

Memorandum



DATE February 24, 2011

TO Honorable Members of the Budget, Finance & Audit Committee: Jerry R. Allen (Chair), Ann Margolin (Vice Chair), Vonciel Jones Hill, Angela Hunt, Delia D. Jasso, David A. Neumann, Ron Natinsky

SUBJECT Alternative Financial Establishment Development Code Amendment Status

Please find attached briefing materials on a proposed development code amendment to create an alternative financial institution use classification and appropriate development standards for the use. This briefing will be presented to the committee on February 28, 2011.

Please contact me if you need additional information.



A.C. Gonzalez
Assistant City Manager

Attachment

cc: Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Deborah A. Watkins, City Secretary
Thomas P. Perkins, Jr., City Attorney
Craig D. Kinton, City Auditor
C. Victor Lander, Administrative Judge
Ryan S. Evans, First Assistant City Manager
A.C. Gonzalez, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest E. Turner, Assistant City Manager
Edward Scott, Director, Controller's Office
Jack Ireland, Director, Office of Financial Services
Helena Stevens-Thompson, Assistant to the City Manager

Alternative Financial Establishment Development Code Amendment

**Budget, Finance
and Audit Committee
February 28, 2011**



Background

- City Council requested that the City Attorney draft an ordinance establishing check cashing facilities and car title and pay day lending businesses a separate main use.
- The Zoning Ordinance Committee considered the issue at 6 meetings beginning in February of 2010.
- Staff and ZOC reviewed several studies and ordinances from other jurisdictions.
- ZOC recommended no change to the current Development Code on October 7, 2010.

Background

- The City Plan Commission was first briefed and conducted a public hearing on the proposal on January 20, 2011.
- The proposal was considered at a second public hearing on February 3, 2011 at which time CPC recommended approval of creating a new use but did not recommend any minimum separation requirements.

CPC Recommendation

- Create a new use for alternative financial establishment.
 - ALTERNATIVE FINANCIAL ESTABLISHMENT means a car title loan business, check cashing business, or money transfer business. An alternative financial establishment does not include state or federally chartered banks, savings and loans, and credit unions. An alternative financial establishment does not include an establishment that provides financial services that are accessory to another main use .

CPC Recommendation

- Definitions
 - CAR TITLE LOAN BUSINESS means an establishment that makes small, short-term consumer loans secured by a title to a motor vehicle.
 - CHECK CASHING BUSINESS means a business that provides check cashing, payday cash advance, payroll advance, short-term cash loan, short term cash advance, instant payday cash advance, short-term money loan services, or similar services to individuals for a specified fee.
 - MONEY TRANSFER BUSINESS means an establishment that transmits funds for a fee.

CPC Recommendation

- Allow the use in all non-residential districts except NO, NS, MU-1, UC-1, and P(A) districts
- Require the use to be parked at one space per 333 square feet (office use requirement)
- Amended motion to require 500 ft separation from a similar use failed by a vote of 7 to 7

Issues

- Are the possible negative land use impacts of the use greater than other financial service uses and personal service uses
- What is best regulatory approach to control the fees that can be charged by the industry
- Could separation requirement lessen competition and result in higher fees
- Does a concentration of such businesses in an area discourage other desired businesses from locating in the area

Survey of Other Area Cities

- Farmers Branch
 - Only by SUP
 - 1000 ft from another similar use
 - 500 ft from a highway
- Irving
 - 1000 ft from another similar use
 - 500 ft from a highway
 - 200 ft from a residentially zoned lot
 - Only in a free standing building

Survey of Other Area Cities

- Mesquite
 - Only by SUP
 - 1000 ft from another similar use
 - 500 ft from a highway
 - 200 ft from a residentially zoned lot
 - Only in a free standing building
- Richardson
 - Only by SUP
 - 1000 ft from another similar use
 - 500 ft from a highway

Committee Direction Options

- Hold for State legislative process to be completed to see if additional regulations are warranted
- Schedule public hearing on proposed amendment for City Council