses in their cities. This study would examine land use options for regulating the number and location of payday lending establishments. The study would review options such as: restricting new payday lending businesses, limiting the number of these establishments in the city, and avoiding over-concentration through spacing restrictions. Also, efforts to assist those in need of short-term lending can be reviewed, including existing programs from PG&E, credit unions, Sunnyvale Community Center, and the use of CDBG funds.

**2. How does this relate to the General Plan or existing City Policy?**

**Goal LT-6 SUPPORTIVE ECONOMIC DEVELOPMENT ENVIRONMENT**

An economic development environment that is supportive of a wide variety of businesses and promotes a strong economy within existing environmental, social, fiscal and land use constraints.

**Policy LT-7.3**

Promote commercial uses that respond to the current and future retail service needs of the community.

**3. Origin of issue**

**Council Member(s)** Griffith, Davis, Spitaleri

**4. Staff effort required to conduct study** Moderate

**Briefly explain the level of staff effort required**

Review State law concerns, review other city processes, and conduct outreach with the community.

**5. Multiple Year Project?** No        **Planned Completion Year** 2013

**6. Expected participation involved in the study issue process?**

**Does Council need to approve a work plan?** No

**Does this issue require review by a Board/Commission?** Yes

**If so, which?** Planning Commission

**Is a Council Study Session anticipated?** No

**7. Briefly explain if a budget modification will be required to study this issue**

Amount of budget modification required 0

**Explanation**

- 8. Briefly explain potential costs of implementing study results, note estimated capital and operating costs, as well as estimated revenue/savings, include dollar amounts

Are there costs of implementation? No

**Explanation**

9. Staff Recommendation

Staff Recommendation Support

**If 'Support', 'Drop' or 'Defer', explain**

As of November 20, 2012, Sunnyvale has seven payday lending businesses. Studying the issue now, before the use becomes more prevalent, would be useful. This study would look into restrictions to avoid a larger number of these businesses in the city, along with looking for other useful approaches to help those in need.

Reviewed by



Department Director

11/26/12  
Date

Approved by



City Manager

11/20/12  
Date