

**1. City-wide Minor Zoning Study and Zoning By-Law Amendment – Payday Loan Establishments**

**Étude de zonage mineure à l'échelle de la ville et modification au *Règlement de zonage* – établissements de prêt sur salaire**

**Committee Recommendation**

That Council approve an amendment to Zoning By-law 2008-250, as amended, to permit payday loan establishments, subject to zoning restrictions including required minimum separation distances between them, and between them and other uses, as detailed in Document 1.

**Recommandation du Comité**

Que le Conseil approuve une modification au Règlement de zonage 2008-250, tel que modifié, afin de permettre les établissements de prêt sur salaire, sous réserve de restrictions de zonage, notamment des distances de séparation minimales requises entre ces établissements entre eux, et entre ces établissements et d'autres utilisations, comme l'expose en détail le document 1.

**For the Information of Council**

The committee also approved the following Direction to staff:

That Staff provide an opportunity for Members of Council to be briefed and ask questions on this matter prior to it rising to the September 25 Council meeting.

**Pour la gouverne du Conseil**

Le comité a également approuvé la directive au personnel ce que suit:

Que le personnel donne l'occasion aux membres du Conseil de s'informer et de poser des questions à ce sujet avant que ce point ne soit présenté à la réunion du Conseil du 25 septembre.

Documentation / Documentation

1. Director's report, Economic Development and Long Range Planning, Planning, Infrastructure and Economic Development Department, dated August 22, 2019 (ACS2019-PIE-EDP-0035)

Rapport du directeur, Développement économique et Planification à long terme, Direction générale de la planification, de l'infrastructure et du développement économique, daté le 22 août 2019 (ACS2019-PIE-EDP-0035)

2. Extract of draft Minutes, Planning Committee, September 12, 2019

Extrait de l'ébauche du procès-verbal, Comité de l'urbanisme, le 12 septembre 2019

**Report to  
Rapport au:**

**Planning Committee  
Comité de l'urbanisme  
12 September 2019 / 12 septembre 2019**

**and Council  
et au Conseil  
25 September 2019 / 25 septembre 2019**

**Submitted on 22 August 2019  
Soumis le 22 août 2019**

**Submitted by  
Soumis par:  
Don Herweyer  
Director / Directeur**

**Economic Development and Long Range Planning / Développement économique  
et Planification à long terme**

**Planning, Infrastructure and Economic Development Department / Direction  
générale de la planification, de l'infrastructure et du développement économique**

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**Ward: CITY WIDE / À L'ÉCHELLE DE  
LA VILLE**

**File Number: ACS2019-PIE-EDP-0035**

**SUBJECT: City-wide Minor Zoning Study and Zoning By-law Amendment –  
Payday Loan Establishments**

**OBJET: Étude de zonage mineure à l'échelle de la ville et modification au  
Règlement de zonage – établissements de prêt sur salaire**

## REPORT RECOMMENDATIONS

1. That Planning Committee approve the Consultation Details Section of this report be included as part of the 'brief explanation' in the Summary of Written and Oral Public Submissions, to be prepared by the City Clerk and Solicitor's Office and submitted to Council in the report titled, "Summary of Oral and Written Public Submissions for Items Subject to *the Planning Act* 'Explanation Requirements' at the City Council Meeting of September 25, 2019, subject to submissions received between the publication of this report and the time of Council's decision.
2. That Planning Committee recommend Council approve an amendment to Zoning By-law 2008-250, as amended, to permit payday loan establishments, subject to zoning restrictions including required minimum separation distances between them, and between them and other uses, as detailed in Document 1.
3. That Planning Committee approve that this report rises to Council at the same time as the Emergency and Protective Services Department report (ACS2019-EPS-GEN-0012) dealing with the proposed amendment to Licensing By-law No. 2002-189, as amended, to license payday loan establishments.

## RECOMMANDATIONS DU RAPPORT

1. Que le Comité de l'urbanisme donne son approbation à ce que la section du présent rapport consacrée aux détails de la consultation soit incluse en tant que « brève explication » dans le résumé des observations écrites et orales du public, qui sera rédigé par le Bureau du greffier municipal et de l'avocat général et soumis au Conseil dans le rapport intitulé « Résumé des observations orales et écrites du public sur les questions assujetties aux 'exigences d'explication' aux termes de la *Loi sur l'aménagement du territoire*, à la réunion du Conseil municipal prévue le 25 septembre 2019 », à la condition que les observations aient été reçues entre le moment de la publication du présent rapport et le moment de la décision du Conseil.
2. Que le Comité de l'urbanisme recommande au Conseil d'approuver une modification au Règlement de zonage 2008-250, tel que modifié, afin de permettre les établissements de prêt sur salaire, sous réserve de

**restrictions de zonage, notamment des distances de séparation minimales requises entre ces établissements entre eux, et entre ces établissements et d'autres utilisations, comme l'expose en détail le document 1.**

- 3. Que Comité de l'urbanisme approuve que le présent rapport soit porté à la connaissance du Conseil en même temps que le rapport de la Direction générale des services de protection et d'urgence (ACS2019-EPS-GEN-0012) portant sur la modification proposé au Règlement sur les permis 2002-189, tel que modifié, en vue de rendre obligatoire l'obtention d'un permis pour les établissements de prêt sur salaire.**

## **EXECUTIVE SUMMARY**

### Assumptions and Analysis

As part of its *Putting Consumers First Act* that came into effect in 2018, the Province of Ontario amended the *Municipal Act, 2001* to grant authority to municipalities to extend their licensing authority for payday loan establishments by allowing a municipality to regulate the location and number of these establishments.

A payday loan is described by the Province as an advancement of money in exchange for a future payment, but not for any guarantee or security on any property, and does not include a margin loan, installment loan, pawnbroking, a line of credit or a credit card. Payday loan establishments are currently licensed and regulated by the Province of Ontario under the *Payday Loans Act, 2008*, which sets out requirements for a provincial license, establishes a rigorous applicant vetting process, and describes rules and regulations for payday loan transactions and agreements. The provincial licensing regime is discussed further in the report to be presented by the Emergency and Protective Services Department.

In implementing the general provincial direction on payday loan establishments, Council directed staff to undertake a minor zoning study of this use (Council Motion 67/5 April 11, 2018). A city-wide Zoning By-law amendment is recommended that establishes locational and density criteria to manage this use which has both land use and social impacts including: 1) minimum separation distances of 1 kilometre (1000 metres) between payday loan establishments, 500 metres between these and casinos and racetracks, and 300 metres between these and schools and post-secondary educational facilities; 2) that the use must be only permitted to develop within a commercial building containing other non-residential uses; 3) that removes permission to locate in those

Residential Fifth Density (R5) Zones where the use is permitted, in Local Commercial (LC) Zones, in Residential Neighbourhood Commercial (-c) Suffix, and in the Major Institutional (I2) Zone; and four, that removes permission to locate a payday loan establishment in the Village Mixed Use (VM) Zone, and in some Rural Commercial (RC) Subzones, wherein no payday loan establishments currently exist.

Payday loan establishments that are located in the LC and R5 zones, and in the Suffix (-c) will no longer be permitted, but will be permitted to continue to operate given that they benefit from legal non-conforming status (i.e. they are “grandfathered”). When an existing business closes and is replaced by another use that is permitted in the zone, the payday loan use will no longer be permitted.

Many existing payday loan establishments locate in clusters, as evidenced on Montreal Road, Bank Street, Bank Street South, Merivale, St. Laurent Boulevard, Hazeldean Road and St. Joseph Boulevard. The use is permitted in the commercial and mixed-use zones along these streets. However, imposition of the minimum separation distance regulations between payday loan establishments, and between them and other specified uses will render many existing ones legal non-conforming as they will not meet these minimum distance requirements. These existing businesses may continue to operate given that they will become legal non-conforming, however as these are closed and replaced by another use, they will no longer be permitted. Over time, payday loan establishments will disperse and be reduced in number.

The effect of the minimum separation distance requirements will be to restrict the creation of additional payday loan businesses along certain streets and within those wards where there is little to no more room to locate a business that would meet the minimum separation areas required once the Zoning By-law amendment is in effect.

To ensure effective implementation of these proposed zoning restrictions, staff of the Emergency and Protective Services Department (EPS) will be presenting a report (ACS2019-EPS-GEN-0012) to Community and Protective Services Committee on September 19, 2019 that will recommend establishing a minimal licensing regime in order to support the administration and enforcement of the zoning and land use restrictions recommended in this report. Both this Planning, Infrastructure and Economic Development Department report and the EPS report are proposed to rise to Council on the same date.

Those existing payday loan establishments that will become grandfathered are eligible for a municipal license provided they meet all requirements of the proposed licensing regime.

Any new payday loan locations wishing to establish in an area within the proposed minimum separation distance requirements of a lot containing a existing payday loan, or of a school, post-secondary educational facility, a casino or a racetrack would only receive a municipal license if they meet the new zoning regulations as well as the other requirements of the proposed licensing regime.

By-law and Regulatory Services and the Public Policy Development branch within EPS have reviewed and concurred with this approach, as noted in the EPS Report.

#### Public Input

Notification and public consultation were undertaken in accordance with the Public Notification and Public Consultation Policy approved by City Council for Zoning By-law amendments.

Comments received from stakeholders indicate agreement, or no objection to this City-initiated Zoning By-law amendment.

## RÉSUMÉ

#### Hypothèse et analyse

Pour compléter la *Loi de 2018 donnant la priorité aux consommateurs*, entrée en vigueur en 2018, l'Ontario a modifié la *Loi de 2001 sur les municipalités* pour habilitier les municipalités à délivrer des permis aux établissements de prêt sur salaire et à en réglementer le nombre et l'emplacement.

En Ontario, le prêt sur salaire se définit comme étant une somme d'argent prêtée en échange d'un paiement futur, et à l'égard de laquelle ne sont fournis aucun cautionnement ni aucune sûreté sur les biens. Il ne peut pas s'agir, entre autres, d'un prêt sur gage ou sur marge ni d'une ligne ou d'une carte de crédit. Les établissements de prêt sur salaire sont actuellement réglementés par le gouvernement *provincial*, qui leur délivre les permis, en vertu de la *Loi de 2008 concernant les prêts sur salaire*. Cette loi fixe les exigences de délivrance d'un permis provincial, instaure un processus rigoureux de présélection des demandeurs et décrit les règles et règlements relatifs aux transactions et aux ententes de prêt sur salaire. Le système provincial de délivrance de

permis est décrit plus en détail dans le rapport devant être présenté par la Direction générale des *services* de protection et d'urgence.

En faisant sienne l'orientation générale de la province concernant les établissements de prêt sur salaire, le Conseil a demandé au personnel de réaliser une étude de zonage mineure sur cette utilisation (motion du Conseil 67/5, 11 avril 2018). Une modification au Règlement de zonage à l'échelle de la ville est recommandée afin d'établir des critères d'emplacement et de densité de cette utilisation qui a des répercussions à la fois sociales et sur l'utilisation du sol. Ces critères sont les suivants : 1) que soient imposées des distances de séparation minimales d'un kilomètre (1 000 mètres) entre deux établissements de prêt sur salaire, de 500 mètres entre ces établissements et un casinos ou un hippodrome, et de 300 mètres entre ces établissements et une école ou un établissement d'enseignement postsecondaire; 2) que l'utilisation ne soit autorisée que dans un bâtiment commercial occupé par d'autres utilisations non résidentielles; 3) que soit supprimée l'autorisation de cette utilisation dans une Zone résidentielle de densité 5 (R5) où elle était autorisée, dans une Zone de commerces locaux (LC), dans une zone assortie d'un *suffixe (-c) désignant un quartier résidentiel à vocation commerciale et dans une Zone de grandes institutions (I2)*; 4) que soit supprimée l'autorisation d'exploiter un établissement de prêt sur salaire dans une Zone polyvalente de village (VM) et dans certaines sous-zones de commerces ruraux (RC), où aucun établissement de prêt sur salaire n'existe actuellement.

Les établissements de prêt sur salaire situés dans les zones LC et R5 et dans celles assorties du suffixe (-c) n'y seront plus autorisés mais pourront continuer d'y être exploités puisqu'ils bénéficient d'un droit non conforme (« droit acquis »). Lorsqu'une entreprise ferme ses portes et est remplacée par une autre utilisation autorisée dans la zone, l'utilisation de prêt sur salaire ne sera plus autorisée.

Bon nombre d'établissements de prêt sur salaire actuels sont regroupés, comme on peut l'observer sur le chemin de Montréal, sur la rue Bank, sur la rue Bank Sud, sur le chemin Merivale, sur le boulevard St-Laurent, sur le chemin Hazeldean et sur le boulevard St-Joseph. Cette utilisation est autorisée dans les zones commerciales et polyvalentes longeant ces rues. Toutefois, l'imposition des distances de séparation minimales entre les établissements de prêt sur salaire et entre ceux-ci et d'autres utilisations en particulier rendra non conformes bon nombre de ces établissements puisqu'ils ne respectent pas ces exigences de distance de séparation minimale. Ces commerces existants peuvent continuer d'être exploités puisqu'ils bénéficieront d'un droit acquis, un droit qui cessera s'ils sont fermés et remplacés par une autre utilisation.



Avec le temps, les établissements de prêt sur salaire se disperseront et leur nombre diminuera.

Les exigences relatives aux distances de séparation minimales auront pour effet de limiter la création de nouveaux établissements de prêt sur salaire le long de certaines rues et dans les cours où l'espace n'est plus suffisant pour y implanter un commerce qui respecterait les distances de séparation minimales une fois en vigueur la modification au Règlement de zonage.

Pour garantir une mise en œuvre efficace de ces restrictions de zonage proposées, le personnel de la Direction générale des services de protection et d'urgence (SPU) soumettra le 19 septembre 2019 un rapport (ACS2019-EPS-GEN-0012) au Comité des services communautaires et de protection, qui recommandera la mise en place d'un système de normes minimales de délivrance de permis destiné à soutenir l'administration et l'application des restrictions de zonage et d'utilisation du sol recommandées dans le présent rapport. Il est proposé de soumettre à la même réunion du Conseil le présent rapport de Planification, Infrastructure et Développement économique et celui de SPU.

Les établissements de prêt sur salaire existants qui bénéficieront de droits acquis sont admissibles à un permis municipal à condition de satisfaire à toutes les exigences du système de délivrance de permis proposé.

Tout nouvel exploitant d'établissement de prêt sur salaire souhaitant s'installer sur un emplacement situé plus près que la distance de séparation minimale proposée d'un lot où se trouve déjà un établissement de prêt sur salaire, une école, un établissement d'enseignement postsecondaire, un casino ou un hippodrome ne serait admissible à un permis municipal que s'il respecte la nouvelle réglementation de zonage ainsi que toutes les autres exigences imposées par le système de délivrance de permis proposé.

Le personnel des Services des règlements municipaux et de la Direction de l'élaboration des politiques publiques de SPU a examiné et approuvé cette approche, comme le stipule le rapport de SPU.

#### **Commentaires des membres du public**

La publication des avis et la consultation publique se sont déroulées conformément à la Politique de publication des avis et de consultation publique approuvée par le Conseil municipal pour les modifications au Règlement de zonage.

Les commentaires soumis par les parties intéressées se sont avérés favorables, aucune opposition à cette modification au Règlement de zonage proposée par la Ville n'ayant été émise.

## **BACKGROUND**

As part of its *Putting Consumers First Act* that came into effect in 2018, the Province of Ontario amended the *Municipal Act, 2001* to grant authority to municipalities to extend their licensing authority for payday loan establishments, and in particular, to regulate the location and number of these establishments. As part of its implementation, the province has specifically prohibited the banning of this use across the entirety of a municipality.

A payday loan is described by the Province as an advancement of money in exchange for a future payment, but not for any guarantee or security on any property, and does not include a margin loan, installation loan, pawnbroking, a line of credit or a credit card. Unlike a bank that offers a variety of financial services, payday loan businesses do not offer a wide range of financial products, nor are these repositories for savings.

Council carried Motion 67/5 on April 11, 2018 that directed both Planning, Infrastructure and Economic Development staff to undertake a minor zoning study of this use, and Emergency and Protective Services Department staff to consider a municipal licensing regime taking into account that these establishments are licensed by the province under the *Payday Loans Act, 2008*.

The proliferation, clustering, and high-visibility land use impacts of payday loan establishments in specific areas were considered in this study and inform the recommended zoning strategy to regulate this use.

## **DISCUSSION**

### **Relevant Policy**

The City of Ottawa Human Services Plan includes Council policies on reducing poverty, contributing to the quality of life of residents, and creating equity and inclusion for all of its citizens. Because the rise of payday loan businesses is relatively recent, the Official Plan does not include any specific policy. Regardless, both the provincial policy and the City's Human Services Plan identify the need to protect the most vulnerable populations from what many refer to as predatory lending practices given the higher interest rates imposed over a short period of time. The Zoning By-law is able to regulate this use to

reduce its prevalence in location and number, pursuant to Section 34 of the *Ontario Planning Act, R.S.O., 1990*.

The Montreal Road Community Improvement Plan, adopted by Council in May 2019, specifically lists payday loan establishments, amongst other uses, as not being permitted to obtain a grant to locate along the Road. Grants are proposed to assist the local commercial area to grow and expand the variety of businesses and to reduce opportunities for development of uses that may reduce the viability of the commercial area.

### Existing Conditions

There are currently (as of July 29, 2019) 54 payday loan establishments in the City of Ottawa, down from 59 in 2016. These are located primarily on lots abutting Mainstreets in the Arterial Mainstreet (AM) or Traditional Mainstreet (TM) Zones including Montreal, St. Laurent, Bank, Merivale, Richmond and Hazeldean Roads, and St. Joseph Boulevard, with a few located in the Mixed-Use Centre (MC) Zone. One payday loan establishment is in the Local Commercial (LC) Zone, one is located in the Light Industrial (IL) Zone and another one in the Residential Fifth Density (R5) Zone.

Wards 12 and 14 contain the highest number of businesses, with nine and seven establishments respectively. In both Wards the use has clustered on a few streets, five on Montreal Road and two on Rideau Street in Ward 12, and four on Bank Street in Ward 14.

A 2017 amendment to Zoning By-law 2008-250 added the definition of “payday loan establishment” that is used in the *Municipal Act, 2001* with the intent that eventual zoning regulations would be established. The 2017 zoning amendment added payday loan establishment as a listed permitted use in all Commercial and Mixed-Use Zones, including Mixed Use Downtown (MD), Mixed Use Centre (MC), Arterial Mainstreet (AM), Traditional Mainstreet (TM), Transit-Oriented Development (TD), and Local Commercial (LC) Zones, and the Residential Neighbourhood Commercial -c suffix. It was also added as a permitted use wherever a bank is permitted as an ancillary use in the all Industrial Zones, including Light Industrial (IL), the General Industrial (IG), Heavy Industrial (IH), and Industrial Business Park (IP) Zones, the Major Institutional (I2) Zone and the Residential Fifth Density (R5) Zones.

Payday loan establishments are also permitted in the Village Mixed-Use (VM) Zone and in some Rural Commercial (RC) Subzones, though none exist in the Rural Area. It is

unlikely that a payday lender would choose to locate in the rural area including in a village simply because there are fewer residents nearby to warrant locating the use in such areas.

From a review of the existing locations, it appears that payday lenders prefer to locate on corner lots, in highly visible and accessible locations. Even where these are co-located in shopping centres or malls, they tend to locate along an exterior wall so as to be highly visible.

The land use issues of concern include the proliferation, clustering and high-visibility of payday loan establishments, more specifically, in lower income neighbourhoods and along specific streets. The presumed intent of clustering this use is to capture a greater number of residents with few means of obtaining low-interest, or long-term loans. The more frequently residents see these businesses, the more likely they are to consider accessing the high compounding interest loans. The perceived and real social and economic impacts of this use, often referred to as a type of predatory business, where those with the least means end up owing much more than the initial loan putting them in at-risk situations, are also considered.

Proliferation of businesses in close proximity along a street, or within the same neighbourhood, raises concerns including:

- the potential to result in multiple loans and further debt accumulation by increased access to several payday loan businesses in one location;
- the potential for payday loan establishments to replace traditional banking institutions in low income communities; and,
- complaints of large numbers of patrons gathering at the outlets on paydays.

#### **Recommendation 2 - Zoning By-law Amendment**

Document 1 details the city-wide Zoning By-law amendment. First, permission to locate a payday loan establishment in the R5 Zone, in small-scale commercial zones, known as the Local Commercial (LC) Zone and the Residential Neighbourhood Commercial (-c) Suffix, as an ancillary use in a Major Institutional (I2) Zone, and in the industrial zones will be removed. Payday loan establishments will also be removed as a permitted use in the Village Mixed Use (VM) Zone and in those Rural Commercial (RC) subzones where the use is currently permitted.

Payday loan establishments are not an appropriate use in the residential zones.

The Residential Neighbourhood Commercial (-c) Suffix allows a restricted set of personal service and commercial land uses on lands in specified high-traffic locations in the suburban areas. Similarly, the Local Commercial (LC) Zone is a small-scale commercial zone that is located amid residential neighbourhoods. These small-scale commercial zones are intended to provide for convenience needs of nearby residents only.

The Major Institutional (I2) Zone permits a wide range of uses including community centre, court house, day care, hospital, museum, school and post-secondary educational institution, where permitting a payday loan establishment is neither a typical, nor an appropriate, ancillary use to one of these principal land uses.

There is no necessity to permit a payday loan establishment in the industrial zones given the use is permitted throughout the Commercial and Mixed-Use Zones, and industrially-zoned lands should be reserved for industrial and related uses that serve the industries.

In the case of payday loan establishments in the rural zones, there is neither sufficient population to warrant the use locating in, nor have any establishments located in, the Rural Area.

Second, the distribution of payday loan establishments will be regulated by establishing required minimum separation distance requirements between them to reduce the clustering and proliferation of these, and between them and sensitive land uses to reduce negative impacts. The Zoning By-law regulates a number of land uses by requiring minimum separation distances between the uses, and often between them and sensitive land uses. Adult entertainment parlours, waste processing and transfer facilities, landfill sites, kennels, bars and nightclubs in the ByWard Market, shelters, and group homes are subject to distinct sets of minimum separation distance requirements. The intent of separating these land uses is to avoid clustering, and to ensure an equitable distribution of these uses throughout the City. In some cases, the minimum distance is required based on the sensitivity to surrounding residents, whether to noise, smell or similar impacts.

A series of required minimum separation distances are recommended as follows:

- 1000-metre separation between lots containing payday loan establishments will reduce clustering over time as existing businesses close or relocate. This will ensure a more equitable distribution of this use;
- 500-metre separation from a lot containing a casino or racetrack to reduce the possibility of accessing a quick payday loan close to gambling sites where additional funds would otherwise be difficult to access quite so readily; and
- 300-metre separation from schools due to effects of customers assembling or loitering, and from post-secondary educational facilities to reduce the quick access to an expensive form of loan that may severely impact the finances of students who might otherwise not be aware of the existence of such businesses, or of the risks associated with such short-term high-interest loans.

The effect of the minimum separation distances will be, for example, that only one, of the existing five on Montreal Road in Ward 12, and only one of the existing four on Bank Street in Ward 14, will be permitted over time because those existing payday loan businesses are within 1000 m of each other and become legal non-complying in respect of the recommended minimum separation distance requirements. These establishments will be grandfathered and continue to operate provided there is no interruption in use. However, their legal non-conforming status will be lost where the use ceases or relocates, and no new one will be permitted to locate within the required 1-kilometre minimum separation distance. Only one TM8 Zone on Beechwood in Ward 12 would be a possible future location as it lies beyond the minimum separation distances that will be required. Few lands would be available within Ward 14 for additional establishments, other than the possibility of one at City Centre, and one along Carling Avenue.

If an existing legal non-conforming payday loan location loses its right to remain because the use has ceased or has changed, no new such business will be permitted in the same location or within 1000 m of any of the other existing payday loan establishments, in accordance with the proposed minimum separation distances. Over time, only one establishment of each existing cluster will be permitted, and presumably will be the last operation standing along each 1000 m of street frontage.

Overall, there is some remaining capacity in some Commercial and Mixed Use (MD, MC, AM, TM, TD) Zones across the General Urban Area of the City for additional payday loan development, though the 1-kilometre distance separation, combined with the 300 metres from all schools and post-secondary educational facilities, will severely

reduce future opportunities for these. Moreover, the number of payday loan establishments will be reduced over time, as existing non-conforming ones close or relocate.

The 500-metre minimum separation distance to which the payday loan establishment must comply, is recommended to ensure that there will always be some distance between payday loan establishments and casinos and racetracks. The minimum separation distance will reduce the possibility of obtaining these types of loans based on spur-of-the moment decisions when attending a gaming site.

Third, payday loan establishments are highly-visible, and often much more so than other financial institutions and commercial businesses. Their location on corner lots allows more window area for posters. Their building signs are often in highly visible colours such as yellow and orange. In many cases, these businesses also place temporary sandwich boards outside within the right-of-way, and sometimes on sidewalks further enticing potential customers inside. Payday loan establishments that make use of catchy slogans attempt further to entice customers to taking on additional or successive high-interest loans. Signs are subject to the requirements of the City's various signs by-laws, though the use itself is highly-visible.

It is recognized that many customers will use a second payday loan to pay off the initial loan, and that this may become a vicious cycle that can result in bankruptcy. Although the Province has established rules regarding the number of loans that may be taken over a specified period, the high-visibility of these establishments is a constant reminder that additional funds will be available to those at-risk over time.

Therefore, in addition to restricting the use to Commercial and Mixed-Use Zones only, no payday loan establishment will be permitted in a building containing a residential use, so as to provide some distance between the use and the residents living in the building.

Finally, to reduce the overall visibility of this use, the Zoning By-law amendment also introduces the prohibition of locating such businesses in single-use buildings. They will be permitted, provided they locate within a commercial building, developed with other commercial uses, such that their overall visibility becomes more comparable to that of other commercial uses. A payday loan establishment would not be permitted to develop on a pad close to the street frontage on the same property as an existing shopping plaza or shopping centre, unless it is located in a building containing other uses.

### Recommendation 3

Part of Council's April 11, 2018 motion is to undertake a municipal licensing review following the zoning study to analyze the effectiveness of a licensing regime, in light of the recommended zoning strategy and taking into account that payday loan establishments are currently licensed by the Province, and to report the findings to the Community and Protective Services Committee.

During the zoning study, it became apparent that most payday loan establishments will locate in existing commercially-zoned buildings where no development approval processes, including building permit approval, will be required. In the absence of these approval processes, neither the City nor residents will know when one is to be newly established, except after-the-fact once it has opened. Further, the City is not provided notice by the Province of Ontario that a new payday loan establishment has applied for a provincial license under the *Payday Loans Act, 2008*.

Therefore, a municipal licensing process is deemed to be useful for assisting and supporting in the proposed locational and density zoning regulations for newly-created payday loan establishments. A yearly license renewal process will ensure that there is current and updated information on the location of each payday loan establishment, which will ensure the continued enforcement over time of the Zoning By-law's minimum separation distance requirements and other zoning regulations.

A joint memo prepared by the General Managers of both Planning, Infrastructure and Economic Development and of Emergency and Protective Services Departments (May 27, 2019) was submitted to the Mayor and Council indicating the need to proceed with both zoning and licensing by-law amendments concurrently, and with both zoning and licensing recommendations rising to Council on the same date.

### **Public consultation**

This minor zoning study and resulting zoning by-law amendment was undertaken in accordance with the City's public engagement strategy. The Association of Community Organizations for Reform Now (ACORN) Ottawa and the Canadian Consumer Finance Association (formerly the Canadian Payday Lender Association) were both consulted as part of the minor zoning study. Formal circulation of the proposed Zoning By-law amendment was sent out to all interested stakeholders and a City website was created indicating a request for comments on the proposed zoning approach to regulate the



location, proliferation and clustering of the use. There were no objections to the proposed zoning by-law amendment.

### **Provincial Policy Statement**

Staff have reviewed this proposal and have determined that it is consistent with the Provincial Policy Statement, 2014.

### **RURAL IMPLICATIONS**

Although there are rural zones that permit payday loan establishments, including the Village Mixed Use (VM) and some Rural Commercial (RC) subzones, no business has established in the Rural Area.

Though it is unlikely that a payday loan establishment would locate in a rural area, the recommendation to remove the possibility of locating outside of the General Urban Boundary will reduce the overall development capability for the use. The additional minimum separation distance of 500 m between a payday loan establishment and a casino or racetrack will ensure such distance is maintained should any urban boundary change result in urban commercial zoning that might permit the use near the Rideau Carleton Raceway property.

### **COMMENTS BY THE WARD COUNCILLORS**

This is a city-wide report – not applicable.

### **LEGAL IMPLICATIONS**

There are no legal impediments to adopting the recommendations in this report.

### **RISK MANAGEMENT IMPLICATIONS**

There are no risk management implications associated with this report.

### **FINANCIAL IMPLICATIONS**

There are no direct financial implications.

### **ACCESSIBILITY IMPACTS**

The content of this report does not negatively affect people with disabilities or seniors.

## **TERM OF COUNCIL PRIORITIES**

This project addresses the following Term of Council Priorities:

- C1 - contribute to the improvement of residents' quality of life
- HC1 – Advance equity and inclusion for the city's diverse population

## **APPLICATION PROCESS TIMELINE STATUS**

As this is a City-wide Zoning By-law Amendment initiated by the City, there is no application associated with this report.

## **SUPPORTING DOCUMENTATION**

Document 1 Details of Recommended Zoning Applicable within the General Urban Area

## **CONCLUSION**

The recommended zoning provisions will affect the location and distribution of payday loan establishments over time and will result in an overall reduction in this use, particularly along those streets where these have proliferated creating negative impacts for surrounding residents. The Zoning By-law amendment is consistent with the Provincial Policy Statement, the *Putting Consumers First Act, 2018* and the City's Human Services Plan policies on reducing poverty, contributing to the quality of life of residents, and creating equity and inclusion for all of its citizens and represents good planning. The department recommends this city-initiated amendment be approved.

## **DISPOSITION**

Zoning and Interpretations Unit, Policy Planning Branch, Economic Development and Long Range Planning Services to prepare the implementing by-law and forward to Legal Services.

Legal Services, Innovative Client Services Department, to forward the implementing by-law to City Council.

Planning Operations Branch, Planning Services to undertake the statutory notification.

## **Document 1 – Details of Recommended Zoning**

The proposed changes to the City of Ottawa Zoning By-law No. 2008-250 will affect payday loan establishments, as detailed below:

1. That the use “payday loan establishment” be deleted from the list of permitted uses in:
  - The Local Commercial (LC) Zone,
  - The Residential Neighbourhood Commercial (-c) Suffix,
  - Table 164B – R5 Endnotes, Endnotes 1, 8, 12, 13, 18, 32, 35, and 40,
  - Section 171 – Major Institutional Zone, Sub-Section (3), Clause (b), Sub-Clause (ii),
  - The General Industrial (IG) Zones, the Heavy Industrial (IH) Zones, the Light Industrial (IL) Zones and the Industrial Business Park (IP) Zones,
  - The Village Mixed-Use (VM) Zone, and
  - Rural Commercial (RC) Subzones, Sub-Section (5) RC6 and RC7 Zones, Sub-Section (10) RC11 Zone and Sub-Section (11) RC12 Zone.
2. That reference to the use payday loan establishment be removed from Table 164A, subzone R5T Column II.
3. That a new Section ##, in Part III - Specific Use Provisions be created and entitled “Payday Loan Establishments”, and that regulations, with the intent of the following, be added therein:
  - A minimum separation distance of 1000 m is required between any lots containing a payday loan establishment, and
  - A minimum separation distance of 500 m is required between a lot that contains a payday loan establishment and a lot containing a casino or racetrack, and
  - A minimum separation distance of 300 m is required between a lot that contains a payday loan establishment and a lot that contains a school or a post-secondary educational facility.

- A payday loan establishment must be located in a building that contains other commercial uses.
- A payday loan establishment must not be located in a building containing residential uses.