

## Fringe Financial Legislation Summary

<b>Code Change:</b>	Amendments relating to Amendments relating to Fringe Financial Uses Planning Code Sections 249.5, 227, 312, 702.4, 710-730, 781.8, 781.9, 782, 783, 803.2, 810, 811, 812, 814-818, 827, 909, 910, 911, 912, 913, 914; adding Planning Code Sections 249.35, 790.110, 790.112, 890.110, and 890.112 ; and amending Sectional Map Numbers 1SU, 2SU, 6SU, 7SU, 8SU, and 10SU of Zoning Map of the City and County of San Francisco.
<b>Case Number:</b>	Board File No. 07-0671
<b>Initiated by:</b>	Supervisor Ammiano / Introduced May 15, 2007
<b>Current Status:</b>	Scheduled to be before the Full Board of Supervisor's November 20 <sup>th</sup> , 2007
<b>Effective Date:</b>	12/27/07.

### Planning Code Amendment Summary:

On May 15th, 2007 Supervisor Tom Ammiano introduced legislation that would amend various Planning Code Sections and Sectional Maps of the San Francisco Zoning Map to (1) define fringe financial services (commonly know as "check cashing" or "pay day lenders"), (2) prohibit new fringe financial services from locating within ¼ mile of existing fringe financial services (3) create a noncontiguous Fringe Financial Service Restricted Use District prohibiting new fringe financial services, (4) require 312 public notice in neighborhood commercial districts where FFS are permitted (5) require new fringe financial services to submit the state-issued license (6) add the new use of fringe financial services to various district control tables.

*The Way It Is Now: Currently, fringe financial services are not specifically defined nor controlled.*

Fringe financial uses are not specifically defined under the Planning Code. Depending on the zoning district in which such a use is found, it is generally defined as a retail, office, or financial service use<sup>1</sup>. These are the same use categories as would be employed for other, more conventional financial institutions (such as an FDIC-insured bank). While the operational characteristics of fringe financial services are significantly different from conventional financial institutions, the land use characteristics - as currently acknowledged under the Planning Code - are identical. Accordingly, the Planning Code does not require a specialized entitlement process for such use, nor does the Department track the quantity or location of such facilities.

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<sup>1</sup> In the RH (Residential House), RM (Residential Mixed), and RC (Residential Commercial Combined) Districts such use would be considered a 'commercial establishment' pursuant to Planning Code Section 209.8. In the C (Commercial), C-M (Heavy Commercial), and M (Industrial) Districts, such use would be considered either a 'retail sales' and 'personal service' use or an 'office use' pursuant to Code Sections 219 or 219. In the NC (Neighborhood Commercial) Districts such use would be considered either a 'financial service' or 'limited financial service,' pursuant to Code Sections 790.110 or 790.112, respectively, depending on the size of the establishment. In the Chinatown Mixed Use Districts (Community Business, Visitor Retail, Residential / Neighborhood Commercial) and South of Market Mixed Use Districts (RED [Residential Enclave District], SPD [South Park District], RSD [Residential / Service District], SLR [Service / Light Industrial / Residential District], SLI [Service / Light Industrial District], and SSO [Service / Secondary Office District]) such use would also be considered either a 'financial service' or a 'limited financial service,' pursuant to Code Sections 890.110 or 890.112, respectively, depending on the size of the establishment.

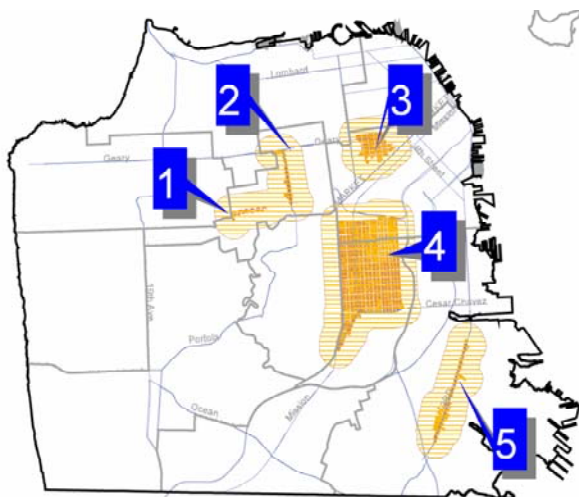
*The Way It Would Be: The proposed ordinance would add definitions, geographic controls and neighborhood noticing requirements.*

**New Definitions:** The proposed ordinance would define fringe financial services based upon the definition of “check casher” in the California Civil Code and “pay day lender” in the California Financial Code. Distinctions would further be made between for profit and non-profit fringe financials based upon income tax status. Nonprofit fringe financial services would be exempted from the new geographic controls. In order to distinguish this new use from other finance related uses, any applicant for a financial service use shall provide the Department with a copy of the State of California license in order to demonstrate that the license is not a “check casher” as defined in the California Civil Code Section 1789.31 or such “licensee” i.e. “pay day lender” as defined in the California Financial Code section 23001(d). In order to determine if a fringe financial service is “nonprofit” the service would need to provide the Department with proof of income tax status as defined by state and federal law.

## **Notice for New Fringe Financials Outside of the Restricted Use Areas**

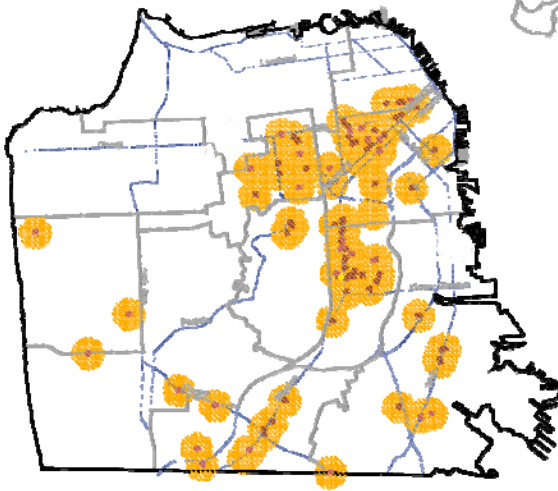
**Neighborhood Noticing Requirement:** The proposed ordinance would require applications for new fringe financial services to follow the neighborhood noticing requirements of Planning Code Section 312(d). This 312 noticing requirement currently includes ensuring compliance with the Planning Code and subsequent public notice. The notice required by 312 also includes a posted notice and mailed notice to relevant neighborhood organizations, individuals requesting notice, all owners and to the extent practical all occupants within 150 feet of the subject lot. The permit application would be held for 30 days during this review period.

## **2 Types of Geographic Controls: Restricted Use Districts & Proximity**



Proposed Fringe Financial Restricted Use District

**1. Geographic Controls:** The proposed ordinance would prohibit new fringe financial services from locating within ¼ mile of existing fringe financial services and create a noncontiguous Fringe Financial Service Restricted Use District that would prohibit new fringe financial services within this area. The noncontiguous Fringe Financial Service Restricted Use District would include parcels within the 1) the Haight Street Alcohol Restricted Use Subdistrict 2) the Divisadero Street Alcohol Restricted Use Subdistrict, 3) the North of Market Residential Special Use District 4) the Mission Alcoholic Beverage Special Use District, and 5) the Third Street Alcohol Restricted Use District as well as



**Existing Fringe Financial Services & 1/4 Mile Buffer**

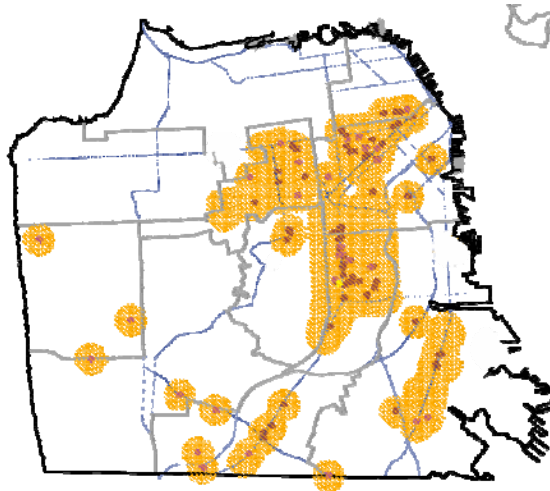
all properties within 1/4 mile of this new, noncontiguous Fringe Financial Service Restricted Use District. See the map above showing the proposed noncontiguous Fringe Financial Service Restricted Use District and its associated 1/4 mile buffer.

**2. Saturation Control:** In addition to the proposed restricted use district, the ordinance would also prohibit new fringe financial services from locating within a quarter mile of existing fringe financial services. The map at left shows existing fringe financial services and the quarter mile radius where new fringe financial services would be not permitted.

### No Change to Existing Fringe Financial Services:

**Existing Fringe Financial Services:** Should this proposed ordinance become law, existing fringe financial services within the boundaries of the Fringe Financial Restricted Use District and its 1/4 mile buffer would be deemed 'nonconforming uses'. These businesses would be allowed to continue operation but would not be allowed to expand or intensify.

### Parcels which could not allow new Fringe Financial Services:



**Total Area New Fringe Financial Services Not Permitted- Includes FFS-RUD & existing FFS + Buffers**