

PLANNING COMMISSION REPORT
Regular Agenda -- Public Hearing Item

PC Staff Report
01/26/15

ITEM NO. 5 TEXT AMENDMENT FOR SHORT-TERM LOAN OR CAR TITLE LOAN BUSINESS (MKM)

TA-14-00534: Consider a Text Amendment to the City of Lawrence Land Development Code to create a use group for short-term loan or car title loan business, or similar business, and establish standards. *Initiated by Planning Commission on 11/17/14.*

RECOMMENDATION: Staff recommends approval of the proposed amendment, TA-13-00534, to establish a use group for short-term loan or similar businesses amending Sections 20-402, 20-403, and 20-1744 of the Land Development Code and that the Planning Commission forward a recommendation for approval to the City Commission.

Reason for Request: To create a specific use group category for payday loans and car title loan businesses and other similar short-term loan businesses.

RELEVANT GOLDEN FACTOR:

- Conformance with the comprehensive plan.

PUBLIC COMMENT RECEIVED PRIOR TO PRINTING

- League of Women Voters letter supporting the text amendment and recommending the use require approval with a Special Use Permit.

ATTACHMENTS

- Attachment A – Initiation Memo
- Attachment B – Public Communication
- Attachment C – Complete Code Sections

RELEVANT DEVELOPMENT CODE DEFINITIONS

20-1744 OFFICE, ADMINISTRATIVE AND PROFESSIONAL

Professional, governmental, executive, management or administrative offices of private organizations or government agencies. Typical uses include governmental offices, administrative offices, legal offices, and architectural, engineering, or other professional consulting firms.

1. Administrative and Professional

Professional, governmental, executive, management or administrative offices of private organizations or government agencies. Typical uses include government offices, administrative offices, legal offices, and architectural firms.

2. Financial, Insurance and Real Estate Services

Financial, insurance, real estate or securities brokerage services. Typical uses include banks, insurance agencies and real estate firms.

3. Other

Office uses for businesses that primarily provide administrative, consulting or other professional services that do not include construction space or equipment/storage yards.

OVERVIEW OF PROPOSED AMENDMENT

Prior to the adoption of the *Land Development Code* in 2006, uses such as the payday or car title loan businesses were classified as a *Loan Office* use. As the permitted use table in the Development Code provides broader use categories, rather than listing the specific uses, loan offices were not listed as a separate use. Per Section 20-401 of the Development Code, the Planning Director is authorized to classify an unlisted use into an existing land use category that most closely fits the unlisted use. The Planning Director determined the short term loan office use was most similar to the *Financial, Insurance and Real Estate Services, Office* classification. Prior to 2006, the location of *Loan Offices* could be restricted through conditional zoning; however, under the current Code it is necessary to restrict all *Financial, Insurance and Real Estate Services Offices* if the *Short Term Loan* use is proposed to be restricted.

Several recent rezonings have been conditioned to restrict the use *Financial, Insurance, and Real Estate Offices* in order to restrict these short-term loan offices. The commercial portion of the 8th & Penn Neighborhood Redevelopment Zone was rezoned to the C5 District prior to the adoption of the Development Code and the rezoning was conditioned to prohibit short term loan offices. The East Lawrence Neighborhood Association has opposed several rezonings that would permit these short-term loan offices. The rezoning of 720 E 9th Street from IG to IL was conditioned to restrict the *Financial, Insurance and Real Estate Office* uses to prohibit short-term loans, payday advance loans and car title loans to maintain consistency with the rest of the 8th and Penn District. In this case, the applicant was interested in the other office uses permitted in the *Financial, Insurance, and Real Estate Office* category.

Noting that the payday advance or car title loan business is a specific use with characteristics that are not typical of other Financial, Insurance, and Real Estate Services uses, staff requested the initiation of a text amendment to create a separate use classification and definitions for short term loan uses, such as payday advance and car title loan businesses.

Per Section 20-1306(a) of the Development Code, the Special Use Permit provides a discretionary approval process for uses with unique or widely varying operating characteristics or unusual development features to insure the use will not have a significant adverse impact on surrounding uses or the community at-large. In staff's opinion, the use does not have operational characteristics or development features that would require approval through the Special Use Permit process.

Suggested standards are those that apply to the *Financial, Insurance, and Real Estate* uses in Section 20-510. The heading for this section would need to be revised to add the *Payday Advance and Car Title Loan* use.

This amendment should not create any nonconformities because the districts in which the *Payday Advance and Car Title Loan* uses would be permitted are those which currently allow the *Financial, Insurance, and Real Estate* uses.

Proposed Article Changes

Changes to the text are shown on the following pages and are noted in red. Additions are underlined; and deleted text is ~~struck through~~. The entire Sections 20-402, 20-403 & 20-1744 as well as the use standards in Sections 20-510, *Fire, Insurance and Real Estate (F.I.R.E.) Services*; 20-518, *Office, Administrative and Professional*; and 20-543, *Office, Other*; are provided at the end of this report as Attachment A for reference.

Amend Section 20-402:

		Base Zoning Districts													Use-Specific Standards (Sec. 20-)	
		RS40	RS20	RS10	RS7	RS5	RS3	RSO	RM12	RM12D	RM15	RM24	RM32	RMG		RMO
OFFICE	Administrative and Professional	-	-	-	-	-	-	P*	-	-	-	-	-	P*	P*	518
	Financial, Insurance & Real Estate	-	-	-	-	-	-	P*	-	-	-	-	-	P*	P*	510
	<u>Payday Advance, Car Title Loan Business</u>	-	-	-	-	-	-	P*	-	-	-	-	-	P*	P*	510
	Other	-	-	-	-	-	-	P*	-	-	-	-	-	P*	P*	537 543

Key:
 A = Accessory
 P = Permitted
 S = Special use
 * = Standard Applies
 - = Use not allowed

Amend Section 20-403:

		Base Zoning Districts													Use-Specific Standards (Sec. 20-)		
		CN1	CN2	MU	CO	CD	CC	CR	CS	IBP	IL	IM	IG	OS		GPI	H
OFFICE	Administrative and Professional	P*	P*	P*	P*	P*	P*	P*	P*	P*	P*	A	P*	-	P*	A*	518
	Financial, Insurance & Real Estate	P*	P*	P*	P*	P*	P*	P*	P*	P*	P*	-	-	-	-	A*	510
	<u>Payday Advance, Car Title Loan Business</u>	P*	P	P	P	P	P	P	P	P	P	-	-	-	-	A	510
	Other	P*	P*	P*	P*	P*	P*	P*	P*	P*	P*	A	P*	-	-	-	537 543

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Housekeeping note. The use standards apply only to certain districts. Section 20-518 only applies to administrative and professional offices in residential, CN1 and MU districts. Section 20-510 only applies to Financial, Insurance and Real Estate Offices in residential and CN1 districts. Section 20-537 'Home Occupations' is the incorrect code citation; Section 20-543 applies to 'Other Office' uses and applies only to the MU District.

The highlighted asterisks will be removed and the highlighted section citation will be corrected with this amendment. This will not result in a change in the Code, but will correct the symbology of these sections to match the use standards. In addition, the heading of Section 20-510 will be revised to include 'Payday Advance, Car Title Loan Business'.

Amend Section 20-1744:

20-1744 OFFICE, ADMINISTRATIVE AND PROFESSIONAL

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2. Financial, Insurance and Real Estate Services

Financial, insurance, real estate or securities brokerage services. Typical uses include banks, insurance agencies and real estate firms.

3. Payday Advance/ Car Title Loan Businesses

a. Payday Advance are short term loan businesses that make small consumer loans, usually backed by a postdated personal check or authorization to make an electronic debit against an existing financial account, where the check or electronic debit is held for an agreed-upon term, or until the loan recipient's next payday, and then cashed or electronically debited unless the loan recipient repays the loan and reclaims the check or the electronic debit authorization.

b. Car Title Loan businesses are defined generally as establishments that make small consumer loans that leverage the equity value of an automobile or other vehicle as collateral, where the title to such automobile or other vehicle is unencumbered and owned free and clear by the loan recipient and where failure by the loan recipient to repay the loan or to make interest payments thereon grants to the establishment the right to take possession of the automobile or other vehicle.

4. Other

Office uses for businesses that primarily provide administrative, consulting or other professional services that do not include construction space or equipment/storage yards.

CONFORMANCE WITH THE COMPREHENSIVE PLAN

The Comprehensive Plan categorizes the Office uses as 'Office' and 'Office Research' and does not discuss the specific types of Office uses. The plan recommends "Consideration of good site planning and design principles that minimize unnecessary impacts to surrounding neighborhoods and promote compatible land use activities are encouraged." Creating a specific use group for the Payday Advance and Car Title Loan Business use will allow standards to be developed, if needed, and would result in more compatible development.

CRITERIA FOR REVIEW AND DECISION-MAKING

Section 20-1302(f) provides review and decision-making criteria on proposed text amendments. It states that review bodies shall consider at least the following factors:

1) Whether the proposed text amendment corrects and error or inconsistency in the Development Code or meets the challenge of a changing condition;

The proposed text amendment corrects an inconsistency between the uses permitted in the Development Code and those uses allowed in the previous zoning regulations. The previous zoning regulations had an extensive list of permitted uses for each zoning districts and these were consolidated into broader use categories with the Development Code for simplicity. The *Payday Advance and Car Title Loan* use has characteristics that differentiate it from other *Financial, Insurance and Real Estate Service* uses and this amendment will create a separate land use category for the use.

2) Whether the proposed text amendment is consistent with the Comprehensive Plan and the stated purpose of this Development Code (Sec. 20-104)

The proposed amendment will create a separate use classification for the Payday Advance and Car Title Loan Business use, but it will be permitted in the same districts as the *Financial, Insurance, and Real Estate Services* use as the impact of the use is very similar. The use was separated from this use classification so it could be addressed through conditional zoning where found to be appropriate.