



City Clerk's Office
The City of Calgary
700 MacLeod Trail SE
P.O. Box 2100, Station M
Calgary, AB T2P 2M5

October 22, 2015

RE: Amendments to Land Use Bylaw: Payday Loan Businesses & Payday Loan Separation Distance Policy.

Dear Mr. Mayor and City Councillors,

As the organization tasked with guiding the implementation of Enough for All municipal poverty reduction strategy, Vibrant Communities Calgary is excited to see the Amendments to Land Use Bylaw: Payday Loan Businesses & Payday Loan Separation Distance Policy move forward.

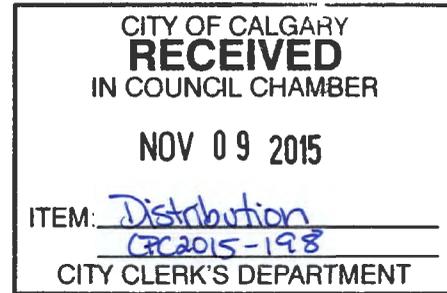
Vibrant Communities Calgary has been working closely with the Rise of the Cash Store Committee, a cross-sectoral group comprised of organizations like Momentum, the University of Calgary and First Calgary to address issues related to payday lending.

While payday loan fees and interest rates are mandated by the provincial government, the City of Calgary can regulate land use. Vibrant Communities Calgary supports the City taking action in this area; it will reduce the negative impact of payday loans on low-income Calgarians, typically targeted by the industry. Further, the City of Calgary unanimously committed to a payday loan bylaw when it approved the *Enough for All* poverty reduction strategy.

Payday loan businesses were never identified in the Land Use Bylaw (LUB) as a specific business type. Instead, they were lumped in as generic 'Information and Service Providers'. None of the other business types in this generic category function like payday loan businesses. Similar businesses, like pawn shops, were given their own business type in the LUB.

Of the 82 payday loan storefronts that exist in Calgary, 69 are in neighbourhoods with above average poverty rates. This clustering has a negative effect on both community residents and local businesses. Communities with a proliferation of payday lenders often lack an adequate number of mainstream financial institutions. This leads residents to believe that a payday lender is the only or best option to access credit. Seldom is this the case.

The proposed 400 metre separation will not close down existing payday loan businesses but will further clustering. This can support the vibrancy of the local business community and allows for residents to access a variety of business types. Minimum distances are already used to limit the proliferation of liquor stores and exist in a dozen business types identified in the LUB.

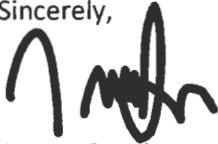


Other cities have already incorporate minimum distances for payday lenders. The City of Winnipeg mandates a 1,000 foot minimum distance and more than 200 U.S. municipalities have implemented some type of regulation on minimum distance requirements

By adopting the *Enough for All* poverty reduction strategy, The City has made a strong commitment to reducing poverty in Calgary. The proliferation of Payday loan businesses work against our community's collective efforts to reduce poverty in Calgary. If the City of Calgary is serious about cutting poverty in half then implementing and advocating for stricter rules for payday lenders must be a part of the strategy.

Vibrant Communities Calgary applauds the support already shown by the Planning and Urban Development Committee earlier this year and by Calgary Planning Commission this September to move this important work forward. We look forward to Council's support of this initiative and on business license changes for payday lenders in early 2016.

Sincerely,

A handwritten signature in black ink, appearing to read 'Franco Savoia', written in a cursive style.

Franco Savoia
Executive Director

Rise of the Cash Store: Collective Impact in Action

It all started with a local resident concerned by what they were seeing in their neighbourhood- another high cost payday lending businesses opening in their community.

This individual decided to take action and approached their neighbourhood business revitalization zone (BRZ), and Momentum, a long-time advocate for financial literacy and Community Economic Development.

The payday loan industry claims that they provide a much-needed service at a reasonable cost; they do not target those living on low incomes or push customers for repeat business. Social agencies and advocates disagree and view payday lenders and other fringe financial businesses as problematic for those looking to exit the cycle of poverty. Payday lenders charge interest rates that, when annualized, top 600 per cent.¹

Momentum provided the resources and space for concerned citizens to start the conversation about payday lending in their communities, and also convened stakeholders to begin addressing the issue. Their mission is simple: activate on the issue of payday lending in Calgary. The Rise of the Cash Store committee is now comprised of community residents, non-profit organizations, financial institutions, government, business revitalization zones (BRZs) and academia.

The committee and community stakeholders have achieved significant milestones in 2015. City Council approved policy recommendations to amend land-use bylaws to curtail the proliferation of payday lending businesses within a geographical location and to create a city-led task force. Its role will be to influence provincial and federal payday lending regulations, as well as to encourage mainstream financial institutions to offer safe, affordable products and financial counselling to low-income earners.

Lastly, First Calgary Financial and Momentum have teamed up to pilot the "cash crunch" loan, which aims to provide safe, affordable small loans to people who might otherwise use a payday lender. This pilot is in its early stages, but it is already showing some positive results, saving borrowers about \$300 a month compared to a payday loan.

What a beautiful example of collective impact in action! Community residents and organizations tied together by a common agenda: activate on the issue of payday lending in Calgary to prevent the further exploitation of Calgary's vulnerable. Their voices and action around this issue are small but significant steps towards creating lasting change in the lives of low-income Calgarians.

Future projects include conducting an independent analysis on payday lending users (as most current data comes from the payday lending businesses themselves) and preparing for potential changes in provincial legislation that could better protect consumers and lower the cost of payday loans.

Under the Enough for All strategy the Rise of the Cash Store Committee's work is contributing towards the goals that everyone in Calgary has the income and assets needed to thrive.

What a beautiful example of collective impact in action!

1. Momentum (2014), The Real Cost of Payday Lending. <http://www.momentum.org/files/Publications/Real-Cost-Payday-Lending.pdf>